

TEXAS TECH UNIVERSITY SYSTEM

MINUTES OF THE BOARD OF REGENTS  
OF  
TEXAS TECH UNIVERSITY

AUGUST 16-17, 2004

TEXAS TECH UNIVERSITY SYSTEM  
Lubbock, Texas

Minutes

Board of Regents  
August 16-17, 2004

Monday, August 16, 2004.—The members of the Board of Regents of the Texas Tech University System convened at 10:00 a.m. on Monday, August 16, 2004, at the Firewater Café, 4701 112<sup>th</sup> Street, Lubbock, Texas, with the following in attendance:

ATTENDANCE.—

Regents present were C. Robert Black, Chairman; Brian C. Newby, Vice Chair; Carin Barth; E. R. "Dick" Brooks; F. Scott Dueser; L. Frederick "Rick" Francis; J. Frank Miller, III; Windy Sitton; and Bob L. Stafford.

Also participating at the opening of the meeting were Dr. David R. Smith, Chancellor, TTU System; Dr. Jon Whitmore, President, Texas Tech University; Dr. M. Roy Wilson, President, Texas Tech University Health Sciences Center; Mr. Ben Lock, Senior Vice Chancellor, TTUS, and Secretary of the Board of Regents; Dr. Terrence MacTaggart, AGB facilitator; and Ms. Lucy Lanotte, Executive Secretary to the Board of Regents.

- I. CALL TO ORDER.—Chairman Black announced a quorum present and called the meeting to order.
- II.A. RETREAT.—The board met as a Committee of the Whole in a workshop/retreat forum for board education and training regarding higher education governing board best practices at which no action was taken.
- II.B. RECESS TO EXECUTIVE SESSION.—At approximately 1:02 p.m., at the direction of Chairman Black, the board recessed and convened in Executive Session as authorized by Chapter 551 of the *Texas Government Code*.
- II.C. RECONVENING OF THE BOARD TO OPEN SESSION.—At approximately 4:52 p.m., the board reconvened in open session at the Firewater Café, 4701 112<sup>th</sup> Street, Lubbock, Texas, for the purpose of continuing board education and training in a workshop/retreat forum.

RECESS.—The board recessed from the workshop/retreat at 5:10 p.m.

CALL TO ORDER AND RECONVENING OF THE BOARD TO OPEN SESSION.—At approximately 7:35 p.m., the board reconvened in open session at the Chancellor's Suite, Jones SBC Stadium, Boston Avenue and Sixth Street, Lubbock, Texas, for the purpose of continuing board education and training in a workshop/retreat forum at which no action was taken. The following were in attendance:

ATTENDANCE. —

Regents present were C. Robert Black, Chairman; Brian C. Newby, Vice Chair; Carin Barth; E. R. "Dick" Brooks; F. Scott Dueser; L. Frederick "Rick" Francis; J. Frank Miller, III; Windy Sitton; and Bob L. Stafford.

Also participating were Dr. David R. Smith, Chancellor, TTU System; Dr. Jon Whitmore, President, Texas Tech University; Dr. M. Roy Wilson, President, Texas Tech University Health Sciences Center; Mr. Richard Butler, Senior Vice Chancellor, TTUS; Mr. Ben Lock, Senior Vice Chancellor, TTUS, and Secretary of the Board of Regents; Dr. John Opperman, Vice Chancellor for Policy and Planning, TTUS; Mr. Mark Lindemood, Vice Chancellor for Institutional Advancement, TTUS; Ms. Lynn Denton, Associate Vice Chancellor for Communications and Marketing, TTUS; Dr. Terrence MacTaggart, AGB facilitator; Ms. Casey Turner and Ms. Donna Van de Water, Lipman Hearne, Inc; and Ms. Lucy Lanotte, Executive Secretary to the Board of Regents.

III. RECESS.—The board recessed from the workshop/retreat at 9:00 p.m.

Tuesday, August 17, 2004.—The members of the Board of Regents of the Texas Tech University System reconvened at 9:22 a.m. on Tuesday, August 17, 2004, in the Board Room, Second Floor, Room 201, Administration Building, Akron and Broadway Avenues, Lubbock, Texas, with the following in attendance:

ATTENDANCE.—

Regents present were C. Robert Black, Chairman; Brian C. Newby, Vice Chair; Carin Barth; E. R. "Dick" Brooks; F. Scott Dueser; L. Frederick "Rick" Francis; J. Frank Miller, III; Windy Sitton; and Bob L. Stafford.

Also participating at the opening of the meeting were Dr. David R. Smith, Chancellor, TTU System; Dr. Jon Whitmore, President, Texas Tech University; Dr. M. Roy Wilson, President, Texas Tech University Health Sciences Center;

Mr. Jim Brunjes, Chief Financial Officer, TTUS; Mr. Richard Butler, Senior Vice Chancellor, TTUS; Mr. Ben Lock, Senior Vice Chancellor, TTUS; Mr. Pat Campbell, Vice Chancellor and General Counsel, TTUS; Dr. John Opperman, Vice Chancellor for Policy and Planning, TTUS; Mr. Mike Ellicott, Vice Chancellor for Facilities Planning and Construction, TTUS; Mr. Mike Sanders, Vice Chancellor for Governmental Relations, TTUS; Mr. Mark Lindemood, Vice Chancellor for Institutional Advancement, TTUS; Ms. Lynn Denton, Associate Vice Chancellor for Communications and Marketing, TTUS; Mrs. Kim Turner, Managing Director, Office of Audit Services, TTUS; Mr. Michael Phillips, Chief Information Officer, TTUS; Dr. William Marcy, Provost, TTU; Dr. Thomas Anderes, Senior Vice President for Administration and Finance, TTU; Dr. Michael Shonrock, Vice President for Student Affairs, TTU; Dr. Robert Sweazy, Vice President for Research, Technology Transfer and Economic Development, TTU; Mr. Max Hinojosa, Vice President for Operations, TTU; Mr. Elmo Cavin, Executive Vice President for Administration and Finance, TTUHSC; Dr. Roderick Nairn, Executive Vice President for Academic Affairs, TTUHSC; Mr. Mitchell Moses, President, Student Government Association, TTU; and Ms. Lucy Lanotte, Executive Secretary to the Board of Regents.

- IV. CALL TO ORDER AND RECONVENING INTO OPEN SESSION.—Chairman Black announced a quorum present and called the meeting to order.

- V. INTRODUCTIONS AND RECOGNITIONS.—Chairman Black called on Dr. Smith who welcomed Mrs. Kim Turner, the new Managing Director of Audit Services. Mrs. Turner succeeded Mrs. Fran Grogan who was acknowledged for her years of service to the university. Dr. Smith also introduced Chas Semple, Special Assistant to the Chancellor/Governmental Relations.

Dr. Wilson introduced Dr. German Nunez, the new Vice President for Diversity and Multicultural Affairs. Dr. Wilson also introduced Ms. Angila Faison, the new Vice President for Communications and Marketing.

Dr. Whitmore introduced Dr. Thomas Anderes, the new Senior Vice President for Administration and Finance; Dr. Juan Munoz, the new Special Assistant for Diversity for Texas Tech University; Mr. Stephen Hutcheson and Mr. Richard Lombardini, Texas Tech graduate students who were selected to represent the university this summer at the 54<sup>th</sup> Meeting of Nobel Laureates and Students in Lindau, Germany.

Chairman Black acknowledged Dr. David Smith's recent appointment to the National March of Dimes Birth Defects Foundation Board of Trustees.

- VI. EXECUTIVE SESSION.—The board did not recess into Executive Session, but continued meeting in open session.



VII. OPEN SESSION.—At approximately 9:33 a.m. on Tuesday, August 17, the board continued meeting in open session in the Board Room, Second Floor, Room 201, Administration Building, Akron and Broadway Avenues, Lubbock, Texas, to consider items as a board and in the Committee of the Whole.

VII.A. APPROVAL OF MINUTES.—Regent Newby moved that the minutes of the board meeting held on May 13-14, 2004 be approved. Regent Francis seconded the motion, and the motion passed unanimously.

VII.B. COMMITTEE OF THE WHOLE

Chairman Black announced that for the purpose of facilitating action on the items to be considered, Vice Chairman Newby would preside over the Committee of the Whole.

VII.B.1. Regent Newby presented the item regarding approval of the Consent Agenda and acknowledgment of review of the Information Agenda. Regent Newby moved that the Consent Agenda be approved. The motion was seconded and passed unanimously. The following are the Minute Orders approved by this motion:

VII.B.1.a. TTU: Approve leaves of absence.—The board approved the following leaves of absence, as approved administratively by the president and the chancellor:

Leave without pay for Susan Saab Fortney, professor, School of Law, for the period January 16, 2005 through May 30, 2005. Professor Fortney will benefit from this by seeing the internal workings of another law school. Her experience and reputation as an expert in law firm governance with partners in large law firms with offices in New York City. This leave will be taken in New York, New York;

Leave without pay for Victor Shubov, professor, College of Arts and Sciences, for the period September 1, 2004 through May 31, 2005. The purpose of this leave is to collaborate with researchers at Colby College in partial differential equations and fluid dynamics. This leave will be taken in Colby College, Maine;

Leave without pay for Marianna Shubov, professor, College of Arts and Sciences, for the period September 1, 2004 through May 31, 2004. The purpose of this leave is to collaborate with researchers at the University of New Hampshire in mathematical aspects of

aircraft engineering focusing on wing flutter control. This leave will be taken in Durham, New Hampshire;

Leave without pay for Michael Willig, professor, College of Arts and Sciences, for the period January 16, 2005 through January 15, 2006. Dr. Willig will assume duties as Director of Environmental Biology at the National Science Foundation. This will enhance his knowledge of the federal grants program and funding opportunities. This leave will be taken in Arlington, Virginia;

Leave without pay for Song Yang, professor, College of Arts and Sciences, for the period September 1, 2004 through May 31, 2005. The purpose of this leave is to collaborate with researchers at the National Institute of Health and make contacts which will increase chances of future funding. This leave will be taken in Bethesda, Maryland;

Faculty development leave with salary for Dr. Bruce Daniels, professor, Department of History in the College of Arts and Sciences, from January 12, 2005 to May 31, 2005. Dr. Daniels was awarded the Nikolay Sivachev Fulbright Chair of History at Moscow State University. This leave will be taken in Moscow, Russia;

