

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

November 15-16, 2006

Austin, Texas

Minutes of Committee meetings are taken as a convenience for research purposes and may be verified by tape recordings kept in the Office of the Board of Regents or webcasts available at <http://www.utsystem.edu/bor/meetings/minuteslistinghomepage.htm>



Francie A. Frederick
General Counsel to the Board of Regents
March 1, 2007

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
November 15, 2006

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 5:22 p.m. on Wednesday, November 15, 2006, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Estrada, presiding
Vice Chairman Clements
Vice Chairman Krier
Regent Craven

Absent

Regent Rowling

Also present were Regent McHugh, Regent Haley, and General Counsel to the Board Frederick.

Committee Chairman Estrada recognized Miss Catalina Padilla, Senior Auditor in the System Audit Office who was in attendance. Miss Padilla earned the distinguished William S. Smith Certificate of Honor Award for her outstanding performance on the Certified Internal Auditor examination. This award is given to those who scored in the top 30 of the 17,000 candidates that sat for the exam in May 2006.

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

1. U. T. System Board of Regents: Report on the results of The University of Texas Investment Management Company (UTIMCO) Audit

Committee Meeting Information

Presenter(s): Mr. Ricky Richter, Ernst & Young, LLP

Status: Reported

Discussion at meeting:

Mr. Richter updated the Board on the financial statements audit performed for the period ending August 31, 2006, for the Permanent University Fund (PUF), the General Endowment Fund (GEF), the Long Term Fund (LTF), the Permanent Health Fund (PHF) and the new Intermediate Term Fund (ITF). The ITF was only audited from its inception, February 1, 2006 through August 31, 2006. He said internal control opinions were also performed that essentially depend on management's assertion as to the effectiveness of the internal control over financial reporting for the

four funds (the GEF, PUF, PHF, and LTF) as of August 31. The internal control opinion was not performed for the ITF. Mr. Richter reported the accounting principles selected by management were of good quality and acceptable and have been consistently applied this year as they have been in previous years. He said financial statements and all related disclosures are complete in all material respects. There were no new accounting principles adopted during the year, and Ernst & Young is not aware of any significant, unusual transactions that occurred. He noted the types of investments are complex but are consistent with previous years.

Mr. Richter said there were no audit adjustments and no audit differences to report. He said although Ernst & Young is not engaged to detect fraud as part of the audit procedures, they are not aware of any instances of fraud nor any allegations of fraud. As part of the internal control procedures, there were no material weaknesses noted. There were no disagreements with management or serious difficulties working with management.

On other matters, Mr. Richter said one recommendation consistent with the expansion of investments and funds that do not have readily determinable market values through the pricing or custody of Mellon (UTIMCO's outsource provider for securities) is to hire an additional finance and accounting individual to enhance the already existing processes and controls over the alternative investments, such as hedge funds and private equity funds. UTIMCO has hired such a person.

Included along with the financial statements is a Management's Discussion and Analysis, which is not audited but is reviewed to make sure it is consistent with the financial statements and Mr. Richter reported it is found to be consistent.

Committee Chairman Estrada confirmed that management was in agreement with Ernst & Young's recommendations and has been doing the appropriate follow-up on recommendations that were made last year. Mr. Richter said that is correct.

Regent Estrada asked Mr. Chaffin for comments and Mr. Chaffin stated Mr. Richter met with the UTIMCO Board last week and reviewed all of the financial statements and internal control reports. The Internal Audit group has done a significant amount of internal control work at UTIMCO upon which Ernst & Young was able to rely. There is only one fund left to perform internal control work on and that is the new ITF, and that will complete the entire cycle. Mr. Chaffin commended the accounting group at UTIMCO for a good job and Committee Chairman Estrada seconded that.

2. U. T. System Board of Regents: Report on the U. T. System Financial Statement Audit

Committee Meeting Information

Presenter(s): Mr. Rodney Lenfant, Lead Engagement Partner, Deloitte & Touche LLP

Status: Reported

Discussion at meeting:

Mr. Lenfant introduced Ms. Julia Petty and Ms. Michele Strain, also with Deloitte & Touche. He reported that the audits are 98-99% substantially complete, with the exception of a few adjustments and a clean, unqualified opinion will be issued for financial statements for years ended August 31, 2006 and 2005. The fieldwork has been completed for all locations, except U. T. System Administration where work is being done on the reporting aspects of the audit. Draft management letter comments will also be issued for each institution as well as for the System as a whole and these will be ready by mid-January.

He mentioned one needed adjustment: a restatement to the financial statements from the prior year which was a reclassification issue within restricted net assets. Within restricted net assets, there are expendable and nonexpendable funds, and there was \$7 billion that should have been classified as expendable but was classified as nonexpendable. There is a restatement of the prior year's numbers of approximately \$7 billion and the current year impact is approximately \$7.8 billion. Mr. Lenfant said this does not impact the total net assets; it is not a misappropriation of assets, but is solely a restatement within net assets. Committee Chairman Estrada clarified this was more of a definitional misunderstanding, and Mr. Lenfant added that it was not an intentional error. From a financial statement standpoint, the Governmental Accounting Standards Board (GASB) indicates that even if you do have it within a fund called the Permanent University Fund, in this case unrealized appreciation or realized appreciation should be categorized as expendable. It is not prudent to do so and there are certain laws that restrict the Board's abilities to use that in any given year, but it is from a definitional and accounting standpoint, expendable.

Mr. Lenfant said there were a few other insignificant adjustments across the U. T. System. The largest was approximately \$40 million. There were three other passed adjustments that U. T. System decided not to record. Mr. Lenfant stated the adjustments met the threshold for reporting to the Audit Committee but did not meet the threshold from a materiality standpoint and the amounts were \$48 million, \$12 million, and \$14 million. These will be reported when the audit results are presented as a whole.

Mr. Lenfant said the opinions on the financial statements will be issued no later than December 20 and the required communications to the Audit Committee will be done

simultaneously. The report on internal controls as well as illegal acts and any individual institution management letters and the System-wide management letters will be issued on or before January 17.

In addition, Mr. Lenfant said Deloitte & Touche was requested to perform three financial statement reviews of selected institutions as required by the Southern Association of Colleges and Schools (SACS). U. T. Brownsville was one institution and the other two will be forthcoming. Ernst & Young may also assist the U. T. System Office of Finance in seeking a certificate of excellence for financial reporting by the Government Finance Officers Association (GFOA) that would be due around February.

Committee Chairman Estrada confirmed that U. T. System is on track to meet all the deadlines for the State Auditor's Office, the Legislative Budget Board, and the State of Texas leadership.

Mr. Chaffin added that the coordination with the State Auditor's Office this year was outstanding. The internal auditors at all the institutions participated in the audit and performed well and under the leadership of Ms. Amy Barrett, Assistant Director for Audit, seven of the institutions used programs that were provided by Deloitte & Touche. Mr. Lenfant echoed the compliment and Committee Chairman Estrada also commended the audit staff System-wide who geared up for a second audit on schedule without any hitches after responding to a first-time outside audit a year ago. He remarked it says a lot for the learning curve of the U. T. System's internal audit staff.

3. U. T. System: Report on the System-wide Internal Audit Activities

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer
Status: Reported

Discussion at meeting:

Mr. Chaffin stated that the audit plan approved at the Board meeting in October continues to be executed and the auditors are primarily working on the Deloitte & Touche financial audit and also conducting the audit of the president's expenditures for Fiscal Year 2006. During this period, U. T. Health Science Center - Houston had a peer review and received an outstanding report under the leadership of Ms. Lois Pierson, Director of Auditing & Advisory Services, who built the audit department beginning in 2004.

Mr. Chaffin said the U. T. System Audit Office is fully staffed with the exception of the resignation of Assistant Director Kimberly Hagara, who is audit director at U. T. Medical Branch – Galveston.

4. U. T. System: Annual Report on System-wide Institutional Compliance Program

Committee Meeting Information

Presenter(s): *Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer; Mr. David Givens, System-wide Compliance Manager*

Status: *Reported*

Discussion at meeting:

Mr. Chaffin said the key to the information security plan presented at the Board meeting in August was hiring a U. T. System Chief Information Security Officer, a position filled by Mr. Lewis Watkins, Director of Information Resources in the Office of Technology and Information Services. He said U. T. System's compliance program is a leader in the country and the only one, System-wide, that has a compliance program. When it was started in 1998, there were only a couple of peer institutions who had started a program but today, 50-100 institutions are developing similar programs. Mr. Chaffin stated, however, that even though an excellent job is being done, an outside independent firm is in the process of being hired to take a look at U. T. System's program and to provide recommendations for improvements to strengthen the program.

RECESS TO EXECUTIVE SESSION

At 5:45 p.m., the Committee recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071 and 551.074 to consider matters listed on the Executive Session agenda as follows:

1. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – *Texas Government Code* Section 551.074

U. T. System: Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System and institutional employees involved in internal audit and compliance functions

2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - *Texas Government Code* Section 551.071

RECONVENE IN OPEN SESSION

The Executive Session ended at 6:20 p.m., and the Committee reconvened in Open Session to adjourn. No action was taken on items discussed in Executive Session.

ADJOURNMENT

Committee Chairman Estrada announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 6:20 p.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
November 16, 2006

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 8:05 a.m. on Thursday, November 16, 2006, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Rowling, presiding
Vice Chairman Krier (for Items 2-6)
Regent Barnhill
Regent Caven
Regent McHugh

Also present were Chairman Huffines (for Items 3-6), Vice Chairman Clements (for Items 5-6), Regent Craven (for Items 2-6), Regent Haley, Regent Estrada (for Items 2-5), and General Counsel to the Board Frederick.

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

1. U. T. System: Discussion and appropriate action related to approval of Docket No. 128

Committee Meeting Information

Presenter(s): *Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs*
Status: *Discussed*

Discussion at meeting:

Committee Chairman Rowling said the Docket was for consideration and approval at the Board meeting but was posted for discussion, if necessary, in Committee. He noted an additional item related to the Texas Physicians Upper Payment Limit for the U. T. System was added to the Docket and posted with the Secretary of State. The additional Docket item was sent in advance and was before the Committee on green paper. (See Page 2 for the additional Docket page.) Mr. Rowling said the item involves U. T. System committing approximately \$80 million for a short period of time with a return of approximately \$127 million. He said, as noted in the item, the amounts will vary slightly once the final transfer is calculated but this is a "best estimate."

