

MATERIAL SUPPORTING THE AGENDA

VOLUME XLVIIIa

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on:

October 2, 2000
October 10, 2000
November 15-16, 2000
December 6, 2000
January 26, 2001
February 14-15, 2001

The material is divided according to the standing committees and the meetings that were held and is color coded as follows:

White paper - for documentation of all items that were presented before the deadline date.

Blue paper - Executive Session

Yellow paper – for documentation of items submitted after the deadline date for inclusion in the Agenda (late items) and distributed to members of the Board of Regents prior to the meeting.

Material distributed at the meeting as additional documentation is not included in the bound volume, because sometimes there is an unusual amount and other times some people get copies and some do not get copies. If the Counsel and Secretary to the Board was furnished a copy, then that material goes into the appropriate subject file.



**Material Supporting the Agenda
of the
Board of Regents
The University of Texas System**

Meeting No. 934

November 15-16, 2000

Tyler, Texas

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Date: **Wednesday, November 15, 2000**

Time: **12:00 p.m.**

Place: Constellation Ballroom 2, Sheraton Hotel, 5701 South Broadway, Tyler, Texas

Purpose: Convene in Open Session to Immediately Recess to Executive Session (Lunch Provided)

See Page 2, Items A - B

Time: **1:30 p.m. or upon conclusion of Executive Session**

Place: Constellation Ballroom 2, Sheraton Hotel, 5701 South Broadway, Tyler, Texas

Purpose: Reconvene in Open Session for Action on Executive Session Items and Annual Meeting with Representatives of the U. T. System Faculty Advisory Council

See Page 2, Items C - D

Time: **3:00 p.m. or upon conclusion of Open Session**

Place: U. T. Health Center - Tyler

Purpose: Campus Tour and Recess

See Page 2, Item E

Date: **Thursday, November 16, 2000**

Time: **8:30 a.m.**

Place: Room 119, Biomedical Research Building, U. T. Health Center - Tyler, Tyler, Texas

Purpose: Reconvene in Open Session to Continue Until Completion of Business

See Pages 3 - 118, Items F - O

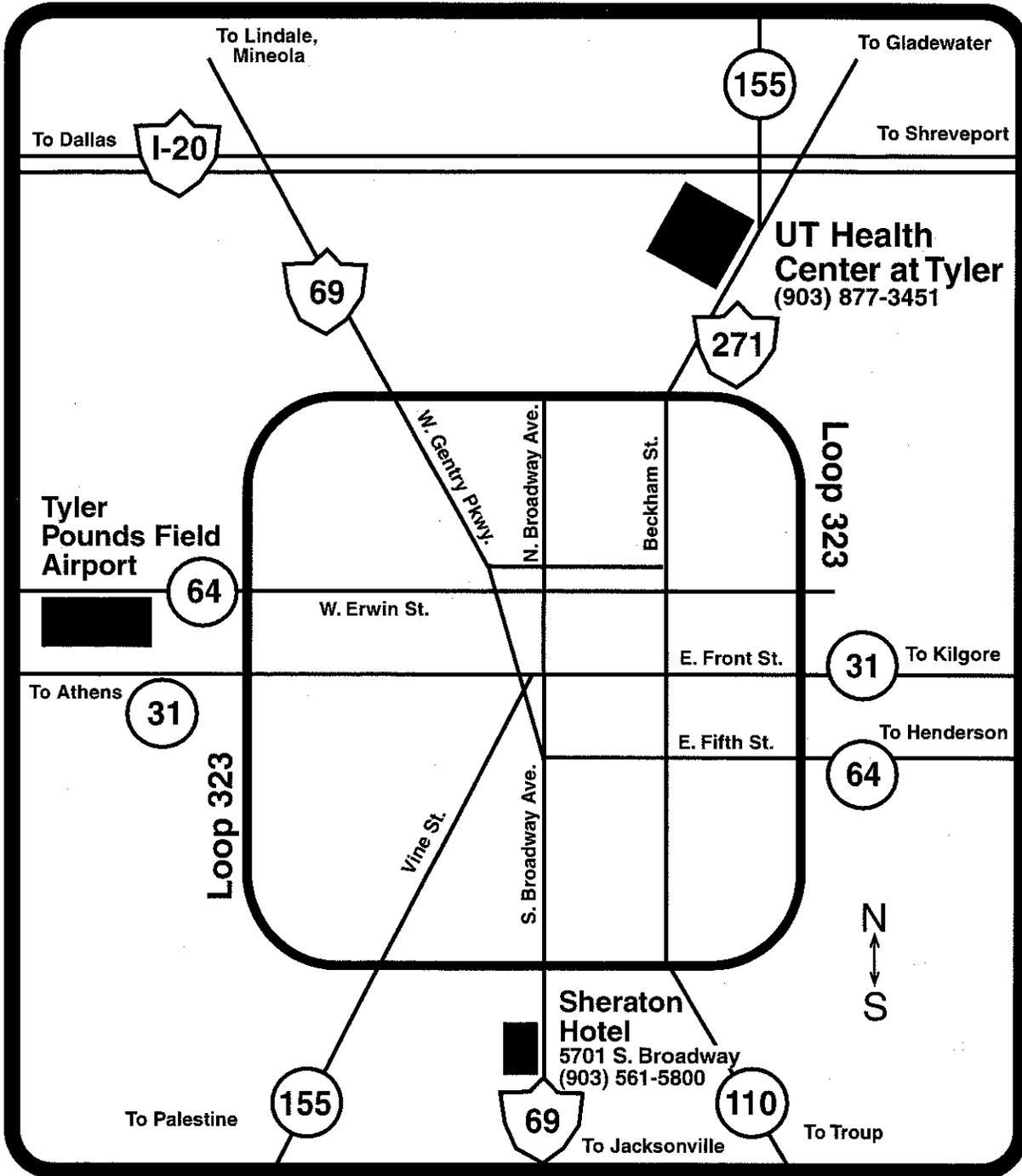
Telephone Numbers

Office of President Garvey

(903) 877-3451

Sheraton Hotel, 5701 South Broadway

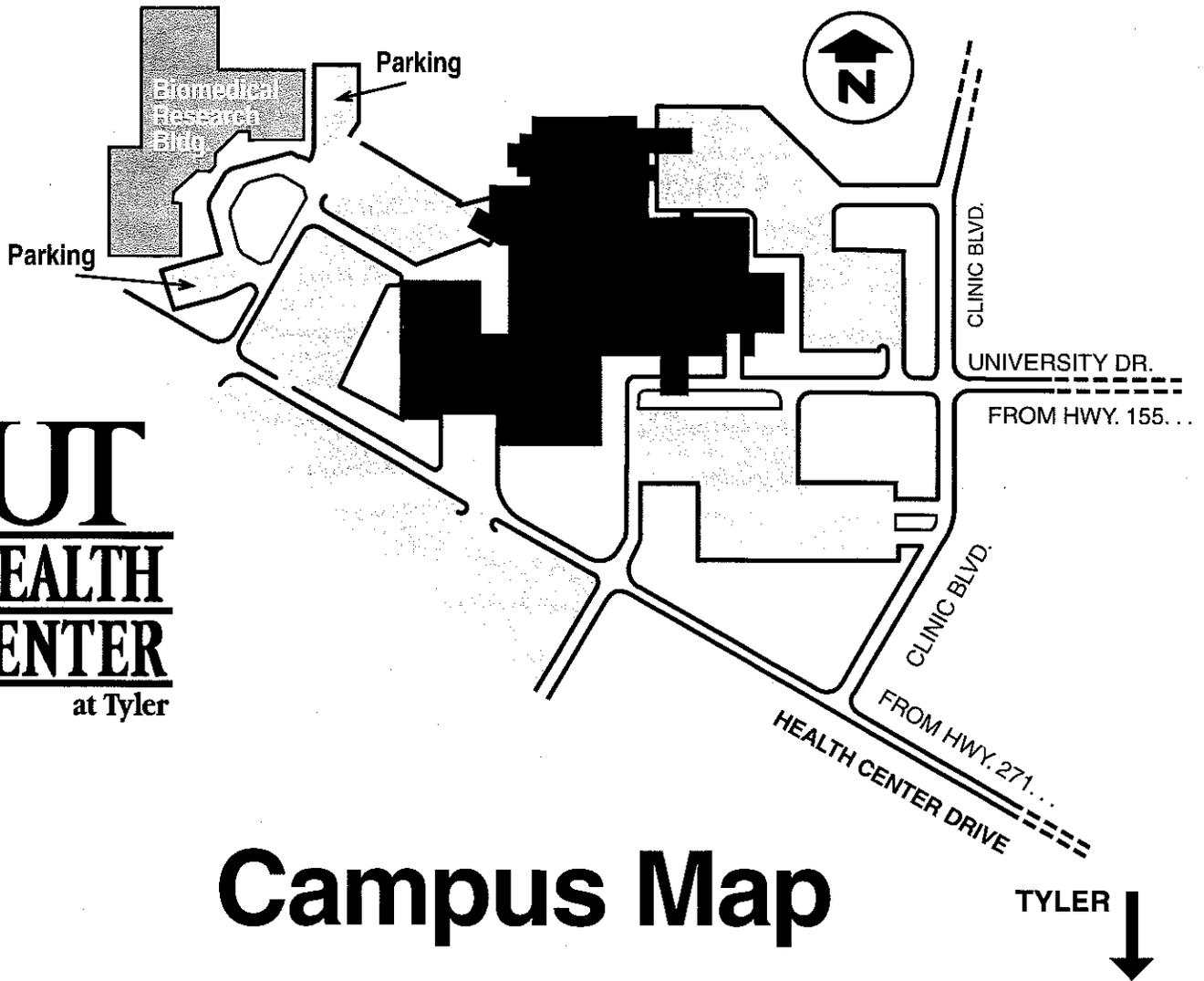
(903) 561-5800



Map not to scale

Loop 323 is recommended route.

UT
HEALTH
CENTER
at Tyler



Campus Map

Executive Session of the Board

BOARD OF REGENTS
EXECUTIVE SESSION
Pursuant to Texas Government Code
Chapter 551, Section 551.074

Date: **Wednesday, November 15, 2000**

Time: 12:00 p.m.

Place: Constellation Ballroom 2, Sheraton Hotel, 5701 South Broadway, Tyler

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

Meeting of the Board

AGENDA FOR MEETING
OF
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Date: **Wednesday, November 15, 2000**

Time: 12:00 p.m.

Place: Constellation Ballroom 2, Sheraton Hotel, 5701 South Broadway, Tyler

- A. CALL TO ORDER

- B. CONVENE IN OPEN SESSION TO IMMEDIATELY RECESS TO
EXECUTIVE SESSION (TEXAS GOVERNMENT CODE, CHAPTER 551)
PER THE AGENDA ON PAGE 1

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

- C. RECONVENE IN OPEN SESSION FOR ACTION ON EXECUTIVE SESSION
ITEMS (ITEM B)

- D. ANNUAL MEETING WITH REPRESENTATIVES OF THE U. T. SYSTEM
FACULTY ADVISORY COUNCIL

- E. CAMPUS TOUR OF U. T. HEALTH CENTER - TYLER AND RECESS

AGENDA FOR MEETING
OF
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Date: **Thursday, November 16, 2000**

Time: 8:30 a.m.

Place: Room 119, Biomedical Research Building, U. T. Health Center - Tyler

- F. RECONVENE IN OPEN SESSION

- G. APPROVAL OF MINUTES OF REGULAR MEETING HELD AUGUST 9-10, 2000,
 AND SPECIAL MEETINGS HELD OCTOBER 2 AND 10, 2000

- H. SPECIAL ITEMS

- 1. U. T. Board of Regents: Proposed Amendments to Regents' Rules and
 Regulations, Part One, Chapter I, Section 3 (Chairman of the Board), Sec-
 tion 7 (Committees and Other Appointments), Section 8 (Procedure), and
 Section 9 (Documents Executed on Behalf of the Board) and Chapter III,
 Section 1 (Appointments)

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, Part One be amended as set forth in congressional style on Pages 4 - 6.

a. Amend Chapter I as follows:

1) Amend Section 3, Subsection 3.2, regarding the duties of the Chairman, as follows:

3.23 Except for the Executive Committee, which shall be composed of the Chairman and the two Vice-Chairmen, the Chairman shall appoint the standing committees of the Board and such special committees as [ef] the Board may authorize.

3.24 The Chairman shall appoint ad hoc committees as necessary to address special issues.

3.25 The Chairman shall be an ex officio member of all committees of the Board.

2) Delete Section 7, Subsection 7.4, regarding special committees, as follows:

~~[7.4 Special Committees.—The Chairman of the Board shall appoint such special committees of the Board as the Board may authorize.]~~

3) Amend Section 8, Subsection 8.2, Subdivision 8.26, regarding reports at Board meetings, as follows:

8.26 Reports of special and ad hoc committees.

4) Amend Section 9, Subsections 9.2 and 9.3, relating to documents executed on behalf of the Board, as follows:

9.2 Delegation of Authority to Execute and Deliver Contracts, Agreements, and Documents.--

...

9.22 All contracts or agreements, including purchase orders and vouchers, with a cost or monetary value to the U. T. System Administration or the component institution of more than \$1,000,000 [500,000] must be approved by the Executive Committee of the Board or approved by the Board via the docket or the agenda except the following, which do not

require prior approval [~~or ratification~~] by the Executive Committee of the Board or the Board regardless of the contract amount:

...

9.223 Contracts or agreements for the purchase of replacement equipment or licensing of replacement software.

...

9.226 Purchases of new equipment or licensing of new software identified specifically in the institutional budget approved by the Board.

...

9.228 Agreements with administrators employed by the U. T. System or a component institution, so long as such agreements fully comply with the requirements of Texas Education Code Section 51.946 including the requirement to make a finding that the agreement is in the best interest of the U. T. System or the component institution.

...

9.29 The following contracts and agreements must be approved by the Board via the docket or the agenda, regardless of the contract amount:

...

9.293 Agreements with a Chancellor, a President, a former Chancellor or President, an Executive Vice Chancellor, or a Vice Chancellor, subject to the provisions of Texas Education Code Section 51.946 or Texas Government Code Section 618.001 et seq.

9.3 Prior Approval [~~Ratification~~] and Reporting.--Actions taken pursuant to delegated authority must receive the prior approval of, [~~be ratified by,~~] or be reported to, the Board only as specifically required in these

Rules and Regulations, the policies of the Board, or any special instructions or guidelines issued as provided in these Rules and Regulations.

b. Amend Chapter III, Section 1, Subsection 1.2 as follows:

1.2 All appointments shall be on the basis of merit and shall comply with the provisions of Texas Education Code Section 51.946 which requires that any agreement with higher education administrators be executed only after a finding that the agreement is in the best interest of the U. T. System or the component institution. Authority to make such findings is delegated to the president or chief business officer of the institution and to the Chancellor for employees not covered by Subdivision 9.293, Chapter I of these Rules.

BACKGROUND INFORMATION

The proposed amendments to the Regents' Rules and Regulations, Part One, Chapter I, Sections 3, 7, and 8 conform the Rules to current practice regarding special and ad hoc committees.

The proposed amendment to the Regents' Rules and Regulations, Part One, Chapter I, Section 9, Subsection 9.2, Subdivision 9.22 raises the threshold for contracts to be submitted for Board of Regents' approval from \$500,000 to \$1.0 million. Based upon several years of experience with the \$500,000 limit, U. T. System officials recommend a threshold of \$1.0 million as more appropriate.

The proposed amendments to Subparagraphs 9.223 and 9.226 are necessary to include contracts for the licensing of replacement software within the matters delegated to the component presidents for final approval.

The proposed amendments to Chapter I, Subparagraphs 9.228 and 9.293, and Chapter III, Subsection 1.2 are necessary to effect delegation of the approval of certain contracts with certain U. T. System and institutional officials as required by State law.

The proposed amendment to Subsection 9.3 of Chapter I deletes an outdated reference to "ratification."

2. U. T. Board of Regents: Proposed Amendments to Regents' Rules and Regulations, Part One, Chapter VIII, Section 2 (Flags at Half-Mast)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part One, Chapter VIII, Section 2, relating to flying flags, be amended to read as set forth below in congressional style:

Sec. 2. Display of Flags [at Half Mast].--The flag of the United States and the flag of the State of Texas shall be flown [Flags] at the System and at [any-of] the component institutions on each regular school day as required by the Texas Education Code Section 1.003. The flags [of the System] shall be raised, lowered, and displayed as required by Title 4 United States Code Sections 5 through 9 and by Texas Revised Civil Statutes Annotated Article 6139c and may be placed at half-mast only as permitted or required by such statutory provisions [on the death of a Regent, the death of a member of the teaching or non-teaching staff, the death of a student in residence at the institution, or at such other times as may be deemed appropriate by the president].

BACKGROUND INFORMATION

The proposed amendments are needed to update the Regents' Rules and Regulations, Part One, Chapter VIII, Section 2 to require the flag of the United States and the flag of the State of Texas to be raised, lowered, displayed, and flown at half-mast in compliance with applicable federal and state statutes.

3. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter II, Section 5 (Executive Vice Chancellor for Business Affairs), Section 6 (Executive Vice Chancellor for Academic Affairs), and Deletion of Section 10 (Vice Chancellor for Information Technology and Distance Education)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part One, Chapter II be amended as set forth below in congressional style:

- a. Amend Section 5, Subsection 5.2, Subdivision 5.2(10), relating to the duties and responsibilities of the Executive Vice Chancellor for Business Affairs, as set forth below:

5.2(10) Managing the operations of the offices listed below through such internal administrative organization as he/she deems to be appropriate:

Office of the Associate Vice Chancellor for Business Affairs
Office of Historically Underutilized Business Development
Office of the Director of Police

Office of the Assistant Vice Chancellor and Controller
Budget Office

~~Office of Information Resources]~~

Office of Business and Administrative Services

Director of Accounting regarding System Administration
accounts

Office of the Assistant Vice Chancellor for Finance

~~Office of Facilities Planning and Construction~~

~~Office of Finance]~~

Office of the Assistant Vice Chancellor for Facilities Planning and
Construction

Real Estate Office

West Texas Operations

University Lands Accounting Office

Surface Interests

Oil, Gas & Mineral Interests
Office of Human Resources
Office of Employee Group Insurance [Program]
Office of Information Resources
Office of Information Technology
~~[West Texas Operations~~
~~University Lands Accounting Office~~
~~Surface Interests~~
~~Oil, Gas & Mineral Interests]~~

- b. Amend Section 6, Subsection 6.2, relating to the duties and responsibilities of the Executive Vice Chancellor for Academic Affairs, by amending Subdivision 6.27 and renumbering the current Subdivision 6.27 as 6.28 as set forth below:

6.27 Supervising and directing the operations of the UT TeleCampus, including coordination of all activities related to a virtual campus and assessment of distance education effectiveness in the U. T. System.
6.28 Performing such other duties as may be assigned by the Chancellor.

- c. Delete Section 10, relating to the Vice Chancellor for Information Technology and Distance Education, and renumber Sections 11 through 15 as Sections 10 through 14.

BACKGROUND INFORMATION

On July 21, 2000, the Chancellor announced a reorganization of the management of distance education and information technology programs within the U. T. System. The UT TeleCampus, which is the centralized support center for all distance education and on-line degree programs within the U. T. System, now reports to the Executive Vice Chancellor for Academic Affairs. A variety of other information technology initiatives will be managed through a proposed Office of Information Technology that will report to the Executive Vice Chancellor for Business Affairs. The position of Vice Chancellor for Information Technology and Distance Education will be eliminated.

The amendments to the Regents' Rules and Regulations, Part One, Chapter II, Sections 5 and 6 and the deletion of Section 10 are required to reflect the administrative reporting responsibilities and other changes made through this reorganization.

4. U. T. Board of Regents and U. T. Austin: Request for Approval to Abolish the U. T. Austin College of Business Administration Foundation as an Internal Foundation; and Proposed Amendment to the Regents' Rules and Regulations, Part One, Chapter VII, Section 4, Subsection 4.3, Subdivision 4.33, Relating to Internal Foundations

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for Development and External Relations, the Vice Chancellor and General Counsel, and President Faulkner that the U. T. Board of Regents:

- a. Approve the abolishment of the U. T. Austin College of Business Administration Foundation as an internal foundation
- b. Amend the Regents' Rules and Regulations, Part One, Chapter VII, Section 4, Subsection 4.3, Subdivision 4.33, relating to internal foundations, to delete the reference to the U. T. Austin College of Business Administration Foundation.