Faculty development leave with salary for Dr. James Bogle, professor, School of Music in the College of Visual and Performing Arts, from September 1, 2004 to December 31, 2004, to write text and develop a course on the History of the Guitar. This leave will be taken in Lubbock, Texas;

Faculty development leave with salary for Dr. Laura J. Beard, associate professor, Department of Classical and Modern Languages and Literatures in the College of Arts and Sciences, to work an academic year at the University of Alberta, in Canada, doing research and writing a book manuscript, on narratives about the Indian boarding school/residential school experience in the United States and Canada. This leave will be taken at the University of Alberta in Canada and be part of a Fulbright grant. This leave was originally scheduled to be taken from September 1, 2004 to May 31, 2005 and was previously approved by the Board of Regents at its December 19, 2003 board meeting; the leave has been rescheduled to be taken from September 1, 2005 to May 31, 2006; and

Faculty development leave with salary for Dr. Michael C. Stoune, professor, School of Music, College of Visual and Performing Arts, to follow a flute band in its preparation and presentation of a

program for the Band Championship of Ireland in October 2005. He plans to video interviews, rehearsals, and performances to provide a documentary of this group. He will also visit other bands in the country to enrich his understanding of this rich social/cultural phenomenon. This leave will be taken in Northern Ireland. This leave was originally scheduled to be taken from September 1, 2004 to December 31, 2004 and was previously approved by the Board of Regents at its December 19, 2003 board meeting; the leave has been rescheduled to be taken from September 1, 2005 to December 31, 2005.

- VII.B.1.b. TTU: Approve addition of delivery at a distance for five degree programs.—The board approved (i) the delivery of the following four master's degree programs and one baccalaureate program, previously approved and currently being offered in a traditional format, to be offered through distance delivery modes, and (ii) authorized the chancellor to cause a proposal to be submitted to the Texas Higher Education Coordinating Board seeking approval for delivery of such programs at a distance, as approved administratively by the president and the chancellor.

College of Agricultural Sciences and Natural Resources

Master of Agriculture

Master of Science in Crop Science

Master of Science in Horticulture

Bachelor of Science in Horticulture

College of Education

Master of Education in Language Literacy Education

- VII.B.1.c. TTU and TTUHSC: Approve delegation of authority to approve changes in method of delivery of degree programs.—The board approved delegating to the Provost, TTU, and to the Executive Vice President for Academic Affairs, TTUHSC, the authority to approve changes in method of delivery for currently approved degree programs at the baccalaureate and master's level, as approved administratively by the presidents and the chancellor.

- VII.B.1.d. TTUHSC: Approve revision of School of Nursing undergraduate admission criteria.—The board approved the revised School of Nursing undergraduate admission criteria to remove the Nurse Entrance Test as a factor to consider in making admission decisions as approved administratively by the president and the chancellor.

- VII.B.1.e. TTUHSC: Approve renewal of consulting agreement.—The board (i) approved the renewal of a consulting agreement between Texas Tech University Health Sciences Center ("TTUHSC") and Ron Jackson

("Consultant") to provide insight and expertise into correctional organizations and operations for which TTUHSC provides medical services, including but not limited to, the Texas Department of Criminal Justice and the Texas Youth Commission, as approved administratively by the president and the chancellor.

TTUHSC previously contracted with Ron Jackson from April 1, 1997 through March 1, 2003, and from September 1, 2003 through August 31, 2004. The term of the renewal contract will be September 1, 2004 through August 31, 2005, for a total contract amount of \$15,000.

- VII.B.1.f. TTU: Approve contract between Texas Tech University and the City of Lubbock to provide student transportation services.—The board approved the contract with the City of Lubbock (Citibus) and City Transit Management Company to provide on-campus and off-campus student transportation services for the period of September 1, 2004 through August 31, 2005 as approved administratively by the president and the chancellor.

The annual contract amount will be \$1,860,272, plus additional amounts due if the service is utilized during football games, men's basketball games, women's basketball games, and additional University events as requested by the University.

- VII.B.1.g. TTU: Approve budget adjustments for the period April 1, 2004 through June 30, 2004.—The board approved budget adjustments for the period April 1, 2004 through June 30, 2004, included herewith as Attachment No. 1, as approved administratively by the president and the chancellor.

- VII.B.1.h. TTUHSC: Approve budget adjustments for the period April 1, 2004 through June 30, 2004.—The board approved budget adjustments for the period April 1, 2004 through June 30, 2004, included herewith as Attachment No. 2, as approved administratively by the president and the chancellor.

- VII.B.1.i. TTUSA, TTU and TTUHSC: Approve delegation of signature authority.—The board approved the delegation of signature authority to include newly-hired employees, in accordance with the following requests approved administratively by the presidents and the chancellor:

The request in accordance with *Texas Government Code*, Sec. 2103.061:

- (1) To authorize the chancellor to designate officers and employees of the university to approve all travel of employees of the Texas Tech University System Administration, except to countries outside the United States other than United States possessions, Canada and Mexico, provided that such travel contributes to the mission of the university and is in accordance with current travel regulations and who may further delegate their authority, effective September 1, 2004, and to continue until August 31, 2005, or until such time as they are separated from the university or assigned other responsibilities, which ever comes first.
- (2) To authorize the chancellor to designate officers and employees of the university to approve official travel reimbursement from State appropriations and all other funds for officers and employees of the Texas Tech University System Administration, provided that the purpose of the travel and reimbursement for such are in accordance with state travel regulations, other statutory requirements, or other action promulgated by this board, effective September 1, 2004, and to continue until August 31, 2005, or until such time as they are separated from the university or assigned other responsibilities, whichever comes first.
- (3) To authorize the president, TTU, to designate officers and employees of the university to approve and pay all accounts covering expenditures for state-appropriated funds and all other university-controlled funds, effective September 1, 2004 and to continue until August 31, 2005 or until such time as they are separated from the university or assigned other responsibilities, which ever comes first.
- (4) To sign checks drawn on the revolving fund and all other checking accounts of the university in any depository bank, except the Texas Tech University's Cashier's Account, effective September 1, 2004 and to continue until August 31, 2005, or until such time as they are separated from the university or assigned other responsibilities, and further provided that any mechanically signed check of \$25,000 or more shall be reviewed and manually signed by one of the employees previously approved and including the individual listed below who may sign:

Tom Anderes, Senior Vice President for Administration  
and Fiscal Affairs



- (5) To sign and/or countersign cashier's checks drawn on the university's Cashier's Account, effective September 1, 2004, and to continue until August 31, 2005 or until such time as they are separated from the university or assigned other responsibilities, whichever comes first and further provided that any mechanically signed check of \$25,000 or more be reviewed and manually signed by one of the employees listed who may sign or countersign:

Employees who may sign or countersign in addition to those previously approved:

Tom Anderes, Senior Vice President for  
Administration and Fiscal Affairs

- (6) To authorize transfer by wire or other means, of funds between Texas Tech University depositories, effective September 1, 2004, and to continue until August 31, 2005, or until such time as they are separated from the university or assigned other responsibilities, whichever comes first.

Employees who may authorize or counter-authorize in addition to those previously approved:

Tom Anderes, Senior Vice President for  
Administration and Fiscal Affairs

- (7) To authorize and approve the sale, purchase and transfer of stocks, bonds, and other securities which are owned or controlled by Texas Tech University provided such action is approved by any two of the individuals previously approved and including the individual listed below, effective September 1, 2004, and to continue until August 31, 2005, or until such time as they are separated from the university or assigned other duties or responsibilities:

Tom Anderes, Senior Vice President for Administration  
and Fiscal Affairs

The request, in accordance with *Texas Administrative Code*, Title 34, Part 1, Chapter 5, Subchapter F, Rule §5.61.

- (8) To authorize the president, TTUHSC, to designate officers and employees of the Health Sciences Center to approve and pay all documents covering expenditures for state-appropriated funds and all other Health Sciences Center-controlled funds, effective September 1, 2004, and to continue until August 31,

2005, or until such time as they are separated from the Health Sciences Center or assigned other responsibilities, whichever comes first.

The request, in accordance with corporate bank policy,

- (9) To sign checks drawn on all checking accounts of the Health Sciences Center in any depository bank effective September 1, 2004, and to continue until August 31, 2005, or until such time as they are separated from Texas Tech University System or assigned other responsibilities, and further provided that any mechanically signed check of \$25,000 or more shall be reviewed and manually signed by one of the employees previously approved and including the individuals listed below who may sign:

Michael Hooten, Assistant Vice President for Fiscal  
Affairs, Amarillo

Larry Elkins, Assistant Vice President for Fiscal  
Affairs, El Paso

William Finical, Assistant Vice President for Fiscal  
Affairs, Odessa

- (10) To authorize transfer, by wire or other means, of funds between Texas Tech University Health Sciences Center depositories, effective September 1, 2004, and to continue until August 31, 2005, or until such time as they are separated from the Texas Tech University System or assigned other responsibilities, whichever comes first.

The request, in accordance with Section 09.01.5, *Regents' Rules*.

- (11) To authorize and approve the sale, purchase and transfer of stocks, bonds, and other securities which are owned or controlled by the Health Sciences Center provided such action is approved by any two of the individuals previously approved, effective September 1, 2004, and to continue until August 31, 2005, or until such time as they are separated from the Texas Tech University System or assigned other duties of responsibilities, whichever comes first:

However, for all instruments contributed to the University, the System or the Health Sciences Center, one of the two required signatures must be from one of the employees previously approved.