OTHER FISCAL ITEMS (CONTINUED)

TRANSFER OF FUNDS

TEXAS PHYSICIANS UPPER PAYMENT LIMIT

The following request to authorize the transfer of funds as needed to participate in the Texas Physicians Upper Payment Limit Project has been administratively approved by the Chancellor and is recommended for approval by the U. T. System Board of Regents. U. T. System health institutions will receive supplemental payments for state-affiliated physician practice plans under the Project through a submission of a State Plan Amendment to the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services.

This change in reimbursement practice recognizes the unique role state-affiliated physician practice plans play in providing services to Medicaid recipients. As a result of the change in methodology, the State will obtain additional federal revenues for state-affiliated practice plans that bill Medicaid. The additional federal revenues will not increase state expenditures. Receipt of the supplemental funds will require a transfer of funds from the six U. T. System health institutions to U. T. System Administration to the State of Texas. The state matching funds required to obtain additional federal dollars will be provided by the state-affiliated physician practice plans at the health institutions.

The first supplemental payment to U. T. System institutions is tentatively scheduled for early December and covers the dates of services from May 1, 2004 through August 31, 2006. This transaction will require that U. T. System transfer approximately \$82.6 million to the state treasury for approximately three days to be used by the Texas Health and Human Services Commission as state matching funds to obtain additional federal revenues in the amount of approximately \$127.3 million. At the end of the three-day period, the original amount transferred will be returned along with additional federal revenue. These amounts are detailed below by institution but may vary slightly once final payments are calculated.

<u>Federal Fiscal Year 2004 - 2006</u> <u>Payments</u>	<u>UT System Transfer for</u> <u>State Share *</u>	<u>Federal Share *</u>
UT SWMC	\$ 36,838,291	\$ 56,869,659
UT MB Galveston	\$ 16,662,488	\$ 25,674,609
UT HSC Houston	\$ 11,951,006	\$ 18,450,532
UT HSC San Antonio	\$ 6,849,188	\$ 10,571,043
UT MD Anderson	\$ 7,943,311	\$ 12,245,242
UT HC Tyler	\$ 2,308,442	\$ 3,563,440
Total Payment	\$ 82,552,726	\$ 127,374,525

All health institutions are involved and supportive of this change in payment methodology and the need for the initial matching payment.

*All amounts are estimated.

Prepared by:
U. T. System Administration

Docket – 2a

November 16, 2006

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

Committee Meeting Information

Presenter(s): *Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs*

Status: *Reported*

Discussion at meeting:

Dr. Kelley said the Report includes information through July, and he provided preliminary year-end information.

In response to a question from Regent Haley, Executive Vice Chancellor Kelley discussed monitoring the financial condition for each campus. Chancellor Yudof said he also closely monitors the financial condition for each institution and involves the Executive Vice Chancellors and presidents as appropriate.

3. U. T. System: Discussion and appropriate action regarding U. T. System Administration recommendations for banking and treasury services

Committee Meeting Information

Presenter(s): *Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs*

Status: *Discussed*

Future Action: *Provide semiannual report to the Regents on status of recommendations by Treasury Strategies, Inc.*

Discussion at meeting:

Executive Vice Chancellor Kelley said a semiannual report will be provided to the Regents on the status of recommendations by Treasury Strategies, Inc.

Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance, discussed the Texas Procurement Act and negotiation of fees in response to a question by Vice Chairman Krier.

4. U. T. System Board of Regents: Investment Reports for the fiscal year and quarter ended August 31, 2006, and The University of Texas Investment Management Company (UTIMCO) Performance Summary Report

Committee Meeting Information

Presenter(s): Ms. Cathy Iberg, Interim President, Chief Executive Officer, and Chief Investment Officer, UTIMCO

Status: Reported

Discussion at meeting:

Regent McHugh, Regent Caven, and Chancellor Yudof expressed appreciation for Ms. Iberg's interim leadership of The University of Texas Investment Management Company (UTIMCO).

Regent Caven, Chairman of the UTIMCO Board of Directors, commented on the good overall performance of UTIMCO for the past year. He said the policy benchmark was underperformed due to not taking enough risk, but some of the risk restrictions have been removed and UTIMCO is headed in the right direction to outperform the policy benchmark.

Committee Chairman Rowling discussed reasons for underperformance and said Permanent University Fund (PUF) performance is critical to the operation of U. T. System. He also thanked Ms. Iberg for her service.

5. U. T. System: Fiscal Year 2006 Energy Utility Task Force Report

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance; Dr. Patricia L. Clubb, Vice President for Employee and Campus Services, U. T. Austin; Mr. John Roan, Executive Vice President for Business Affairs, U. T. Southwestern Medical Center - Dallas

Status: Reported

Future Actions:

1. Provide report on square footage calculation to the Regents (related to energy use per square foot).
2. Vice Chairman Krier asked how many institutions purchase energy from the General Land Office.

Discussion at meeting:

Mr. Aldridge said consistency in the square footage calculation (related to energy use per square foot) would be researched and a report provided to the Regents.

Dr. Clubb discussed energy saving upgrades and maintenance in response to questions by Regent Estrada. Chairman Huffines asked about the life expectancy of the equipment and about the water supplier contract with the City of Austin. Other potential sources of water and long-range planning needs for water for the U. T. Austin campus were discussed.

Committee Chairman Rowling asked about the possible use of wind farms on the two million acres in West Texas. Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, said there are active wind farms on the West Texas property, but transmission capacity is a problem. Mr. Rowling suggested use of wind farms in other parts of the state where there is capacity so tax credits could be generated and sold.

Vice Chairman Krier asked which institutions purchase energy from the General Land Office and whether anyone is looking at the reports submitted by other institutions under the Governor's Executive Order RP-49 to see if U. T. System could get additional ideas. Mr. Aldridge said he would look into this.

Chairman Huffines commented that the increased cost of utilities consumed most of the money generated from designated tuition increases.

6. U. T. System Board of Regents: Adoption of Resolution Amending the Sixteenth Supplemental Resolution authorizing Revenue Financing System Bonds; authorization to complete all related transactions; and resolution regarding parity debt

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance

Status: Approved

Motion: Made by Regent Caven, seconded by Regent Barnhill, and carried unanimously

Discussion at meeting:

Committee Chairman Rowling said this additional item, attached on Pages 6 - 10, was posted with the Secretary of State, was sent to the Committee in advance, and was before the Committee on yellow paper. He said the item is related to amendment of the Sixteenth Supplemental Resolution to increase the amount of Revenue Financing System Bonds authorized to be issued up to \$900 million to take advantage of the significant decline in tax-exempt interest rates to refund additional outstanding bonds, thereby increasing expected debt service savings.

ADDITIONAL AGENDA ITEM
FINANCE AND PLANNING COMMITTEE
NOVEMBER 16, 2006

6. **U. T. System Board of Regents: Adoption of Resolution Amending the Sixteenth Supplemental Resolution authorizing Revenue Financing System Bonds; authorization to complete all related transactions; and resolution regarding parity debt**

RECOMMENDATION

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

- a. adopt a resolution, substantially in the form on Pages 8 -10, amending the Sixteenth Supplemental Resolution to the Master Resolution authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Bonds to increase the maximum aggregate principal amount not to exceed \$900,000,000; and
- b. authorize appropriate officers and employees of the U. T. System as set forth in the Sixteenth Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents, within the limitations and procedures specified therein, make certain covenants and agreements in connection therewith; and resolve other matters incident and related to the issuance, sale, security, and delivery of such Bonds.

The Chancellor also concurs with 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. System Board of Regents on February 14, 1991, amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the U. T. System Board of Regents resolve that

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

BACKGROUND INFORMATION

On August 10, 2006, the U. T. System Board of Regents adopted the Sixteenth Supplemental Resolution (Resolution) authorizing the issuance of bonds in an aggregate principal amount not to exceed \$575,000,000 for FY 2007. Due to the significant decline in tax-exempt interest rates over the last several months, a larger amount of outstanding Revenue Financing System Bonds can be refunded to produce debt service savings. The proposed amendment would increase the maximum amount of bonds that can be issued pursuant to the Resolution from \$575,000,000 to \$900,000,000 to allow additional outstanding bonds to be advance refunded provided the refunding exceeds a minimum 3% present value debt service savings threshold.

The Sixteenth Supplemental Resolution and the amending resolution have been reviewed by outside counsel.

RESOLUTION
AMENDING THE SIXTEENTH SUPPLEMENTAL
RESOLUTION
TO THE MASTER RESOLUTION

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

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution; and

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

WHEREAS, the Sixteenth Supplemental Resolution to the Master Resolution Establishing The University of Texas System Revenue Financing System (the "Sixteenth Supplement") was adopted by the Board on August 10, 2006; and

WHEREAS, among other things, the Sixteenth Supplement authorized the issuance of bonds for the purposes of financing and refinancing the costs of acquiring, purchasing, constructing, improving, enlarging, and equipping the property and facilities of the Members of the Revenue Financing System; refunding all or a portion of the Potential Refunded Bonds; refunding all or a portion of the Board's outstanding Revenue Financing System Commercial Paper Notes, Series A or its outstanding Revenue Financing System Taxable Commercial Paper Notes, Series B (collectively, the "Notes") to provide permanent financing for facilities and improvements financed with the proceeds of the Notes; and paying the costs of issuance related thereto; and

WHEREAS, Section 32 of the Sixteenth Supplement also authorized various transactions under the Swap Agreements between the Board and the designated counterparties, including transactions for the purpose of (i) locking-in a fixed rate on a variable rate debt, (ii) creating synthetic variable rate exposure for the purpose of (A) producing interest rate savings, (B) limiting or hedging variable rate payments, (C) altering the pattern of debt service payments, (D) modifying its variable rate exposure within prudent guidelines, (iii) hedging risks in the context of a particular financing plan, (iv) utilizing a forward starting swap or, to the extent permitted by law, a swaption for refinancing purposes, or (v) be transacting for asset/liability matching purposes; and

WHEREAS, the Sixteenth Supplement was submitted to and approved by the Texas Bond Review Board; and

WHEREAS, the Sixteenth Supplement provided that any advance refunding of outstanding Revenue Financing System bonds must achieve a present value debt service savings of at least 3%; and

WHEREAS, the significant decline in tax-exempt interest rates over the last several months presents the opportunity to refund a larger amount of outstanding Revenue Financing System bonds within the debt service savings threshold; and

WHEREAS, the Board deems it necessary to amend the Sixteenth Supplement to increase the maximum principal amount of bonds that may be issued pursuant thereto.