BACKGROUND INFORMATION

The College of Business Administration Foundation at U. T. Austin was created by resolution of the U. T. Board of Regents on May 29, 1953, as an internal entity designed to provide financial support for the College "in addition to regular budgetary provisions." Further, an external foundation for the benefit of the College of Business Administration was chartered as a nonprofit educational corporation in

1977 and was named "The Business School Foundation - The University of Texas at Austin." It was chartered "for the purposes of supporting the educational undertakings of the College by furthering education, research, and financial assistance to deserving students and of accepting donations for particular objectives to accomplish such purposes and of cooperating with the advancement of the general welfare of the University as a whole." Therefore, the College has functioned with both internal and external private sector support entities.

Based on recent developments, including the renaming of the School of Business (formerly College of Business Administration and Graduate School of Business) as the Red McCombs School of Business and the fact that fund-raising is an integral part of the School's activities, the School requests that the internal foundation be abolished. The external entity, "The Business School Foundation - The University of Texas at Austin," will be retained and will continue to function in accordance with the Memorandum of Understanding between the U. T. Board of Regents and the Foundation that was approved by the Board on April 12, 1984.

The proposed amendment to the Regents' Rules and Regulations, Part One, Chapter VII, Section 4, Subsection 4.3, Subdivision 4.33, relating to internal foundations, will delete reference to the College of Business Administration Foundation at U. T. Austin.

I. MATTERS RELATED TO THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY (UTIMCO)

1. U. T. System: Report on Investments for the Fiscal Year Ended August 31, 2000

REPORT

Pages 14 - 18 contain the Summary Reports on Investments for the fiscal year ended August 31, 2000. During the year, UTIMCO converted the Permanent University Fund (PUF) to the same total return based asset allocation currently in use for the Permanent Health Fund (PHF) and the Long Term Fund (LTF). This conversion required that UTIMCO realign portfolio managers to create substantially identical asset allocations and underlying portfolios across all three endowment

funds. Net returns on all three endowment funds exceeded the neutral policy portfolio return for the year. The LTF outperformed the neutral policy portfolio by the largest margin at 5.78%. The neutral policy portfolio return, or the benchmark return, is the neutrally weighted average index return for the various asset classes in the endowment portfolio. In general, U. S. small cap stocks, nonmarketable alternative equities and UTIMCO's adoption of an inflation hedging asset class contributed most to the outperformance.

Item a on Page 14 presents the summary report for Permanent University Fund (PUF) Investments. PUF Investments began the year with a market value of \$7.5 billion. During the year, contributions of mineral income from PUF Lands equaled \$83.1 million, up 53% from the prior fiscal year. Total investment return was \$1,215.1 million. The PUF distributed \$297.6 million to the Available University Fund (AUF) during the year. This amount represented the PUF distribution to the AUF for the fiscal year ended August 31, 2000, as approved by the U. T. Board of Regents at its February 10, 2000 meeting. PUF market value ended the year at \$8.5 billion.

Year-end asset allocation was 78% broadly defined equities, 17% fixed income, and 5% money market funds versus an unconstrained neutral allocation of 80% equities, 20% fixed income, and 0% money market funds. Within equities, year-end allocation was 23% U. S. large and mid cap stocks, 10% U. S. small cap stocks, 17% non-U. S. equities, 20% alternative equities, and 8% inflation hedging assets. The high percentage in money market funds reflects the amount held at year-end to fund the September 1, 2000, AUF distribution for the fiscal year ending August 31, 2001.

Total net investment return for the year was 16.53% versus the neutral policy portfolio return of 14.81%. The domestic and international fixed income portfolios posted a combined net total return of 4.57% for the year versus 7.56% for the Lehman Aggregate Bond Index and a negative return of 5.86% for the Salomon non-U. S. World Government Bond Index. Equities, as an asset class, posted higher relative returns with the S&P 500 Index and Russell 3000 Index posting returns of 16.31% and 20.63%, respectively. The PUF's equity portfolios (including non-U. S. portfolios) produced a net return of 15.14%. Finally, alternative equities produced a 44.41% net return for the year. The inflation hedging asset class was implemented during the year and posted a 29.61% net return for eight months.

Item b on Page 15 reports summary activity for the Permanent Health Fund (PHF). The PHF was funded on August 30, 1999, with contributions in the amount of \$890 million. During the year, additional contributions totaling \$25 million were received from The University of North Texas Health Science Center at Fort Worth.

Year-end asset allocation was 82% broadly defined equities and 18% fixed income. Within equities, U. S. large and mid cap equities, U. S. small cap equities and non-U. S. equities were slightly overweighted at 32%, 12% and 20%, respectively, of total assets. Inflation hedging assets were neutral at 7.5%. Alternative equities were underweighted at 10% versus a neutral weighting of 25%. The nonmarketable portion of the alternative equity asset class will take several years to become fully funded. Total net investment return for the year was 16.09% versus the neutral policy portfolio return of 14.81%. The PHF market value ended the year at \$1.0 billion.

Item c on Page 16 reports summary activity for the Long Term Fund (LTF). During the year, net contributions totaled \$118.9 million representing a 40% increase over the prior fiscal year. Investment return was \$547.1 million. Distributions to the more than 5,000 endowments and other accounts underlying the LTF totaled \$115.2 million; an increase of 13.5% versus the prior year. The annual payout rate was recently increased by 14%, effective May 31, 2000, from \$.215 to \$.245 per unit. The LTF market value ended the year at \$3.1 billion.

Year-end asset allocation was 82% broadly defined equities, 17% fixed income, and 1% money market funds. Within equities, U. S. large and mid cap equities, U. S. small cap equities and non-U. S. equities were slightly overweighted at 28%, 10% and 18%, respectively, of total assets. Alternative equities were underweighted at 19% versus a neutral weighting of 25%. Inflation hedging assets were neutrally weighted at 7.3%. Total net investment return for the year was 20.59% versus the neutral policy portfolio return of 14.81%.

Item d on Page 17 presents summary activity for the Short Intermediate Term Fund. During the year, the Fund had net contributions of \$81.6 million. It earned \$107.9 million in total return and incurred expenses of \$500 thousand. Distributions to the U. T. System component institutions equaled \$114.0 million, resulting in an unchanged Fund value of \$1.8 billion at year-end. Total return on the Fund was 5.87% for the year versus the Fund's performance benchmark of 5.90%.

Item e on Page 18 presents book and market value of cash, fixed income, equity and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of component operating funds held in the Dreyfus money market fund, decreased by \$56 million to \$849 million during the fourth quarter. Asset values for the remaining asset classes were fixed income securities: \$95 million versus \$81 million at previous quarter-end; equities: \$113 million versus \$88 million at previous quarter-end; and other investments of \$25 million versus \$7 million at previous quarter-end.

a. PERMANENT UNIVERSITY FUND

Summary Investment Report at August 31, 2000

PERMANENT UNIVERSITY FUND (1)
INVESTMENT SUMMARY REPORT
(\$ millions)

	FY98-99	FY99-00				
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-to-date
Beginning Net Assets	6,517.1	7,465.6	7,697.9	7,924.8	7,910.9	7,465.6
PUF Lands Receipts (2)	54.3	18.6	19.0	22.6	22.9	83.1
Investment Return (3)	1,158.1	279.3	430.1	(18.0)	523.7	1,215.1
Expenses (3)	-	-	(2.4)	(6.9)	(4.6)	(13.9)
Distributions to AUF (3)	(263.9)	(65.6)	(219.8)	(11.6)	(0.6)	(297.6)
Ending Net Assets	<u>7,465.6</u>	<u>7,697.9</u>	<u>7,924.8</u>	<u>7,910.9</u>	<u>8,452.3</u>	<u>8,452.3</u>
AUF Distribution:						
From PUF Investments (3)	263.9	65.6	219.8	11.6	0.6	297.6
From Surface Income	9.5	1.5	2.1	0.9	1.5	6.0
Total	<u>273.4</u>	<u>67.1</u>	<u>221.9</u>	<u>12.5</u>	<u>2.1</u>	<u>303.6</u>

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

- (1) General - The Investment Summary Report excludes PUF Lands mineral and surface interests with estimated August 31, 2000 values of \$877.9 million and \$156.4 million, respectively.
- (2) PUF Land Receipts - As of August 31, 2000: 1,244,727 acres under lease; 515,612 producing acres; 3,299 active leases; and 2,041 producing leases.
- (3) Restatements - The Investment Summary Report was restated to a presentation which is consistent with the reporting of other endowment funds managed by UTIMCO. With the passage of the PUF's constitutional amendment, distributions to the AUF will be from the total investment return of the PUF. Total investment return includes investment income, realized and unrealized gains. The PUF's constitutional amendment also provided that expenses of managing the PUF lands and investments shall be paid by the PUF. Second quarter has been restated due to a change in the effective date of the amendment from original assumption of January 1, 2000 to actual effective date of November 29, 1999.

b. PERMANENT HEALTH FUND

Summary Investment Report at August 31, 2000

PERMANENT HEALTH FUND
SUMMARY REPORT
(\$ millions)

	FY98-99	FY99-00				
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-to-date
Beginning Net Assets	-	890.3	918.2	965.3	956.5	890.3
Contributions	890.0 (1)	-	10.0	10.0	5.0	25.0
Investment Return	0.3	38.5	47.9	(7.9)	65.3	143.8
Expenses	-	(0.6)	(0.7)	(0.6)	-	(1.9)
Distributions (Payout)	-	(10.0)	(10.1)	(10.3)	(10.2)	(40.6)
Ending Net Assets	890.3	918.2	965.3	956.5	1,016.6	1,016.6
Net Asset Value per Unit	1.000284	1.031672	1.072895	1.052204	1.112525	1.112525
No. of Units (End of Period)	890,000,000	890,000,000	899,692,999	909,013,576	913,765,506	913,765,506
Distribution Rate per Unit	-	0.01125	0.01125	0.01125	0.01125	0.045

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

(1) Funded 8/30/99

c. LONG TERM FUND

Summary Investment Report at August 31, 2000

LONG TERM FUND
SUMMARY REPORT
(\$ millions)

	FY98-99	FY99-00				Year-to-date
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
Beginning Net Assets	2,147.7	2,602.3	2,755.6	2,967.0	2,971.0	2,602.3
Net Contributions	85.0	23.1	27.5	57.9	10.4	118.9
Investment Return	482.5	158.2	214.1	(20.9)	195.7	547.1
Receipt of Funds from System for UTIMCO Fee	2.2	0.5	0.5	0.5	0.4	1.9
Expenses	(8.3)	(1.9)	(3.8)	(2.4)	(1.5)	(9.6)
Distributions (Payout)	(101.5)	(26.4)	(26.7)	(30.9)	(31.2)	(115.2)
Distribution of Gain on Participant Withdrawals	(5.3)	(0.2)	(0.2)	(0.2)	(8.6)	(9.2)
Ending Net Assets	2,602.3	2,755.6	2,967.0	2,971.0	3,136.2	3,136.2
Net Asset Value per Unit	5.347	5.612	5.983	5.877	6.198	6.198
No. of Units (End of Period)	486,701,841	490,996,364	495,867,447	505,503,979	506,024,547	506,024,547
Distribution Rate per Unit	0.210	0.05375	0.05375	0.06125	0.06125	0.230

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

d. SHORT INTERMEDIATE TERM FUND

Summary Investment Report at August 31, 2000

SHORT INTERMEDIATE TERM FUND
SUMMARY REPORT
(\$ millions)

	FY98-99	FY99-00				
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-to-Date
Beginning Net Assets	1,809.6	1,769.4	1,903.3	1,886.6	1,879.1	1,769.4
Contributions (Net of Withdrawals)	13.2	143.9	9.7	(7.5)	(64.5)	81.6
Investment Return	53.4	16.7	2.5	29.2	59.5	107.9
Expenses	(0.5)	(0.1)	(0.2)	(0.1)	(0.1)	(0.5)
Distributions of Income	(106.3)	(26.6)	(28.7)	(29.1)	(29.6)	(114.0)
Ending Net Assets	1,769.4	1,903.3	1,886.6	1,879.1	1,844.4	1,844.4
Net Asset Value per Unit	9.895	9.841	9.705	9.704	9.858	9.858
No. of Units (End of Period)	178,813,160	193,409,210	194,396,131	193,632,061	187,089,202	187,089,202

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

e. SEPARATELY INVESTED ASSETS

Summary Investment Report at August 31, 2000

SEPARATELY INVESTED ASSETS
SUMMARY REPORT
(\$ thousands)

ASSET TYPES	FUND TYPE													
	CURRENT PURPOSE				ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS		TOTAL	
	DESIGNATED		RESTRICTED		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:														
Beginning value 6/1/00	4,145	4,145	1,307	1,307	24,442	24,442	227	227	3	3	875,517	875,517	905,641	905,641
Increase/(Decrease)	119	119	877	877	7,578	7,578	107	107	-	-	(64,898)	(64,898)	(56,217)	(56,217)
Ending value 8/31/00	4,264	4,264	2,184	2,184	32,020	32,020	334	334	3	3	810,619	810,619	849,424	849,424
Debt Securities:														
Beginning value 6/1/00	-	-	17	15	53,754	50,891	9,491	9,288	-	-	20,373	20,359	83,635	80,553
Increase/(Decrease)	-	-	-	-	245	1,413	6,110	6,419	-	-	5,269	6,139	11,624	13,971
Ending value 8/31/00	-	-	17	15	53,999	52,304	15,601	15,707	-	-	25,642	26,498	95,259	94,524
Equity Securities:														
Beginning value 6/1/00	42	7,161	2,394	2,601	21,899	38,863	4,623	5,887	-	-	37,299	33,769	66,257	88,281
Increase/(Decrease)	-	1,393	5	(43)	1,709	1,199	11,148	11,244	-	-	24,353	10,714	37,215	24,507
Ending value 8/31/00	42	8,554	2,399	2,558	23,608	40,062	15,771	17,131	-	-	61,652	44,483	103,472	112,788
Other:														
Beginning value 6/1/00	-	-	-	-	481	481	7,311	6,998	-	-	-	-	7,792	7,479
Increase/(Decrease)	20,000	20,000	2,866	2,866	100	100	(5,801)	(5,467)	-	-	-	-	17,165	17,499
Ending value 8/31/00	20,000	20,000	2,866	2,866	581	581	1,510	1,531	-	-	-	-	24,957	24,978

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code.
Details of individual assets by account furnished upon request.

2. Permanent University Fund: Report on Investments for the Fiscal Year Ended August 31, 2000

RECOMMENDATION

Under separate cover to be distributed at the November meeting of the U. T. Board of Regents, The University of Texas Investment Management Company (UTIMCO) presents a report on Permanent University Fund Investments for the fiscal year ended August 31, 2000. The report includes the annual audited financial statements and additional schedules as required by Section 66.05 of the Texas Education Code for the fiscal year ended August 31, 2000.

Section 66.05 of the Texas Education Code requires that the report be approved by the U. T. Board of Regents prior to its distribution to the Governor, members of the Legislature, and other State Officials.

3. U. T. Board of Regents: Request for Approval of Amended and Restated Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO)

RECOMMENDATION

The Board of Directors of The University of Texas Investment Management Company (UTIMCO) recommends that the U. T. Board of Regents approve the Amended and Restated Investment Management Services Agreement effective November 16, 2000, as set forth in congressional style on Pages 21 - 37, which amends and restates the Agreement originally dated March 1, 1996, and amended on June 2, 1997, November 12, 1998, and September 1, 1999.

BACKGROUND INFORMATION

The amendments revise certain sections in the Agreement to conform with recent amendments to constitutional provisions governing the Permanent University Fund and to U. T. System's Regental policies. The proposed Amended and Restated Agreement was reviewed by UTIMCO's counsel, Vinson & Elkins, and approved by the UTIMCO Board on September 26, 2000.

AMENDED AND RESTATED INVESTMENT MANAGEMENT SERVICES AGREEMENT

This Amended and Restated Investment Management Services Agreement (this "Agreement") by and between the Board of Regents (the "U. T. Board") of The University of Texas System (the "U. T. System") and The University of Texas Investment Management Company ("UTIMCO"), a Texas nonprofit corporation, is effective November 16, 2000 [March 1, 1996], (the "Effective Date") and amends and restates that certain Investment Management Services Agreement by and between the U. T. Board and UTIMCO, effective March 1, 1996, as amended by the first amendment effective June 2, 1997, the second amendment effective November 12, 1998, and the third amendment effective September 1, 1999.

RECITALS

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

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

WHEREAS, UTIMCO has been organized under the laws of the State of Texas, including the Texas Nonprofit Corporation Act, Article 1396-1.01 et seq., Vernon's Texas Civil Statutes, for the express purpose of investing funds under the control and management of the U. T. Board, as designated by the U. T. Board, in accordance with the laws of the State of Texas; and

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

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

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

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

AGREEMENT

Section 1. Definitions.

Accounts shall mean those funds for which the U. T. Board has responsibility, namely (a) the Permanent University Fund, excluding PUF Lands, (b) the Permanent Health Fund, (c) the U. T. Board Accounts and (d) the U. T. Board Trust Accounts.

Available University Fund or AUF shall mean the fund that consists of the distributions made to it from the total return on all investment assets of the Permanent University Fund, [the dividend, interest and other income of the Permanent University Fund (less administrative expenses)], including the net income attributable to the surface of PUF Lands, all as provided by Article VII, Section 18 of the Texas Constitution.

Affiliate shall mean an entity directly or indirectly controlling, controlled by, or under common control with UTIMCO, including an entity with whom UTIMCO has an express or implied agreement regarding the direct or indirect purchase of investments by each from the other.

Claims shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counter claim, cross action, or impleader) any Indemnified Party and all requests or demands for indemnification made by any third party upon any Indemnified Party, even if groundless, false or fraudulent, so long as the claim, lawsuit, cause of action, other legal action or proceeding, request or demand is alleged or determined, directly or indirectly, to arise out of, result from, relate to or be based upon, in whole or in part, the duties, activities, acts or omissions of any person arising under this Agreement.

Custodian or Custodians shall mean a commercial bank, trust company or other entity selected by UTIMCO to hold and safekeep physical securities representing investment assets of any Account and to perform the other functions listed in Section 5 hereof. The primary Custodian as of the effective date of this Agreement is

Mellon Trust of Medford, Massachusetts. Substitute or additional Custodians may be appointed by UTIMCO from time to time.

Indemnified Parties shall mean UTIMCO and any of its officers, directors, employees and agents.

Investment Policies shall mean the written investment policies relating to the PUF, [the] PHF, LTF, [the] SIF, [the] S[A]ITF and the STF which ~~[attached hereto as Exhibit A, as the same]~~ may be amended from time to time by UTIMCO with the consent and approval of the U. T. Board.

Long Term Fund or LTF shall mean the long-term pooled investment fund previously established by the U. T. Board for the collective investment of all endowment and other long-term funds of component institutions of the U. T. System, ~~[(other than the Permanent University Fund and other funds subject to use restrictions that are inconsistent with investment in such Long Term Fund).]~~

Losses shall mean losses, costs, damages, expenses, judgments and liabilities of whatever nature (including, but not limited to, attorneys', accountants' and other professionals' fees, litigation and court costs and expenses, amounts paid in settlement, amounts paid to discharge judgments and amounts payable by an Indemnified Party to any other person under any arrangement providing for indemnification of that person) directly or indirectly resulting from, arising out of or relating to one or more Claims.

Permanent Health Fund or PHF shall mean collectively the permanent funds for health-related institutions established pursuant to Chapter 63, Texas Education Code for which the U. T. Board is an administrator.

Permanent University Fund or PUF shall mean the constitutional fund known by that name and established pursuant to Article VII, Section 11 of the Texas Constitution.

Permanent University Fund Lands or PUF Lands shall mean [the] approximately 2.1 million [2,109,109] acres of land located in 24 Texas counties, primarily in West Texas, and constituting a part of the Permanent University Fund.

~~[O.E.I.E. shall mean the quasi-endowment fund established by the U. T. Board on December 8, 1988, to provide performance compensation for professional staff employed by the Office of Asset Management.]~~

Separately Invested Funds or SIFs shall mean U. T. System Funds or U. T. Board Trust accounts which by election of the U. T. Board or by requirement of the trust

indenture or donative instrument are invested separately and apart from other U. T. System Funds and the PUF.

Short ~~/~~Intermediate Term Fund or S/~~I~~ITF shall mean the short ~~/~~intermediate term pooled investment fund previously established by the U. T. Board for the collective investment of funds (other than endowment and other long-term funds, including the Permanent University Fund) of the component institutions of the U. T. System.

Short Term Fund or STF shall mean the money market mutual fund or funds approved by UTIMCO from time to time as an investment for U. T. System Funds. ~~[As of the effective date of this Agreement, the only Short Term Fund is a money market mutual fund known as the Financial Square Prime Obligations Fund, which is a series of the Goldman Sachs Money Market Trust. Substitute or additional money market mutual funds (including internally managed funds) may be approved by UTIMCO from time to time as the Short Term Fund.]~~

U. T. Board Accounts shall mean the investment assets of the U. T. System, consisting of the Long Term Fund, the Short ~~/~~Intermediate Term Fund, the Short Term Fund and the Separately Invested Funds.