- VII.B.1.j. TTUS: Approve commissioning of police officers.—The board approved the commissioning of the following individuals as police officers, effective on the dates indicated below, as approved administratively by the chancellor:
- Jeffrey Lane Rolan, effective June 1, 2004;
  - John Hampton Barber, effective June 14, 2004;
  - Gary Lynn Bones, Jr., effective June 14, 2004;
  - Ronald Dean Digby, Jr., effective June 14, 2004; and
  - Eric D. Gammon, effective July 12, 2004.
- VII.B.1.k. TTU: Approve amendment to lease with United States Department of Agriculture.—The board authorized the president to negotiate an amendment to the current lease with the United States Department of Agriculture (“USDA”) for an additional 0.25 acres, as noted on the map, included herewith as Attachment No. 3, as approved administratively by the president and the chancellor.
- VII.B.1.l. TTU: Approve the revised Five-Year Capital Projects Plan and ratify the MP1/Capital Expenditure Plan Report submitted to the Texas Higher Education Coordinating Board.—The board approved the revised Texas Tech University Five-Year Capital Projects Plan, included herewith as Attachment No. 4, and ratified the MP1/Capital Expenditure Plan Report submitted to the Texas Higher Education Coordinating Board for Texas Tech University as approved administratively by the president and the chancellor.
- VII.B.1.m. TTUHSC: Authorize negotiation of a Right of Access Agreement for Texas Tech Medical Center Southwest.—The board authorized the president to negotiate a Right of Access agreement with Citizens Bank, as approved administratively by the president and the chancellor. Citizens Bank purchased property adjacent and north of the Texas Tech Medical Center Southwest frontage along Quaker Avenue and proposes to construct a bank building while using a temporary building.
- VII.B.1.n. TTUHSC: Ratify action of Executive Committee authorizing contract amendment to consider the implications and process for a possible name change for the Texas Tech University Health Sciences Center.—The board approved an amendment to the existing agreement with Lipman Hearne that would provide for a marketing study of the implications and process for a possible name change for the Texas Tech University Health Sciences Center (“TTUHSC”), as approved administratively by the president and the chancellor.

The marketing study will evaluate the pros and cons of any name change including test marketing of any proposed change. The project will have as a goal to provide the president, chancellor, and the Board of Regents with appropriate information prior to the approval and initiation of any name change. The estimated cost of the study is \$30,000 and will be funded by TTUHSC funds.

- VII.B.1.o. TTUS: Approve amendments to Chapter 01, *Regents' Rules*, regarding the Audit Committee as a Standing Committee of the Board of Regents.—The board approved an amendment to the Bylaws of *The Rules and Regulations of the Board of Regents of the Texas Tech University System*, Section 01.01.8, Board committees, related to the establishment of the Audit Committee, as noted below, as approved administratively by the chancellor.

Currently, the Audit Committee is listed in the Bylaws as a special committee of the Board of Regents. It was established as a Standing Committee and should be correctly listed in that section of the Bylaws. The proposed amendment would move the listing of the Audit Committee and its responsibilities to the Standing Committee section (Section 01.01.8.c.) of the Bylaws. Additionally, as a result of the establishment of the Audit Committee, certain responsibilities previously listed under the Finance and Administration Committee have been assumed by the Audit Committee. The proposed amendment reflects the transfer of these responsibilities from the Finance and Administration Committee.

- (1) Amend the following subparagraphs of Section 01.01.8.c(3), Finance and Administration Committee, as follows:

- (d) all administrative matters relating to affirmative action and equal employment opportunity, central computing services, communication services, purchasing and contracting, office services, financial administration of grants, accounting services, personnel, budgeting, cash management, investments, water management, ~~internal audit~~, police operations, and all parts thereof;

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- (g) review of all private fund-raising activities for the TTU system and make recommendations that will ensure coordination of all private fundraising functions including any funds used to supplement the salary of any TTU system employee; and

- ~~(h) all audits and the subsequent review of audit findings; and~~

- (2) Add new Section 01.01.8.c(4), Audit Committee, as follows, and change current subparagraph (4), Executive Committee, to subparagraph (5):

(4) Audit Committee. The Audit Committee shall have five members. The committee shall assure that the board maintains direct access to both internal and external audits of the TTU system. The Audit Committee shall recommend to the board guidelines for the operation of the committee and the auditing functions throughout the TTU system. The director of Internal Audits shall be responsible to the board through the Audit Committee. The committee shall:

- (a) provide oversight of the internal and external audits;
- (b) make recommendations for the selection of external auditors;
- (c) review the scope of audits;
- (d) provide guidance for the director of Internal Audits on risk assessment and audit plans;
- (e) review the findings of all external auditors; and
- (f) review system-wide risk assessment evaluations and plans to address the identified significant risk functions.

No later than August 1 of each year, the Audit Committee-approved annual audit plan will be presented to the board for approval. Audits of the Office of the Board of Regents shall be the responsibility of the full board.

- (5) (4) Executive committee. The executive committee shall consist of the chair and vice chair of the board and the standing committee chairs. The committee shall consider items requiring action at such times as board action is not possible.

- (3) Delete Section 01.01.8.f, Audit Committee, as follows:

~~f. Audit Committee. The Audit Committee shall have five members. The committee shall assure that the board maintains direct access to both internal and external audits of the TTU system. The Audit Committee shall recommend to the board guidelines for the operation of the committee and the auditing functions throughout the TTU system. The~~

~~director of Internal Audits shall be responsible to the board through the Audit Committee. The committee shall:~~

- ~~(1) provide oversight of the internal and external audits;~~
- ~~(2) make recommendations for the selection of external auditors;~~
- ~~(3) review the scope of audits;~~
- ~~(4) provide guidance for the director of Internal Audits on risk assessment and audit plans;~~
- ~~(5) review the findings of all external auditors; and~~
- ~~(6) review system-wide risk assessment evaluations and plans to address the identified significant risk functions.~~

~~No later than August 1 of each year, the Audit Committee approved annual audit plan will be presented to the board for approval. Audits of the Office of the Board of Regents shall be the responsibility of the full board.~~

VII.B.1.p. TTUS: Approve revised Charter of the Office of Audit Services and amendments to Chapter 07, *Regents' Rules*, concerning audits.—The board approved (i) the revised Charter of the Office of Audit Services, included herewith as Attachment No. 5; and (ii) the proposed amendments to Chapter 07, *Regents' Rules*, concerning audits, included herewith as Attachment No. 6, in order to comply with the charge of the Audit Committee previously approved by the Board of Regents on May 14, 2004, as approved administratively by the chancellor.

VII.B.1.q. TTUSA: Approve the Texas Tech University System Administration to utilize Texas Tech University Operating Policies and Procedures as its base Policies and Procedures Manual.—The board approved the following amendment to Section 02.02, *Regents' Rules*, relating to the Texas Tech University System Administration, as approved administratively by the chancellor. This request is to approve the Texas Tech University System Administration utilizing the Texas Tech University Operating policies and Procedures as its base Policies and Procedures Manual.

Amend the first paragraph of Section 02.02, TTU system administration, as follows:

02.02 TTU system administration. The TTU system administration consists of the chancellor, such ~~senior vice deputy~~ chancellors and vice chancellors as the chancellor may require, a chief financial officer, and such staff as may be required to carry out the duties assigned to the TTU system administration by the board. Except to the extent there is a conflict with *Regents' Rules* or with a policy issued by the TTU system, the TTU system offices and employees are subject to the provisions of the Texas Tech University Operating Policies and Procedures Manual. Consistent with the provisions of Sections 109.001 and 51.353, *Texas Education Code*, the board assigns the following responsibilities to the TTU system administration under the direction of the chancellor.

Regent Newby then moved that the board acknowledge its review of the Information Agenda as follows:

#### Information Agenda

Information is provided as required by Section 01.01.6.b(2)(c), *Regents' Rules*

- (1) TTU and TTUHSC: Summary of Revenues and Expenditures by Budget Category, FY 2004, per Section 01.01.8.c(3)(f), *Regents' Rules*: All actual expenditures will be reviewed by the Finance and Administration Committee annually and provided as information.
  - (a) TTU: Report dated May 31, 2004 for fiscal year 2004; and
  - (b) TTUHSC: Report dated May 31, 2004 for fiscal year 2004.
- (2) TTUHSC: Contract Renewals per Section 07.12.4.b., *Regents' Rules*: "Approval of the president is required for all contract renewals. A list of those renewal contracts greater than \$1,000,000 per annum, including the amount of the contract, will be provided to the board as an information item at the next regular board meeting."
  - (a) El Paso County Hospital District, dba R.E. Thomason General Hospital; Medical Services Agreement; 9/1/03-8/31/04; \$5,485,500;
  - (b) El Paso County Hospital District, dba R.E. Thomason General Hospital; Pathology Services Agreement; 7/1/03-8/31/04; \$1,106,419;
  - (c) Texas Tech Physician Associates; amendment to Management Agreement; effective 1/21/99; \$14,360,000; and
  - (d) University Medical Center; amendment to Master Coordinating Agreement; 7/1/03-6/30/04; \$20,000,000.