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

Section 1. In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit "A" to the Sixteenth Supplement.

Section 2. Section 2 of the Sixteenth Supplement is hereby amended by substituting the amount "\$900,000,000" in place of "\$575,000,000" each time that \$575,000,000 currently appears in such section. In addition, the findings set forth in Section 8 of the Sixteenth Supplement are hereby ratified and reaffirmed with respect to the increased principal amount authorized by this amending Resolution.

Section 3. Except to the extent set forth in this Resolution the Sixteenth Supplement is not amended, supplemented or repealed and remains in full force and effect, including specifically, the provisions of Section 32 of the Sixteenth Supplement.

Section 4. The Chairman of the Board, the Vice Chairmen of the Board, the General Counsel to the Board of Regents of The University of Texas System, the U. T. System Representatives, and the other officers, employees, and agents of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, including seeking such additional approval as may be necessary from the Texas Bond Review Board of the provisions of the Sixteenth Supplement as amended by this amending Resolution. In addition, the Chairman of the Board, the Vice Chairmen of the Board, the Chancellor, the Executive Vice Chancellor for Business Affairs, the Associate Vice Chancellor for Finance, the Director of Finance, and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Resolution, any technical amendments to this Resolution as may be required by (i) Fitch Ratings, Moody's Investors Service, Inc., or Standard & Poor's Ratings Group, a Division of McGraw-Hill, Inc. as a condition to the granting or maintenance of a rating on the Bonds acceptable to a U. T. System Representative or (ii) by the Attorney General's office in connection with the review of this Resolution.

Section 5. This amendment to the Sixteenth Supplement shall take effect on the date of adoption of this Resolution.

Section 6. The recitals set forth in the preamble to this Resolution are hereby incorporated into this Resolution and made a part hereof for all purposes.

Section 7. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Resolution was adopted, and that this Resolution would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, *Texas Government Code*.

PASSED AND ADOPTED, this

ATTEST:

General Counsel to the
Board of Regents of
The University of Texas System

(SEAL)

ADJOURNMENT

Committee Chairman Rowling announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 9:20 a.m.

MINUTES
U. T. System Board of Regents
Academic Affairs Committee
November 15, 2006

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 4:00 p.m. on Wednesday, November 15, 2006, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Krier, presiding
Regent Barnhill
Regent Caven
Regent Craven
Regent Estrada
Regent McHugh

Also present were Chairman Huffines, Vice Chairman Clements, Regent Haley, Regent Rowling, and General Counsel to the Board Frederick.

To commemorate the first University of Texas System Board of Regents' meeting 125 years ago (see Board Minutes Pages 1 and 3), Committee Chairman Krier asked that Chairman Huffines bang the gavel at 4:00 p.m., the exact time of that first meeting. She also requested that a moment of silence be observed to honor former Regents and she asked for wisdom and guidance for the next 125 years. Following the moment of silence, Committee Chairman Krier said the "Eyes of Texas" were upon all 15 U. T. System campuses.

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

1. **U. T. System: Quarterly updates on institutional policy changes to improve graduation rates and goals from academic presidents, Interim Executive Vice Chancellor Malandra, and Academic Affairs Committee members**

Committee Meeting Information

Presenter(s): Institutional presidents; Dr. Geri H. Malandra, Interim Executive Vice Chancellor for Academic Affairs

Status: Reported

Future Actions:

1. Dr. Malandra to send to the Regents a statement published by Dr. Clifford Adelman, former senior research analyst with the U.S. Department of Education, that articulates some of the concerns related to graduation rate data.
2. If U. T. Dallas gets into the national debate championship, Dr. David E. Daniel, President, is to let the Regents know when and where the championship is to be held.
3. President Daniel is to provide data on the 10% of U. T. Dallas students who do not return after their freshman year for other than academic reasons.
4. Begin minute-at-the-mike in February 2007 with the five presidents (Spaniolo, Powers, García, Cárdenas, and Romo) who were not able to speak at November meeting due to time constraints.

Discussion at meeting:

Committee Chairman Krier said as customary, the Academic Affairs Committee meeting will begin by focusing on what is happening on each campus to help improve graduation rates.

Dr. Rodney H. Mabry, President, U. T. Tyler, said a consultant will be discussing best practices with several groups on campus that are responsible for improving graduation rates. He said the school would close for a day to allow faculty and staff to meet to discuss different approaches to this issue.

Committee Chairman Krier said someone made a reference at a recent conference about U. T. El Paso graduation rates and she asked President Diana S. Natalicio how she could respond the next time this issue arises. Dr. Natalicio said the Miner Athletic Academic Center was established to ensure student athletes are making progress toward their degrees and are getting tutoring while they are traveling. She reported the graduation rates for those students has increased from 27% to 57%. President Natalicio said the Center is a model for a high degree of control and order in the degree planning and orchestrating process.

Dr. Natalicio also reported she was recently asked how U. T. El Paso can be the recipient of awards for the number of Hispanic engineering graduates yet be criticized for its graduation rates. She explained that of the 5,006 new students enrolled at U. T. El Paso for 2005-06, only 47% were first-time, full-time, degree-seeking freshmen; they were the only students included in the computation for the purpose of graduation rates. President Natalicio said U. T. El Paso educates a much larger cohort than is measured in the current method of graduation rate calculation and suggests a better way be found to talk about measuring graduation rates.

Committee Chairman Krier referred the matter to Interim Executive Vice Chancellor Malandra.

Regent Rowling said the methodology was flawed and Dr. Malandra agreed, but said as long as the U. T. System is part of a state and national data collection system, it is hard to get people to recognize the data is meaningful. She said as a result of the recommendations of the Commission on the Future of Higher Education, there is a possibility the U.S. Department of Education will figure out a way to change its databases. If more states adopt a common student unit record system, there will be more pressure at the state level to collect data in different ways. Dr. Malandra offered to distribute a statement published by Dr. Clifford Adelman, former senior research analyst with the U.S. Department of Education, that articulates some of these concerns.

Dr. W. David Watts, President, U. T. Permian Basin, said the institution has redone its freshman seminar program, established a freshman interest group program, and redoubled the cost associated with a supplemental instruction program. Most importantly, Dr. Watts reported that U. T. Permian Basin is focusing on the environment. He said many of their students are employed in the oil industry and there is a high absentee rate for those students. President Watts said they are working to build a partnership with employers such as Halliburton, so the employers can recruit student workers and the institution can retain these working students.

Dr. Daniel reported the U. T. Dallas debate team is currently ranked number two in the nation. If U. T. Dallas is fortunate enough to get into the championship, Chairman Huffines asked that President Daniel let the Regents know when and where the event will be held.

Dr. Daniel said U. T. Dallas is focusing on how to drive up its current freshman to sophomore retention rate of 80% to 90%. They have found they lose 10% of students for academic reasons, so U. T. Dallas is revamping its early warning system and is looking at class performance of instructors. President Daniel said because freshman students were only added at U. T. Dallas 16 years ago, they have not been put at the top of the list of priorities. Additionally, Dr. Daniel said U. T. Dallas will poll the 10% of students who do not return after their freshman year for other than academic reasons, and will provide that data to the Committee.

Committee Chairman Krier indicated at the next Committee meeting this update will begin with the five presidents (Mr. James D. Spaniolo, U. T. Arlington; Mr. William C. Powers, Jr., U. T. Austin; Dr. Juliet V. García, U. T. Brownsville; Dr. Blandina Cárdenas, U. T. Pan American; and Dr. Ricardo Romo, U. T. San Antonio) who were not able to report today (November 15) due to time constraints.

2. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 31001, Section 2.2 concerning the addition of the faculty title Distinguished Senior Lecturer**

Committee Meeting Information

Presenter(s): Dr. Geri H. Malandra, Interim Executive Vice Chancellor for Academic Affairs

Status: Approved

Motion: Made by Regent Barnhill, seconded by Regent McHugh, and carried unanimously

3. **U. T. Brownsville: Authorization to establish an Ed.D. degree program in Curriculum and Instruction with a specialization in bilingual studies**

Committee Meeting Information

Presenter(s): President Juliet V. García, U. T. Brownsville

Status: Approved

Motion: Made by Regent McHugh, seconded by Regent Caven, and carried unanimously

Discussion at meeting:

President García introduced the following U. T. Brownsville staff members and credited them with the establishment of the Ed.D. degree program in Curriculum and Instruction with a specialization in bilingual studies:

- *Dr. Carl Stockton, Dean, School of Education*
- *Dr. Bobbette Morgan, Associate Professor, Curriculum and Instruction*
- *Dr. Charles Dameron, Vice President for Academic Affairs*
- *Dr. Charles Lackey, Dean, Graduate Studies*
- *Dr. Stephen Rosales, Assistant Dean, School of Education*
- *Dr. José G. Martín, Provost*

4. **U. T. Pan American: Approval to expand preliminary planning authority to offer a Ph.D. degree in Clinical Psychology**

Committee Meeting Information

Presenter(s): President Blandina Cárdenas, U. T. Pan American

Status: Approved

Motion: Made by Regent Barnhill, seconded by Regent Craven, and carried unanimously

5. **U. T. Austin: Authorization to purchase real property improved with an office building and a related parking garage located at 1616 Guadalupe Street, Austin, Travis County, Texas, from 1616 Guadalupe L.P., a Texas limited partnership, and Franz-Loker, LLC, a California limited liability company, for a purchase price of \$22 million for use as surge office space and possible future use as a replacement data center, and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Ms. Florence Mayne, Executive Director of Real Estate; President William C. Powers, Jr., U. T. Austin

Status: Approved with the clarification that U. T. Austin will continue to look for needed surge space for office purposes that does not impinge on core campus property, and the campus will continue to evaluate future real estate acquisition opportunities as they arise within a four-block distance of the campus boundaries west of Interstate Highway 35.