U. T. Board Trust Accounts shall mean the assets of charitable remainder trusts, foundations and other separately invested funds for which the U. T. Board serves as trustee on behalf of itself and other co-beneficiaries.

U. T. System Funds shall mean all funds under the control and management of the U. T. Board, other than the Permanent University Fund, the Permanent Health Fund and the U. T. Board Trust Accounts.

Section 2. Delegation of Investment Authority.

The U. T. Board hereby appoints UTIMCO as its investment manager with complete authority to act for the Board in the investment of the Accounts, subject, however, to such limitations and restrictions as are set forth in the Investment Policies. UTIMCO shall furnish the U. T. Board with continuous investment management services and shall invest and reinvest the assets of the Accounts in such ways and at such times as are believed by UTIMCO to be consistent with the Investment Policies and Section 4 hereof. UTIMCO shall be responsible for overall management of the U. T. Board's investment affairs and shall manage each Account as a discretionary account.

Section 3. Description of Investment Management Services.

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

- a) **Investment Policies:**
UTIMCO shall review current investment policies for each Account and recommend any amendments for approval by the U. T. Board. Such review shall include distribution (spending) guidelines, long-term investment return expectations and expected risk levels, asset allocation targets and ranges for each eligible asset class, expected returns for each asset class and fund, and designated performance benchmarks for each asset class.
- b) **Investment Management:**
UTIMCO shall oversee the investment management process. Such oversight shall include the development of an investment outlook based on global economic and capital market forecasts, the rebalancing of allocations to each asset class within ranges in response to changes in the investment outlook, and the selection of a combination of portfolio managers to construct portfolios designed to generate the expected returns of each asset class.
- c) **Investment Performance:**
UTIMCO shall monitor and report on investment performance for the PUF and U. T. Board accounts. Such responsibilities shall include the calculation and evaluation of performance of asset classes and individual portfolios, against established benchmarks over various periods of time, the periodic review of performance benchmarks, the reporting of investment performance of Separately Invested Assets and U. T. Board Trust Accounts as requested by the U. T. Board, and the reporting to regulatory agencies and others regarding investments under management to the extent required by applicable law.
- d) **Operations:**
UTIMCO shall execute such operational responsibilities as the purchase and sale of investments, settlement of all trades (to the extent such trades are not settled by Custodian or brokers), the accounting for all transactions at the portfolio level in accordance with generally accepted accounting principles, the preparation and delivery of periodic financial reports on all funds; and the maintenance of complete books and records (internally or through contract with the designated Custodian for the assets under management) reflecting transactions and balances of the Accounts.
- e) **Books and Records:**
UTIMCO shall maintain the books and records for each Account on the basis of a fiscal year ending August 31st (or such other fiscal year as the U. T. Board may establish from time to time), and shall keep full separate records of all transactions with respect to each Account. The books and records of the Accounts and all records concerning UTIMCO's operations shall be available during normal business hours for inspection by an authorized representative of U. T. System. UTIMCO shall provide full audit access to auditors representing the U. T. Board or the State

Auditor, including access to any and all information concerning the operations of UTIMCO.

f) **Other Services:**

UTIMCO shall perform other investment management services to include attending meetings of the U. T. Board and making such reports as the U. T. Board may request from time to time, rendering services to promoters of private equity investments in which UTIMCO has decided to invest, attending meetings of governing bodies of companies in which UTIMCO's managed Accounts have invested, voting of securities (or proxies with respect thereto) held as investments of the Accounts; providing U. T. System component institutions with annual endowment reports reflecting, among other things, changes in the investment value of such component's endowment and distributions made to such component to support the activities for which the endowment was established; providing charitable trust administration services such as portfolio management, annual tax return preparation, annual trust reporting to donors and remittance of quarterly distributions; providing annual reporting of investment transactions and balances and distributing funds to authorized beneficiaries on foundation accounts; effecting distributions directly or through the Custodian to U. T. System component institutions or other named beneficiaries from the Accounts; supporting and maintaining on-line account information system for endowment accounts; and any other services necessary to provide investment management of the Accounts.

Section 4. Investment Manager as Fiduciary.

UTIMCO acknowledges that it will be acting as a fiduciary with respect to managing the investments of the Accounts ~~[and that,]~~ subject to the Investment Policies and applicable law. ~~[, it will exercise the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.]~~ The U. T. Board recognizes that all investment transactions involve a variety of significant potential risks, including, without limitation, market risk, liquidity risk, credit risk, cash flow risk, operational risk and counterparty risk. The U. T. Board agrees that (i) UTIMCO will not be liable for any losses incurred in the Accounts as a result of investments made pursuant to the Investment Policies, and (ii) UTIMCO will not be liable for actions of co-fiduciaries. The Board also acknowledges that UTIMCO shall not be liable for, and, to the fullest extent authorized by the Constitution and laws of the State of Texas, agrees to hold UTIMCO harmless from the consequences of any action taken or omitted to be taken by the U. T. System or any of its employees or agents prior to March 1, 1996. ~~[the Effective Date of this Agreement.]~~

Section 5. Custody of Assets.

UTIMCO shall use custodians for safekeeping, settlement of security purchases, sales, collection of income and other duties as more fully described in the existing custody agreement between the U. T. Board and the Custodian, which agreement, together with the U. T. Board's rights, duties and obligations thereunder, has been [~~or shall be~~] assigned to UTIMCO. In addition, UTIMCO may from time to time use a brokerage firm to settle security sales on behalf of the Board and may invest in a regulated mutual fund, externally managed commingled funds, or other investments [~~or the Common Fund,~~] in which assets are held outside of the bank custody relationship. Any physical certificates not held in safekeeping with a Custodian shall be held in safekeeping at a local bank as designated by UTIMCO.

Section 6. Use of Unaffiliated Investment Managers.

UTIMCO shall be entitled to use unaffiliated investment advisors to invest all or part of the Accounts and to perform other duties as more fully described in existing investment advisory agreements between the U. T. Board and such investment advisors, which agreements, together with the U. T. Board's rights, duties and obligations thereunder, have been [~~or shall be~~] assigned to UTIMCO.

Section 7. Investment Management Fees; Direct Expenses.

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

- a) **Organizational Fee:**
~~On the Effective Date, the U. T. Board shall pay UTIMCO the sum of \$250,000 as reimbursement for expenses incurred in organizing UTIMCO to provide the investment management services required herein. Any excess funds remaining after payment of all actual organizational expenses shall be rebated back to the U. T. Board.~~
- b) **Working Capital Fee:**
~~[On the Effective Date, the U. T. Board shall pay to UTIMCO an amount equal to \$500,000 to be used by UTIMCO as a working capital reserve. Said reserve shall be used, as needed, to pay operating expenses associated with the general management of the Accounts and shall be reviewed annually to determine its level of adequacy.]~~
- e) **In-Kind Transfer of Office Equipment:**
~~[On the Effective Date, the U. T. Board shall transfer title to certain equipment currently used by the Office of Asset Management of the U. T. System listed on Exhibit B hereto with an estimated book value of \$631,000.]~~

[d] **Annual Budget and Management Fee:**

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

At the same time that UTIMCO submits its Annual Budget, it shall also submit to the U. T. Board an allocation formula for charging the Annual Budget to the Accounts. The Annual Budget and the allocation formula shall be approved or disapproved by the U. T. Board at its next regular meeting. The U. T. Board will not unreasonably withhold approval of the Annual Budget or the allocation formula. Any such Budget or formula that is disapproved shall be promptly revised by UTIMCO and resubmitted to the U. T. Board for approval.

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

UTIMCO is hereby authorized to pay from each Account direct expenses incurred for portfolio management, custodian, auditing, and other services which are performed by external vendors specifically for each Account. ~~[UTIMCO is authorized to pay expenses incurred on behalf of the Permanent University Fund by submitting a purchase voucher to the State Comptroller for payment of said expenses from the Available University Fund. Notwithstanding the above, vouchers submitted for quarterly payment of the Annual UTIMCO Management Fee from the AUF shall require the approval of the Office of Investment Accounting of the U. T. System (or any successor to the functions of that office).]~~

b) [e] **Directors Fees:**

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

c) [f] **Fees for Services Rendered:**

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

d) **Miscellaneous Fees:**

UTIMCO management may perform specialized services for accounts that are separately invested for which UTIMCO receives a fee from the account. These fees primarily relate to maintenance of computer programs for the separately invested accounts. Such Miscellaneous Fees shall be considered additional fee income to UTIMCO.

Section 8. Brokerage Commissions.

The U. T. Board acknowledges and agrees that the investment management fees provided for in Section 6 are in addition to any compensation that may be due to a broker or dealer in effecting and executing transactions on behalf of UTIMCO. UTIMCO is hereby authorized and empowered, with full and absolute discretion, to issue instructions in accordance with the Investment Policies to such unaffiliated brokerage firms as may be selected by UTIMCO for the execution of orders for the purchase, sale, exchange and general investment of the Accounts; provided that UTIMCO shall not select a brokerage firm that is an Affiliate of UTIMCO. All orders for Account transactions shall be placed in such markets and through such brokers as UTIMCO determines will offer the most favorable price, execution and commission cost of each order. The U. T. Board acknowledges and agrees that UTIMCO, from time to time and in accordance with applicable law, may pay commissions to brokers that are higher than those that might be obtainable elsewhere in order to obtain from such brokers research and other services expected to enhance the long-term value of the Accounts. [Notwithstanding the preceding

sentence, UTIMCO agrees that the average commission rate paid to brokers on all orders for transactions for the Accounts shall not exceed 6¢ per share or such other rate (higher or lower) as shall be set by the U. T. Board from time to time.]

Section 9. Valuation of Account Assets.

The valuation of the account shall be determined in accordance with the investment policies approved by the U. T. Board for the account. [~~For the purposes of reporting the valuation of each Account, the market value of the securities (including cash and short term equivalents) settled in the Account shall be determined as of the close of business on the last business day of each fiscal quarter by the Custodian.~~]

Section 10. Representations and Warranties of Parties.

U. T. Board.

- A. The U. T. Board (a) is duly established and validly existing under the laws of the State of Texas and is an agency of the State of Texas, (b) has all power and authority and all material government licenses, authorizations, consents and approvals required to carry on its business as now conducted, and (c) has full power and authority to execute, deliver and perform this Agreement.
- B. The execution, delivery and performance by the U. T. Board of this Agreement have been duly authorized by all necessary action and do not contravene, or result in the violation of or constitute a default under, any provision of applicable law or regulation, or any order, rule or regulation of any court, governmental agency or instrumentality or any agreement, resolution or instrument to which the U. T. Board is a party or by which it or any of its property is bound.
- C. No authorization, consent, approval, permit, license, or exemption of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality that has not been obtained or issued is or will be necessary for the valid execution, delivery or performance by the U. T. Board of this Agreement.
- D. This Agreement constitutes a valid and binding agreement of the U. T. Board.
- E. There is no action, suit or proceeding pending or, to the knowledge of the U. T. Board, threatened against or affecting the U. T. Board or the U. T. System, or relating to this Agreement, in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of the U. T. Board to enter into, and perform its obligations under, this Agreement, or which in any manner questions the validity or enforceability of this Agreement.

- F. The U. T. Board has approved [~~and does hereby approve~~]:
- (1) the Articles of Incorporation and Bylaws of UTIMCO [~~attached as Exhibits D and E, respectively~~];
 - (2) the Investment Policies;
 - (3) the audit and ethics committee of UTIMCO [~~, the members of which are listed on Exhibit F~~]; and
 - (4) the Code of Ethics of UTIMCO [~~attached as Exhibit G~~].
- G. The U. T. Board has been provided with the opportunity to ask questions of, and it has received answers thereto satisfactory to it from, UTIMCO and its representatives regarding this Agreement and has obtained all additional information requested by it of UTIMCO and its representatives prior to entering into this Agreement.

UTIMCO.

- A. UTIMCO (a) is duly organized and validly existing as a Texas nonprofit corporation under the laws of the State of Texas, particularly the Texas Nonprofit Corporation Act, Article 1396-1.01 et seq., Vernon's Texas Civil Statutes, (b) has all corporate power and authority and all material government licenses, authorizations, consents and approvals required to carry on its business as now conducted, and (c) has full power and authority to execute, deliver and perform this Agreement.
- B. The execution, delivery and performance by UTIMCO of this Agreement have been duly authorized by all necessary action by UTIMCO and do not contravene, or result in the violation of or constitute a default under, any provision of applicable law or regulation, or any order, rule or regulation of any court, governmental agency or instrumentality or any agreement, resolution or instrument to which UTIMCO is a party or by which it or any of its property is bound.
- C. No authorization, consent, approval, permit, license, or exemption of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality that has not been obtained or issued is or will be necessary for the valid execution, delivery or performance by UTIMCO of this Agreement.
- D. This Agreement constitutes a valid and binding agreement of UTIMCO.
- E. There is no action, suit or proceeding pending or, to the knowledge of UTIMCO, threatened against or affecting UTIMCO, or relating to this Agreement in any court or before or by any governmental department, agency or instrumentality

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

Section 11. UTIMCO's Code of Ethics. [~~Prohibition Against Self-Dealing.~~]

Consistent with the requirements of Section 66.08, Texas Education Code, UTIMCO's Directors, and Employees shall abide by UTIMCO's Code of Ethics as approved by the U. T. Board. [~~shall not enter into an agreement or transaction with any of the following;~~

- ~~A. A director, officer, or employee of UTIMCO acting in other than an official capacity on behalf of UTIMCO;~~
- ~~B. A business entity in which a director, officer, or employee of UTIMCO has an interest;~~
- ~~C. A former director, officer, or employee of UTIMCO on or before the second anniversary of the date the person ceased to be a director, officer, or employee of UTIMCO;~~
- ~~D. A business entity in which a former director, officer, or employee of UTIMCO has an interest on or before the second anniversary of the date the person ceased to be a director, officer, or employee of UTIMCO.~~

~~For purposes of this Section, a person has an interest in a business entity if (i) the person owns five percent or more of the voting stock or shares of the business entity; (ii) the person owns five percent or more of the fair market value of the business entity; or (iii) money received by the person from the business entity exceeds five percent of the person's gross income for the preceding calendar year. Any agreement or transaction entered into in violation of this Section 11 is void.]~~

Section 12. UTIMCO's Open Meeting Policy.

UTIMCO shall comply with the provisions of its Open Meeting Policy as approved by the U. T. Board.

Section 13 [12]. Prohibition Against Service to Other Clients.

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

Section 14 [13]. Investment Company Act.

UTIMCO shall not be required to register as an "investment company" under the investment Company Act of 1940, as amended.

Section 15 [14]. Termination.

The U. T. Board may terminate this Agreement at any time by written notice to UTIMCO, effective immediately upon receipt of such notice by UTIMCO, subject to reasonable allowance for settlement of pending trades. UTIMCO may terminate this Agreement upon thirty (30) days' written notice to the U. T. Board. There shall be no penalty for termination; however, UTIMCO shall be entitled to all compensation and benefits earned prior to termination.

Section 16 [15]. Amendments.

No amendment hereto shall be effective unless executed in the same manner as this Agreement.

Section 17 [16]. Notices.

All notices or communications hereunder shall be in writing and shall not be effective until hand delivered and receipted to the other party, or sent by overnight delivery, or sent by United States Certified or Registered Mail, postage prepaid, to the addressed party. The following are the designated addresses for such notices or communications and may only be changed by communication in the manner required by this paragraph:

To U. T. Board:

Board of Regents of The University of Texas System
Attn: Counsel and Secretary [~~Executive Secretary~~]
201 West Seventh Street
Austin, Texas 78701
Tel. (512) 499-4402
Fax. (512) 499-4425

To UTIMCO:

The University of Texas Investment Management Company
Attn: President
210 West Sixth St. - 2nd Floor
Austin, Texas 78701
Tel. (512) 499-4337
Fax. (512) 499-4365

Section 18 [17]. Non-Assignability.

No Assignment of this Agreement by UTIMCO shall be made without having obtained the prior written consent of the U. T. Board nor is the Agreement assignable by the U. T. Board without prior written consent of UTIMCO.

Section 19 [18]. No Waiver of Breach.

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

Section 20 [19]. Indemnification.

a) **Agreements to Indemnify:**

To the fullest extent authorized by the Constitution and laws of the State of Texas, the U. T. Board shall indemnify and hold harmless each of the Indemnified Parties against any and all Losses, including Losses resulting from the negligence of the Indemnified Party claiming indemnification; provided, however, the U. T. Board shall not be obligated to indemnify an Indemnified Party against Losses to the extent such Losses are caused by (i) an act or omission that involves intentional misconduct or a knowing violation of law by the Indemnified Party claiming indemnification, (ii) a transaction from which the Indemnified Party claiming indemnification received an improper benefit, (iii) an act or omission for which the liability of the Indemnified Party claiming indemnification is expressly provided by an applicable statute, or (iv) an act or omission constituting gross negligence by the Indemnified Party claiming indemnification; provided further that indemnification payments by the U. T. Board shall be paid from the same sources as the Annual Fee pursuant to Section 7.

b) **Reimbursement:**

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

c) **Notice:**

In case any Claim shall be brought or, to the knowledge of any Indemnified Party, threatened against any Indemnified Party in respect of which indemnity may be

sought against the U. T. Board, such Indemnified Party shall promptly notify the U. T. Board in writing; provided, however, that any failure so to notify shall not relieve the U. T. Board of its obligations under this Section.

d) **Defense:**

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

e) **Cooperation; Settlement:**

Each Indemnified Party shall use reasonable efforts to cooperate with the U. T. Board in the defense of any action or Claim. The U. T. Board shall not be liable for any settlement of any action or Claim without its consent but, if any such action or Claim is settled with the consent of the U. T. Board or there be final judgment for the plaintiff in any such action or with respect to any such Claim, the U. T. Board shall indemnify and hold harmless the Indemnified Parties from and against any Loss by reason of such settlement or judgment as provided in Subsection (a) of this Section.

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

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

Section 21 [20]. Confidential Relationships.

Except as otherwise required by law[,] all information and recommendations furnished by UTIMCO shall be regarded as confidential by the U. T. Board. Each party shall regard as confidential all information concerning the affairs of the other party or the Accounts. Each party shall take all steps as are reasonably necessary to ensure compliance with this Section.

Section 22 [21]. Entire Agreement; Miscellaneous.

This Agreement contains the entire agreement between the parties and all representation with respect to the subject matter thereof. Headings in the Agreement are for purposes of reference only and shall not limit or otherwise effect the meaning hereof. Any capitalized term used in an Exhibit to this Agreement shall have the meaning designated herein, unless otherwise defined in the Exhibit itself.

Section 23 [22]. Governing Law.

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

[Approved as to form:

Ray Farabee
Vice Chancellor and General Counsel]

**BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM**

Date: _____

By:

Donald L. Evans [Bernard Rapoport]
Chairman

[ATTEST;

Arthur H. Dilly
Executive Secretary]

**THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY,**
a Texas nonprofit corporation

Date: _____

By:

Thomas G. Ricks
President and Chief Executive Officer

J. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND
COMMITTEE REPORTS TO THE BOARD

The Standing Committees of the Board of Regents of The University of Texas System will meet as set forth below to consider recommendations on those matters on the agenda for each Committee listed in the Material Supporting the Agenda. At the conclusion of each Standing Committee meeting, the report of that Committee will be formally presented to the Board for consideration and action.

Executive Committee: Chairman Evans
Vice-Chairman Loeffler, Vice-Chairman Clements
MSA Page 39

Business Affairs and Audit Committee: Chairman Riter
Regent Hunt, Regent Oxford
MSA Page 40

Academic Affairs Committee: Chairman Miller
Regent Hunt, Regent Oxford, Regent Romero
MSA Page 58

Health Affairs Committee: Chairman Loeffler
Regent Clements, Regent Oxford, Regent Sanchez
MSA Page 74

Facilities Planning and Construction Committee:
Chairman Clements, Regent Riter, Regent Romero, Regent Sanchez
MSA Page 87

Executive Committee

EXECUTIVE COMMITTEE
Committee Chairman Evans

Date: November 16, 2000

Time: Following the Reconvening of the Board of Regents at
approximately 8:30 a.m.

Place: Room 119, Biomedical Research Building, U. T. Health Center - Tyler

There are no items to be considered by the Executive Committee for
this meeting.

Business Affairs & Audit Committee

BUSINESS AFFAIRS AND AUDIT COMMITTEE
Committee Chairman Riter

Date: November 16, 2000
Time: Following the Meeting of the Executive Committee
Place: Room 119, Biomedical Research Building, U. T. Health Center - Tyler

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2. U. T. System: Progress Report for Fiscal Year 2000 on the Historically Underutilized Business (HUB) Program 57

1. U. T. System: Recommendation to Approve Chancellor's Docket No. 103

RECOMMENDATION

It is recommended that Chancellor's Docket No. 103 be approved.