- (3) TTUHSC: School of Medicine Faculty Employment  
Contracts per Section 07.12.4.c., *Regents' Rules*: "Approval of the president is required for faculty employment contracts greater than \$100,000 per annum. A list of all faculty employment contracts greater than \$100,000 per annum will be provided to the board as an information item at the next board meeting."
- (a) Baker, Teresa, M.D., Instructor/NTT; Ob/Gyn, Amarillo; 9/1/04-8/31/05; \$170,000;
  - (b) Benjamin, Bonna, M.D., Professor/NTT; Pediatrics, Amarillo; 4/1/04-8/31/05; \$270,000;
  - (c) Bridges, Walter, M.D., Associate Professor/NTT; Pediatrics, Amarillo; 4/1/04-8/31/05; \$158,000;
  - (d) Carrillo, Ysela, M.D., Assistant Professor/NTT; Surgery, El Paso; 7/15/04-8/31/05; \$165,000;
  - (e) Cecalupo, Anthony, M.D., Associate Professor/NTT; Pediatrics, Lubbock; 8/1/04-8/31/06; \$175,000;
  - (f) Davidson, Helen, RN, CRNA, Faculty Associate/NTT; Anesthesiology, Lubbock; 7/5/04-7/31/05; \$125,000;
  - (g) DiMundo, Rebecca, M.D., Instructor/NTT; Pediatrics, El Paso; 7/1/04-8/31/05; \$100,000;
  - (h) Ertnier, Robert, M.D., Instructor/NTT; Anesthesiology, Lubbock; 7/1/04-7/1/05; \$150,000
  - (i) Giantris, Amy, M.D., Instructor/NTT; Pediatrics, El Paso; 7/1/04-8/31/05; \$100,000;
  - (j) Gomez, Gilberto, M.D., Instructor/NTT; Pediatrics, El Paso; 7/1/04-8/31/05; \$100,000;
  - (k) Habersang, Rolf, M.D., Professor/NTT; Pediatrics, Amarillo; 4/1/04-8/31/05; \$300,000;
  - (l) Haider, Fyeza, M.D., Assistant Professor/NTT; Internal Medicine, Odessa; 6/28/04-8/31/05; \$120,000;
  - (m) Lopez, Nicole, M.D., Assistant Professor/NTT; Pediatrics, Amarillo; 4/1/04-8/31/05; \$120,000;
  - (n) Medina, Erik, M.D., Instructor/NTT; Anesthesiology, Lubbock; 8/1/04-8/31/05; \$150,000;
  - (o) Merritt, Wesley, M.D., Instructor/NTT; Anesthesiology, Lubbock; 7/1/04-7/1/05; \$150,000;
  - (p) Miranda, Leonidas, M.D., Assistant Professor/NTT; Ob/Gyn, Odessa; 7/1/04-8/31/05; \$300,000;
  - (q) Nair, Bindu, M.D., Assistant Professor/NTT; Family Medicine, Odessa; 8/15/04-8/31/05; \$125,000;
  - (r) Nirgiotis, Jason, M.D., Associate Professor/NTT; Pediatrics, Amarillo; 4/1/04-8/31/05; \$260,000;
  - (s) Oommen, Sanjay Philip, M.D., Instructor/NTT; Internal Medicine, El Paso; 7/1/04-8/31/04; \$100,000;
  - (t) Philip, Sindhu, D.O., Instructor/NTT; Pediatrics, El Paso; 7/1/04-8/31/05; \$100,000;
  - (u) Rahman, Omar, M.D., Assistant Professor/NTT; Internal Medicine, Odessa; 7/15/04-8/31/05; \$150,000;
  - (v) Regueira-Diaz, Osvaldo, M.D., Assistant Professor/NTT; Pediatrics, Amarillo; 4/1/04-8/31/05; \$150,000;
  - (w) Roberts, James, M.D., Instructor/NTT; Anesthesiology, Lubbock; 7/1/04-7/1/05; \$150,000;
  - (x) Robinson, Arvin E., M.D., Clinical Professor/NTT; Radiology, El Paso; 10/1/04-8/31/05; \$224,000 (80%FTE);



- (y) Rosenstein, Alexander D., M.D., Associate Professor/TT; Orthopaedic Surgery, Lubbock; 60 days after receipt of TX license – 2 years; \$300,000;
- (z) Shrode, Paul W., M.D., Assistant Professor/NTT; Pathology, Lubbock; 5/18/04-5/18/05; \$145,000;
- (aa) Spillers, Christopher, M.D., Instructor/NTT; Anesthesiology, Lubbock; 8/1/04-8/31/05; \$150,000;
- (bb) Udekwa, Anthony O., M.D., Professor/TT; Surgery, Amarillo; 7/1/04-8/31/06; \$300,000;
- (cc) Voss, David, CRNA, Faculty Associate/NTT; Anesthesiology, Lubbock; 9/1/04-8/31/05; \$125,000; and
- (dd) Wang, Sheng-Yong, M.D., Ph.D., Assistant Professor/NTT; Internal Medicine, El Paso; 7/1/04-8/31/04; \$126,000

The motion was seconded and passed unanimously.

Vice Chairman Newby stated that consideration of items by the Committee of the Whole was concluded.

VIII. OPEN SESSION.—The board continued in open session in the Board Room, Second Floor, Room 201, Administration Building, Akron and Broadway Avenues, Lubbock, Texas, for the purpose of recessing into meetings of its Standing Committees.

IX. MEETINGS AND REPORTS OF STANDING COMMITTEES.—At approximately 9:34 a.m., at the direction of Chairman Black, the board recessed into meetings of its Standing Committees, which were conducted sequentially in open session. Chairman Black also stated that committee reports to the full board for its consideration would be presented at the conclusion of the respective committee meetings.

The Facilities Committee met from approximately 9:34 a.m. until approximately 10:00 a.m. in the Board Room, Second Floor, Room 201, Administration Building, Akron and Broadway Avenues, Lubbock, Texas; the Academic, Clinical and Student Affairs Committee met from approximately 10:00 a.m. until approximately 10:19 a.m. in the Board Room, Second Floor, Room 201, Administration Building, Akron and Broadway Avenues, Lubbock, Texas; and the Finance and Administration Committee met from approximately 10:19 a.m. until approximately 10:35 a.m. in the Board Room, Second Floor, Room 201, Administration Building, Akron and Broadway Avenues, Lubbock, Texas.

#### IX.A. REPORT OF THE FACILITIES COMMITTEE

The Facilities Committee met from approximately 9:34 a.m. until approximately 10:00 a.m. in the Board Room, Second Floor, Room 201, Administration Building, Akron and Broadway Avenues, Lubbock, Texas. At the conclusion of the committee meeting,



Chairman Black called on Regent Brooks, Chair of the committee, to give the committee's report.

Committee Chairman Brooks reported that the Facilities Committee met in open session to consider those matters on its agenda and to formulate recommendations to the Board of Regents of the Texas Tech University System. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Facilities Committee and approved in open session and without objection by the Board of Regents of the Texas Tech University System.

- IX.A.1. TTU: Approve construction of the Child Development Research Center and Center for the Study of Addiction and Recovery.—The board authorized the Office of Facilities Planning and Construction (i) to proceed with a project to renovate the existing bookstore to house the Child Development Research Center and Center for the Study of Addiction and Recovery with a project budget of \$8,000,000; and (ii) to complete the design, obtain project approval from the Texas Higher Education Coordinating Board and award a construction contract. The project will be funded with HEAF, gifts and donations and through the Revenue Finance System to be repaid with gifts and donations.

The board further acknowledged that it expects to pay expenditures in connection with the construction of the project prior to the issuance of obligations to finance the project and, in that respect, the board found that the reimbursement for the payments of such expenditures will be appropriate and consistent with the lawful objectives of the Texas Tech University System, and, as such, declared its intention, in accordance with the provisions of *Treasury Regulations*, Section 1.150-2, to reimburse itself for original expenditures, advanced in connection with the design, planning and construction of a new project an aggregate maximum principal amount expected to be \$1,000,000.

The board further authorized the chancellor to negotiate any and all agreements with city, state, and county agencies, utility companies and other entities required to successfully complete the project.

- IX.A.2. TTU: Approve naming of the Child Development Research Center.—The board approved naming the Child Development Research Center "The Christine DeVitt and Helen DeVitt Jones Child Development Research Center" in recognition of their significant contributions to Texas Tech.

The Helen Jones Foundation and the CH Foundation have made contributions of \$1,000,000 and \$1,500,000, respectively. Additionally, the DeVitt sisters and their families have positively shaped West Texas history through their actions and generous donations.

- IX.A.3. TTU: Approve construction of the Student Health and Counseling Center.—The board authorized the Office of Facilities Planning and Construction (i) to proceed with a project to construct a new Student Health and Counseling Center with a project budget of \$8,500,000; and (ii) to complete the design, obtain project approval from the Texas Higher Education Coordinating Board and award a construction contract. The project will be funded with fund balances and through the Revenue Finance System to be repaid with Student Services Fees and Student Medical Services Fees.

The board further acknowledged that it expects to pay expenditures in connection with the construction of the project prior to the issuance of obligations to finance the project and, in that respect, the board found that the reimbursement for the payments of such expenditures will be appropriate and consistent with the lawful objectives of the Texas Tech University System, and, as such, declared its intention, in accordance with the provisions of *Treasury Regulations*, Section 1.150-2, to reimburse itself for original expenditures, advanced in connection with the design, planning and construction of a new project an aggregate maximum principal amount expected to be \$8,000,000.

The board further authorized the chancellor to negotiate any and all agreements with city, state, and county agencies, utility companies and other entities required to successfully complete the project.

- IX.A.4. TTUS: Report on Office of Facilities Planning and Construction projects.—The board accepted the report on the Office of Facilities Planning and Construction, a summary of which is included herewith as Attachment No. 7.
- IX.A.5. TTUS: Report on Campus Master Plan.—The board accepted a report by Ira Fink, Ph.D., FAIA, on the Campus Master Plan, included herewith as Attachment No. 8.

#### IX.B. REPORT OF THE ACADEMIC, CLINICAL AND STUDENT AFFAIRS COMMITTEE

The Academic, Clinical and Student Affairs Committee met from approximately 10:00 a.m. until approximately 10:19 a.m. in the Board Room, Second Floor, Room 201, Administration Building, Akron and Broadway Avenues, Lubbock, Texas. At the conclusion of the committee meeting, Chairman Black called on Regent Newby, Chair of the committee, to give the committee's report.

Committee Chairman Newby reported that the Academic, Clinical and Student Affairs Committee met in open session to consider those matters on its agenda and to

formulate recommendations to the Board of Regents of the Texas Tech University System. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Academic, Clinical and Student Affairs Committee and approved in open session and without objection by the Board of Regents of the Texas Tech University System.

IX.B.1. TTU: Approve appointments with tenure.—The board approved the granting of tenure to the following faculty of Texas Tech University contemporaneously with their appointments:

Bradley Ewing, Ph.D., new associate professor in the Area of Information Systems and Quantitative Sciences and the Jerry S. Rawls Professorship in Operations Management, Rawls College of Business Administration. Professor Ewing is currently a tenured professor at Baylor University in Waco, Texas and previously held tenure at Texas Tech University.

Rattikorn Hewett, Ph.D., new professor in the Department of Computer Science, College of Engineering. Professor Hewett is currently a tenured associate professor at Washington State University, Vancouver, Washington.

Akif Ibragimov, Ph.D., new professor in the Department of Mathematics and Statistics, College of Arts and Sciences. Professor Ibragimov is currently a visiting professor at Texas A&M University in College Station, Texas.

Nazmul Karim, Ph.D., new professor in the Department of Chemical Engineering, College of Engineering. Professor Karim is currently a tenured professor at Colorado State University, Fort Collins, Colorado.

Debra Reed, Ph.D., has been selected as the first professor to hold the Helen DeVitt Jones Endowed Faculty Chair in the Department of Nutrition, Hospitality and Retailing. She is a distinguished alumna of the College of Human Sciences. She is internationally known in the area of nutrition having published articles in the most prestigious nutrition journals. She has had numerous federal grants funded in the area of childhood obesity. Prior to her appointment to the Extension Service at Texas A&M she held tenure track positions at Louisiana State University and the University of Texas Health Science Center at Houston. Although she has not previously been granted tenure at an academic institution, she has the unanimous support of the Human Sciences faculty, department chair and dean. Her appointment with tenure is strongly supported by external letters from the academic institutions in which she served as a

faculty member. Since Dr. Reed has been recruited to fill a prestigious endowed chair filled it is entirely appropriate that the appointment be granted with tenure.