Motion: Made by Regent Caven, seconded by Regent Estrada, and carried unanimously

Future Action: Approval of the item will reflect that U. T. System Revenue Financing System debt, with payment of debt service from appropriate sources not limited to designated tuition, will be used to fund the purchase.

Discussion at meeting:

Committee Chairman Krier said a second seller on the property, Franz-Loker, a California limited liability company, was identified after the Agenda materials were mailed. She said the revised item was posted with the Secretary of State.

Ms. Mayne said the appraisals by Integra Realty Resources and American Realty are \$24 million and \$23.7 million, respectively. Committee Chairman Krier noted both appraisals exceed the purchase price.

Chairman Huffines said U. T. Austin has space off campus that is leased in various buildings and the intention is to consolidate that space over the next 36-48 months as the leases end. President Powers said activities currently housed in leased space will be moved to the 1616 Guadalupe Street building, resulting in cash flow revenue savings. Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, said the cost savings would be significant.

Committee Chairman Krier asked for clarification on the funding source and following an explanation by Mr. Kevin P. Hegarty, Vice President and Chief Financial Officer, she asked that approval of the item reflect that U. T. System Revenue Financing System debt, with payment of debt service from appropriate sources not limited to designated tuition, will be used to fund the purchase.

At the request of Chairman Huffines, President Powers disclosed the 40-year-old building will require \$20-\$25 million in upgrades over a period of time as uses for the building are identified.

Vice Chairman Krier added a clarification to the recommendation to document that U. T. Austin will continue to look for needed surge space for office purposes that does not impinge on core campus property, and the campus will continue to evaluate future real estate acquisition opportunities as they arise within a four-block distance of the campus boundaries west of Interstate Highway 35.

6. **U. T. Brownsville: Authorization to purchase approximately 82.297 acres of unimproved real property located at the northeast corner of U.S. Highway 77/83 and East Avenue in Brownsville, Texas, being a part of Los Tomates Banco No. 122, Brownsville, Cameron County, Texas, from Mr. Simon Rubinsky, Trustee, for a purchase price not to exceed fair market value as established by independent appraisals, for future programmed development of campus expansion, including new instructional facilities, and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): President Juliet V. García, U. T. Brownsville; Ms. Florence Mayne, Executive Director of Real Estate

Status: Approved

Motion: Made by Regent McHugh, seconded by Regent Craven, and carried unanimously

Discussion at meeting:

Ms. Mayne said the appraisal indicates the property is 80.201 acres and based on the formula that takes into consideration the square footage within the resaca, the purchase price will be approximately \$2.11 million versus the \$2,258,460 estimate in the Agenda materials (Page 51). In response to a question by Regent Estrada, Ms. Mayne said the seller has accepted the contract with the condition that it is subject to Board of Regents and Coordinating Board approval.

Chairman Huffines asked how much acreage of the 218 acres on the U. T. Brownsville campus is currently being utilized and developed for campus facilities and President García responded that when the seven projects currently underway are completed in the next 4-5 years, there will be no more buildable space available on campus. Mr. Huffines also asked the distance between the parcel being purchased and the campus and Dr. García indicated it was approximately one-half mile.

In response to a question by Chairman Huffines about the long-term vision for the property, President García said although the Campus Master Plan does not speak to this property, the purchase is within the spirit of the Plan to acquire land adjacent to the campus.

Committee Chairman Krier asked if other pieces of land were available and Dr. García responded that no expansion was possible for the areas of campus adjacent to downtown Brownsville, the bridge, and the Rio Grande River. President García said the campus has expanded somewhat into the adjacent neighborhood, but this is an opportunity to buy a large swath of land at a very good price.

Chairman Huffines asked about the role of Texas Southmost College in the property acquisition and Dr. García said this would be the first land purchased by U. T. Brownsville. She said Texas Southmost College will contribute \$68 million toward future buildings on the property. Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, confirmed that U. T. Brownsville has the debt capacity to fund the parity debt.

Regent Estrada said in keeping with the Campus Master Plan, it was important for U. T. Brownville to acquire land for its main entrance to the campus.

Chancellor Yudof asked about the land along U.S. Highway 77/83 not marked on the map on Page 52 of the Agenda Book and President García said that land was also owned by the seller, Mr. Simon Rubinsky, Trustee, but it is being reserved for commercial and retail use. She also said the seller will retain most of the frontage on East Avenue and the frontage would be split on U.S. Highway 77/83. Ms. Mayne clarified the acreage is not contiguous to U.S. Highway 77/83, but is accessible to the campus via 24th Street, which runs directly to campus.

7. **U. T. El Paso: Authorization to purchase real property and improvements located at 3401 North Mesa Street, El Paso, El Paso County, Texas, from Gene, Tracy, and Michael McIntyre for a purchase price not to exceed fair market value as established by independent appraisals, for use as a university-related child day care facility and for future programmed development of campus expansion**

Committee Meeting Information

Presenter(s): President Diana S. Natalicio, U. T. El Paso; Ms. Florence Mayne, Executive Director of Real Estate

Status: Approved

Motion: Made by Regent Barnhill, seconded by Regent Craven, and carried unanimously

Discussion at meeting:

Ms. Mayne said the second appraisal is still in progress and negotiations are continuing with the sellers regarding their willingness to sell. In response to an inquiry by Committee Chairman Krier, Ms. Mayne responded eminent domain was not being sought and negotiations with the seller will be based on the appraisal price.

8. **U. T. Permian Basin: Authorization to accept a gift of approximately 40 acres of unimproved land located at the intersection of State Highway 191 and FM 1788, Midland County, Texas, out of Section 42, Block 40, T-1-S, T&P RR. Co. Survey, Midland County, Texas, from Scharbauer Brothers & Co., LP, a Texas limited partnership, for the purpose of constructing the Arts, Convocation, and Classroom Facility**

Committee Meeting Information

Presenter(s): *President W. David Watts, U. T. Permian Basin; Ms. Florence Mayne, Executive Director of Real Estate*

Status: *Approved*

Motion: *Made by Regent McHugh, seconded by Regent Craven, and carried unanimously*

Discussion at meeting:

Ms. Mayne said the appraisal has been received and it confirms the \$328,000 appraised value.

9. **U. T. Austin: Discussion of compact priorities**

Committee Meeting Information

Presenter(s): *President William C. Powers, Jr., U. T. Austin*

Status: *Reported*

Future Action: *Distribute to members of the Board information on competitive package for a professor who was recruited to Virginia.*

Discussion at meeting:

At the request of Committee Chairman Krier, President Powers will distribute to members of the Board information on a competitive package for a U. T. Austin professor who was recruited to Virginia.

President Powers closed by saying U. T. Austin operates in a very competitive environment to achieve its goals. He said compared to peer competitors, the biggest challenge the University faces is funding.

ADJOURNMENT

Committee Chairman Krier adjourned the meeting at 5:20 p.m.

MINUTES
U. T. System Board of Regents
Health Affairs Committee
November 15, 2006

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 1:32 p.m. on Wednesday, November 15, 2006, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Clements, presiding
Regent Caven
Regent Craven
Regent Rowling

Absent

Vice Chairman Krier

Also present were Chairman Huffines, Regent Barnhill, Regent McHugh, Regent Haley, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Clements called the meeting to order. (Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs, began the presentation with Item 5, the quarterly report on health issues.)

1. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 40601, Section 1.15(d) concerning proposed U. T. Health Science Center - San Antonio Medical School name change to School of Medicine**

Committee Meeting Information

Presenter(s): Francisco G. Cigarroa, M.D., President, U. T. Health Science Center – San Antonio

Status: Approved

Motion: Made, seconded, and carried unanimously

Note from the General Counsel to the Board: Although the Agenda materials specified the new name as “The University of Texas School of Medicine at San Antonio,” President Cigarroa intended the name to be “The University of Texas Health Science Center at San Antonio School of Medicine.”

2. U. T. Medical Branch - Galveston: Approval of a Doctor of Physical Therapy (DPT) degree program

Committee Meeting Information

Presenter(s): John D. Stobo, M.D., President, U. T. Medical Branch - Galveston

Status: Approved

Motion: Made by Regent Craven, seconded, and carried unanimously

Discussion at meeting:

Chairman Huffines asked how many similar programs exist in the state and Dr. Stobo said Hardin-Simmons University has an accredited DPT program and there were three proposals before the Coordinating Board. Executive Vice Chancellor Kenneth I. Shine and President Kern Wildenthal confirmed this Board had also approved a DPT for U. T. Southwestern Medical Center – Dallas (August 2005) and Dr. Shine said more proposals are on the table from U. T. System institutions. In response to a further question from Chairman Huffines, Dr. Stobo said there are 210 similar programs nationally, 77% of which are doctorate programs. Vice Chairman Clements asked if most physical therapists were doctors and Dr. Stobo replied they are probably not at this point; they are either master's-trained or in a two-year program. Dr. Shine agreed with Mrs. Clements that the doctoral program is a nationwide trend, raising the prestige of the field. Although the Coordinating Board has argued that it is primarily a clinical title rather than a research title, Dr. Shine stated that if the degree is not offered, the best students will go elsewhere, thus it becomes a competitive issue.

Regent Craven asked if a master's program would still be available and Presidents Stobo and Wildenthal said the master's programs will be phased out. Dr. Stobo said it is a nine semester course with 40 weeks of clinical experience.