It is requested that the Committee 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. Board of Regents: Request for Approval to Amend the Seventh and Ninth Supplemental Resolutions to the Master Resolution Authorizing the Issuance of Board of Regents of The University of Texas System Revenue Financing System Bonds

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. Board of Regents:

- a. Approve the Resolution as set forth on Pages 44 - 45 amending the Seventh Supplemental Resolution to the Master Resolution adopted by the U. T. Board of Regents on August 13, 1998, by adding Subsection (b) to Section 19
- b. Approve the Resolution as set forth on Pages 46 - 47 amending the Ninth Supplemental Resolution to the Master Resolution adopted by the U. T. Board of Regents on August 12, 1999, by adding Subsection (b) to Section 19.

BACKGROUND INFORMATION

The Seventh Supplemental Resolution to the Master Resolution authorized the issuance of Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1998C and Series 1998D, and the Ninth Supplemental Resolution to the Master Resolution authorized the issuance of Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1999A and Series 1999B. Proceeds from these bond issues are used for the purpose of acquiring, purchasing, constructing, improving, enlarging, and equipping property and facilities of eligible projects listed in exhibits attached to each resolution. At the time they were drafted, these resolutions did not contemplate using proceeds for eligible projects other than those specifically listed in the exhibits.

There is a need to allow other eligible projects to be funded with proceeds from these bond issues, provided the projects have received the requisite approvals from both the U. T. Board of Regents and the Texas Higher Education Coordinating Board. The U. T. Board of Regents is allowed to amend these resolutions without the consent of bondholders if the Board determines the amendment will not have a materially adverse effect on the interest of the bondholders. Approval of this item should have no effect on the interest of the bondholders and will permit projects to be substituted so long as the substituted projects have received all necessary approvals.

RESOLUTION AMENDING
THE SEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION

WHEREAS, pursuant to the Seventh Supplemental Resolution to the Master Resolution adopted by the Board on the 13th day of August, 1998 (the "Seventh Supplement"), the Board issued its Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1998C (the "Series C Bonds") and Series 1998D (the "Series D Bonds"); and

WHEREAS, the Series C Bonds were issued to finance and refinance the cost of certain projects listed in Exhibit D-1 to the Seventh Supplement; and

WHEREAS, the Series D Bonds were issued to finance and refinance the cost of certain projects listed in Exhibit D-2 to the Seventh Supplement; and

WHEREAS, there are additional projects that have received all required approvals and are eligible to be financed with the proceeds of bonds issued pursuant to the provisions of Section 55.1722 of the Texas Education Code and the Board deems it necessary and desirable to amend the Seventh Supplement pursuant to Section 11(a)(iii) of the Seventh Supplement to provide that other projects may be added to Exhibit D-1 and Exhibit D-2; and

WHEREAS, the Board hereby finds and determines that the amendment of the Seventh Supplement as provided in this Resolution will not materially adversely affect the interests of the owners of the Outstanding Bonds.

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

1. The Seventh Supplement is hereby amended by adding Subsection (b) to Section 19 of the Seventh Supplement to read as hereinafter set forth:

SUBSECTION (b) OF SECTION 19

"(b) Additional projects may be added to either Exhibit D-1 or Exhibit D-2 upon satisfaction of the following conditions:

(i) The project has received the required approval or review of the Higher Education Coordinating Board to the extent and as required by the provisions of Section 61.058 of the Texas Education Code;

(ii) The Board shall have approved the construction of the project and made the findings required by Section 5 of the Master Resolution relating to the issuance of Parity Debt to finance the cost of the project; and

(iii) The Board shall have received an opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Board with respect to the Revenue Financing System, to the effect that the amendment of the exhibit and the expenditure of the proceeds of the respective series of bonds to

pay the cost of project will not adversely affect the treatment of interest on the series of bonds for federal income tax purposes."

2. The findings and determinations made in the recitals to this resolution are hereby incorporated in and made a part of this resolution.

3. This resolution and the amendment of the Seventh Supplement shall take effect immediately. Other than as amended as provided in this resolution, the Seventh Supplement is not amended, modified, or rescinded and remains in full force and effect.

4. A copy of this resolution shall be attached to the copy of the Seventh Supplement on file in the records of the Board of Regents.

RESOLUTION AMENDING
THE NINTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION

WHEREAS, pursuant to the Ninth Supplemental Resolution to the Master Resolution adopted by the Board on the 12th day of August, 1999 (the "Ninth Supplement"), the Board issued its Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1999A (the "Series A Bonds") and Series 1999B (the "Series B Bonds"); and

WHEREAS, the Series A Bonds were issued to finance and refinance the cost of certain projects listed in Exhibit D-1 to the Ninth Supplement; and

WHEREAS, the Series B Bonds were issued to finance and refinance the cost of certain projects listed in Exhibit D-2 to the Ninth Supplement; and

WHEREAS, there are additional projects that have received all required approvals and are eligible to be financed with the proceeds of bonds issued pursuant to the provisions of Section 55.1722 of the Texas Education Code and the Board deems it necessary and desirable to amend the Ninth Supplement pursuant to Section 11(a)(iii) of the Ninth Supplement to provide that other projects may be added to Exhibit D-1 and Exhibit D-2; and

WHEREAS, the Board hereby finds and determines that the amendment of the Ninth Supplement as provided in this Resolution will not materially adversely affect the interests of the owners of the Outstanding Bonds.

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

1. The Ninth Supplement is hereby amended by adding Subsection (b) to Section 19 of the Ninth Supplement to read as hereinafter set forth:

SUBSECTION (b) OF SECTION 19

"(b) Additional projects may be added to either Exhibit D-1 or Exhibit D-2 upon satisfaction of the following conditions:

(i) The project has received the required approval or review of the Higher Education Coordinating Board to the extent and as required by the provisions of Section 61.058 of the Texas Education Code;

(ii) The Board shall have approved the construction of the project and made the findings required by Section 5 of the Master Resolution relating to the issuance of Parity Debt to finance the cost of the project; and

(iii) The Board shall have received an opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Board with respect to the Revenue Financing System, to the effect that the amendment of the exhibit and the expenditure of the proceeds of the respective series of bonds to

pay the cost of project will not adversely affect the treatment of interest on the series of bonds for federal income tax purposes."

2. The findings and determinations made in the recitals to this resolution are hereby incorporated in and made a part of this resolution.

3. This resolution and the amendment of the Ninth Supplement shall take effect immediately. Other than as amended as provided in this resolution, the Ninth Supplement is not amended, modified, or rescinded and remains in full force and effect.

4. A copy of this resolution shall be attached to the copy of the Ninth Supplement on file in the records of the Board of Regents.

3. U. T. System: Recommended Approval of the System-wide Internal Audit Plan for Fiscal Year 2001

RECOMMENDATION

The Chancellor concurs in the recommendation of the Business Affairs and Audit Committee of the U. T. Board of Regents that the proposed U. T. System Internal Audit Plan for Fiscal Year 2001 be approved. The development of the Internal Audit Plan is based on risk assessments performed at each component institution. The implementation of the Plan will be coordinated with the institutional auditors. Copies of the U. T. System Administration and component institution Plans and the Summarized Audit Plans are on file in the Office of the U. T. Board of Regents.

BACKGROUND INFORMATION

Institutional Audit Plans, compiled by the internal audit departments after input and guidance from the System Audit Office and the institution's management and Internal Audit Committee, were submitted to all Internal Audit Committees and institutional presidents for review and comments.

The Audit Plans were also reviewed by the Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the System Director of Audits. The Director of Audits provided feedback by conducting "audit hearings" with each component institution. After the review process, each Internal Audit Committee formally approved its institution's Plan.

The U. T. System Internal Audit Plan addresses the risks of the U. T. System by planning audits as follows:

Auditable Area	Audit Hours	Percent of Total Hours
Key Financial and Operating Information	22,558	14%
Institutional Compliance Audits	29,698	19%
Information Technology Audits	20,215	13%
Risk-Based Audits	31,270	20%
Projects	45,068	29%
Change in Management Departmental Audits	8,696	5%
Total	<u>157,505</u>	<u>100%</u>

4. U. T. Arlington: Request for Determination of Necessity and Authorization to Acquire Real Property Located at 120 West Second Street, Arlington, Tarrant County, Texas; Authorization to Take All Necessary Actions Needed to Acquire Through Purchase or Eminent Domain; and Authorization to Execute All Documents Related Thereto

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Witt that the U. T. Board of Regents:

- a. Determine that it is necessary for U. T. Arlington to acquire through condemnation proceedings, if necessary, an approximately 22,500 square foot tract of land and improvements located at 120 West Second Street in Arlington, Tarrant County, Texas, at a price not exceeding its fair market value as determined by an MAI appraisal. The property is located within the master plan boundaries of the U. T. Arlington campus.

- b. Authorize the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to take all steps necessary to acquire the property; to execute all documents, instruments, and other agreements; to initiate a condemnation action, if necessary, through the U. T. System Office of General Counsel and the Office of the Attorney General of Texas; and to take all further actions deemed necessary or desirable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The subject property is a 22,500 square foot (.5165 acre) tract of land with improvements and is described as Lots 18, 19, and 20, Block 3, Ditto and Collins Addition, City of Arlington, Tarrant County, Texas. It is located within the master plan boundaries of the U. T. Arlington campus previously approved by the U. T. Board of Regents on May 11, 2000, and by the 62nd Texas Legislature.

This currently vacant property was used as a plant nursery and garden business and contains a nursery building and greenhouses that have now fallen into a state of disrepair and decay. The property lies directly across the street and in front of U. T. Arlington's new student housing facility, Arlington Hall.

Preliminary discussions with the current owner indicate a substantial difference of opinion concerning the fair market value of the subject property. Consequently, it may be necessary to initiate a condemnation action to acquire the property through eminent domain.

5. U. T. Dallas: Request for Authorization to Sell Two Tracts of Land Containing Approximately 35 Acres Located in Richardson, Collin County, Texas; Authorization to Grant Options to Purchase Two Adjacent Tracts of Land Containing Approximately 22 Acres; and Authorization to Execute All Documents Related Thereto

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Jenifer that the U. T. Board of Regents authorize the U. T. System Real Estate Office and the Office of General Counsel to:

- a. Negotiate the sale of two tracts of land containing approximately 35 acres located in Richardson, Collin County, Texas, to XO Communications, Inc., of McLean, Virginia, or its assigns, at or above fair market value as determined by an independent MAI appraisal
- b. Negotiate purchase option agreements on two adjacent tracts of land containing approximately 22 acres for expansion purposes by XO Communications, Inc., or its assigns. The purchase option prices will be determined by MAI appraisals at the time the options are exercised.

It is further recommended that the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate be authorized to execute all documents, instruments, and other agreements and to take all further actions deemed necessary or desirable to carry out the purpose and intent of the foregoing recommendations.

BACKGROUND INFORMATION

XO Communications, Inc. (formerly Nextlink Communications, Inc.), is a provider of broadband communication services to U. S. and European markets. The company intends to develop the land for corporate office and data center facilities.

The larger portion of land proposed for sale is part of a 500-acre tract given to the U. T. Board of Regents by the Excellence in Education Foundation in August 1975. Under the terms of that gift, two-thirds of any land sale proceeds are to be used for the benefit of U. T. Dallas and the remaining one-third is designated for the U. T. Dallas Callier Center for Communication Disorders.

The remaining portion of land proposed for sale is part of a property acquired in February 1975 through an exchange of land between the Excellence in Education Foundation and the U. T. System. Proceeds from the sale of this land are to be used for acquisition of other lands, construction of buildings, and purchase of equipment and personal property for U. T. Dallas.

6. U. T. El Paso: Frank B. Cotton Trust - Request for Authorization to Sell Land and Improvements Located at 1600 East Fourth Street, El Paso, El Paso County, Texas, and Authorization to Execute All Documents Related Thereto

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Natalicio that authorization be given for the U. T. System Real Estate Office, on behalf of U. T. El Paso, to sell the land and improvements located at 1600 East Fourth Street, El Paso, El Paso County, Texas, to Southwest Growth Corporation, dba El Paso Machine and Steel, Inc., of El Paso, Texas, for \$515,000. Proceeds from the sale will be added to the Frank B. Cotton Trust for the benefit of U. T. El Paso.

It is further recommended that the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate be authorized to execute all documents, instruments, and other agreements and to take all further actions deemed necessary or desirable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The subject property was part of a large donation of land in 1938 from the Frank B. Cotton Trust to the U. T. Board of Regents. In 1947, the subject site was leased to El Paso Machine Works for industrial manufacturing, distribution, service, and related uses. All of the improvements constructed on the site by the lessee, except a small office building, are classified as trade fixtures and are the property of the lessee. Given the condition of the property and the market in the neighborhood, the U. T. System Real Estate Office recommends the property be sold rather than leased.

The sales price is within the range of two recent MAI appraisals. No real estate commission will be paid on this transaction as the property is being sold to the tenant and no brokers are involved in the transaction. Proceeds from the sale will be distributed to the Frank B. Cotton Trust at U. T. El Paso.

7. U. T. Health Science Center - Houston: Request for Approval to Negotiate a Lease with the Houston Academy of Medicine for Space in the Jesse H. Jones Library Building Located at 1133 M. D. Anderson Boulevard in Houston, Harris County, Texas, and Authorization to Execute All Documents Related Thereto

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President

Willerson that the U. T. Board of Regents authorize the Executive Vice President for Administration and Finance at U. T. Health Science Center - Houston or his or her delegate, to negotiate a lease on behalf of U. T. Health Science Center - Houston with the Houston Academy of Medicine for space in the Jesse H. Jones Library Building located at 1133 M. D. Anderson Boulevard in Houston, Harris County, Texas, to be occupied by the Department of Immunology and Organ Transplant and other academic departments.

It is further recommended that the Executive Vice President for Administration and Finance at U. T. Health Science Center - Houston be authorized to execute a space lease agreement and all necessary documents, after approval by the Office of General Counsel, and to take all further actions deemed necessary or desirable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

U. T. Health Science Center - Houston has negotiated certain basic terms and conditions of a space lease agreement with the Houston Academy of Medicine for approximately 15,387 square feet of space at an annual base lease rate of \$20.33 per square foot of useable space with a Consumer Price Index escalation at the end of the initial term. The space is located on the fourth floor of the Jesse H. Jones Library Building, which is adjacent to the U. T. Medical School - Houston. The expected total base lease payments will be approximately \$1,564,088 for a proposed term of five years with two additional five-year options. It is anticipated the space will be leased "as is" and U. T. Health Science Center - Houston expects to pay a maximum of \$45,000 to refinish the space which will be occupied by the Department of Immunology and Organ Transplant and other academic departments currently utilizing the Medical School Building. Local funding is available for this lease. Authorization to negotiate and execute this lease agreement is requested from the U. T. Board of Regents because the total amount of lease payments is expected to exceed \$500,000.

8. U. T. System Administration and U. T. Austin: Request for Approval to Amend Resolution Regarding the List of Individuals Authorized to Negotiate, Execute, and Administer Classified Government Contracts (Key Management Personnel)

RECOMMENDATION

The Chancellor recommends that the U. T. Board of Regents approve the amended resolution set out below updating the roster of administrative officials of the U. T. System authorized to negotiate, execute, and administer classified government contracts as shown under item a.:

BE IT RESOLVED:

- a. That those persons occupying the following positions among the officers of The University of Texas System shall be known as Key Management Personnel as described in the Department of Defense National Industrial Security Program Operating Manual for safeguarding classified information:
- Larry R. Faulkner, President, U. T. Austin
Juan M. Sanchez, Vice President for Research, U. T. Austin
G. Charles Franklin, Senior Vice President and Chief Financial Officer,
U. T. Austin
Wayne K. Kuentler, Director, Office of Sponsored Projects,
U. T. Austin; U. T. System a.k.a. U. T. Austin Security Supervisor
Bobby C. McQuiston, Associate Director, Office of Sponsored
Projects, U. T. Austin
- b. That the members of the Key Management Personnel have been processed for a personnel clearance for access to classified information, to the level of the facility clearance granted to the institution, as provided for in the aforementioned National Industrial Security Program Operating Manual, and all replacements for such positions will be similarly processed for security clearance.

- c. That the said Key Management Personnel are hereby delegated all of the Board's duties and responsibilities pertaining to the projection of classified contracts of the Department of Defense, or User Agencies of its Industrial Security Program, awarded to the institutions of The University of Texas System.
- d. That the following named members of the U. T. Board of Regents and the Chief Executive Officer shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of The University of Texas System and do not occupy positions that would enable them to affect adversely the policies and practices of the institutions of The University of Texas System in the performance of classified contracts for the Department of Defense, or User Agencies of its Industrial Security Program, and need not be processed for a personnel clearance.

Members of the U. T. Board of Regents:

Donald L. Evans, Chairman
Tom Loeffler, Vice-Chairman
Rita C. Clements, Vice-Chairman
Woody L. Hunt
Charles Miller
Patrick C. Oxford
A. W. "Dub" Riter, Jr.
Raul R. Romero
A. R. (Tony) Sanchez, Jr.

Chief Executive Officer:

R. D. Burck, Interim Chancellor

BACKGROUND INFORMATION

The proposed resolution is needed to comply with the Department of Defense National Industrial Security Program Operating Manual requirements and to provide for the exclusion of named members of the U. T. Board of Regents and the Interim

Chancellor. Other than for changes to include the current officers of the U. T. System, the proposed resolution is identical to the one adopted by the U. T. Board of Regents on February 10, 2000.

INFORMATIONAL REPORTS

1. U. T. System: Discussion of the September 2000 Monthly Financial Report

REPORT

Mr. Kerry Kennedy, Executive Vice Chancellor for Business Affairs, will discuss the September 2000 Monthly Financial Report for the U. T. System.

2. U. T. System: Progress Report for Fiscal Year 2000 on the Historically Underutilized Business (HUB) Program

REPORT

Mr. Lewis Wright, Associate Vice Chancellor for Business Affairs, will present a progress report for Fiscal Year 2000 on the U. T. System Historically Underutilized Business (HUB) Program.

Academic Affairs Committee

ACADEMIC AFFAIRS COMMITTEE
Committee Chairman Miller

Date: November 16, 2000

Time: Following the Meeting of the Business Affairs and Audit Committee

Place: Room 119, Biomedical Research Building, U. T. Health Center - Tyler

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1. U. T. Arlington - Life Science Building HVAC Improvements: Request for Approval to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Include Project; Appropriate Funds; and Authorize Institutional Management of Project

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Witt that the U. T. Board of Regents:

- a. Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Life Science Building HVAC Improvements at U. T. Arlington at a total project cost of \$2,620,000
- b. Appropriate funds of \$2,620,000, with funding of \$125,000 from Designated Tuition, \$175,000 from Interest on Tuition Revenue Bond Proceeds, and \$2,320,000 from Tuition Revenue Bond Proceeds; thereby reducing the previously approved Tuition Revenue Bond Proceeds appropriation of the Educational & General Space Renovation project by \$1,750,000; the College of Business Administration Renovation project by \$470,000; and the Thermal Energy Plant Chiller Replacement/Retrofit project by \$100,000
- c. Authorize U. T. Arlington to locally manage the total project budgets, appoint architect, approve facility programs, prepare final plans, and award contracts associated with the Life Science Building HVAC Improvements.

BACKGROUND INFORMATION

The Life Science Building at U. T. Arlington was constructed in 1970 and comprises 213,672 gross square feet. The six-story structure, plus a basement, is assigned to the College of Science and includes classrooms, labs, offices, and support space. The animal research activities take place on the fifth and sixth floors and a small area in the basement. The HVAC mechanical system in the animal research space currently does not provide the number of air exchanges per hour as required by United States Department of Agriculture (USDA) regulations. A recent engineering study revealed that the system's maximum capability was, on the average, eight to 10 air exchanges per hour versus the 15 required for regulatory compliance. This project proposes to bring the building's HVAC system into USDA compliance by replacing and adding to the existing mechanical equipment to achieve, at a minimum, an air exchange rating of 15 per hour. Specifically, the project scope will include the demolition and abatement of plaster ceiling areas, insulation, and existing duct work; the installation of additional HVAC equipment, controls and ducts; some minor remodeling; sealing of the floors, walls and ceilings; replacement of the existing lighting fixtures and electrical receptacles; the installation of a state-of-the-art security and monitoring system; and general build-back. The project will also include moveable equipment such as cages, racks, and carts in support of the animal research activity.