IX.B.2. TTU and TTUHSC: Report on status of SACS accreditation process.

- a. TTU: Report on status of SACS accreditation process. –The board accepted a report by Dr. William Marcy, provost, TTU, on the status of the SACS accreditation process, included herewith as Attachment No 9.
- b. TTUHSC: Report on status of SACS accreditation process. – The board accepted a report by Dr. Roderick Nairn, executive vice president for Academic Affairs, TTUHSC, on the status of the SACS accreditation process, included herewith as Attachment No. 10.

IX.C. REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE

The Finance and Administration Committee met from approximately 10:19 a.m. until approximately 10:35 a.m. in the Board Room, Second Floor, Room 201, Administration Building, Akron and Broadway Avenues, Lubbock, Texas. At the conclusion of the committee meeting, Chairman Black called on Regent Barth, Chair of the committee, to give the committee's report.

Committee Chairman Barth reported that the Finance and Administration Committee met in open session to consider those matters on its agenda and to formulate recommendations to the Board of Regents of the Texas Tech University System. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Finance and Administration Committee and approved in open session and without objection by the Board of Regents of the Texas Tech University System.

- IX.C.1. TTU: Approve agreement between Buena Vista Datacasting (BVD), National Datacast, Inc. (NDI), and Texas Tech University to provide DVD quality films utilizing analog equipment.—The board approved the contract between Buena Vista Datacasting (BVD), National Datacast Inc (a division of PBS) and Texas Tech University for the period August 16, 2004 through July 31, 2010, and authorize the president to execute the agreement.

These companies would be allowed to use excess bandwidth of TTU's KTXT-TV transmission system to offer DVD-quality films to the companies' subscribers in an "on demand" format. The six-year agreement would provide a small amount of revenue to KTXT (probably less than \$10,000 per year) at no cost to KTXT or the University.

- IX.C.2. TTU: Approve budget adjustments for the period September 1, 2004 through August 31, 2005.—The board approved budget adjustments for the period September 1, 2004 through August 31, 2005, included herewith as Attachment No. 11.
- IX.C.3. TTUS: Authorize consulting/service agreement to execute an analysis and upgrde of the alumni/donor database used by the Texas Tech University System.—The board authorized the chancellor to negotiate and enter into an agreement to perform an analysis and upgrade to the alumni/donor database used by the Texas Tech University System. The term of the agreement will be from July, 2004 through April, 2005. The anticipated cost is estimated to be approximately \$85,000 plus expenses.
- IX.C.4. TTUS: Authorize an increase to the consulting agreement to continue the evaluation of the System's readiness for its next campaign.—The board authorized the chancellor to enter into an agreement to continue the engagement of a consultant to prepare infrastructure and staff of the System to support the Institutional Advancement fund raising efforts. Bentz-Whaley-Flessner will be asked to extend their original engagement as approved in December, 2002.

Institutional Advancement has identified a major need to significantly upgrade the infrastructure supporting donor stewardship, prospect research, and fund raising. The recent hiring of a significantly upgraded prospect research staff also required training to insure that consistent processes and accurate information was maintained for all donors and prospects and made available to fund raisers. Bentz-Whaley-Flessner, an experienced consultant with regards to major fund raising, was able to provide these services.

In addition, an outside evaluation has been needed for several activities including fund raising for the El Paso Medical School and the activities of the Texas Tech Foundation. Bentz-Whaley-Flessner is being engaged as a partner in developing and improving our donor and fund raising efforts.

Bentz-Whaley-Flessner has been requested by the Office of Institutional Advancement to perform services that include the following:

1. \$73,447 (adjusted from original contract amount of \$78,800) – Base Contract.
  - Provide post-campaign analysis,
  - Prospect data and management analysis,
  - Organizational structure analysis, and
  - Foundation Board assessment.



2. \$35,183 - Database Structure and Training for Prospect Researchers.
  - o Primarily to train new research staff in the most current methods of gathering, maintaining and providing accurate and consistent data on current and potential donors.
3. \$25,883 – Reporting Needs, Data Integrity and Prospect Management.
  - o Evaluation of the database and the ability to meet the needs of development officers.
4. \$12,990 – Foundation Board Retreat and Meetings with Deans.
  - o Meeting with Deans and Board members to evaluate understanding of roles.
  - o Facilitate a retreat to foster better understanding, communication and participation.
5. \$10,000 – General Development Counsel.
  - o Meeting with Deans and senior development officers.
6. \$25,000 – Evaluate the readiness of El Paso to conduct a major fund raising campaign for the El Paso Medical School.
7. \$50,000 – Future Consulting.

The term of the agreement will be extended through August 31, 2005. The total anticipated cost is \$232,503 and approval for this amount is now requested.

IX.C.5. TTUS: Report on Organizational Efficiencies Study.—The report by Accenture on the cost saving, efficiency, and revenue enhancement study was deferred to a later meeting to allow the Finance and Administration Committee to further review the report.

X. OPEN SESSION.—At approximately 10:35 a.m. on Friday, August 17, the board continued in open session in the Board Room, Second Floor, Room 201, Administration Building, Akron and Broadway Avenues, Lubbock, Texas, to consider items as the Committee of the Whole and Meeting of the Board.

#### X.A. COMMITTEE OF THE WHOLE

Chairman Black announced that for the purpose of facilitating action on the items to be considered, Vice Chairman Newby would preside over this session of the Committee of the Whole.

- X.A.1. TTUS: Approve appointment of members to the Board of Directors of Texas Tech Foundation, Inc.—Mr. Lindemood presented the item to approve the appointment of the following four individuals to the Board of Directors of Texas Tech Foundation, Inc., whose terms of service will be from September 1, 2004 to August 31, 2008: J. Robert Brown, David Davenport, Nancy Jones and Jim Cummings.

Following discussion, Regent Newby moved that the board approve the appointment of members to the Board of Directors of Texas Tech Foundation, Inc. The motion was seconded and passed unanimously.

- X.A.2. TTUS: Approve amendment to Section 01.01.8.e., *Regents' Rules*, regarding Investment Advisory Committee composition and term.—Mr. Brunjes presented the item to approve amending the Bylaws of *The Rules and Regulations of the Board of Regents of the Texas Tech University System*, Section 01.01.8.e., Investment Advisory Committee, as follows:

- e. Investment Advisory Committee. The Investment Advisory Committee, a special committee of indefinite duration, shall meet quarterly with investment counsel, investment managers, and the appropriate officers and staff of the TTU system administration for the purpose of reviewing and consulting with these parties and, from time to time, advising the board on asset allocation policies and investment results. The Investment Advisory Committee shall be composed of three regents designated by the chair, a member of the Board of the Texas Tech Foundation, Inc. designated by the Chair, Texas Tech Foundation, Inc., and five persons appointed by the chancellor after consultation with the board and the Board of the Texas Tech Foundation, Inc. Such chancellor's appointees shall:
  - (1) have no financial interest in any organization providing investment services to the TTU system; and
  - (2) serve four ~~three~~-year staggered terms beginning on February 1.

Current provisions of the *Regents' Rules* specify that the Chairman of the Board of Regents shall designate three regents for membership on the Investment Advisory Committee and that members shall serve a three-year term. This amendment would provide for the additional appointment by the Chair of the Board of the Texas Tech Foundation, Inc. (the "Foundation") of a member of the Board of the Foundation to serve on the committee, and extend the term of committee members to four years. The amendment would also provide for the chancellor's additional consultation



with the Board of the Foundation prior to the chancellor appointments to the committee.

Opportunity for discussion followed the presentation. Regent Newby moved that the board approve amending the Bylaws of *The Rules and Regulations of the Board of Regents of the Texas Tech University System*, Section 01.01.8.e, Investment Advisory Committee, as presented. The motion was seconded and passed unanimously.

- X.A.3. TTUS: Approve amendments to Chapters 04 and 07, *Regents' Rules*, regarding approval of certain agreements and contracts.—Mr. Brunjes presented the item to approve the following amendments to Section 04.08, Faculty Research, and Section 07.12, Contracting policies and procedures, *Regents' Rules*, regarding (1) delegation of authority for approval of sponsored program projects, and (2) an increase in the minimum amount of the initial consideration for consulting agreements:

- (1) Amend Section 04.08, Faculty research, as follows:

04.08.3 Sponsored programs. Sponsored program projects include grants, contracts, and cooperative agreements from both the public and private sectors which support research, instructional, and service projects. In its operating manuals, each component institution will provide a conduit through which projects are submitted. Projects which are submitted through these conduits should be evaluated by the appropriate academic officer, the associate dean for research, or members of the faculty. Approval of such projects properly rests with the appropriate dean operating through a system of committees to ensure that the projects fall within recognized spheres of research and that a positive contribution will be made to the development of an academic discipline.

- (2) Amend Section 07.12.2, Contracting policies and procedures, Board approval, by adding a new subparagraph "b", and changing the current subparagraph letters "b" through "f" to "c" through "g" accordingly, and amending the subparagraph regarding approval of consulting agreements, as follows:

b. The Board of Regents delegates to the chancellor, or his/her designee, the authority to approve the proposals for, and execute and sign contracts for sponsored program projects in excess of \$1,000,000 per annum. Sponsored program projects are those grants, contracts, and cooperative agreements from both the public and private sectors which support research, instructional, and service projects. A list of

such contracts for sponsored program projects in excess of \$1,000,000 per annum shall be provided to the board as an information item at the next regular board meeting.

- b c. Board approval is required for contracts that provide for the services of a consultant with an initial consideration of more than \$25,000 ~~\$15,000~~ and all modifications increasing that contract. Approval is also required for any modification to a consulting contract where the initial consideration was \$25,000 ~~\$15,000~~ or less and the modification will cause the total consideration to exceed \$25,000 ~~\$15,000~~.