Chairman Huffines asked how long will it take for U. T.'s programs to be accredited and Dr. Stobo it would take about a year as the request first has to go to the Coordinating Board.

3. **U. T. Health Science Center - San Antonio: Authorization to purchase approximately 4.23 acres of unimproved real property located on Treasure Hills Boulevard and Haine Drive in Harlingen, Texas, being a part of Block 180, San Benito Land and Water Company Subdivision, Harlingen, Cameron County, Texas, from Valley Baptist Medical Center, a Texas nonprofit corporation, Valley Baptist Medical Development Corporation, a Texas nonprofit corporation, and Valley Baptist Realty Corporation, a Texas corporation, for a purchase price of \$67,000 for the purposes of providing access to and maintaining visibility for the Regional Academic Health Center (RAHC) in Harlingen, Texas**

Committee Meeting Information

Presenter(s): Francisco G. Cigarroa, M.D., President, U. T. Health Science Center – San Antonio; Ms. Florence Mayne, Executive Director of Real Estate

Status: Approved

Motion: Made by Regent Craven, seconded, and carried unanimously

Note from the General Counsel to the Board: A correction is made to reflect three entities as seller: Valley Baptist Medical Center, a Texas nonprofit corporation, Valley Baptist Medical Development Corporation, a Texas nonprofit corporation, and Valley Baptist Realty Corporation, a Texas corporation. Only Valley Baptist Medical Development Corporation, a Texas corporation, was initially identified as seller.

4. **U. T. System: Discussion of uncompensated care within the U. T. System and the Code Red Report**

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs

Status: Reported

Future Action: Get a best estimate on charges vs. costs of uncompensated care.

Discussion at meeting:

Executive Vice Chancellor Shine said over the last five years, the amount of uncompensated charity care, as reported under the legislative statute, essentially doubled. He said that trend is ominous and increasingly challenging and pointed out the majority of the charges are related to the activities of physicians. He discussed the assumption that most charity care is provided through hospitals, when in fact it is provided by the faculty who work in those hospitals and in other hospitals not owned or run by U. T. System, but which are affiliated. There has been considerable effort to try to refine these numbers and U. T. M. D. Anderson Cancer Center has come the closest to refining the relationship between costs and charges.

Chairman Huffines asked where the U. T. System institutions are in the process of defining uncompensated care within the System and where are they within the state with the other medical institutions? Dr. Shine replied the institutions are essentially nowhere within the other medical institutions but within the System, U. T. M. D. Anderson Cancer Center has made progress as has U. T. Medical Branch - Galveston. U. T. Medical Branch - Galveston President John D. Stobo emphasized education of the legislature is needed to help them understand the importance of financial stability and financial prudence while at the same time fulfilling U. T. System's obligation to address the healthcare of individuals. He stated unsponsored care is a major issue but put it on a platform of decreased reimbursement by Medicaid. Inability of Medicare to keep up with medical inflation is no ability to transfer funds from other sources to cover the cost of indigent healthcare. Dr. Shine noted that on average, the cost-to-charge ratio is in the range of 50%. Mr. Huffines commented on the confusion since other institutions are calculating it differently. Dr. Shine replied that it is being calculated in a manner that is consistent with what the statute says (charges). Regent Rowling asked if it was based on charges or cost and Dr. Shine answered the numbers are charges, not cost, and said Chairman Huffines is appropriately trying to get the calculation based on cost.

Regent Barnhill suggested the Code Red Report needs to be better publicized and asked Dr. Shine if there are ways U. T. System could help prior to getting additional money from the legislature? Dr. Shine replied that residents could spend more time doing community-based care, so they could contribute to this process of diminishing the amount of hospital use and the amount of emergency room care. Many of the campuses are doing disease management on both the inpatient and outpatient sides and the efforts of the campuses with regard to electronic health records provide a mechanism to have records in the hospital as well as in the office. Dr. Shine went on to say the campuses are currently funding a project in Dallas that would connect all hospitals in Dallas, not only U. T. System hospitals.

President James T. Willerson spoke about efforts to improve uncompensated care at U. T. Health Science Center - Houston, Memorial Hermann Hospital, and LBJ Hospital.

Chancellor Yudof emphasized the importance of deciphering the cost versus the charges before the issue is brought before the legislature. He believes the quality assurance fee is matched by federal funds and said one issue is how much federal money is being left that might contribute to the resolution of this problem in Texas. In response to a question from a senator about if U. T. Medical Branch – Galveston would close, he said no, but pointed out the institution has the same appropriation in 2007 as it did in 1997. He asked members of the Board to be informed about the issues and to articulate the U. T. System's concerns.

In response to a question from Vice Chairman Clements, U. T. Southwestern Medical Center - Dallas President Kern Wildenthal spoke about the care provided to Parkland Hospital by students, saying the faculty provides an enormous amount of professional services and he spoke about the cost of rendering such professional

services, including payment by Medicaid and Medicare. He said Parkland Hospital has a gap between what is paid and what the actual costs are paying and Chairman Huffines asked if the actual cost is a fixed number or a floating number?

Dr. Wildenthal replied that it is negotiated annually, has been increasing each year, and was at \$85 million last year.

Vice Chairman Clements suggested this topic be included on the agenda for the next health retreat.

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

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs

Status: Reported

Discussion at meeting:

Executive Vice Chancellor Shine reported on the following:

- *the concern about the potential to grow research because of the flat National Institutes of Health (NIH) budget*
- *the first annual meeting of the U. T. System Academy of Health Science Education. He said there was a competition for the Chancellor's awards in innovation and medical education and the winner was San Antonio's presentation of its web-based instruction in anatomy. The first major new project to be undertaken by the Academy will be a cataloging of web-based curricula in the schools that will be made available to the campuses.*
- *a pilot purchasing project for medical equipment that provided savings by purchasing through a collaborative group purchasing organization (GPO)*
- *the agreement reached between the Department of Health and Social Services and Human Services and Centers for Medicare and Medicaid Services to provide payment to practice plans. Dr. Shine said the billing issues are being worked on, including front end billing, how patients are dealt with when they first arrive, how well bills are rendered, whether the appropriate charges are being made by physicians, and use of state-of-the-art software called MD Audit.*
- *U. T. Health Summit on Wellness (a public health initiative) will be held in Austin on March 19-20, 2007, and will feature panels on wellness education in the public schools.*

- *the NIH Pioneer Awards are grants awarded to outstanding scientists doing what they want in terms of research. Of nine awards given across the country, two were received by faculty at U. T. Health Science Center - Houston and U. T. Southwestern Medical Center – Dallas.*
- *as part of an effort to increase translational research, the NIH has instituted Clinical Translational Science Awards (CTSAs). U. T. Health Science Center - Houston received a \$38 million award over five years.*
- *President Francisco G. Cigarroa (U. T. Health Science Center – San Antonio) and two individuals from U. T. Southwestern Medical Center – Dallas were elected to the National Academies Institute of Medicine this year; Ellen S. Vitetta, Ph.D., and George Lister, M.D.*

ADJOURNMENT

Committee Chairman Clements adjourned the meeting at 2:35 p.m.

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
November 16, 2006

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 9:25 a.m. on Thursday, November 16, 2006, in the Board Meeting Room, 9th Floor, Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Barnhill, presiding
Vice Chairman Clements
Regent Caven (for Items 2-17)
Regent Estrada
Regent McHugh

Also present were Chairman Huffines (for Items 3-17), Vice Chairman Krier, Regent Craven, Regent Haley, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Barnhill called the meeting to order. Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, then presented a PowerPoint presentation for Items 1-17 as set forth on Pages 11 - 28.

Regent Caven wanted it to be a matter of public record that he was concerned with the change in scope of many projects that were not contemplated and proposed originally when the Agenda Item was first brought before the Board. He cited the additional \$30 million for the North End Zone of the Darrell K Royal - Texas Memorial Stadium and the UFCU Disch-Falk Field project as examples.

Mr. O'Donnell replied that at the point a project comes before the Board there is an implied level of precision and alignment of project and scope including an understanding and abetting of that scope, the project schedule, and the cost estimate according to Board rules has to be within 10% of the cost estimate. There are sometimes externalities that affect projects such as the pace of the donor (the Dell Pediatric Center would be a good example) or the start of a football season that will require a project to come to the Board. If a particular aspect or scope has not been sufficiently vetted to be able to get within 10%, the project will be brought back before the Board for disclosure. Mr. O'Donnell said the alignment, the cost estimate, the schedule, and the scope of a project have to fit together in one package and he said a better job will be done going forward.

Chairman Huffines said Executive Vice Chancellor for Business Affairs Scott C. Kelley and Mr. O'Donnell have been asked to review the process for construction projects that require Board approval and they will come back with recommendations.

1. **U. T. System: Consideration of possible designation of projects as architecturally or historically significant and selection of architect for the South Texas Research Facility project at U. T. Health Science Center - San Antonio**

- **U. T. Brownsville The Village at Fort Brown - Phase II**
- **U. T. Dallas Service Compound**
- **U. T. Dallas Student Housing Living/Learning Center**
- **U. T. Dallas Student Services Building**

Committee Meeting Information

Presenter(s): *Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction*

Status: *Approved per motion as follows*

Motion: *Rafael Viñoly Architects with Kirksey Architects was selected as the architect for the South Texas Research Facility at U. T. Health Science Center - San Antonio. Made by Regent McHugh, seconded by Vice Chairman Clements, and carried unanimously.*

Discussion at meeting:

No project was designated as architecturally or historically significant. Regent Haley asked if students participate on the campus planning committees for the housing projects at U. T. Brownsville and U. T. Dallas. Mr. O'Donnell said he thinks they do. He said this is the second phase of a popular type of housing on the campuses.