The Physical Plant and Environmental Health and Safety personnel at U. T. Arlington have the knowledge and experience with projects that include demolition, asbestos abatement, HVAC systems, and build-back. Thus, institutional management of this project is recommended. These personnel have the expertise to work with the architect and engineer from the initial programming phase, through design, bid, award, and to the end of the construction phase.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Life Science Building HVAC Improvements at U. T. Arlington, at a total project cost of \$2,620,000, with funding of \$125,000 from Designated Tuition, \$175,000 from Interest on Tuition Revenue Bond Proceeds, and \$2,320,000 from Tuition Revenue Bond Proceeds from free balances of previously approved renovation projects at U. T. Arlington. Specifically, the total project costs and appropriations of Tuition Revenue Bond Proceeds are reduced for the Educational & General Space Renovation project by \$1,750,000, the College of Business Administration Renovation project by \$470,000, and the Thermal Energy Plant Chiller Replacement/Retrofit project by \$100,000.

2. U. T. Austin: Request for Authorization to Adopt a Proposal to Control Enrollment by Redefining the Summer Provisional Admissions Program

Revision of the Summer Provisional Admissions Program for freshman students is under consideration by the administration and faculty at U. T. Austin. A draft proposal for the revised program is set forth on Pages 63 - 66 and was presented to the Academic Affairs Committee at its October 2000 meeting. The Committee reviewed the proposal and authorized it to be included on the agenda for the November meeting of the U. T. Board of Regents.

Although final negotiations regarding the proposed changes were not completed prior to the deadline for inclusion in the Material Supporting the Agenda, President Faulkner anticipates providing a final plan to the Board before the November meeting. If a plan cannot be completed by the November meeting, this agenda item will be withdrawn.

ACADEMIC AFFAIRS COMMITTEE

SUBSTITUTE AGENDA ITEM

NOVEMBER 16, 2000

2. U. T. Austin: Request for Authorization to Adopt a Proposal to Control Enrollment by Redefining the Summer Provisional Admissions Program

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Faulkner that the U. T. Board of Regents:

- a. Adopt a proposal to control enrollment at U. T. Austin as set forth on Pages 64-67
- b. Permit the inclusion of other U. T. System academic institutions in the provisional admissions part of the program following the pattern described for U. T. Arlington in Part IIC of the proposal
- c. Require that U. T. Austin review the Provisional Admission Program during the 2003-2004 academic year.

BACKGROUND INFORMATION

A draft of the proposal set forth on the following pages was presented to the Academic Affairs Committee at its October 2, 2000, meeting. The proposal includes a brief history of the Provisional Admission Program and the conditions which have lead to this recommendation. At the time of the Committee meeting, the draft had not been reviewed by the U. T. Austin Faculty Council. It has since been reviewed by the Faculty Council and is now recommended by President Faulkner.

During the faculty review process, by a vote of 19 in favor and 18 opposed, the Faculty Council voted to substitute a motion that would eliminate all provisional admissions processes including the one in this proposal. President Faulkner scheduled a subsequent meeting of the Faculty Council Executive Committee, the

chair of the Admissions and Registration Committee of the General Faculty, and several U. T. Austin administrative officers. Later there was a special called meeting of the Faculty Council for which there was not a quorum. In those meetings, it was concluded that an abrupt elimination of the Provisional Admission Program would not be in the best interest of the University. Consequently, President Faulkner has concluded that he does not concur with the majority vote of the Faculty Council to eliminate the Provisional Admission Program at this time. He recommends that the original proposal be adopted with the further provision that the issue be thoroughly reviewed during the 2003-2004 academic year....

In addition, President Faulkner recommends that there be opportunities for other U. T. System academic institutions to provide a provisional admissions pathway similar to what will be provided by U. T. Arlington. This option was also discussed at the meeting of the Academic Affairs Committee on October 2.

**PROPOSAL TO CONTROL ENROLLMENT
AT THE UNIVERSITY OF TEXAS AT AUSTIN
BY REDEFINING THE PROVISIONAL ADMISSION PROGRAM**

Problem

The University of Texas at Austin has long had a Provisional Admission Program. This program was originally designed to give students not regularly admitted to the University a chance to prove they could perform well in the highly competitive academic environment on the Austin campus. In recent years, two things have happened. First, the quality of students being provisionally admitted has improved to a point where for many students it no longer makes sense to say they are being denied regular admission because they would not be able to compete. Concerns for program design as well as for a student's sense of pride and accomplishment have emerged as a result. Second, increased enrollment pressures have led to a dramatically increased number of students enrolling in the Provisional Program, which has led to a substantial reduction in the University's ability to control admissions. This proposal to change the Provisional Admission Program is motivated and informed by both of these factors.

Background

Enrollment peaked in 1989 at 50,245. Believing that it could not adequately handle enrollment of this size, the University, in 1990, began to lower enrollments to the more manageable level of 48,000. The plan was to allow the graduate population to grow while lowering the number of undergraduates. By Fall 1995, the goal had been reached and overall enrollment bottomed out at 47,905.

Graduate enrollments did increase between 1990 and 1993, before going into a steady decline that continued through 1998; undergraduate enrollments decreased between 1990 and 1995, but have risen steadily since. Law School enrollment remained flat from 1990 to 1994, but has declined since.

Driven by increases in undergraduate enrollment, there has been a steady increase in overall enrollments to 49,902 in Fall 1999. Projections by the Office of Institutional Studies indicate that, absent changes in our undergraduate admission policy, Fall 2000 enrollments will once again approach the high-water mark of 1989.

Projections

The number of high school graduates from Texas public and private high schools is projected to increase steadily for the next ten years rising from an estimated 209,800 in 1999-2000 to 233,500 in 2010-2011. These students are already in the pipeline. Efforts are being made to improve high school graduation rates. There is every

reason to believe we will continue to see enrollment pressure in the foreseeable future.

A link exists between regularly admitted and provisionally admitted students. As regular admissions become more selective, the Provisional Admission cohort becomes larger and more qualified. Larger provisional cohorts will yield a higher proportion of successful students who will enter the University in the Fall. Unless we change the current Provisional Admission policy we will not be able to control enrollment. Hence this proposal for change.

Proposal

I. Working Assumptions

- A. Students with a strong desire to succeed at the highest level should be given the chance to do so, even when their entry academic credentials do not signal success. Hence, the Provisional Admission Program should not be totally eliminated.
- B. The goal is to keep The University of Texas at Austin at a total enrollment of roughly 48,000 students, with approximately 36,000 undergraduates and 12,000 graduate students.

II. Three-tiered Freshman Admissions Policy

Two changes in admission and enrollment policies are being proposed. First, we propose to substitute a Summer Enrollment Plan, designed to yield approximately 600 regularly admitted students, for the current on-campus Provisional Admission Program. Second, we propose to create an "Off-Site" provisional program at a sister U. T. System university. This pilot program is being designed in cooperation with U. T. Arlington. Other universities might be added, depending on the success of the U. T. Arlington initiative. The result would be a three-tiered admissions program: Fall Admission, Summer Enrollment Plan, and Off-site Provisional Admission.

A. Fall Admission

This program will continue as currently structured.

B. Summer Enrollment Plan

We propose that the current on-campus Provisional Admission Program be replaced by a Summer Enrollment Plan effective Summer 2001. There are several compelling reasons for

doing so. The two most important are: 1) Regular summer admission will allow us to better control overall student enrollment and 2) the design of the Provisional Admission Program no longer matches the students who enroll. The qualifications of students who are currently being offered the Provisional option have changed over time to include many very able students. These students are not being well served by a "pseudo-remedial" or "bridge" program. They and their families are insulted by the implication that they are not "college ready" and they become grudging participants only because they want to be at U. T. Austin, not because they feel that summer academic work is necessary to their academic development. Because of the improved academic abilities of students, the current Provisional Admission Program has become less well-matched to students and more difficult to manage.

With the initiation of the Summer Enrollment Plan, students would enroll in typical first-semester freshman courses. This would relieve some of the course availability problems currently experienced in the Fall semester. These students would be held to the same GPA requirements placed on students entering in the Fall. They would be free to select courses appropriate to their goals. Using current matriculation rates, it will be possible to enroll a total freshman class of 7,000 (6,400 Fall plus 600 from Summer) without increasing overall enrollment.

C. Off-Site Provisional Admission

We propose that the current Provisional Admission Program be redesigned and moved, effective Summer 2001, to The University of Texas at Arlington.

Fall freshman applicants, who are not offered Fall admission or the newly proposed Summer Enrollment Plan will be offered admission through the Off-site Provisional Admission. Upon completion of a required 30-credit sequence of courses and the maintenance of at least a 3.0 GPA, these students will be accepted unconditionally into the College of Liberal Arts or the College of Natural Sciences. They may also compete for admission into the major of their choice once they arrive on campus. Should they fail to attain the required credits and GPA within their first year at U. T. Arlington, they would no

longer be eligible for automatic admission and would compete for admission to U. T. Austin as regular transfer students.

U. T. Arlington has been very supportive of this plan. Preliminary meetings have taken place and the program is fully endorsed by President Robert E. Witt.

III. Summary

Admission for freshman applicants would be hierarchical in the following way. The top students would be offered regular Fall Admission. The next set of students would be offered the Summer Enrollment Plan. The remaining students would be offered the "Provisional Admission" through U. T. Arlington.

IV. Program Review

Because these changes are dramatic, it is expected that ongoing adjustments will need to be made as the various aspects of the proposal become operational. A formal and thorough program review will be conducted at the end of the third year by representatives of the U. T. System institutions involved.

DRAFT

DRAFT

DRAFT

**A PROPOSAL TO CONTROL ENROLLMENTS
AT THE UNIVERSITY OF TEXAS AT AUSTIN
BY REDEFINING THE SUMMER PROVISIONAL PROGRAM**

Problem

The University of Texas at Austin has long had a Provisional Admissions Program. This program was originally designed to give students, not regularly admitted to The University, a chance to prove they could perform well in the highly competitive academic environment on the Austin campus. In recent years, two things have happened. First, the quality of students being provisionally admitted has improved to a point where for many students it no longer makes sense to say they are being denied regular admission because they would not be able to compete. Concerns for program design as well as for a student's sense of pride and accomplishment have emerged as a result. Second, increased enrollment pressures have led to a dramatically increased number of students enrolling in the Provisional Program. This has led to a substantial reduction in The University's ability to control admissions. This proposal for changing the Summer Provisional Program is motivated and informed by both of these factors.

Background

Enrollment peaked in 1989 at 50,245. Believing that it could not adequately handle enrollment of this size, The University, in 1990, began to lower enrollments to the more manageable level of 48,000. The plan was to allow the graduate population to grow while lowering the number of undergraduates. By Fall 1995, the goal had been reached and overall enrollment bottomed out at 47,905.

Graduate enrollments did increase between 1990-1993, before going into a steady decline that continued through 1998; undergraduate enrollments decreased between 1990-1995, but have risen steadily since. Law School enrollments remained flat from 1990-1994, but have declined since.

Driven by increases in undergraduate enrollments, there has been a steady increase in overall enrollments to 49,902 in Fall, 1999. Projections by the Office of Institutional Studies indicate that, absent changes in our undergraduate admission policies, Fall 2000 enrollments will once again approach the high-water mark of 1989.

Projections

The number of high school graduates from Texas public and private high schools are projected to increase steadily for the next ten years rising from an estimated 209,800 in 1999-2000 to 233,500 in 2010-2011. These students are already in the pipeline. Efforts are being made to improve high school graduation rates. There is every reason to believe we will continue to see enrollment pressures in the foreseeable future.

A link exists between regularly admitted and provisionally admitted students. As regular admissions become more selective, the Provisional Admissions cohort becomes larger and more qualified. Larger provisional cohorts will yield a higher proportion of successful students who will enter UT in the Fall. Unless we change the current Provisional Admission policy we will not be able to control enrollments. Hence this proposal for change.

Proposal

Working Assumptions:

1. Students with a strong desire to succeed at the highest level should be given the chance to do so, even when their entry academic credentials do not signal success. Hence, the Provisional Admissions Program should not be totally eliminated.
2. The goal is to keep The University of Texas at Austin at a total enrollment of roughly 48,000 students, composed of approximately 36,000 undergraduates and 12,000 graduate students.

Three-tiered Freshman Admissions Policy: Two changes in admission and enrollment policies are being proposed. First, we propose to substitute a Summer Enrollment Plan, designed to yield approximately 600 regularly admitted students, for the current on-campus Provisional Admission Program. Second, we propose to create an "Off-Site" Provisional Program at a sister UT System school. This pilot program is being designed in cooperation with UT Arlington. Other schools might be added, depending on the success of the UT Arlington initiative. The result would be a three-tiered admissions program: Fall Admission; Summer Enrollment; and Off-site Provisional Admission.

Fall Admission: This program will continue as currently structured.

Summer Enrollment Plan: We propose that the current on-campus Summer Provisional Admission Program be replaced by a Summer Enrollment Program effective Summer, 2001. There are several compelling reasons for doing so. The two most important are: 1) Regular summer admission will allow us to better control overall student enrollment. 2) The design of the Provisional Program no longer matches the students who enroll. The students who are currently being offered the Provisional option have changed over time to include many very able students. These students are not being well served by a "pseudo-remedial" or "bridge" program. They and their families are insulted by the implication that they are not "college ready" and they become grudging participants only because they want to be at UT Austin and not because they feel that summer academic work is necessary to their academic development. Because of the improved academic abilities of students, the current Summer Provisional Program has become less well matched to students and more difficult to manage.

With the initiation of the Summer Enrollment Program, students would enroll in typical first semester freshman courses. This would relieve some of the course availability problems currently experienced in the Fall semester. These students would be held to the same GPA requirements placed on students entering in the Fall. They would be free to select courses appropriate to their goals. Using current matriculation rates, we believe it will be possible to enroll a total freshman class of 7,000 (6400 fall + 600 from summer) without growing the University.

Provisional Program through UT Arlington: We propose that the current Provisional Admission Program be redesigned, effective Summer, 2001, and moved to The University of Texas at Arlington.

Fall freshman applicants, who are not offered fall admission or the newly proposed Summer Enrollment Plan, will be offered Admission through the Provisional Program. Upon completion of a required 30-credit sequence of courses and the maintenance of at least a 3.0 GPA, these students will be accepted unconditionally into the College of Liberal Arts or the College of Natural Sciences. They may also compete for admission into the major of their choice once they arrive on campus. Should they fail to attain the required credits and GPA within their first year at UT Arlington, they would no longer be eligible for automatic admission and would compete for a space at UT Austin as a regular transfer student.

UT Arlington has been very supportive of this plan. Preliminary meetings have taken place and the program is fully endorsed by President Witt.

Admission for freshman applicants would be hierarchical in the following way. The top students would be offered regular Fall Admission. The next set of students would be offered the Summer Enrollment Plan. The remaining students will be offered the "Provisional Admission" through UT Arlington.

Program Review: Because these changes are dramatic, it is expected that ongoing adjustments will need to be made as the various aspects of the proposal become operational. A formal and thorough program review will be conducted at the end of the third year by representatives of the Colleges and UT System institutions involved.

3. U. T. Austin - Geology Building - Addition and Renovation (Project No. 102-070): Request for Approval to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Include Project and Approval to Name Building (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Honorific Namings)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Faulkner that the U. T. Board of Regents:

- a. Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Geology Building - Addition and Renovation project at U. T. Austin, at a preliminary project cost of \$15,000,000, with funding from Gifts and Grants
- b. Approve naming the Geology Building at U. T. Austin as the John A. and Katherine G. Jackson Geological Sciences Building.

BACKGROUND INFORMATION

The Geology Building - Addition and Renovation project at U. T. Austin, which is consistent with the Cesar Pelli Master Plan, will provide additional and renovated space needed for the expansion of Geological Sciences and related activities in Natural Sciences. The existing Geology Building, constructed in 1967, contains 136,000 gross square feet and has not undergone an extensive renovation since the building was opened. The addition of approximately 40,000 gross square feet will provide new programmatic space for the College of Natural Sciences. Possible uses under consideration include space for new faculty, office space for the Marine Science Institute, a site for the new Institute of Environmental Sciences, a site for part or all of the Institute for Geophysics, an expansion of the geology library, and additional classroom space.

The gift of \$15,000,000 will be funded through a trust established by Mr. John A. Jackson of Dallas, Texas. Payments will be made to U. T. Austin on a periodic basis to support the cost of constructing and furnishing the addition. In appreciation of this gift, it is appropriate to name the existing Geology Building and the addition to be constructed with the Jackson gift as the John A. and Katherine G. Jackson Geological Sciences Building.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Geology Building - Addition and Renovation project at U. T. Austin at a preliminary project cost of \$15,000,000, with funding from Gifts and Grants.

The naming of the John A. and Katherine G. Jackson Geological Sciences Building is consistent with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, and institutional guidelines on the naming of buildings in honor and appreciation of the support and generosity of Mr. and Mrs. Jackson.

4. U. T. Dallas - School of Management Building: Request for Approval to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Include Project

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Jenifer that the U. T. Board of Regents amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the School of Management Building project at U. T. Dallas, at a preliminary project cost of \$38,000,000 with funding of \$30,000,000 from Permanent University Fund Bond Proceeds and \$8,000,000 from Gifts and Grants.

BACKGROUND INFORMATION

The School of Management is the largest school at U. T. Dallas, with enrollment growing steadily at a rate of 12% per year. Currently, the School of Management is scattered in seven buildings across campus, and the quantity and quality of the space available handicaps its operations. The accrediting agency for Schools of Management/Business have noted the deficiencies in the current arrangement. The School's surging enrollment is a direct result of the growth experienced by Metroplex telecommunications and other high-tech industries that have created an intense demand for additional highly-trained employees. Conservative estimates indicate an annual growth rate of 10% into the foreseeable future. To satisfy this demand, the U. T. Dallas School of Management must continue to grow. It is vital to have a modern, integrated home facility for the School so that it can continue to attract the top-quality students and faculty required to meet the needs of businesses in the Metroplex.

U. T. Dallas retained Omniplan Architects of Dallas, Texas, and Facility Programming & Consulting of San Antonio, Texas, to study the School's current situation and make recommendations. This study concluded that the School of Management currently has a deficit of almost 85,000 gross square feet. Based upon a conservative growth rate, the architects note that the school will double in size within 10 years. Assuming some efficiencies in space utilization, Omniplan Architects project that the School of Management will need approximately 225,000 gross square feet in 2010.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the School of Management Building project at U. T. Dallas at a preliminary project cost of \$38,000,000 with funding of \$30,000,000 from Permanent University Fund Bond Proceeds and \$8,000,000 from Gifts and Grants.

5. U. T. San Antonio - Physical Plant Services Facility: Request for Approval to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Include Project; Appropriate Funds; and Authorize Institutional Management of Project

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Romo that the U. T. Board of Regents:

- a. Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Physical Plant Services Facility project at U. T. San Antonio at a total project cost of \$1,740,000
- b. Appropriate funds of \$1,740,000, with funding of \$240,000 from Utilities Savings and \$1,500,000 from Permanent University Fund Bond Proceeds, thereby reducing the U. T. San Antonio Campus Equipment and Technology total project cost and appropriation by \$1,500,000
- c. Authorize U. T. San Antonio to locally manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the Physical Plant Services Facility project.

BACKGROUND INFORMATION

The Physical Plant Services Facility project at U. T. San Antonio involves the construction of a new service facility of approximately 20,400 gross square feet, which will include trade shops, a vehicle service area, supply and equipment storage, a grounds maintenance area, offices, and loading docks. The project will be located on the West Campus adjacent to the Building Services Annex.

This is the initial phase of a series of campus projects that relocate support services to respond to student growth. The Physical Plant Services Facility project will create additional academic and support space by relocating physical plant functions to a less centralized location on West Campus. Upon completion of this project, the current Physical Plant Building will be renovated to provide additional specialized classrooms and support space to meet increasing educational space demands. This relocation will also improve parking conditions for students by vacating approximately 120 close-in parking spaces currently used by physical plant employees.

The 76th Texas Legislature appropriated \$5,830,074 of Capital Equity and Excellence Funding for the U. T. San Antonio campus for both FY 2000 and FY 2001. Following the appropriation, it was determined that Permanent University Fund Bond Proceeds would be used to fund infrastructure and renovation projects, and Capital Equity and Excellence Funding would be used to procure campus equipment and technology. To this end, \$1,500,000 of Permanent University Fund Bond Proceeds previously allocated to the Capital Equipment and Technology project will be used to fund this project.

The campus has requested authorization to manage the project on the institutional level, due to its relatively modest scope and the building's industrial nature. The building will be built in the West Campus area in the middle of other Physical Plant facilities and will be planned, coordinated, and managed by U. T. San Antonio Facilities Management staff, who are qualified and capable of handling this project.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Physical Plant Services Facility project at U. T. San Antonio at a total project cost of \$1,740,000, with funding of \$240,000 from Utilities Savings and \$1,500,000 from Permanent University Fund Bond Proceeds, thereby decreasing the total project cost of the Campus Equipment and Technology project from \$5,300,000 to \$3,800,000.

