

Meeting No. 994

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

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July 18, 2005

Austin, Texas

MEETING NO. 994

MONDAY, JULY 18, 2005.--The members of the Board of Regents of The University of Texas System convened this special called meeting via telephone conference call at 1:00 p.m. on Monday, July 18, 2005, on the Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Huffines, presiding (in person)	Vice-Chairman Hunt
Vice-Chairman Clements	
Vice-Chairman Krier	
Regent Barnhill	
Regent Caven	
Regent Craven	
Regent Estrada	
Regent Rowling	
Counsel and Secretary Frederick	

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

RECESS TO EXECUTIVE SESSION.--At 1:03 p.m., Chairman Huffines announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.073, and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 1:17 p.m., the Board reconvened in open session and took the following action on a matter discussed in Executive Session:

U. T. Austin: Approval of negotiated contract for prospective gift involving naming opportunity

Vice-Chairman Krier moved that Vice Chancellor Safady and Mr. Richard B. Eason, Vice President for Resource Development at The University of Texas at Austin, be authorized to conclude negotiations and execute documents to accept a negotiated gift to benefit U. T. Austin in accordance with the proposal presented in Executive Session and with the understanding the gift will be announced at a future date if completed.

The motion was seconded by Regent Barnhill and carried unanimously.

## SPECIAL AGENDA ITEM

### U. T. System: Resolution regarding requests for tuition revenue bond funding

Chairman Huffines acknowledged the rapidly changing, extremely fluid nature of the legislative deliberation process and he stressed it is time for the state to step up and fund tuition revenue bonds. Chairman Huffines then called on Chancellor Yudof for comments. Executive Vice Chancellor Shine outlined the process used to prioritize University of Texas System projects related to requests for tuition revenue bond funding and Executive Vice Chancellor Sullivan joined in the discussion by telephone. Vice Chancellor Smith outlined the events related to consideration of tuition revenue bonds that took place in the Legislature over the weekend and spoke of the expected schedule for the next two days, noting that the Special Session of the 79th Texas Legislature will adjourn on July 20, 2005.

Chairman Huffines then read a resolution, which was slightly edited, moved by Vice-Chairman Krier, and seconded by Regent Caven. The following resolution passed by acclamation:

### RESOLUTION

Whereas, Tuition Revenue Bonds authorized by the Legislature are a critical component of capital funding in higher education, including The University of Texas System, and the Governor has submitted the subject of Tuition Revenue Bonds to the First Called Session of the 79th Legislature, now convened;

Whereas, The Legislature has historically appropriated general revenue funds to service the debt on Tuition Revenue Bonds, and the Board of Regents recognizes that this bonding authority is a significant fiscal issue for the Legislature and a commitment of state resources;

Whereas, The Tuition Revenue Bonds are especially important in meeting the state's goals for "Closing the Gaps," as well as in developing the facilities necessary for research and the economic development that comes from research;

Whereas, With current interest rates on bond debt being very favorable, among the lowest in history, this is a rare opportunity to lower the cost of a significant investment in higher education;

Whereas, Allocation of bonding authority among systems and institutions by an objective and equitable mechanism is a desirable goal for higher education;

Whereas, Academic and health-related institutions of higher education serve widely divergent roles and missions and represent different cost structures and funding sources;

Whereas, Enrollment and Full-Time Student Equivalent are a reasonable factor in an allocation of bonding authority among academic institutions, but are less relevant among medical institutions, such as U. T. M. D. Anderson Cancer Center, which has only 70 enrolled students but a huge role and mission for the State of Texas in patient care and research;

Whereas, U. T. System has about 33% of the statewide enrollment in academic public universities, and has 71% of the statewide enrollment in health-related institutions, but U. T. System has only 34% of the total combined academic and health-related enrollment;

Whereas, U. T. health-related institutions produce three-fourths of the physicians and other health professionals in Texas, provide more than \$1.2 billion in indigent health care annually, bring in more than \$1 billion a year in sponsored research projects, but have aggregate enrollment smaller than many single general academic institutions; and

Whereas, There is no better time to invest in the future, whether for the general academic institutions or the health-related institutions;

Therefore, Be It Resolved, That the Board of Regents of The University of Texas System, express to the Legislature and the Governor that:

- (1) The Board supports adoption of an objective and equitable mechanism for allocating Tuition Revenue Bond authority among systems and institutions; and
- (2) Any objective and equitable standard must distinguish between and not aggregate the academic institutions and the health-related institutions and must employ factors relevant to the different missions and needs, as well as different identified state priorities.

Chairman Huffines requested members of the Board express their opinions and suggestions regarding tuition revenue bonds now or later to the Chancellor or the Executive Vice Chancellors. Regent Rowling suggested in the future the process be refined after priorities had been determined and Chairman Huffines agreed.

Further, upon motion by Regent Rowling, seconded by Vice-Chairman Clements, the U. T. System Board of Regents authorized the Chairman of the Board and the Chancellor to present the U. T. System's priorities for tuition revenue bonds as requested by the Legislature with the understanding that the priorities will be discussed in advance with the Chairman of the Academic Affairs Committee and the Chairman of the Health Affairs Committee.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 2:00 p.m.

/s/ Francie A. Frederick  
Counsel and Secretary to the Board

July 21, 2005