2. **U. T. System: Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to include projects; approval of total project costs; authorization of institutional management; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

- U. T. Austin Energy Efficiency and Conservation - Phase I
- U. T. Austin Patterson Hall Laboratory and Life Safety Renovation
- U. T. Austin Utility Infrastructure Project - Phase II
- U. T. Brownsville The Village at Fort Brown - Phase II
- U. T. Dallas Center for BrainHealth Second Floor Renovation
- U. T. Dallas Service Compound
- U. T. Dallas Student Services Building
- U. T. Dallas Student Housing Living/Learning Center
- U. T. Health Science Center - San Antonio Medical School Sprinkler Installation

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Clements, seconded by Regent McHugh, and carried unanimously

3. **U. T. Arlington: Maverick Activities Center (formerly Student Activities Building) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

Future Action: Send Regent Haley more information on increased scope of work for the U. T. Arlington Maverick Activities Center and if student fees have increased due to the increased cost of the project.

Discussion at meeting:

Regent Haley asked if this increase in total project cost affects the fee that students voted to pay. Mr. O'Donnell replied that the increase is coming from cash balances and is not coming from fees.

4. **U. T. Austin: Darrell K Royal - Texas Memorial Stadium Expansion - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

Discussion at meeting:

In response to Regent Estrada's question, Mr. O'Donnell replied that a back will be added to the scoreboard.

5. **U. T. Austin: UFCU Disch-Falk Field - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

6. **U. T. Dallas: Vivarium and Experimental Space - Request for appropriation of funds and authorization of expenditure and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

7. **U. T. El Paso: Bioscience Research Building (formerly Biosciences Facility) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost; approval of transfer of Permanent University Fund Bond Proceeds; appropriation of funds and authorization of expenditure; and reduction of total project cost for the Science and Engineering Core Facilities Upgrade**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

8. **U. T. El Paso: Physical Sciences/Engineering Core Facility – Phase I - Request for appropriation of funds and authorization of expenditure for renovation portion of the project and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

9. **U. T. San Antonio: Laurel Village - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase the total project cost; approval to revise the funding sources; approval for transfer of funds; reduction of total project cost for Chaparral Village; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

10. **U. T. San Antonio: Renovations of Physical Plant Building - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

11. **U. T. Tyler: University Center Renovation/Expansion (Phase I) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

12. **U. T. Southwestern Medical Center - Dallas: Hazardous Waste Handling Facility - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

13. **U. T. Medical Branch - Galveston: University Plaza Development - Request for appropriation of funds and authorization of expenditure and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

14. **U. T. Health Science Center - Houston: Replacement Research Facility - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to revise funding source; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

15. **U. T. Health Science Center - Houston: Biomedical Research and Education Facility, Dental Branch Replacement Building, and Mental Sciences Institute Replacement Facility - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to reduce the total project cost and revise funding source for the Mental Sciences Institute Replacement Facility; approval to combine three projects and redesignate as the Research Park Complex; and approval of the total project cost**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

16. **U. T. M. D. Anderson Cancer Center: Center for Advanced Biomedical Imaging Research - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase the total project cost; revise funding sources; and appropriation of funds and authorization of expenditure**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Estrada, seconded by Regent McHugh, and carried unanimously

17. U. T. System: Archer Center Student Housing – Report on possibility of student housing in Washington, D.C.

Committee Meeting Information

Presenter(s): Vice Chairman Krier; Dr. Geri H. Malandra, Interim Executive Vice Chancellor for Academic Affairs; and Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Reported

Future Action: Chancellor recommends an academic plan to accompany the physical plan related to a presence in Washington, D.C. and fellowship programs.

Discussion at meeting:

Vice Chairman Krier introduced a discussion related to the status of an ongoing study of student housing for Archer Fellows in Washington, D.C. The review presented current and future housing and lecture space requirements as well as opportunities to integrate future housing for the interns with living/learning space.

Regent Estrada urged the Task Force to consider buying real estate versus leasing and Vice Chairman Krier replied that may be a lovely motion in a moment.

Regent Barnhill asked what has limited the program as far as the number of students? Vice Chairman Krier said there are a variety of reasons but there has not been a push to grow the program because there is not the capacity to grow.

Dr. Malandra added part of the limitation could be that the Archer Center Program has not been a high priority for the campus. The program is expensive, and apart from tuition, costs the student around \$6,000, which in the past has been subsidized through a combination of revenue, an endowment, and grants, but the grants are beginning to dry up. If some costs can be covered by financial aid, that would be beneficial, but covering that much cost for a large number of students has been one of the obstacles. The Task Force is working with U. T. Dallas and the Office of Federal Relations in hopes of expanding the program. Vice Chairman Krier added that under existing rules a portion of those costs could probably be dealt with. Interim Executive Vice Chancellor Malandra said that changes in tuition can be covered with some sort of flat tuition program. She hopes to bring more before the Board in February 2007.

Regent Barnhill voiced his concern about building a new building and finding out the program is not growing. Vice Chairman Krier said the applications have exceeded the acceptances. Regent Estrada added that he believes that a 75-person residence could be filled quickly.

Chancellor Yudof feels an academic plan to accompany the search for the appropriate physical facilities is needed. More students are needed to increase the participation rates. He thought exploring partnering with other universities such as The Texas A&M University System might be worthwhile.

Vice Chairman Krier believes there needs to be a general interest from the Board before going forward with this project. Chancellor Yudof agreed, saying he believes an academic plan should be in place before acquiring real estate but simultaneously we could be rethinking our academic strategy, how more people will be attracted to this program, who the professors are going be, and how the tuition is going be paid.

Regent Estrada said that the Archer Center Program is not a new untested program and there is real history with this program. Interim Executive Vice Chancellor Malandra added the Archer Program is a jewel of the U. T. System, but has some specific characteristics. If from a strategic planning point of view the Board and campuses are interested in taking a different position in Washington in terms of the expansion of programs, then looking at the Archer program as the only program for this expansion may be a concern.

Executive Vice Chancellor for Business Affairs Scott C. Kelley believes there would need to be an infusion of capital at some point from gifts or collaboration with another entity. He believes even with the \$3,400 students pay per semester for housing, the Archer Program is still \$12 million to \$25 million short of being able to fund this plan.

Regent Haley asked Vice Chancellor for External Relations Randa S. Safady about the likelihood that a donor might be interested in such a project and Vice Chancellor Safady replied that is a possibility.

Regent Haley said he has asked other student regents in the state what their systems do, and learned most of them have programs where students not only are provided housing, but are provided funding from their campuses to live in Washington, D.C., in addition to the free internships.

Regent Barnhill added that he agrees with the Chancellor in starting with the academic portion first before building.

Vice Chairman Krier said that the Task Force is reviewing the costs before going forward with this project. There would be plans for what will be done within the establishment before it would be built. This was asked in August 2006, and that is what is being brought forward today.

Chancellor Yudof asked if there would be any chance in buying an existing space. Associate Vice Chancellor O'Donnell replied that there are lease options or developer options.

Regent Craven said she concurs with Dr. Malandra's suggestion in doing the strategic planning process and she also supports Regent Haley's thoughts to broaden U. T.'s presence in Washington.

Regent Barnhill agreed the program is outstanding and asked how to proceed. Vice Chairman Krier replied that the Task Force will continue working with the Office of Federal Relations and a realtor to look at specific options, and will also continue

working with Dr. Malandra on an academic plan possibly expanded to include other students outside the program to add to the cash flow. She assured the Committee that a real estate contract will not be signed, but more information will be brought forward.

Regent Craven said this puts Dr. Safady's office on alert to look for potential donors.

ADJOURNMENT

Committee Chairman Barnhill adjourned the meeting at 10:25 a.m.



THE UNIVERSITY OF TEXAS SYSTEM

Projects Included in FPCC

November 16, 2006

Office of Facilities Planning and Construction

Consideration of Possible Designation of Projects as Architecturally or Historically Significant

- **U. T. Brownsville The Village at Fort Brown – Phase II**
- **U. T. Dallas Service Compound**
- **U. T. Dallas Student Housing Living/Learning Center**
- **U. T. Dallas Student Services Building**

2

**Consideration to approve the selection of architect for the
South Texas Research Facility project at U. T. Health
Science Center – San Antonio**

- 15 qualification packages received September 6, 2006
- Qualifications reviewed and short listed to six on September 14, 2006, interviewed on November 1, 2006 and the selected firm is bolded
 - *Garza/Bomberger & Associates w/ NBBJ, San Antonio, Texas*
 - *HDR Architecture Inc. w/ Chesney Morales Architects, San Antonio, Texas*
 - *Marmon Mok / Smith Group Arizona, San Antonio, Texas*
 - *Overland Partners, Inc. / Skidmore Owings & Merrill (SOM), San Antonio, Texas*
 - *Page Southerland Page LLP, Austin, Texas*
 - ***Rafael Vinoly Architects / Kirksey Architects, New York, New York***

3

**Consideration of Project Additions to
the FY 2006-2011 Capital
Improvement Program (CIP)**

4



The University of Texas at Austin Energy Efficiency and Conservation – Phase I

- **Involves three elements that focus on reducing electrical, steam, and chilled water requirements**
- **Total Project Cost is \$17,500,000 with funding from Revenue Financing System Bond Proceeds**
- **Campus is requesting institutional management**

Amendment of FY 2006-2011 CIP

5



The University of Texas at Austin Patterson Hall Laboratory and Life Safety Renovation

- **Renovate multiple laboratories for the College of Natural Sciences totaling 11,845 gross square feet and upgrading 150,000 gross square feet for life safety**
- **Total Project Cost is \$4,500,000 with funding of \$1,575,974 from Available University Funds, \$2,281,976 from Permanent University Fund Bond Proceeds, \$100,000 from Designated Tuition, \$31,343 from Interest on Local Funds, and \$510,707 from Unexpended Plant Funds**
- **Campus is requesting institutional management**

Amendment of FY 2006-2011 CIP

6



The University of Texas at Austin Utility Infrastructure Project - Phase II

- **Involves a series of phased projects to increase efficiency and improve reliability of the utility infrastructure**
- **Total Project Cost is \$49,500,000 with funding from Revenue Financing System Bond Proceeds**
- **Campus is requesting institutional management**

Amendment of FY 2006-2011 CIP

7



The University of Texas at Brownsville The Village at Fort Brown - Phase II

- **Student housing project will consist of 102,000 gross square feet with approximately 400 beds**
- **Total Project Cost is \$17,000,000 with funding from Revenue Financing System Bond Proceeds**
- **Project to be located in the housing zone on the Fort Brown Peninsula**