6. U. T. Tyler - Nursing Building: Request for Approval to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Include Project

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Mabry that the U. T. Board of Regents amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Nursing Building project at U. T. Tyler at a preliminary project cost of \$7,300,000 with funding of \$4,800,000 from Permanent University Fund Bond Proceeds and \$2,500,000 from Gifts and Grants.

BACKGROUND INFORMATION

The Nursing Building project at U. T. Tyler involves the construction of a new building for the College of Nursing which will include academic classrooms, laboratories, and offices. The nursing program has outgrown the existing space. The College of Nursing consistently denies admission to large numbers of qualified nursing students due to space limitations. A new nursing building would allow U. T. Tyler to move the College of Education and Psychology out of the Student University Center into space vacated by the College of Nursing. Space is needed in the Student University Center to accommodate student services for growing numbers of freshman and sophomore students.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Nursing Building project at U. T. Tyler at a preliminary project cost of \$7,300,000 with funding of \$4,800,000 from Permanent University Fund Bond Proceeds and \$2,500,000 from Gifts and Grants.

INFORMATIONAL REPORTS

1. U. T. System: Report on K-16 Initiative

REPORT

Dr. Felipe Alanis, Assistant Vice Chancellor for Academic Affairs, will present an update on the 2000-2001 Action Plan for the K-16 Initiative.

2. U. T. System: Development of an Accountability System for the General Academic Institutions

REPORT

Committee Chairman Miller will report on the status of the development of an accountability system for the U. T. System general academic institutions.

3. U. T. System: Presentation on Activities Relating to the Establishment of the Bill Archer Center in Washington, D. C.

REPORT

Mr. Mark A. Franz, Vice Chancellor for Federal Relations, will make a presentation on the activities relating to the establishment of the Bill Archer Center in Washington, D. C.

Health Affairs Committee

HEALTH AFFAIRS COMMITTEE
Committee Chairman Loeffler

Date: November 16, 2000
Time: Following the Meeting of the Academic Affairs Committee
Place: Room 119, Biomedical Research Building, U. T. Health Center - Tyler

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1. U. T. Southwestern Medical Center - Dallas: Request for Authorization to Conduct a Private Fund-Raising Campaign to Increase Endowment Funds and to Provide for Certain Capital Needs (Regents' <u>Rules and Regulations</u> , Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44)	76
2. U. T. Medical Branch - Galveston - Keiller Building Research Support: Request for Approval to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Include Project and Appropriation of Funds	77
3. U. T. Health Science Center - Houston: Request for Authorization to Conduct a Private Fund-Raising Campaign to Increase Endowment Funds and to Provide for Certain Capital Needs (Regents' <u>Rules and Regulations</u> , Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44)	78

4. U. T. Health Science Center - Houston: Request for Approval to Negotiate a Lease with the Texas Heart Institute of Houston, Texas, for Space on the Ninth Floor of the Denton A. Cooley Building Located at 1102 Bates Avenue in Houston, Harris County, Texas, and Authorization to Execute All Documents Related Thereto 79
5. U. T. Health Science Center - San Antonio: Recommendation for Approval to Appoint Frank Harrison, M.D., Ph.D., as President Emeritus (Regents' Rules and Regulations, Part One, Chapter II, Section 15, Subsection 15.4 Relating to Honorary Titles) 81
6. U. T. Health Science Center - San Antonio - Hidalgo County Medical Research Division of the Regional Academic Health Center (Project No. 402-996): Request for Approval to Revise Preliminary Project Cost 82
7. U. T. M. D. Anderson Cancer Center: Request for Approval to Jointly Award with U. T. Health Science Center - Houston a Master of Science Degree in Biomedical Sciences and a Doctor of Philosophy Degree in Biomedical Sciences in the U. T. Graduate School of Biomedical Sciences - Houston and to Submit the Request for Authorization to the Texas Legislature and to the Coordinating Board (Catalog Change) 84

1. U. T. Southwestern Medical Center - Dallas: Request for Authorization to Conduct a Private Fund-Raising Campaign to Increase Endowment Funds and to Provide for Certain Capital Needs (Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that authorization be given for U. T. Southwestern Medical Center - Dallas to conduct a private fund-raising campaign to increase endowment funds and provide for certain capital needs, pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44 relating to private fund-raising campaigns.

BACKGROUND INFORMATION

The primary initiative of the proposed fund-raising campaign at U. T. Southwestern Medical Center - Dallas is to provide the institution with the appropriate resources and programs to meet current needs.

The current needs of the institution have grown substantially. They include the need to raise the final funds to complete the North Campus Phase 4 - Research Building (for which Permanent University Fund Bond Proceeds are providing \$80,000,000). The building has been approved as part of the FY 2000-2005 Capital Improvement Program. In addition, there will be major equipment and endowment needs associated with new program development and expansion into the new building, as well as general increases in the scope of the existing programs. U. T. Southwestern Medical Center - Dallas also needs to enhance its allied health and public health activities and to provide additional campus life amenities such as a student activities center, day care, student housing, and scholarship and loan funds.

To accomplish this, U. T. Southwestern Medical Center - Dallas is planning to recruit a community leadership council and begin this year to work toward a goal of raising \$350,000,000 for special purposes over the next five years.

2. U. T. Medical Branch - Galveston - Keiller Building Research Support: Request for Approval to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Include Project and Appropriate Funds

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Stobo that the U. T. Board of Regents:

- a. Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Keiller Building Research Support project at U. T. Medical Branch - Galveston, at a total project cost of \$3,000,000
- b. Appropriate funds of \$3,000,000 from Gifts and Grants.

BACKGROUND INFORMATION

The National Institutes of Health recently awarded U. T. Medical Branch - Galveston a \$3,000,000 Construction Grant to fund the finish-out of approximately 12,000 square feet of research laboratories and research support space in the Keiller Building. This project will provide important research program facilities near the proposed BSL-4 Laboratory Facility and will reinforce the position of U. T. Medical Branch - Galveston on infectious and tropical diseases.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Keiller Building Research Support project at U. T. Medical Branch - Galveston at a total project cost of \$3,000,000 with funding from Gifts and Grants.

3. U. T. Health Science Center - Houston: Request for Authorization to Conduct a Private Fund-Raising Campaign to Increase Endowment Funds and to Provide for Certain Capital Needs (Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Willerson that authorization be given for U. T. Health Science Center - Houston to conduct a private fund-raising campaign to increase endowment funds and provide for certain capital needs, pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44 relating to private fund-raising campaigns.

BACKGROUND INFORMATION

The primary initiative of the proposed fund-raising campaign at U. T. Health Science Center - Houston is to provide the institution with the appropriate resources to advance research capabilities.

The current needs of the institution include raising funds for the Research Expansion Building, Phase I. This building will house the Institute of Molecular Medicine for the Prevention of Human Diseases, the Cardiovascular and Stroke Center, and other research programs. The building will be located adjacent to the Medical School Building and has been approved as part of the FY 2000-2005 Capital Improvement Program. The U. T. Board of Regents approved \$50,000,000 in Permanent University Fund Bond proceeds for this project with U. T. Health Science Center - Houston to provide the remaining funds from institutional or philanthropic sources.

There will be additional programmatic and personnel funding requirements such as salaries, recruitment packages, scientific personnel, equipment, and operating costs. The U. T. Health Science Center - Houston will conduct a feasibility study to determine these specific needs.

4. U. T. Health Science Center - Houston: Request for Approval to Negotiate a Lease with the Texas Heart Institute of Houston, Texas, for Space on the Ninth Floor of the Denton A. Cooley Building Located at 1102 Bates Avenue in Houston, Harris County, Texas, and Authorization to Execute All Documents Related Thereto

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Willerson that authorization be granted by the U. T. Board of Regents, on behalf of U. T. Health Science Center - Houston, to negotiate a lease with the Texas Heart Institute of Houston, Texas, for space on the ninth floor of the Denton A. Cooley Building located at 1102 Bates Avenue in Houston, Harris County, Texas, for use as a laboratory research facility.

It is further recommended that the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate be authorized to execute all documents, instruments, and other agreements and to take all further actions deemed necessary or desirable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

U. T. Health Science Center - Houston has negotiated certain basic terms and conditions for a lease agreement with the Texas Heart Institute (THI) for approximately 34,250 square feet of space on the ninth floor of the Denton A. Cooley Building which is located adjacent to St. Luke's Episcopal Hospital (St. Luke's).

St. Luke's and THI will each own a condominium interest in the building and U. T. Health Science Center - Houston will reside in space owned by THI. The proposed terms include a 10-year initial term with four renewal options of 10 years each. The

expected total base rent will be determined by the total construction cost of the ninth floor shell, which is estimated to be approximately \$6,500,000. THI intends to finance the base construction amount using a 20-year amortization schedule with a balloon amount due at the end of the tenth year. U. T. Health Science Center - Houston will pay to THI the cost of financing the shell improvements. The base rent payment for the first 10 years of the lease is based upon a taxable interest rate of 7.8% and is estimated to be \$53,663 per month or \$18.80 per square foot per year. If tax-exempt financing is obtained by THI, base rent for U. T. Health Science Center - Houston shall be less. At the end of the initial 10-year term, the principal amount outstanding will be approximately \$4,100,000 and will be refinanced based upon financing options available at that time. If U. T. Health Science Center - Houston extends the lease, that institution will continue to pay rent for the second 10-year term. No base rent will be charged after the first 20 years of the lease term. The University and THI will negotiate a comprehensive change order to THI's existing contract with Pin Oak Interests, project manager for THI, and Linbeck Construction, contractor for THI, authorizing the construction of shell improvements for U. T. Health Science Center - Houston. Annual operating expenses shall be paid by the University and are estimated to be approximately \$173,000 or \$5.05 per square foot of lease space.

The leased space will be used as a laboratory research facility with the majority of research being done in the area of cardiovascular medicine. The remaining research will be in areas involving the human body that are, from time to time, studied by the Institute of Molecular Medicine. At its meeting on May 11, 2000, the U. T. Board of Regents allocated \$8,500,000 in Permanent University Funds for the cost of finish-out and equipping this space.

U. T. Health Science Center - Houston may not assign its lease or sublease the leased premises without the written consent of THI and St. Luke's. If the University requests consent for an assignment of the lease or sublease of the leased premises and THI refuses to grant its consent, and the University does not withdraw its consent, then THI has the option to terminate the lease as to that portion of the affected premises.

5. U. T. Health Science Center - San Antonio: Recommendation for Approval to Appoint Frank Harrison, M.D., Ph.D., as President Emeritus (Regents' Rules and Regulations, Part One, Chapter II, Section 15, Subsection 15.4 Relating to Honorary Titles)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Cigarroa that authorization be granted to appoint Frank Harrison, M.D., Ph.D., as President Emeritus at U. T. Health Science Center - San Antonio. Approval of this recommendation by the U. T. Board of Regents is being requested in accordance with the Regents' Rules and Regulations, Part One, Chapter II, Section 15, Subsection 15.4 relating to honorary titles.

BACKGROUND INFORMATION

Dr. Frank Harrison had a long and distinguished career of service at U. T. Southwestern Medical Center - Dallas, U. T. Arlington, and finally as the first President of U. T. Health Science Center - San Antonio from the Fall of 1972 through his retirement in January 1985.

U. T. Health Science Center - San Antonio benefited from Dr. Harrison's wise leadership during a time of formative development, up to and including major growth and expansion. His quiet leadership style brought unity and tranquility, and he worked to develop a collegial and collaborative relationship between all five schools on the campus. He presided over the growth of the U. T. Medical School - San Antonio from its pilot stage to a school graduating 200 students per year. Dr. Harrison also led the development of the U. T. Dental School - San Antonio from its embryonic status in 1969 through its growth, both physically and academically, to the point where it is now acknowledged as one of the finest dental schools in the country.

Dr. Harrison's interaction with other organizations within San Antonio, such as the Cancer Therapy and Research Center, Southwest Foundation for Biomedical Research, and the military installations, provided the foundation for much of the growth and development experienced by U. T. Health Science Center - San Antonio. His role in the establishment of the Texas Research Park was significant.

Dr. Frank Harrison and his leadership have made a significant difference to U. T. Health Science Center - San Antonio and its constituents, including the community in which it resides. The title of President Emeritus will help recognize these contributions to U. T. Health Science Center - San Antonio and the U. T. System.

6. U. T. Health Science Center - San Antonio - Hidalgo County Medical Research Division of the Regional Academic Health Center (Project No. 402-996): Request for Approval to Revise Preliminary Project Cost

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Cigarroa that the U. T. Board of Regents revise the preliminary project cost for the Hidalgo County Medical Research Division of the Regional Academic Health Center (RAHC) at U. T. Health Science Center - San Antonio from \$15,000,000 to \$20,000,000, with additional funding of \$5,000,000 from Permanent University Fund Bond Proceeds, previously approved for Regional Academic Health Center programs.

BACKGROUND INFORMATION

The FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget include the Hidalgo County Medical Research Division of the RAHC at U. T. Health Science Center - San Antonio with a preliminary project cost of \$15,000,000 from Permanent University Fund Bond Proceeds.

The institution has requested an increase in the preliminary project cost to support a cooperative program in pharmacy as part of the Lower Rio Grande Valley Regional Academic Health Center. The program would be offered by the U. T. Austin College of Pharmacy in cooperation with U. T. Pan American. The program would be similar in design to an existing cooperative program between the U. T. Austin College of Pharmacy and U. T. El Paso. The project would include Edinburg facilities that would accommodate 72 students, a regional assistant dean, 10 pharmacy faculty, and four staff.

The program would be designed to encourage high school students to consider pharmacy as a career and to offer pharmacy students the opportunity to complete four years of the six-year program in South Texas. Students completing the program would receive a diploma designation indicating that "The University of Texas at Austin in cooperation with The University of Texas - Pan American awards the degree Doctor of Pharmacy."

The U. T. Austin College of Pharmacy has had professional and biomedical research conjoint programs with the Medical School at U. T. Health Science Center - San Antonio for over 30 years. The proposed RAHC Pharmacy Program would be operated conjointly with planned RAHC Medical School Programs in Edinburg and Harlingen, thereby greatly enhancing educational and research activities in South Texas.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to revise the preliminary project cost for the Hidalgo County Medical Research Division of the RAHC at U. T. Health Science Center - San Antonio from \$15,000,000 to \$20,000,000, with funding from Permanent University Fund Bond Proceeds.

7. U. T. M. D. Anderson Cancer Center: Request for Approval to Jointly Award with U. T. Health Science Center - Houston a Master of Science Degree in Biomedical Sciences and a Doctor of Philosophy Degree in Biomedical Sciences in the U. T. Graduate School of Biomedical Sciences - Houston and to Submit the Request for Authorization to the Texas Legislature and to the Coordinating Board (Catalog Change)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, President Mendelsohn, and President Willerson that the U. T. Board of Regents:

- a. Grant authority for U. T. M. D. Anderson Cancer Center to jointly award with U. T. Health Science Center - Houston, a Master of Science degree in Biomedical Sciences and a Doctor of Philosophy degree in Biomedical Sciences upon students in the U. T. Graduate School of Biomedical Sciences (G.S.B.S.) - Houston
- b. Approve submission of a request for such authorization to the Texas Legislature and to the Texas Higher Education Coordinating Board.

BACKGROUND INFORMATION

In 1963, the 58th Texas Legislature authorized the U. T. Board of Regents to establish a Graduate School of Biomedical Sciences in Houston. The activation of the Graduate School of Biomedical Sciences by the U. T. Board of Regents with the approval of the Texas Commission on Higher Education (replaced by the Texas Higher Education Coordinating Board) included the following general charge: "The Graduate School of Biomedical Sciences will conduct graduate programs at the masters and doctoral levels and postdoctoral programs in the sciences and related academic areas pertinent to medical education and research." Although originally

established as an academic arm of U. T. M. D. Anderson Cancer Center, transfer of the Graduate School of Biomedical Sciences to U. T. Health Science Center - Houston was approved by the Texas Legislature in 1969. The U. T. G.S.B.S. - Houston has since become an important academic bridge between U. T. Health Science Center - Houston and U. T. M. D. Anderson Cancer Center.

The U. T. G.S.B.S. - Houston is an integral and essential part of the academic activities of both institutions. Courses are taught by faculty members from the two institutions, and both provide financial and administrative support. In FY 1999-2000, the graduate faculty of the U. T. G.S.B.S. - Houston numbered 440, with 230 from U. T. M. D. Anderson Cancer Center, 175 from U. T. Health Science Center - Houston, and 35 from neighboring institutions. Of students in degree programs in June 2000, 233 were working with faculty members at U. T. M. D. Anderson Cancer Center and 136 were working with faculty members at U. T. Health Science Center - Houston. The president of the graduate faculty traditionally alternates each year between faculty nominated from U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston. All standing committees have a mix of active faculty from both institutions.

U. T. M. D. Anderson Cancer Center contributed \$739,462 of the total G.S.B.S. budget of \$1,860,289 for FY 2000-2001. This contribution includes half of the salary for the Dean, \$200,000 for the budget of the Ph.D. component of the M.D./Ph.D. program at U. T. Health Science Center - Houston, and contributions to student stipend support. Faculty members at the Cancer Center also provide funds from their research and training grants to support students, with annual stipends of over \$3,000,000 for students beyond the first year paid largely by individual faculty.

U. T. M. D. Anderson Cancer Center has worked with U. T. Health Science Center - Houston to commit approximately 8,867 square feet in the new Basic Sciences Research Building to be completed in 2003. By making this commitment, U. T. M. D. Anderson Cancer Center has ensured a visible and vigorous presence for the future and for the partnership with U. T. Health Science Center - Houston.

In 1999, the 76th Texas Legislature authorized U. T. M. D. Anderson Cancer Center to grant degrees in the allied health professional programs subject to approval by the Texas Higher Education Coordinating Board. The Coordinating Board approved the offering of five bachelor-level allied health degree programs at U. T. M. D. Anderson Cancer Center. However, the institution is not authorized to offer graduate degrees and must seek legislative and, subsequently, Coordinating Board approval to do so.

Following this approval and if authorized by the Texas Legislature and the Coordinating Board, the catalog for U. T. M. D. Anderson Cancer Center will be revised to include a Master of Science degree in Biomedical Sciences and a Doctor of Philosophy degree in Biomedical Sciences to be awarded jointly with U. T. Health Science Center - Houston.

Facilities, Planning & Construction
Committee

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
Committee Chairman Clements

Date: November 16, 2000

Time: Following the Meeting of the Health Affairs Committee

Place: Room 119, Biomedical Research Building, U. T. Health Center - Tyler

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1. U. T. System: Request to Approve Campus Master Plans for U. T. San Antonio and U. T. Health Science Center - San Antonio

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, President Romo, and President Cigarroa that the U. T. Board of Regents approve the Campus Master Plans developed and submitted by U. T. San Antonio and U. T. Health Science Center - San Antonio.

BACKGROUND INFORMATION

A presentation made to the Facilities Planning and Construction Committee (FPCC) on July 7, 1998, outlined the status of existing campus master planning efforts at each U. T. System component institution. As a follow-up to the July 7 meeting, the Committee members requested that each Campus Master Plan address specific elements and that a summary of this information be available at U. T. System. A memorandum to the presidents outlining the essential elements that should be addressed in each Campus Master Plan was distributed. The Office of Facilities Planning and Construction was assigned the overall responsibility to coordinate Campus Master Plan development efforts for the U. T. System component institutions and to provide summaries of all Campus Master Plans to the FPCC.

Since February 10, 2000, the U. T. Board of Regents has approved Campus Master Plan Executive Summaries for thirteen campuses. The Campus Master Plans for U. T. San Antonio and U. T. Health Science Center - San Antonio have been reviewed by the FPCC members and final edits have been completed by incorporating their comments. It is now requested that these final two Campus Master Plans be approved.

2. U. T. Arlington - Carlisle Hall - Stairwell Towers Addition (Project No. 301-042): Request for Approval to Appropriate Funds and Authorize Institutional Management of Project

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Witt that the U. T. Board of Regents:

- a. Appropriate funds of \$1,700,000 from Permanent University Fund Bond Proceeds for the Carlisle Hall - Stairwell Towers Addition at U. T. Arlington
- b. Authorize U. T. Arlington to institutionally manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the Carlisle Hall - Stairwell Towers Addition.

BACKGROUND INFORMATION

The Carlisle Hall - Stairwell Towers Addition project at U. T. Arlington is included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget at a preliminary project cost of \$1,700,000, with funding from Permanent University Fund Bond Proceeds.