(3) Amend Section 07.12.5, as follows:

"07.12.5 Required approvals summary

<u>Contract Terms</u>	<u>Approval Required</u>
Contract of more than \$1,000,000 per annum	Board
Contracts that exceed four years unless contract can be terminated without cause with Notice of 120 days or less	Board
Consulting contracts over <u>\$25,000</u> <del>\$15,000</del> and all modifications increasing that contract	Board
Modification to a consulting contract of <u>\$25,000</u> <del>\$15,000</del> or less, if modification causes total consideration to exceed <u>\$25,000</u> <del>\$15,000</del>	Board
Initial placement of vending machines.	Board
Contracts of \$1,000,000 down to \$250,000 per annum, TTUHSC faculty employment contracts in excess of four years	Chancellor
<u>Sponsored program projects from \$250,000 to in excess of \$1,000,000</u>	<u>Chancellor</u>
Contracts of \$250,000 or less per annum	President
Amendment or renewal of contracts	President
Faculty employment contracts over \$100,000 per annum	President
Faculty employment contract of \$100,000 or less per annum	Dean

Following discussion, Regent Newby moved that the board approve the amendments to Section 04.08., Faculty Research, and Section 07.12, Contracting policies and procedures, *Regents' Rules*, as presented. The motion was seconded and passed unanimously.

- X.A.4. TTUS: Approve amendment to Section 09.02.2, *Regents' Rules*, regarding delegation of authority for establishment of funds functioning as an endowment (quasi-endowment).—Mr. Brunjes presented the item to approve the following amendment to Section 09.02.2, Endowment funds investment, of the *Regents' Rules*, relating to funds functioning as endowments:

09.02.2 Endowment funds investment.

- a. Endowment funds are funds given to Texas Tech with a donor-imposed restriction that the corpus is not to be expended but is to be invested for the purpose of producing earnings.

Endowment funds may also include term endowment (funds for which the donor stipulates that the principal may be expended after a stated period or upon the occurrence of a certain event) and funds functioning as endowments (quasi-endowments).

- b. Funds functioning as endowments. The Board of Regents delegates to the chancellor, or his/her designee, the authority to establish a fund functioning as an endowment, i.e., quasi-endowment, when such a fund totals less than \$250,000.

Mr. Brunjes noted that this request will delegate to the chancellor, or his/her designee, the authority to establish funds functioning as an endowment (quasi-endowment).

Following discussion, Regent Newby moved that the board approve the amendment to Section 09.02., Endowment funds investment, *Regents' Rules*, as presented. The motion was seconded and passed unanimously.

- X.A.5. TTUS: Approve amendment to Chapter 09, *Regents' Rules*, (Investments, Endowments, and Income Producing Lands), regarding use of external managers for Short and Intermediate Term Investment Fund; ratify appointment of Short and Intermediate Term Investment Fund Managers.—The item was withdrawn.

Vice Chairman Newby stated that consideration of items by the Committee of the Whole was concluded.

X.B. REPORT OF THE AUDIT COMMITTEE.

Chairman Black called on Regent Brooks, Chair, to give the report of the Audit Committee.

Committee Chairman Brooks reported that the Audit Committee met in open session to consider those matters on its agenda and to formulate recommendations to the Board of Regents of the Texas Tech University System. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Audit Committee and approved in open session and without objection by the Board of Regents of the Texas Tech University System.

- X.B.1. TTUS: Authorize consulting agreement to execute a risk assessment of major functional areas of the Texas Tech University System.—The board authorized the chancellor to negotiate and enter into an agreement to engage a consultant to perform a risk assessment of major functional areas of the Texas Tech University System. The term of the agreement will be for the Fall, 2004. The anticipated cost is estimated to be approximately \$75,000 plus expenses.
- X.B.2. TTUS: Approve FY 2005 Annual Audit Plan.—The board approved the FY 2005 Annual Audit Plan for the Texas Tech University System, included herewith as Attachment No. 12.
- X.B.3. TTUSA, TTU and TTUHSC: Report on the Legislative Appropriations Process.—The board accepted a report on the legislative appropriations process for the System Administration, the University and the Health Sciences Center, included herewith as Attachment No. 13.
- X.B.4. TTUS: Report on activities of the Office of Audit Services.—The board accepted a report on activities of the Office of Audit Services.
- X.C. REPORT ON HISTORICALLY UNDERUTILIZED BUSINESSES.—Mr. Brunjes presented a report on historically underutilized businesses, a summary of which is included herewith as Attachment No. 14.
- X.D. SCHEDULE FOR BOARD MEETINGS.—Mr. Ben Lock presented the following schedule for future board meetings: October 21-22, 2004, Lubbock; December 16-17, 2004, Lubbock; February 24-25, 2005, Austin; May 12-13, 2005, Lubbock; August 11-12, 2005, Lubbock; November 3-4, 2005, Lubbock; and December 15-16, 2005, Lubbock.

It was determined that the board will continue with five official meetings a year with an additional board visit to a non-Lubbock campus of the Texas Tech University System. The board will decide if meetings are to be scheduled in conjunction with commencement. A majority of the board indicated that two-day meetings are preferred with the location of such meetings being in Lubbock.

The board also approved the schedule of commencement regent representation, included herewith as Attachment No 15.

- X.E. THE PRESIDENT'S REPORT, TTU.—Chairman Black called on President Whitmore, who presented the President's Report, included herewith as Attachment No. 16.

- X.E.1. REPORT BY STUDENT GOVERNMENT ASSOCIATION, TTU.—Chairman Black called on Mitchell Moses, president, Student Government Association, TTU, who presented a report from the Student Government Association.

- X.F. THE PRESIDENT'S REPORT, TTUHSC.—Chairman Black called on President Wilson, who presented the President's Report, included herewith as Attachment No. 17.

RECESS FOR LUNCH.—The board recessed for lunch at approximately 11:40 a.m.

RECONVENING OF THE BOARD TO OPEN SESSION.—At approximately 12:00 noon, the board reconvened in open session in the Board Room, Second Floor, Room 201, Administration Building, Akron and Broadway Avenues, Lubbock, Texas, for the purpose of continuing meeting as a Committee of the Whole and meeting of the board.

- X.G. CHANCELLOR'S REPORT.—Chairman Black called on Chancellor Smith, who presented the Chancellor's Report, included herewith as Attachment No. 18.

- XI. EXECUTIVE SESSION.—At approximately 12:30 p.m., the board recessed and convened into Executive Session as authorized by Chapter 551 of the *Texas Government Code*.

- XII. RECONVENING OF THE BOARD TO OPEN SESSION.—At approximately 2:50 p.m., the board reconvened in open session in the Board Room, Second Floor, Room 201, Administration Building, Akron and Broadway Avenues, Lubbock, Texas, to consider items as a Committee of the Whole and Meeting of the Board.

XII.A. REPORT OF EXECUTIVE SESSION.—Chairman Black called on Vice Chair Newby to present motions regarding items discussed in Executive Session.

Regent Newby moved that the board authorize the general counsel or his designee to resolve the litigation discussed in Executive Session within the parameters authorized by the board. The motion was seconded, and passed unanimously.

Regent Newby moved that the board authorize the chancellor or his designee be authorized to proceed with the energy contract negotiations within the parameters set forth in Executive Session. The motion was seconded, and passed unanimously.

Regent Newby also moved that the board ratify the action of the Executive Committee taken on July 23, 2004 extending Dr. Smith's employment contract to August 8, 2007, under the terms discussed in Executive Session and that Chairman Black be authorized to execute the agreement. The motion was seconded, and passed unanimously.

XII.B. CHAIRMAN'S ANNOUNCEMENTS.—Chairman Black announced the appointment of Regents Scott Dueser, Windy Sitton and himself to serve as an ad hoc committee on communications and marketing.

Chairman Black also announced the change of the name of the News and Publications Office to the Office of Communications and Marketing.

Chairman Black announced the appointment of Regent Frank Miller to replace Regent Dick Brooks as a member of the Investment Advisory Committee and recognized Regent Brooks for his service to the committee.

Chairman Black recognized Regent Carin Barth on her recent appointment by President Bush to the position of Chief Financial Officer of the Department of Housing and Urban Development.

XIII. ADJOURNMENT.—Regent Barth moved that the meeting be adjourned. The motion was seconded and passed unanimously. Chairman Black adjourned the meeting at approximately 2:54 p.m.



## INDEX OF ATTACHMENTS

Attachment 1	TTU Budget Adjustments for the period April 1, 2004 through June 30, 2004
Attachment 2	TTUHSC Budget Adjustments for the period April 1, 2004 through June 30, 2004
Attachment 3	TTU map relating to USDA lease amendment
Attachment 4	TTU Revised Five-Year Capital Projects Plan
Attachment 5	TTUS Revised Charter of Office of Audit Services
Attachment 6	TTUS Amendments to Chapter 07, <i>Regents' Rules</i>
Attachment 7	TTUS Report on the Office of Facilities Planning and Construction projects
Attachment 8	TTUS Report on Campus Master Plan
Attachment 9	TTU Report on SACS Accreditation Process
Attachment 10	TTUHSC Report on SACS Accreditation Process
Attachment 11	TTU Budget Adjustments for the period September 1, 2004 through August 31, 2005
Attachment 12	TTUS FY 2005 Annual Audit Plan
Attachment 13	TTUSA, TTU and TTUHSC Report on the Legislative Appropriations Process
Attachment 14	TTUS Report on Historically Underutilized Businesses
Attachment 15	TTUS Schedule of Commencement Regent Representation
Attachment 16	TTU President's Report
Attachment 17	TTUHSC President's Report
Attachment 18	TTUS Chancellor's Report

I, Ben Lock, the duly appointed and qualified Secretary of the Board of Regents, hereby certify that the above and foregoing is a true and correct copy of the Minutes of the Texas Tech University System Board of Regents meeting on August 16-17, 2004.