Amendment of FY 2006-2011 CIP

8



The University of Texas at Dallas Center for Brain Health Second Floor Renovation

- **Project will consist of 20,474 gross square feet of build-out on the second floor**
- **Total Project Cost is \$5,000,000 with funding from Gifts**
- **Improvements to the grounds and other minor building renovations are also included in this project**

Amendment of FY 2006-2011 CIP

9



The University of Texas at Dallas Service Compound

- **Project will consist of seven new utility buildings with 49,780 gross square feet**
- **Total Project Cost is \$5,132,000 with funding of \$3,280,000 from Revenue Financing System Bond Proceeds, \$1,550,000 from Unexpended Plant Funds, and \$302,000 from Auxiliary Enterprise Balances**
- **Campus is requesting institutional management**

Amendment of FY 2006-2011 CIP

10



The University of Texas at Dallas Student Services Building

- **Project will consist of approximately 86,500 gross square feet to construct a two-story structure**
- **Total Project Cost is \$27,500,000 with funding from Revenue Financing System Bond Proceeds**
- **Project is waiting for legislative approval of the student approved fees before the start of design**

Amendment of FY 2006-2011 CIP

11



The University of Texas at Dallas Student Housing Living/Learning Center

- **Project will consist of 126,000 gross square feet with approximately 300 beds**
- **Total Project Cost is \$37,800,000 with funding from Revenue Financing System Bond Proceeds**
- **Current facilities are fully occupied with 200 students on the waiting list**

Amendment of FY 2006-2011 CIP

12



The University of Texas Health Science Center – San Antonio Medical School Sprinkler Installation

- **Install fire sprinkler lines in corridors of the Medical School to protect employees and property**
- **Total Project Cost is \$3,200,000 with funding of \$2,600,000 from Permanent University Fund Bond Proceeds and \$600,000 from Unexpended Plant Funds**
- **Campus is requesting institutional management**

Amendment of FY 2006-2011 CIP

13

Table for CIP Additions

Table 1 Request to Amend The University of Texas System FY 2006-2011 Capital Improvement Program and FY 2007-2008 Capital Budget										
CIP Projects to be Included; Funding and Appropriation for Institutionally Managed and/or R&R Projects										
Project Name	Inst. Mgmt.	Proposed TPC	Proposed Funding (In millions)							
			RFS	Gifts	AUF	PUF	Des. Tuit.	Aux. Ent.	Local Funds	Unex. Plant
UT Austin										
Energy Efficiency and Conservation - Phase I*	IM	17,500,000	17.50							
Patterson Hall Laboratory and Life Safety Ren.*	IM	4,500,000			1.57	2.28	0.10		0.03	0.51
Utility Infrastructure Projects - Phase II*	IM	49,500,000	49.50							
UT Brownsville										
The Village at Fort Brown - Phase II		17,000,000	17.00							
UT Dallas										
Center for BrainHealth Second Floor Renovation*		5,000,000		5.00						
Service Compound*	IM	5,132,000	3.28					0.30		1.55
Student Services Building		27,500,000	27.50							
Student Housing Living/Learning Center		37,800,000	37.80							
UTHSC - San Antonio										
Medical School Sprinkler Installation*	IM	3,200,000				2.60				0.60
Totals		167,132,000	152.58	5.00	1.57	4.88	0.10	0.30	0.03	2.66

*Projects requesting funding appropriations

14

CIP Projects to Receive Modified Funding, Revised Project Cost, and Appropriation of Funds

• Funding Appropriations	\$46,000,000
• Funding Source Changes	\$16,330,000
• Scope Revisions	\$62,837,000*
• Construction Cost Escalation	<u>\$ 9,456,000*</u>
* Total change in CIP (scope + inflation)	\$72,293,000

15



The University of Texas at Arlington Maverick Activities Center

- Scope - Project to add 83,000 gross square feet of new space and renovate 102,000 gross square feet of existing space
- Notice to Proceed - October 10, 2006
- Substantial Completion - December 24, 2007
- Action – Request an increase of \$4,500,000 in total project cost from \$30,000,000 to \$34,500,000
- Justification - Increase in total project cost is to cover escalating construction costs



Increase Total Project Cost

16



The University of Texas at Austin Darrell K Royal – Texas Memorial Stadium Expansion

- Scope – Stage 1 life safety enhancements in Belmont Hall, Stage 2 North End Zone Expansion to bring total to 90,000 spectators
- Stage 1 Notice to Proceed – November 14, 2005
- Stage 1 Substantial Completion - August 31, 2006
- Stage 2 Notice to Proceed - November 2006
- Stage 2 Substantial Completion - July 30, 2008
- Action – Request an increase of \$26,637,000 in total project cost from \$149,900,000 to \$176,537,000
- Justification – Increase in total project cost is to cover scope changes primarily related to life safety and code enhancements and escalating construction costs for the expansion portion of the project



17

[Detail](#)
[Null](#)
[CP](#)

Increase Total Project Cost



The University of Texas at Austin UFCU Disch-Falk Field

- Scope – Renovate and expand seating, press box, players area, concessions and restrooms, plazas, ticket office, lighting, and sound system
- Notice to Proceed - June 20, 2006
- Substantial Completion - December 5, 2007
- Action – Request an increase of \$2,700,000 in total project cost from \$23,100,000 to \$25,800,000
- Justification – Increase in total project cost is to cover scope changes



18

Increase Total Project Cost



The University of Texas at Dallas Vivarium and Experimental Space

- Scope – To build-out 10,000 gross square feet of current shell space in the basement of the Natural Science and Engineering Research Laboratory
 - Notice to Proceed – June 1, 2007
 - Substantial Completion – June 1, 2008
 - Action – Request appropriation of funds and authorization of expenditure and resolution regarding parity debt of \$12,000,000 from Tuition Revenue Bond Proceeds and \$3,000,000 from Permanent University Fund Bond Proceeds for a total project cost of \$15,000,000
 - Justification – To start construction on a critical component of the Natural Science and Engineering Research Laboratory
- Appropriation of Funds**



19



The University of Texas at El Paso Bioscience Research Building

- Scope – To fund a second biosafety laboratory level 3 and interior build-out of this new 84,000 gsf facility
- Notice to Proceed - July 17, 2003
- Substantial Completion - October 11, 2006
- Action – Request transfer of funds of \$9,000,000 from Permanent University Fund Bond Proceeds from the Science and Engineering Core Facilities Upgrade project to increase total project cost from \$30,500,000 to \$39,500,000
- Justification – Increase in total project cost is to cover additional build-out of facility



20

Increase Total Project Cost



The University of Texas at El Paso Science and Engineering Core Facilities Upgrade

- Scope – To transfer funds to Bioscience Research Building
 - Notice to Proceed - TBD
 - Substantial Completion - TBD
- 
- Action – Reduce total project cost from \$39,000,000 to \$30,000,000
 - Justification – Decrease in total project cost of \$9,000,000 to cover scope changes in the Bioscience Research Building

21

Decrease Total Project Cost



The University of Texas at El Paso Physical Science/Engineering Core Facility – Phase I

- Scope – To upgrade the thermal energy plant, completion of shell space, renovation of labs, roof replacement, expansion on utilities and life safety issues
 - Notice to Proceed - TBD
 - Substantial Completion - TBD
- 
- Action – Request partial appropriation of funding and authorization of expenditure and resolution regarding parity debt for \$21,000,000 from Tuition Revenue Bond Proceeds
 - Justification – To start the repair and renovation portion of this project to make way for the new construction phase (Total TPC forecast: \$85MM)

22

Appropriation of Funds



The University of Texas at San Antonio Laurel Village

- Scope – To construct a 680 bed apartment style residence
- Notice to Proceed – November 13, 2006
- Substantial Completion – June 4, 2007
- Action – Request increase of \$5,000,000 in total project cost with funding of \$1,500,000 from Chaparral Village and \$3,500,000 from Revenue Financing System Bond Proceeds for a total project cost of \$44,182,000
- Justification – Increase in total project cost to cover scope changes



23

Increase Total Project Cost



The University of Texas at San Antonio Chaparral Village

- Scope – To construct a 1,000 bed apartment-style residence and 16,000 gross square foot dining facility to support the student housing
- Notice to Proceed - August 11, 2003
- Substantial Completion - June 30, 2004
- Action – Request decrease of \$1,500,000 in total project cost from \$43,500,000 to \$42,000,000
- Justification – Decrease in total project cost to cover scope changes in Laurel Village project



24

Decrease Total Project Cost



The University of Texas at San Antonio Renovations of Physical Plant Building

- Scope – This institutionally managed project will transform the 32 year old building into a facility to accommodate the campus Police Department
- Notice to Proceed - November 21, 2006
- Substantial Completion - November 21, 2007
- Action – Request increase of \$736,000 in total project cost from \$2,700,000 to \$3,436,000
- Justification – Increase in total project cost to cover escalating construction costs



Increase Total Project Cost

25



The University of Texas at Tyler University Center Renovation/Expansion (Phase I)

- Scope – Renovation of the first floor of the existing building and expansion to meet increased needs
- Notice to Proceed - August 16, 2006
- Substantial Completion - December 14, 2007
- Action – Request increase of \$3,400,000 in total project cost from \$11,900,000 to \$15,300,000
- Justification – Increase in total project cost to cover escalating construction costs



Increase Total Project Cost

26



The University of Texas Southwestern Medical Center - Dallas Hazardous Waste Handling Facility

- Scope – Project consists of 6,920 gross square feet of building area to handle the receipt and distribution of radioactive materials and controlled substances
- Notice to Proceed - June 12, 2006
- Substantial Completion - January 8, 2008
- Action – Request increase of \$820,000 in total project cost from \$3,080,000 to \$3,900,000
- Justification – Increase in total project cost to cover escalating construction costs