Carlisle Hall is a seven-story building constructed in 1969 with approximately 40,000 gross square feet. The building currently does not comply with the Life Safety Code as a result of dead-end corridors at both ends of the building. The building has two elevators and one interior stairwell all located in the center of the building. This project will resolve the safety issue by constructing exterior stairwell towers on the east and west ends of the building, without addition of any assignable space. The project cost includes funds for the necessary interior remodeling to provide access to the stairwells.

U. T. Arlington has requested authority to manage this simple project. The physical plant staff has the expertise to work with the architect from the initial programming phase, through design, bid, award, and to the end of the construction phase. An additional level of project management is not warranted for this small project.

Approval of this item will appropriate funds of \$1,700,000 from Permanent University Fund Bond Proceeds and will authorize U. T. Arlington to institutionally manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the Carlisle Hall - Stairwell Towers Addition.

3. U. T. Austin - Sarah M. and Charles E. Seay Psychology, Child Development, and Family Relationships Building (Project No. 102-922): Request for Approval to Rename Building (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Honorific Namings)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Faulkner that the U. T. Board of Regents rename the Sarah M. and Charles E. Seay Psychology, Child Development, and Family Relationships Building at U. T. Austin as the Sarah M. and Charles E. Seay Building.

BACKGROUND INFORMATION

The naming of the Sarah M. and Charles E. Seay Psychology, Child Development, and Family Relationships Building at U. T. Austin was approved at the February 11, 1999 meeting of the U. T. Board of Regents.

The campus now wishes to modify the name to the Sarah M. and Charles E. Seay Building. This simplification of the building name is preferable for long-term application. The Child Development and Family Relationships Program is now being called

the Human Development and Family Services Program as a more accurate reflection of the program's concentration and research. With the potential for changes in the names of the current programs to be housed in the Seay Building and the possibility that other programs may be housed there in the future, the honorees and the campus will be better served by the requested name change.

4. U. T. Dallas - Founders Building Renovation (Project No. 302-984): Request to Authorize Institutional Management of Project

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Jenifer that the U. T. Board of Regents authorize U. T. Dallas to institutionally manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the Founders Building Renovation project.

BACKGROUND INFORMATION

The Founders Building Renovation project at U. T. Dallas is included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget, at a total project cost of \$3,100,000, with funding from Tuition Revenue Bond Proceeds.

The 1998 Capital Improvement Program project scope originally included the upgrade of equipment and renovation of the Founders and Berkner buildings. However, the Facility Program identified almost \$6,000,000 of repairs to the Founders Building alone. The current project scope has been tailored to meet available funds and is limited to high priority life safety issues that will be accomplished by several small projects that can best be managed by the Physical Plant staff at U. T. Dallas from design to the end of construction.

Approval of this item will authorize U. T. Dallas to institutionally manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the Founders Building Renovation project.

5. U. T. Permian Basin - Student Union (Project No. 501-044): Request for Approval to Revise Total Project Cost; Revise Project Funding; and Appropriation of Funds and Authorization of Expenditure

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Sorber that the U. T. Board of Regents:

- a. Revise the total project cost for the Student Union at U. T. Permian Basin from \$1,500,000 to \$1,750,000
- b. Revise project funding of \$1,125,000 from Revenue Financing System Bond Proceeds, \$200,000 from General Revenue, and \$175,000 from Gifts and Grants to \$1,000,000 from Revenue Financing System Bond Proceeds, \$350,000 from Designated Tuition, \$200,000 from Interest on Tuition Revenue Bond Proceeds, and \$200,000 from Gifts and Grants
- c. Appropriate funds and authorize expenditure of \$1,750,000, with funding of \$1,000,000 from Revenue Financing System Bond Proceeds, \$350,000 from Designated Tuition, \$200,000 from Interest on Tuition Revenue Bond Proceeds, and \$200,000 from Gifts and Grants.

BACKGROUND INFORMATION

The Student Union project at U. T. Permian Basin is included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget at a total project cost of \$1,500,000, with funding of \$1,125,000 from Revenue Financing System Bond Proceeds, \$200,000 from General Revenue, and \$175,000 from Gifts and Grants. U. T. Permian Basin has requested that the total project cost be increased from \$1,500,000 to \$1,750,000 to fund increased mechanical system costs to accommodate the creation of a large assembly/multipurpose room. It is further requested that funding be revised to \$1,000,000 from Revenue Financing System Bond Proceeds, \$350,000 from Designated Tuition, \$200,000 from Interest on Tuition Revenue Bond Proceeds, and \$200,000 from Gifts and Grants.

With the advent of the traditional freshman and sophomore enrollment, U. T. Permian Basin campus life is undergoing a transition from minimal student life needs of older commuting students to traditional recreation and social needs of younger students who spend more time on campus. One of the primary methods of providing enhanced student life on campus is to provide space for students to gather. In an effort to develop this space, students passed a referendum to implement a \$39 fee authorized by the 76th Texas Legislature to support construction and operation of a student union. An inclusive design committee developed a program that identified using the present library space that will become available when a new Library/Lecture Center is completed. This 16,385 gross square foot facility would contain a commons, game room, meeting rooms, coffee shop, office suites for student life and student organizations, and a multipurpose room.

The 76th Texas Legislature also approved \$200,000 in the General Appropriations Act "to construct and renovate a student center" at U. T. Permian Basin. Following the appropriation, it was determined that Interest on Tuition Revenue Bond Proceeds would be used to fund the renovation project.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to increase the total project cost for the Student Union project at U. T. Permian Basin from \$1,500,000 to \$1,750,000, with funding of \$1,000,000 from Revenue Financing System Bond Proceeds, \$350,000 from Designated Tuition, \$200,000 from Interest on Tuition Revenue Bond Proceeds, and \$200,000 from Gifts and Grants.

6. U. T. Tyler - Carillon Bell and Clock Tower: Request for Approval to Name Facility (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Honorific Namings)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Mabry that the U. T. Board of Regents name the Carillon Bell and Clock Tower at U. T. Tyler as the Dub and B. J. Riter Millennium Carillon Tower to recognize the significant contribution and commitment to U. T. Tyler that Regent and Mrs. A. W. "Dub" Riter, Jr., of Tyler, Texas, have made to the facility.

BACKGROUND INFORMATION

The Carillon Bell and Clock Tower at U. T. Tyler is included in the 1999 Naming Inventory. This campus project was presented for design review to the Facilities Planning and Construction Committee at the January 5, 2000 meeting.

The carillon tower is being built on the circle that is prominently positioned near the front of the main campus and in front of the administration building. Surrounded by large trees, it will become the primary symbol of U. T. Tyler. The tower will be 88 feet high overall -- 80 feet tall to the main cornice above the clock with a cap section standing eight feet tall above that. Four identical clocks, each eight feet in diameter, will be placed in each side about 72 feet above the base. The clear-tone, bronze bells will be cast at a foundry in the Netherlands, and the entire carillon will be anchored by one low note bell weighing over 2000 pounds. The carillon will be controlled by an electronic keyboard in the administration building connected by circuits to the bell strikers. The bells may be played by an individual musician or by program of a small computer in the keyboard.

The circle below the tower will be landscaped with appropriate plants, benches, walkways, and grassy areas to complement existing trees and provide a comfortable and serene gathering place for students, faculty, staff, and visitors. The plaza circle is 196 feet in diameter and will undoubtedly become a very special place to hold outdoor functions.

Regent and Mrs. A. W. "Dub" Riter, Jr., of Tyler, Texas, designated funds from their community foundation to fund the carillon tower and the plaza. Their gift of \$1,350,000 will fully fund the construction of both campus projects -- the \$1,000,000 tower and the \$350,000 plaza. In appreciation of this gift, it is appropriate to name the Carillon Bell and Clock Tower as the Dub and B. J. Riter Millennium Carillon Tower to recognize the significant contribution and commitment to these U. T. Tyler projects.

The naming of the Dub and B. J. Riter Millennium Carillon Tower is consistent with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, and institutional guidelines on the naming of structures because of the extraordinary support and generosity of Regent and Mrs. Riter.

7. U. T. Health Science Center - San Antonio - Children's Cancer Research Center (Project No. 402-022): Request for Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Cigarroa that the U. T. Board of Regents:

- a. Approve design development plans for the Children's Cancer Research Center project at U. T. Health Science Center - San Antonio

- b. Approve a total project cost of \$49,500,000
- c. Appropriate funds and authorize expenditure of \$49,500,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 99, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. 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. Board of Regents relating to the Financing System
- c. U. T. Health Science Center - San Antonio, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$49,500,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The Children's Cancer Research Center at U. T. Health Science Center - San Antonio is included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget at a preliminary project cost of \$49,500,000, with funding from Revenue Financing System Bond Proceeds.

House Bill 1945, passed during the 76th Texas Legislative Session and codified as Texas Education Code Section 63.001 et seq., established the Permanent Health Fund, including a \$200,000,000 fund for U. T. Health Science Center - San Antonio. Under Section 63.102(c) of the statute, an amount appropriated from the \$200,000,000 may be used to establish, maintain, and operate a children's cancer center.

The Children's Cancer Research Center project at U. T. Health Science Center - San Antonio includes the construction of a new facility of approximately 168,000 square feet. The Children's Cancer Research Center will promote children's public health issues, specifically children's cancer research, and will advance scientific knowledge relevant to childhood cancer to provide the basis for future progress in prevention, diagnosis, and treatment of this disease. The Center will also accelerate the translation of existing knowledge into novel therapies, vaccines, and other interventions.

The debt is to be repaid from distributions to U. T. Health Science Center - San Antonio from the Permanent Health Fund. The FY 2001 payout ratio on the Permanent Health Fund of 4.6% will result in a \$9,200,000 distribution to U. T. Health Science Center - San Antonio for FY 2001. Debt service for this project during the construction period is projected to be \$750,000 in FY 2001 and \$1,500,000 in FY 2002 assuming a 5% short-term borrowing rate. Debt service after the construction period is projected to be \$4,492,442 based on a 6.5% long-term borrowing rate with a 20-year amortization period. The debt service coverage is projected to be 2.05 times. The five-year financing forecast for U. T. Health Science Center - San Antonio projects overall debt service coverage to be at least 1.4 times and the annual debt service to operating expense ratio will not exceed 2.9%. The financing forecast for this project is set forth on Page 100.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Director of Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Children's Cancer Research Center project at U. T. Health Science Center - San Antonio, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution, the Eighth Supplemental Resolution, and the Ninth Supplemental Resolution.

EXECUTED this 10th day of October, 2000

/s/Terry Hull

Director of Finance

The U. T. Health Science Center- San Antonio
Children's Cancer Research Center

Project Level	Forecast				
	FY 01	FY 02	FY 03	FY 04	FY 05
Annual Permanent Health Fund Distribution	9,200,000	9,200,000	9,200,000	9,200,000	9,200,000
Annual Debt Service	(750,000)	(1,500,000)	(4,492,442)	(4,492,442)	(4,492,442)
Debt Service Coverage	12.27	6.13	2.05	2.05	2.05
Available for Operations	8,450,012	7,700,006	4,707,560	4,707,560	4,707,560

	Actual			Forecast					
	FY97	FY98 (a)	FY99	FY00	FY 01	FY 02	FY 03	FY 04	FY 05
Campus Level: (\$ in millions)									
Beginning Fund Balance	61.329	42.470	41.057	55.629	60.468	63.681	68.018	69.611	71.046
Total Current Revenues	212.938	223.057	253.111	266.145	271.850	300.366	306.024	314.972	324.216
Total Current Expenditures	(206.284)	(224.670)	(242.590)	(259.618)	(264.644)	(285.178)	(290.986)	(300.091)	(309.500)
Net Revenues	6.654	(1.613)	10.521	6.527	7.206	15.189	15.038	14.880	14.716
Debt Service	(1.548)	(1.453)	(1.505)	(2.074)	(5.084)	(5.882)	(8.463)	(8.453)	(8.444)
Nonmandatory Transfers & Adjustments	(1.151)	2.943	4.052	0.385	1.091	(4.970)	(4.981)	(4.992)	(5.004)
Net Increase/(Decrease) for Year	0.778	(1.413)	14.572	4.838	3.214	4.336	1.594	1.435	1.268
Ending Fund Balance	62.107	41.057	55.629	60.468	63.681	68.018	69.611	71.046	72.314
Debt Service Coverage	4.3	(1.1)	7.0	3.1	1.4	2.6	1.8	1.8	1.7
Debt Service to Operating Expenses	0.8%	0.6%	0.6%	0.8%	1.9%	2.1%	2.9%	2.8%	2.7%

	Actual			Forecast					
	FY97	FY98	FY99	FY00	FY 01	FY 02	FY 03	FY 04	FY 05
U.T. System (\$ in millions)									
Available Revenues	3,900.3	4,208.7	4,363.1	4,761.3	5,009.6	5,207.5	5,366.2	5,626.7	5,831.0
Operating Expenses	(3,657.7)	(3,911.5)	(4,166.5)	(4,421.3)	(4,639.3)	(4,770.1)	(4,914.9)	(5,117.9)	(5,291.5)
Net Available for Debt Service	242.6	297.2	196.6	340.0	370.4	437.5	451.3	508.9	539.4
Other Mandatory Transfers	(1.8)	(1.3)	(0.8)	(0.8)	(0.8)	0.3	(0.8)	(0.8)	(0.8)
Debt Service	(73.5)	(84.8)	(95.5)	(124.2)	(147.7)	(158.4)	(156.2)	(171.4)	(173.7)
Debt Service Coverage	3.2	3.5	2.0	2.7	2.5	2.8	2.9	3.0	3.1
Debt Service to Operating Expenses	2.0%	2.2%	2.3%	2.7%	3.1%	3.2%	3.1%	3.2%	3.2%

(a) FY98 beginning balance was restated by (\$19,636,633).

8. U. T. Health Science Center - San Antonio - Interdisciplinary Teaching Space - Phase I Classroom (Project 402-063): Request for Approval to Appropriate Funds and Authorize Institutional Management of Project Stage

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Cigarroa that the U. T. Board of Regents:

- a. Appropriate funds of \$2,000,000 from Permanent University Fund Bond Proceeds and authorize additional funding of \$652,554 from previously appropriated institutional funds for total repair and rehabilitation stage funding of \$2,652,554 for the Interdisciplinary Teaching Space - Phase I Classroom at U. T. Health Science Center - San Antonio
- b. Authorize U. T. Health Science Center - San Antonio to locally manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the repair and rehabilitation stage of the Interdisciplinary Teaching Space - Phase I Classroom.

BACKGROUND INFORMATION

The Interdisciplinary Teaching Space - Phase I Classroom at U. T. Health Science Center - San Antonio is included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget at a preliminary project cost of \$14,000,000 with funding of \$7,000,000 from Permanent University Fund Bond Proceeds and \$7,000,000 from Gifts and Grants.

This \$14,000,000 project is the first phase of an estimated \$30,000,000 Multidisciplinary Teaching Facility. The institutional Ad Hoc Project Building Committee recommended that it was in the best interest of U. T. Health Science Center - San

Antonio to target a small portion of the allocation of Permanent University Fund Bond Proceeds on critical needs in the current teaching spaces on the main campus and retain the larger portion of the allocation to meet the \$30,000,000 estimate for the new building.

In June 2000, the Ad Hoc Project Building Committee recommended five current critical projects for funding with \$2,000,000 of Permanent University Fund Bond Proceeds and \$652,554 of Local Funds: Classroom Technology Upgrades -- \$1,429,499; Classroom Furniture Upgrades -- \$750,000; Auditorium Lighting Replacement -- \$300,000; Gross Anatomy Lighting Enhancement -- \$110,000; and Electronic Heart Monitoring System Replacement -- \$63,055.

Based on the relatively small and simple efforts proposed, this repair and rehabilitation stage of the project would best be managed by the U. T. Health Science Center - San Antonio Facilities Management staff who have the experience and capability to manage all aspects of the work identified.

Approval of this item will appropriate \$2,000,000 of Permanent University Fund Bond Proceeds, authorize \$652,554 from Local Funds, and authorize institutional management for the \$2,652,554 repair and rehabilitation stage of the Interdisciplinary Teaching Space - Phase I Classroom project at U. T. Health Science Center - San Antonio.

9. U. T. M. D. Anderson Cancer Center - South Campus Clinical Facility (Project No. 703-031): Request for Approval to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Combine Projects and Redesignate Facility; Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Mendelsohn that the U. T. Board of Regents:

- a. Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to incorporate the South Campus Clinical Facility Shell Build-out project and the South Campus Technology Park Infrastructure project into the South Campus Clinical Facility, and to redesignate the South Campus Clinical Facility at U. T. M. D. Anderson Cancer Center as the South Campus Clinical Research Facility
- b. Approve design development plans
- c. Approve a total project cost of \$33,500,000
- d. Appropriate funds and authorize expenditure of \$15,200,000 from Revenue Financing System Bond Proceeds and \$18,300,000 from Hospital Revenues.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991,

and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 106, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. 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. Board of Regents relating to the Financing System
- c. U. T. M. D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$15,200,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The FY 2000-2005 Capital Improvement Program includes the South Campus Clinical Facility, with a preliminary project cost of \$18,100,000, funded by \$15,200,000 from Revenue Financing System Bond Proceeds and \$2,900,000 from Hospital Revenues; the South Campus Clinical Facility Shell Build-out, with a total project cost of \$8,000,000, funded from Hospital Revenues; and the South Campus Technology Park Infrastructure, with a preliminary project cost of \$7,400,000, funded from Hospital Revenues. Further evaluation indicates significant benefit would be achieved by combining the three projects. U. T. M. D. Anderson Cancer Center requests approval to combine the three projects into a single project and redesignate the project as the South Campus Clinical Research Facility.

Development of the Ambulatory Clinical Building and the increased needs of U. T. M. D. Anderson Cancer Center scientists for laboratory space during construction of the Basic Sciences Research Building have led to the conclusion that optimal development of an overall building plan requires consolidation of the three previously approved projects into a single South Campus Clinical Research Facility project, which would include the building and its infrastructure.

The new South Campus Clinical Research Facility can address some types of laboratory space needs by providing light-lab space faster and at less expense than a refurbishment project. On a longer-term basis, this South Campus Clinical Research Facility will remain available for U. T. M. D. Anderson Cancer Center research and clinical activities. A fast-track approach has been adopted to ensure that the project meets the timing needs of the researchers. This approach requires that the staged build-out and site infrastructure projects, originally contemplated as separate projects, be accelerated and incorporated within a single project. Current plans call for construction to begin in February 2001 and occupancy of a fully-finished facility by April 2002.

Debt service for this project during the construction period is projected to be \$570,000 in FY 2001 and \$760,000 in FY 2002, assuming a 5% short-term borrowing rate. Debt service after the construction period is projected to be \$1,379,497, based on a 6.5% long-term borrowing rate with a 20-year amortization period. The debt is to be repaid from U. T. M. D. Anderson Cancer Center's operating revenues. The five-year financing forecast for U. T. M. D. Anderson Cancer Center projects overall debt service coverage to be at least 5.5 times, and the annual debt service to operating expense ratio will not exceed 3.4%. The financing forecast for this project is set forth on Page 107.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to combine the three projects: South Campus Clinical Facility, South Campus Clinical Facility Shell Build-out, and South Campus Technology Park Infrastructure at U. T. M. D. Anderson Cancer Center; to redesignate the project as the South Campus Clinical Research Facility; and to establish a total project cost of \$33,500,000, with funding of \$15,200,000 from Revenue Financing System Bond Proceeds and \$18,300,000 from Hospital Revenues.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Director of Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the South Campus Clinical Research Facility project at U. T. M. D. Anderson Cancer Center, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution, the Eighth Supplemental Resolution, and the Ninth Supplemental Resolution.