Ben Lock  
Secretary

Seal



TEXAS TECH UNIVERSITY  
BUDGET ADJUSTMENTS FOR THE PERIOD  
APRIL 1, 2004 THROUGH JUNE 30, 2004

TEXAS TECH UNIVERSITY – BOARD APPROVAL ITEMS  
(April 1, 2004 – June 30, 2004)

NO.	ACTIVITY	SOURCE OF FUNDS		Expense
		Other	Income	
<b><u>Board Action</u></b>				
RR00790	CopyTech	400,000		400,000
RR00791	PrinTech	100,000		100,000
Transfer funding from the fund balances of CopyTech and PrinTech to create a PrinTech Press Debt Service account. This account will be used to pay for the press equipment that they purchased.				
SH01929	TTU Medical Services Fee	400,000		400,000
HC020837				
Transfer funding from the fund balance of TTU Medical Services Fee to provide funding for the completion of the design of Student Health & Counseling Center.				
HC08700	Utility Control Heating & Cooling Plant #1	400,000		400,000
Transfer funding from the fund balance of Heating & Cooling Plant #1 to repair the chiller turbine.				
LS01027	Asbestos Projects & Surveys	629,935		629,935
Transfer funding from the fund balance of Asbestos Projects & Surveys to create a designated account that will be used to survey university facilities for the presence of asbestos-containing building materials and the subsequent management of the survey information.				
CG09976	Institutional Tuition – E&G Support	500,000		500,000
Transfer funding from the fund balance of Institutional Tuition – E&G Support in order to help support the operations of United Spirit Arena.				

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER  
BUDGET ADJUSTMENTS FOR THE PERIOD  
APRIL 1, 2004 THROUGH JUNE 30, 2004

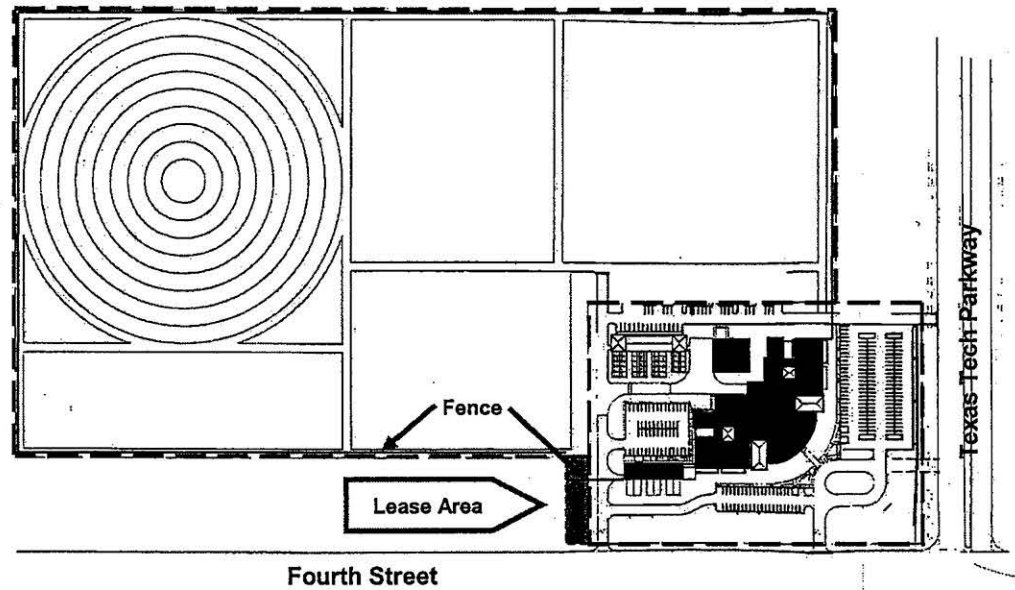
TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER – BOARD APPROVAL ITEM  
(April 1, 2004 – June 30, 2004)

Activity	Source of Funds		Expense
	Other	Income	
<b><u>Board Action</u></b> <b>General Designated Funds - Student Health Services</b>	400,000		400,000
Budget \$200,000 of fund balance for upgraded comprehensive medical services provided to students in FY 2004, with significant emphasis on mental health.  Budget \$200,000 of fund balance for office furniture and technology upgrades. The technology upgrades are necessary to accommodate the increased patient volume and utilization of medical services.			
<b>Medical Practice Income Plan - Computer Support</b>	606,043		606,043
Budget of fund balance to upgrade the database component of the School of Medicine's patient billing system.			
<b>Medical Practice Income Plan - Pediatrics - Amarillo</b>		1,109,360	1,109,360
Increase FY 2004 revenue related to new clinic practice for Children with Special Health Care Needs. These funds will be used to pay the faculty, staff and operating costs associated with the new clinic practice.			
<b>Total</b>	<b>1,006,043</b>	<b>1,109,360</b>	<b>2,115,403</b>



Texas Tech University System

# USDA Lease Amendment



USDA Plant & Soil Stress Laboratory



**Appendix 1**  
**FIVE-YEAR CAPITAL PROJECTS PLAN**  
**Texas Tech University**

GENERAL PROJECT INFORMATION													FINANCIAL INFORMATION													
Priority	Bldg. No.	Project Description	Project Type					Square Footage			Project Budget	Funding Source (Millions)														
			New Construction	Additions	Major Repair & Renovation	Land Acquisitions	Infrastructure	Leased Space	Gross	Educational & General NASF		Acres	CIP Code	Adjusted Total Project Cost 06/14/02	HEAF - Cash	HEAF - Bond	Other Revenue Bonds	Auxiliary Enterprise Funds	Other Local Funds	Gifts, Donations	Federal Grants	Unexpended Plant Funds	Legislative Appropriations	Private Development	Tuition Revenue Bonds	Other
1	0401	EXPERIMENTAL SCIENCES RESEARCH BUILDING	X					127810	70024	400501	\$ 51,997,000.00	\$13.35												\$ 23.65	\$ 15.00	\$ 52.00
2	0342	ANIMAL & FOOD SCIENCES FACILITY	X					62000	32500	020201	\$ 17,000,000.00	\$17.00														\$ 17.00
3	0010	STUDENT UNION BUILDING RENOVATION		X	X			174200	0	711000	\$ 38,000,000.00			\$ 38.00												\$ 38.00
4	0237	ART 3D RENOVATION			X			33905	20343	500701	\$ 6,000,000.00	\$ 6.00														\$ 6.00
5	0245	ADDITION TO NATURAL SCIENCE RESEARCH LAB		X				53330	12266	260101	\$ 4,100,000.00						\$ 4.10									\$ 4.10
6	IN01	PARK AND RIDE FACILITY	X					0	0	819900	\$ 2,900,344.00					\$ 0.22		\$ 2.68								\$ 2.90
7	0010	STUDENT UNION BUILDING PHASE IIB			X			58052	0	711000	\$ 6,000,000.00					\$ 6.00										\$ 6.00
8	BL01	NEW RESIDENCE HALL	X					165000	0	733000	\$ 24,000,000.00			\$ 24.00												\$ 24.00
9	0326	DEVITT MALLET VISITOR CENTER EAST WING ADDITION		X				16010	0	000000	\$ 3,700,000.00						\$ 3.70									\$ 3.70
10	017	CHILD DEVELOPMENT RESEARCH CENTER AND THE CENTER FOR THE STUDY OF ADDICTION			X			32123	25672	130699	\$ 7,000,000.00						\$ 7.00									\$ 7.00
11	0246	RAWLS COLLEGE OF BUSINESS ADMINISTRATION	X					204495	112849	520101	\$ 50,000,000.00	\$25.00					\$25.00									\$ 50.00
12	0000	ACADEMIC CLASSROOM BUILDING	X					126000	81900	130101	\$ 10,000,000.00												\$ 10.00			\$ 10.00
13	0206	COLLEGE OF ENGINEERING RENOVATION & EXPANSION	X					57665	37039	140101	\$ 10,000,000.00	\$10.00														\$ 10.00
14	9999	LIFE SCIENCES BUILDING	X					150000	90000	260101	\$ 60,000,000.00												\$ 60.00			\$ 60.00
15	0000	EXTENDED STUDIES BUILDING		X				30000	19500	131201	\$ 7,500,000.00			\$ 4.50	\$ 3.00											\$ 7.50
16	0000	HULEN/CLEMENT LIFE SAFETY UPGRADE			X			0	0	733000	\$ 4,200,000.00			\$ 4.20												\$ 4.20
17	0226	WALL/GATES LIFE SAFETY UPGRADE			X			0		733000	\$ 3,250,000.00			\$ 3.25												\$ 3.25
18	0035	SNEED/GORDON/BLEDSE LIFE SAFETY & HVAC UPGRADE			X			87996		733000	\$ 5,500,000.00			\$ 5.50												\$ 5.50
19	0000	STUDENT HEALTH AND COUNSELING CENTER	X					35000	22750	732000	\$ 8,500,000.00			\$ 8.50												\$ 8.50
20	0274	SCHOOL OF LAW-COURTROOM OF THE FUTURE		X				18000	11700	220101	\$ 12,000,000.00													\$ 12.00		\$ 12.00
21	0000	PARKING STRUCTURE NO. 2	X					268000	0	819900	\$ 11,300,000.00													\$ 11.30		\$ 11.30
22	0401	BSL-3 EXPERIMENTAL SCIENCES LAB	X					5100	5100	260699	\$ 4,000,000.00													\$ 4.00		\$ 4.00
23	0273	UPGRADE WATER DISTRIBUTION SYSTEM					X	0	0	831000	\$ 8,000,000.00													\$ 8.00		\$ 8.00
24	0000	DEMO WOMEN'S GYM / RENOVATE MEN'S GYM		X	X			48183	32075	131314	\$ 6,000,000.00													\$ 6.00		\$ 6.00
25	0000	TIEHH ANIMAL FACILITY	X					7292	4740	999999	\$ 3,500,000.00													\$ 3.50		\$ 3.50
26	0272	RENOVATE ARCHITECTURE BUILDING		X				175562	89033	040201	\$ 7,500,000.00													\$ 7.50		\$ 7.50
27	0000	GOLF COURSE CLUB HOUSE-TEAM FACILITY	X					25804	4645	720700	\$ 7,600,000.00													\$ 7.60		\$ 7.60
28	0040	JONES STADIUM RENOVATION STAGE IIB			X			85000	0	720000	\$ 10,000,000.00													\$ 10.00		\$ 10.00
29	LA01	REAL PROPERTY PURCHASE				X		0	0	000000	\$ 6,000,000.00													\$ 6.00		\$ 6.00
30	0012	HOLDEN RENOVATION			X			78442	40729	450101	\$ 3,000,000.00													\$ 3.00		\$ 3.00
31	IN04	INFRASTRUCTURE EXPANSION - WEST OF INDIANA AVE.					X	0	0	000000	\$ 4,100,000.00													\$ 4.10		\$ 4.10
32	IN03	INFRASTRUCTURE IMPROVEMENTS					X	0	0	000000	\$ 18,000,000.00													\$ 18.00		\$ 18.00