27

Increase Total Project Cost



The University of Texas Medical Branch - Galveston University Plaza Development

- Scope – Project consists of a new plaza with a two-level parking structure including utility infrastructure and loop road
- Notice to Proceed - August 11, 2004
- Substantial Completion - October 15, 2006
- Action – Request appropriation of funds and authorization of expenditure and resolution regarding parity debt for \$10,000,000
- Justification – Project is substantially complete and this action will fully authorize funding



28

Appropriation of Funds



The University of Texas Health Science Center – Houston Replacement Research Facility

- Scope – Project consists of a six-story building with 202,743 gross square feet of laboratory and vivarium with support areas
- Notice to Proceed - April 4, 2005
- Substantial Completion - February 8, 2007
- Action – Request change of funding source from Gifts to Revenue Financing System Bond Proceeds in the amount of \$16,330,000
- Justification – Funding change needed to complete project scope



Change Funding Source

29



The University of Texas Health Science Center – Houston Research Park Complex

- Scope – Combine three previous projects to allow for increased flexibility of use of space by designing three wings to allow the individual identities to remain intact
- Notice to Proceed - TBD
- Substantial Completion - TBD
- Action – Request that the Biomedical Research and Educational Facility, Dental Branch Replacement Building, and Mental Sciences Institute Replacement Facility be combined into one project, designated the Research Park Complex with a total project cost of \$161,500,000
- Justification – Scope revision



THE UNIVERSITY of TEXAS
HEALTH SCIENCE CENTER
AT HOUSTON

Combining projects

30

Total CIP Changes as Presented by Campus

• UT Arlington	\$ 4,500,000
• UT Austin	\$ 100,837,000
• UT Brownsville	\$ 17,000,000
• UT Dallas	\$ 75,432,000
• UT San Antonio	\$ 4,236,000
• UT Tyler	\$ 3,400,000
• UT Southwestern Medical Ctr. Dallas	\$ 820,000
• UT HSC Houston	(\$ 3,000,000)
• UT HSC San Antonio	\$ 3,200,000
• UT M. D. A. C. C. / HSC Houston	<u>\$ 33,000,000</u>

Total Change in 2006-2011 CIP \$239,425,000

This represents a 4.2% increase for a total of \$6.67 billion – 189 projects

33



THE UNIVERSITY OF TEXAS SYSTEM

**Archer Center and
System Office of Federal Relations
Facility Review**

November 16, 2006



Progress and Next Steps

- I. **Identified Current State of Existing Program for Archer Center and OFR**
- II. **Described Potential Future States**
 - A. *Maintain Status Quo*
 - B. *Develop Residence Hall for up to 75 Interns (\$15.9M - \$27.4M)*
 - C. *Develop Mixed-Use Living / Learning Center for Interns and Office Space for OFR (\$20.5M - \$34.1M)*
 - D. *Share Space With Other Institutions (\$27.3M - \$43.6M)*
- III. **Next Steps**
 - A. *Test Options with stakeholders and Executive Management*
 - B. *Refine Space Requirements for Options*
 - C. *Explore Local Lease and Construction Markets*
 - D. *Develop Preliminary Program and Pro-Forma for Selected Option(s)*

35

MINUTES
U. T. System Board of Regents
Student, Faculty, and Staff Campus Life Committee
November 15, 2006

The members of the Student, Faculty, and Staff Campus Life Committee of the Board of Regents of The University of Texas System convened at 2:40 p.m. on Wednesday, November 15, 2006, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Committee Chairman Craven, presiding
Vice Chairman Clements
Regent Barnhill
Regent Estrada (for Items 2 and 3)

Absent

Regent McHugh

Also present were Chairman Huffines (for Item 3), Vice Chairman Krier, Regent Caven, Regent Rowling (for Item 3), Regent Haley, and General Counsel to the Board Frederick.

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

1. **U. T. System: Update on the Joint Admission Medical Program (JAMP) and student diversity at U. T. health institutions**

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs

Status: Reported

Discussion at meeting:

Regent Barnhill asked why male student enrollment in medical schools is declining and Dr. Shine answered the ratio of male to female students in academic undergraduate schools is falling and that trend is followed in ethnic groups such as African-Americans.

Executive Vice Chancellor Shine also explained that alternative pathways are chosen more by men who tend to be more responsive than women to changes in economic cycles, as men go into other fields such as Wall Street and financial management. Dr. Shine summarized by saying that by expanding all classes, there are more opportunities provided and that giving emphasis to diversity will not in and of itself decrease opportunities for white males.

2. U. T. Austin: Report on UTeach

Committee Meeting Information

Presenter(s): *Dr. Mary Ann Rankin, Dean of the College of Natural Sciences, U. T. Austin; Dr. Geri Malandra, Interim Executive Vice Chancellor for Academic Affairs; Dr. David E. Daniel, President, U. T. Dallas; Dr. Ricardo Romo, President, U. T. San Antonio*

Status: *Reported*

Future Action: *UTeach Strategic Plan will be mailed to members of the Board in a Friday mailer.*

Discussion at meeting:

Regent Haley asked about opportunities for UTeach graduates who want to come back to continue their education to become principals or administrators. Dean Rankin said such opportunities exist but the focus is more on the new master's program. She said the emphasis should be on keeping teachers in the classroom.

Dr. Kenneth I. Shine, Executive Vice Chancellor for Health Affairs, said he cochairs a National Academy of Sciences study on K-12 education and emphasized the integration of teaching pedagogy with content. He commended the UTeach program for the emphasis placed on students learning to teach along with learning the subject matter content.

Dr. Dennis Reinhartz, Chair of the Faculty Advisory Council, asked if there is a greater emphasis on elementary or middle school and Dean Rankin said the emphasis is on middle school. He asked about the impact of the curriculum and Dr. Rankin said they are coordinating with Dr. Pat Forgione, Superintendent of the Austin Independent School District, particularly to enhance the 5th grade science curriculum. She suggested the computer science curriculum be reviewed to better match the science program.

Dr. Rankin spoke about the replication program and asked for help in looking at the business plan in the UTeach strategic plan to be mailed to members of the Board.

When asked by Chancellor Yudof if there is a UTeach program in liberal arts, Dr. Rankin explained that liberal arts is one of the UTeach replication sites. Students are teachers of, for example, history or social studies. She explained there are two paths: one for liberal arts UTeach and one for math and science UTeach.

Dr. Craven then called on Presidents Daniel and Romo to present the UTeach programs on their campuses.

President Daniel said U. T. Dallas is a new site for replication of the UTeach model and is structurally suitable to be successful but needs some key pieces and best practices developed by UTeach. For instance, U. T. Dallas does not have a College of Education so teachers pursue a degree in their discipline and are certified through supplemental teaching in the community. He said about half of the teachers are in

math and science and the institution has a Masters in Math and Science Education. He said the challenge is going to be to talk to the hundreds of math and science majors about the prospect of becoming a math or science teacher.

President Romo said there is a shortage of math and science teachers in South Texas but U. T. San Antonio has 5,500 science majors, many of whom are looking to teaching. He said that when he moved from U. T. Austin to U. T. San Antonio, he took three programs with him: freshman seminars, UTeach, and the Honors College. Dr. Romo applauded the \$1 million gift from Mr. Tom Frost approximately three years ago to start the UTeach program. He said there are 70 students in the UTeach program and he mentioned the successful partnership with the Alamo Community College.

Committee Chairman Craven applauded the program and reiterated the importance of basic training in math and science to increase the number of students in the pipeline.

3. U. T. System: Annual Meeting with Representatives of the U. T. System Employee Advisory Council

Committee Meeting Information

Presenter(s): Ms. Ann Tate, Chair, U. T. System Employee Advisory Council

Status: Reported

Discussion at meeting:

Dr. Craven introduced Dr. Dennis Reinhartz, Chair of Faculty Advisory Council, and Ms. Tate, Chair, U. T. System Employee Advisory Council (EAC). Other EAC members present were:

Vice Chair: Mr. Glen Worley, U. T. Austin

Secretary: Mr. Randolph Scott, U. T. Health Science Center - Houston

Historian: Ms. Melanie Loving, U. T. Medical Branch - Galveston

Mr. Worley reiterated the importance of communication between the administration and staff, and he thanked the Board and the U. T. System Administration for their understanding that this is a two-way process. He then provided the reaction of the EAC to several initiatives.

Mr. Worley suggested that volunteer opportunities under the presidents volunteer awards project could have been better packaged in that the organization could take credit for a volunteer's work and he recommended passing future ideas by the EAC for suggested packaging, which could encourage more participation. To illustrate the benefits of collaboration between the U. T. System Administration and the EAC, Mr. Worley said the employee retirement program was presented in advance to the Council and the final plan included suggestions made by the EAC. He endorsed encouraging employees to participate in the retirement program above and beyond

the mandatory Teacher Retirement System (TRS) contributions that would make it possible for employees to make wise investments and to set themselves up for financial security. He said the Council recommends this be encouraged from day one of an employee's employment with U. T. System.

The same opportunity for the Council's input was provided for the draft U. T. System Strategic Plan and he suggested the EAC could encourage staff to contribute to workplace efficiencies.

Ms. Tate said the Council has changed the term limits for EAC representatives from two to three years, has eliminated the standing committees in favor of ad hoc committees, and changed the bylaws accordingly. A survey resulted in establishment of three ad hoc committees to review the grievance policy, strategic plan, and tuition assistance for employees. She noted appreciation for Mr. Dan Stewart, Assistant Vice Chancellor for Employee Services, as U. T. System Liaison to the Council and encouraged communication from the Board.

Chancellor Yudof said he looks forward to working with the Council on these issues. On the subject of the retirement program, he would like to discuss the matter of objective financial advice for employees. He said he is willing to fix the awards program packaging, and on the matter of tuition assistance, he said he has asked staff to look at tuition assistance as opportunities for growth and acquisition of knowledge. Mr. Worley and Mr. Scott suggested the UT TeleCampus might be an option to allow staff to become students and Chancellor Yudof expressed willingness to explore the idea.

ADJOURNMENT

Committee Chairman Craven adjourned the meeting at 3:50 p.m.