EXECUTED this 11th day of October, 2000

/s/Terry Hull

Director of Finance

The University of Texas
M. D. Anderson Cancer Center-South Campus Clinical Research Facility

Campus Level: (\$ in millions)	Actual			Forecast					
	FY97	FY98	FY99	FY00	FY 01	FY 02	FY 03	FY 04	FY 05
Beginning Fund Balance	360.7	425.0	445.0	505.1	444.7	398.3	388.9	408.2	488.4
Total Current Unrestricted Revenues	675.3	763.6	832.3	957.6	1,071.0	1,129.9	1,224.7	1,362.5	1,490.6
Total Current Unrestricted Expenditures	(609.0)	(675.4)	(796.0)	(855.5)	(929.7)	(968.7)	(1,033.8)	(1,141.0)	(1,228.5)
Net Revenues	66.3	88.3	36.3	102.1	141.2	161.2	190.9	221.5	262.1
Debt Service	(5.31)	(6.15)	(6.9)	(10.6)	(16.1)	(23.7)	(26.61)	(40.13)	(39.07)
Other Mandatory Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Mandatory Transfers	(5.31)	(6.15)	(6.9)	(10.6)	(16.0)	(23.7)	(26.6)	(40.1)	(39.1)
Nonmandatory Transfers	2.3	(17.7)	(50.0)	(153.9)	(173.6)	(148.9)	(147.0)	(103.2)	(237.5)
Adjustments	1.0	(44.4)	80.6	2.0	2.0	2.0	2.0	2.0	2.0
Net Increase/(Decrease) for Year	64.2	20.1	60.1	(60.43)	(46.38)	(9.42)	19.34	80.15	(12.46)
Ending Fund Balance	425.0	445.0	505.1	444.7	398.3	388.9	408.2	488.4	475.9
Debt Service Coverage	12.5	14.3	5.3	9.6	8.8	6.8	7.2	5.5	6.7
Debt Service to Operating Expenses	0.9%	0.9%	0.9%	1.2%	1.7%	2.4%	2.5%	3.4%	3.1%

U.T. System (\$ in millions)	Actual			Forecast					
	FY97	FY98	FY99	FY00	FY 01	FY 02	FY 03	FY 04	FY 05
Available Revenues	3,900.3	4,208.7	4,363.1	4,761.3	5,009.6	5,207.5	5,366.2	5,626.7	5,831.0
Operating Expenses	(3,657.7)	(3,911.5)	(4,166.5)	(4,421.3)	(4,639.3)	(4,770.1)	(4,914.9)	(5,117.9)	(5,291.5)
Net Available for Debt Service	242.6	297.2	196.6	340.0	370.4	437.5	451.3	508.9	539.4
Other Mandatory Transfers	(1.8)	(1.3)	(0.8)	(0.8)	(0.8)	0.3	(0.8)	(0.8)	(0.8)
Debt Service	(73.5)	(84.8)	(95.5)	(124.2)	(147.7)	(158.4)	(156.2)	(171.4)	(173.7)
Debt Service Coverage	3.2	3.5	2.0	2.7	2.5	2.8	2.9	3.0	3.1
Debt Service to Operating Expenses	2.0%	2.2%	2.3%	2.7%	3.1%	3.2%	3.1%	3.2%	3.2%

INFORMATIONAL REPORT

U. T. System: Report on Architecturally Significant Projects

REPORT

Committee Chairman Clements will report that at its October 3, 2000 meeting, the U. T. Board of Regents' Facilities Planning and Construction Committee selected the following design associations or architects for these architecturally significant projects:

- a. U. T. Austin - Jack S. Blanton Museum of Art:
Kallmann McKinnell & Wood Architects, Inc., of Boston,
Massachusetts/Booziotis & Company of Dallas, Texas
- b. U. T. Austin - Biological Science - Wet Lab Building:
Watkins Hamilton Ross of Houston, Texas/Overland
Partners of San Antonio, Texas
- c. U. T. M. D. Anderson Cancer Center - Ambulatory Clinical
Building: Kaplan McLaughlin Diaz (KMD) of San Francisco,
California

Other Matters

- K. RECONVENE AS COMMITTEE OF THE WHOLE

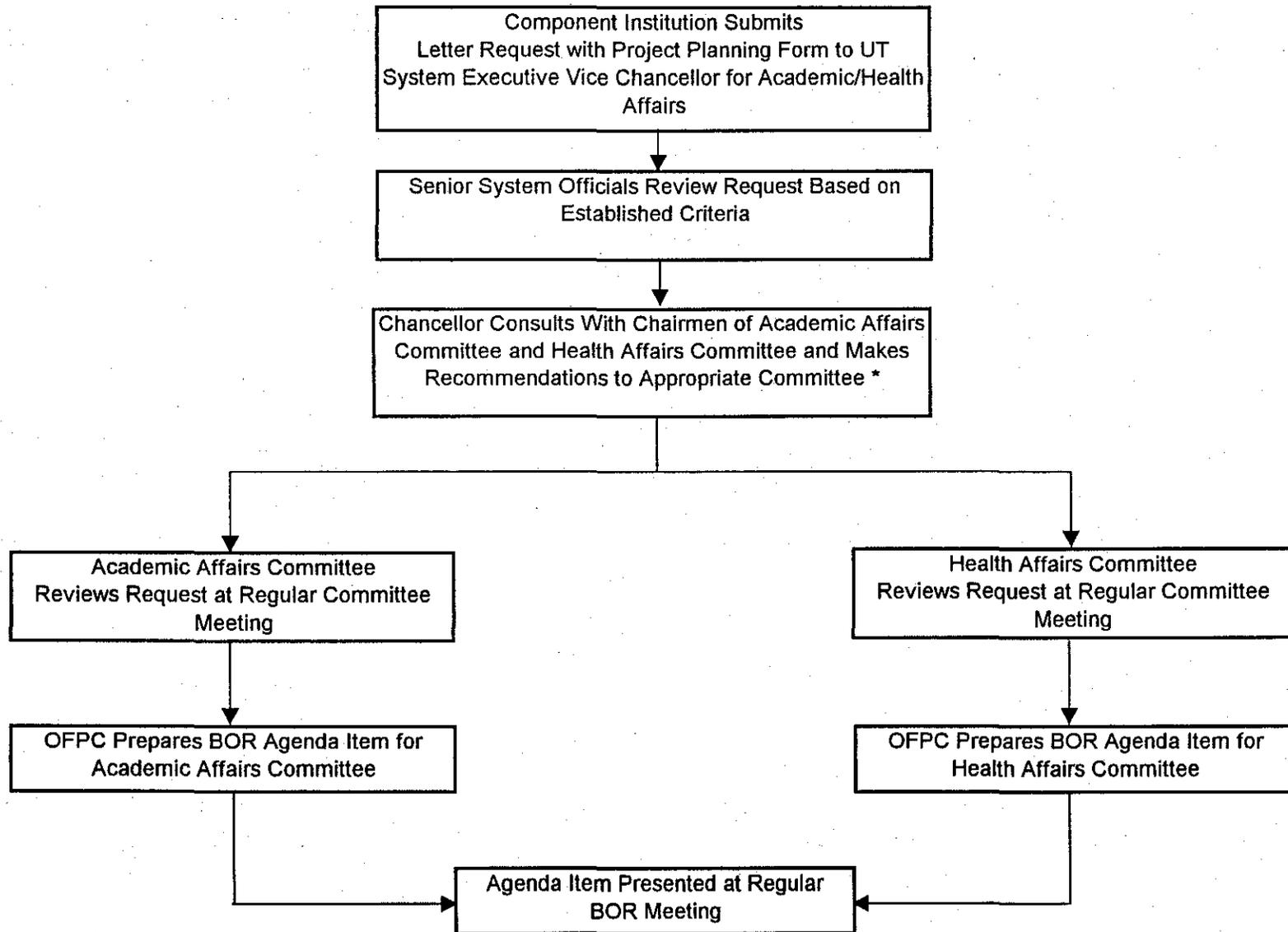
- L. MEETING OF THE AD HOC COMMITTEE ON CAPITAL IMPROVEMENT PROGRAM PROCESS REVIEW AND REPORTS OF SPECIAL COMMITTEES

- 1. U. T. Board of Regents: Consideration of a Report and Recommendations from the Ad Hoc Committee on Capital Improvement Program (CIP) Process Review

Committee Chairman Miller will convene the Ad Hoc Committee on Capital Improvement Program (CIP) Process Review to discuss the CIP process. A flow-chart showing the process proposed by Chairman Miller for adding projects to the CIP between the biennial review and approval cycles and a narrative explaining changes from the process that has been in effect since February 2000 are set forth on Pages 110 - 111.

Recommendations from the Committee will be presented for consideration by the U. T. Board of Regents.

Ad Hoc Committee on Capital Improvement Program (CIP) Process Review
Process for Adding Projects to CIP Between Cycles



*NOTE: Copy of funding request and recommendation sent to all Board members

Ad Hoc Committee on Capital Improvement Program (CIP) Process Review

Proposed Changes to "Off-Cycle" CIP Process

The major differences between the proposed CIP "off-cycle" process and the process that has been in effect since February 2000 for adding projects to the CIP are:

- After the appropriate Executive Vice Chancellor receives the institution's letter request and project planning form, the information is forwarded to a committee of Senior System Officials¹ that reviews the request based on the following justification criteria:
 - a) Consistency with institution's mission;
 - b) Project need;
 - c) Unique opportunity that justifies off-cycle consideration;
 - d) Matching funds/leverage;
 - e) Cost effectiveness, to include
 1. addressing new construction versus renovation of existing construction
 2. addressing Texas Higher Education Coordinating Board Formula Funding criteria;
 - f) State of existing facility condition; and
 - g) Other available funding sources.

This step was added to ensure a thorough review of projects prior to submission to the Chancellor.

- If the project includes PUF funding, the committee of Senior System Officials will also review the request in light of previous unfunded PUF requests from other institutions and the history of PUF allocations to the requesting institution. This step was added to ensure that the request was not considered in a vacuum, but in light of other previously proposed institutional projects.
- If the committee of Senior System Officials recommends the project for consideration, the request and other information would be forwarded to the Chancellor for review and consultation with the chairmen of the appropriate standing committees of the U. T. Board of Regents.
- If the Chancellor chooses to forward the recommendation to the appropriate committee for consideration, the funding request, recommendation, and other information would be distributed to all Board members notifying them that either the Academic Affairs or Health Affairs Committee would be considering an institution's request for project funding. This would give all Board members an opportunity to be involved in the review process and discussion of the project at the appropriate committee meeting if they so desired.

¹ To include at a minimum the following individuals: Executive Vice Chancellor for Health Affairs, Executive Vice Chancellor for Academic Affairs, Executive Vice Chancellor for Business Affairs, Assistant Vice Chancellor for Facilities Planning and Construction, and the Assistant Vice Chancellor for Finance, or their delegates.

2. U. T. Board of Regents: Presentation on Activities of the Ad Hoc Long-Range Planning Committee and Recommendation to Adopt Final Report

RECOMMENDATION

Committee Chairman Woody L. Hunt will report on the activities and recommend adoption of the final report of the U. T. Board of Regents' Ad Hoc Long-Range Planning Committee.

M. OTHER MATTERS

1. U. T. System: Report, Discussion and Approval of Plans and Preparation for the Upcoming 77th Session of the Texas Legislature

RECOMMENDATION

Mr. R. D. Burck, Chancellor, and Mr. Tom Scott, Vice Chancellor for Governmental Relations, will make a presentation on the preparation by the U. T. System for the upcoming 77th Session of the Texas Legislature and seek the Board's approval of prioritization of the issues presented.

2. U. T. System: Report of Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for June 1, 2000 Through August 31, 2000

(See Pages 113 - 117.)

ACCEPTANCE OF GIFTS HELD BY BOARD

June 1, 2000 Through August 31, 2000

# ALL ITEMS	COMPONENT INSTITUTION	ASSET TYPES							MATCHING FUNDS	TOTAL VALUE
		CASH	SECURITIES	REAL ESTATE	PLEDGES	OTHER	TRANSFERS			
3	U. T. Arlington	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000
59	U. T. Austin	\$ 1,572,891	\$ 12,353,185	\$ -	\$ 669,736	\$ 7,753	\$ 23,750	\$ -	\$ -	\$ 14,627,316
3	U. T. Dallas	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
8	U. T. El Paso	\$ 47,976	\$ 74,528	\$ -	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 131,504
7	U. T. Pan American	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1	U. T. Brownsville	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
2	U. T. Permian Basin	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
1	U. T. San Antonio	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
9	U. T. SWMC-Dallas	\$ 1,834,129	\$ -	\$ 92,758	\$ 152,000	\$ -	\$ 110,722	\$ 950,000	\$ -	\$ 2,078,887 *
12	U. T. M.B.-Galveston	\$ 1,167,475	\$ -	\$ -	\$ -	\$ -	\$ 1,082,093	\$ -	\$ -	\$ 1,249,568 *
7	UTHSC-Houston	\$ 27,613	\$ 1,750,703	\$ -	\$ -	\$ -	\$ 505,060	\$ -	\$ -	\$ 2,283,377
24	UTHSC-San Antonio	\$ 5,357,435	\$ -	\$ -	\$ 50,000	\$ -	\$ 12,652	\$ -	\$ -	\$ 5,420,087
15	UTMDACC	\$ 3,868,013	\$ -	\$ -	\$ 770,811	\$ -	\$ -	\$ -	\$ -	\$ 4,638,825
151	TOTAL	\$ 14,080,533	\$ 16,178,417	\$ 92,758	\$ 1,651,547	\$ 7,753	\$ 1,734,278	\$ 950,000	\$ -	\$ 32,634,563

* Not included in total: U. T. SWMC-Dallas - \$950,000 of Board-held matching funds and \$110,722.05 transfer of previously accepted funds;

U. T. Medical Branch- \$1,000,000 transfer of endowment funds.

NOTE: Compiled by Office of Development and External Relations

CLASSIFICATION OF GIFTS AND OTHER ACTIONS

June 1, 2000 Through August 31, 2000

<u>COMPONENT INSTITUTION</u>	<u>ENDOWMENTS</u>	<u>CHARITABLE REMAINDER TRUSTS</u>	<u>POOLED INCOME FUND</u>	<u>REMAINDER INTERESTS</u>	<u>HELD IN TRUST BY OTHERS</u>	<u>CURRENT PURPOSE</u>	<u>OTHER</u>
U. T. Arlington	3	---	---	---	---	---	---
U. T. Austin	46	2	---	---	7	5	---
U. T. Dallas	3	---	---	---	---	---	---
U. T. El Paso	7	---	---	---	---	1	---
U. T. Pan American	---	---	---	---	7	---	---
U. T. Brownsville	1	---	---	---	---	---	---
U. T. Permian Basin	2	---	---	---	---	---	---
U. T. San Antonio	1	---	---	---	---	---	---
U. T. SWMC-Dallas	6	---	---	---	2	2	---
U. T. M.B.-Galveston	11	---	---	---	1	---	---
UTHSC-Houston	7	---	---	---	---	---	---
UTHSC-San Antonio	24	---	---	---	---	---	---
UTMDACC	7	---	---	---	---	8	---
TOTAL	118	2	0	0	17	16	0

PURPOSES OF GIFTS HELD BY BOARD AND OTHERS

June 1, 2000 Through August 31, 2000

COMPONENT INSTITUTION	ENDOWMENT								CURRENT PURPOSE	OTHER PURPOSE
	DIST. CHAIR	CHAIR	DIST. PROF'SHIP	PROF'SHIP	FACULTY FELLOWSHIP	GRADUATE FELLOWSHIP	SCHOLARSHIP	OTHER		
U. T. Arlington	---	---	---	---	---	---	2	1	---	---
U. T. Austin	---	---	---	2	1	---	18	15	5	3
U. T. Dallas	2	---	---	---	---	---	---	1	---	---
U. T. El Paso	---	---	---	---	---	---	2	3	1	---
U. T. Pan American	---	---	---	---	---	---	4	2	---	---
U. T. Brownsville	---	---	---	---	---	---	---	1	---	---
U. T. Permian Basin	---	---	---	---	---	---	2	---	---	---
U. T. San Antonio	---	---	---	---	---	---	1	---	---	---
U. T. SWMC-Dallas	3	1	1	---	---	---	1	2	2	---
U. T. M.B.-Galveston	1*	2	---	---	---	---	2	2	---	---
UTHSC-Houston	1	---	1	---	---	---	2	1	---	---
UTHSC-San Antonio	3	1	4	2	2	---	2	7	---	---
UTMDACC	2	---	---	1	0	---	1	0	8	---
TOTAL	12	4	6	5	3	0	37	35	16	3

*Distinguished University Chair

Total purposes may not equal the total number of items because some items pertain to multiple purposes.

OTHER ADMINISTRATIVE ACTIONS

June 1, 2000 Through August 31, 2000

<u>COMPONENT INSTITUTION</u>	<u>ESTABLISH ENDOWMENT</u>	<u>REDESIGNATE ENDOWMENT LEVEL</u>	<u>OTHER REDESIGNATION</u>	<u>DISSOLVE ENDOWMENT</u>	<u>APPROVE/ALLOCATE MATCHING</u>	<u>ACCEPT TRUSTEESHIP</u>	<u>OTHER</u>
U. T. Arlington	3	---	---	---	---	---	---
U. T. Austin	32	1	11	2	---	1	1
U. T. Dallas	3	---	---	---	---	---	---
U. T. El Paso	5	---	2	---	---	---	---
U. T. Pan American	6	---	1	---	---	---	---
U. T. Brownsville	1	---	---	---	---	---	---
U. T. Permian Basin	2	---	---	---	---	---	---
U. T. San Antonio	1	---	---	---	---	---	---
U. T. SWMC-Dallas	6	2	---	---	2	---	---
U. T. M.B.-Galveston	6	4	1	---	---	---	1
UTHSC-Houston	5	---	1	---	---	---	---
UTHSC-San Antonio	22	1	1	---	---	---	---
UTMDACC	3	1	2	1	---	---	---
TOTAL	95	9	19	3	2	1	2

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COMPARATIVE SUMMARY OF GIFTS ACCEPTED VIA THE OFFICIAL ADMINISTRATIVE PROCESS

June 1, 2000 Through August 31, 2000

COMPONENT INSTITUTION	FY 1999 FULL YEAR	FISCAL YEAR 2000			
		9/1/99 - 11/30/99	12/1/99 - 2/29/00	3/1/00 - 5/31/00	FULL YEAR
U. T. System	\$ 95,000	\$ -	\$ -	\$ -	\$ -
U. T. Arlington	\$ 612,441	\$ 22,916	\$ 48,000	\$ 45,000	\$ 160,916
U. T. Austin	\$ 17,668,529	\$ 5,153,374	\$ 15,972,956	\$ 8,917,822	\$ 44,671,468
U. T. Dallas	\$ 1,060,674	\$ 1,320,979	\$ 10,106	\$ -	\$ 3,331,085
U. T. El Paso	\$ 3,180,702	\$ 239,960	\$ 287,415	\$ 342,450	\$ 1,001,329
U. T. Pan American	\$ 60,674	\$ -	\$ 499,718	\$ 10,500	\$ 510,218
U. T. Brownsville	\$ 110,674	\$ -	\$ 135,000	\$ -	\$ 235,000
U. T. Permian Basin	\$ 210,674	\$ -	\$ -	\$ 105,000	\$ 155,000
U. T. San Antonio	\$ 680,768	\$ 171,056	\$ 16,220	\$ 167,695	\$ 364,971
U. T. Tyler	\$ 260,749	\$ -	\$ 1,335,884	\$ 515,000	\$ 1,850,884
U. T. SWMC-Dallas	\$ 7,802,087	\$ 1,158,831	\$ 4,274,233	\$ 466,595	\$ 7,978,546
U. T. M.B.-Galveston	\$ 7,563,732	\$ 1,298,292	\$ 457,439	\$ 3,250,027	\$ 6,255,326
UTHSC-Houston	\$ 2,987,214	\$ 20,000	\$ 1,204,017	\$ 1,400,301	\$ 4,907,695
UTHSC-San Antonio	\$ 1,375,242	\$ 376,216	\$ 473,800	\$ 234,159	\$ 6,504,262
UTMDACC	\$ 7,330,854	\$ 632,484	\$ 1,776,400	\$ 5,222,915	\$ 12,270,625
UTHC-Tyler	\$ 1,294,378	\$ -	\$ -	\$ -	\$ -
Multicomponent	\$ 170,000	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 52,464,391	\$ 10,394,108	\$ 26,491,189	\$ 20,677,464	\$ 90,197,324

3. Report of Board for Lease of University Lands

REPORT

A meeting of the Board for Lease of University Lands and lease awards for Regular Oil and Gas Lease Sale No. 98 are scheduled in the Board Room of The University of Texas Health Science Center at Houston in Houston, Texas, on November 8, 2000. Tracts totaling 28,659.426 acres of Permanent University Fund lands will be offered for lease. Bids are scheduled to be opened at the Center for Energy and Economic Diversification in Midland, Texas, on November 7, 2000. A report on the actions taken by the Board for Lease of University Lands will be made to the U. T. Board of Regents at the February 14-15, 2001 meeting.

4. U. T. Board of Regents: Presentation of Certificate of Appreciation

N. SCHEDULED EVENTS

1. Board of Regents' Meetings - 2001

<u>Dates</u>	<u>Locations/Hosts</u>
February 14-15, 2001	Austin
May 9-10, 2001	Austin
August 8-9, 2001	U. T. Arlington
November 7-8, 2001	U. T. Tyler

2. Commencements - Fall 2000

November 3	U. T. M. D. Anderson Cancer Center
December 8-10	U. T. Austin
December 15-17	U. T. Arlington
December 16	U. T. Brownsville
	U. T. Dallas
	U. T. El Paso
	U. T. Pan American
	U. T. Permian Basin
	U. T. San Antonio
	U. T. Tyler
	U. T. Health Science Center - San Antonio

O. ADJOURNMENT