**Appendix 1**  
**FIVE-YEAR CAPITAL PROJECTS PLAN**  
**Texas Tech University**

GENERAL PROJECT INFORMATION												FINANCIAL INFORMATION														
Priority	Bldg. No.	Project Description	Project Type					Square Footage			CIP Code	Adjusted Total Project Cost 06/14/02	Funding Source (Millions)												Check Total (\$M)	
			New Construction	Additions	Major Repair & Renovation	Land Acquisitions	Infrastructure	Leased Space	Gross	Educational & General NASF			Acres	HEAF - Cash	HEAF - Bond	Other Revenue Bonds	Auxiliary Enterprise Funds	Other Local Funds	Gifts, Donations	Federal Grants	Unexpended Plant Funds	Legislative Appropriations	Private Development	Tuition Revenue Bonds		Other
33	0028	RENOVATE DRANE HALL			X			75358	49932		821000	\$ 3,000,000.00												\$ 3.00	\$ 3.00	
34	0001	COLLEGE OF HUMAN SCIENCES RENOVATION			X			72000	46800		190101	\$ 6,750,000.00												\$ 6.75	\$ 6.75	
35	0271	BIOLOGY RENOVATION			X			56219	56219		260101	\$ 8,900,000.00												\$ 8.90	\$ 8.90	
36	0008	RENOVATION PH. III & IV - SCIENCE			X			118544	68501		400101	\$ 5,200,000.00												\$ 5.20	\$ 5.20	
37	0000	RETIREMENT VILLAGE	X					150000	0		000000	\$ 30,000,000.00								\$30.00					\$ 30.00	
38	0011	MUSIC BUILDING RENOVATION			X			47666	47666		500903	\$ 5,000,000.00												\$ 5.00	\$ 5.00	
39	0231	THEATRE RENOVATION	X		X			32958	15861		180103	\$ 6,000,000.00												\$ 6.00	\$ 6.00	
40	0007	COLLEGE OF AGRICULTURE SCIENCES RENOVATION			X			140856	84514		020101	\$ 20,000,000.00												\$ 20.00	\$ 20.00	
41	0000	REC CENTER POOL		X				5640	0		000000	\$ 2,500,000.00			\$ 2.50										\$ 2.50	
42	0000	RESIDENCE HALL COMPLEX PHASE 2	X					175523	0		733000	\$ 24,000,000.00												\$ 24.00	\$ 24.00	
43	0000	CHILD CARE CENTER	X					34000	0		737000	\$ 2,000,000.00												\$ 2.00	\$ 2.00	
44	0000	CONSTRUCT ENGINEERING BUILDING	X					162500	97500		140101	\$ 50,000,000.00												\$ 50.00	\$ 50.00	
45	0000	CONSTRUCT COLLEGE OF VISUAL AND PERFORMING ARTS	X					230000	138000		509999	\$ 40,000,000.00												\$ 40.00	\$ 40.00	
46	LA02	REAL PROPERTY PURCHASE FOR AGRICULTURE SCIENCES				X		0	0		010102	\$ 2,000,000.00												\$ 2.00	\$ 2.00	
47	0000	VIETNAM CENTER	X					133000	86450		050103	\$ 35,000,000.00												\$ 35.00	\$ 35.00	
TOTALS												\$660,997,344.00	\$71.35	\$-	\$ 90.45	\$-	\$ 9.22	\$39.80	\$ 2.68	\$-	\$-	\$30.00	\$ 93.85		\$ 323.85	\$661.00

## PROPOSED AMENDMENTS TO OFFICE OF AUDIT SERVICES CHARTER

### MISSION

The mission of the Office of Audit Services (OAS) is to assist the Board of Regents (~~board Board~~) and other units of the Texas Tech University System and its components (~~system System~~) in identifying, avoiding, and, where necessary, mitigating risks.

### OBJECTIVES

The OAS provides independent, objective assurance and consulting services designed to add value and improve the operations of the ~~S~~system. The OAS helps the ~~S~~system accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

### ORGANIZATIONAL RESPONSIBILITY AND REPORTING RELATIONSHIPS

The OAS is established by the ~~B~~board in accordance with the Texas Internal Auditing Act (Act). The ~~B~~board through the audit committee is responsible for the employment and dismissal of a chief audit executive (CAE) to manage the affairs of the OAS. The ~~C~~hancellor has the authority to make recommendations to the ~~Board~~ audit committee on the employment and dismissal of the CAE. The CAE reports functionally to the ~~Chair~~ of the ~~Finance Committee of the Board~~ board through the audit committee and administratively to the ~~C~~hancellor. Annually, the ~~C~~hancellor and the ~~Board~~ audit committee will evaluate the performance of the CAE.

### INDEPENDENCE

To ensure independence and objectivity, OAS reports to the highest level of ~~S~~system management. Additionally, the staff of OAS have no direct responsibility or authority for activities or operations that may be audited or reviewed. Auditors do not develop and install procedures, prepare records, make management decisions, or engage in any other activity that could be reasonably construed to compromise their independence. Auditors are not, however, precluded from making recommendations and suggestions for the improvement of internal controls or operating policies and procedures. An audit or review does not substitute or relieve other ~~S~~system personnel from their assigned responsibilities.



## SCOPE OF WORK

The scope of work of the OAS is to determine whether the Ssystem's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Rrisks are appropriately identified and managed;
- Adequate processes and internal controls are in place to assure good performance and checks and balances;
- Interaction with the various governance groups occurs as needed;
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the Ssystem's control process; and
- Significant legislative or regulatory issues impacting the Ssystem are recognized and addressed properly.

Opportunities for improving management control, profitability, and the Ssystem's image may be identified during audits. OAS will communicate these opportunities to the appropriate level of management.

## ACCOUNTABILITY

The CAE, in the discharge of his duties, shall be accountable to the Bboard through the audit committee to:

- Develop produce and submit an annual plan as prescribed by "the Act;"
- Prepare a report annually to the Bboard, the Cchancellor, the Ggovernor, and state agencies as required by law on the activities of the OAS in a format prescribed by the Sstate Auditor;

- Report significant issues related to the processes for controlling the activities of the system, including potential improvements to those processes, and provide information concerning the resolution of such issues;
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of department resources, including OAS personnel; and
- Coordinate with other control and monitoring functions (including, but not limited to General Counsel, Texas Tech Police Department, The State Auditor's Office, and external auditors).

## RESPONSIBILITY

The CAE and staff of the OAS have responsibility to:

- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Board through the audit committee and the Chancellor for review and approval;
- Implement the approved annual audit plan, including, as appropriate, any special tasks or projects requested by the Board through the audit committee, the Chancellor and upper management and any special investigations;
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter;
- Establish a quality assurance and improvement program by which the CAE assures the operations OAS activities;
- Perform consulting services, beyond auditing's assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services;
- Evaluate and assess significant new or changing services, processes, operations, systems, and control processes coincident with their development, implementation, and/or expansion;
- Issue periodic reports to the Board through the audit committee, Chancellor, and appropriate management summarizing results of audit activities;
- report to the audit committee reluctance of management at any level to comply with audit recommendations;
- Keep the Board audit committee informed of emerging trends and successful practices in internal auditing;

- ~~M~~maintain and evaluate significant performance measurements;
- ~~A~~assist in the investigation of significant suspected fraudulent activities within the ~~S~~system and keep the ~~B~~board through the audit committee, the ~~C~~chancellor, and management informed of such investigations;
- ~~C~~coordinate, at the pleasure of the ~~B~~board audit committee or ~~C~~chancellor, any external audit effort performed by certified public accountants, the State Auditor's Office, or governmental auditors. This coordination may include entrance and exit conferences and the submission of responses to findings and recommendations of the external auditors; and
- ~~C~~consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the System at a reasonable overall cost.

#### AUTHORITY

The CAE and staff of the OAS are authorized to:

- ~~H~~have full, free unrestricted access to all functions, manual and electronic records (including student, personnel, and medical records), property, and personnel relevant to any audit or review. Documents and information entrusted to auditors during the course of an engagement will be handled in a prudent manner;
- ~~H~~have full and free access to the ~~B~~board through the audit committee and the ~~C~~chancellor;
- ~~A~~allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and
- ~~O~~obtain the necessary assistance of personnel in units of the ~~S~~system where the OAS performs audits, as well as other specialized services from within or outside the System.

The CAE and staff of the OAS are not authorized to:

- ~~P~~perform any operational duties for the ~~S~~system;
- ~~I~~initiate or approve accounting or other transactions external to the OAS; or
- ~~D~~direct the activities of any ~~S~~system employee not employed by the OAS, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the auditors.

## STANDARDS OF AUDIT PRACTICE

The OAS will meet or exceed the Standards for the Professional Practice of Internal Auditing promulgated by The Institute of Internal Auditors and generally accepted government auditing standards.

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Chief Audit Executive

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Chancellor

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Chair, Finance and Administration Audit Committee,  
Board of Regents

**PROPOSED AMENDMENTS TO  
CHAPTER 07, *Regents' Rules***

**Amend the following subsections of Section 07.02, Audits, as follows, to incorporate language relating to the charge of Audit Committee previously approved by the Board of Regents:**

**(1) Amend Section 07.02.3, as follows:**

07.02.3 Organizational responsibility, reporting relationships, and authority. The OAS is established by the board in accordance with the state's Internal Auditing Act ("the Act"). The board through the Audit Committee is responsible for the employment and dismissal of a chief audit executive (CAE) to manage the affairs of the OAS. The chancellor has the authority to make recommendations to the ~~board~~ Audit Committee on the employment and dismissal of the CAE. The CAE reports functionally to the ~~board's chair of the Finance Committee~~ board through the Audit Committee, and administratively to the chancellor. Annually, the chancellor and the ~~board~~ Audit Committee will evaluate the performance of the CAE of OAS.

**(2) Amend the first paragraph of Section 07.02.6, as follows:**

07.02.6 Accountability. The CAE, in the discharge of his or her duties, shall be accountable to the board through the Audit Committee to:

**(3) Amend Section 07.02.7, as follows:**

07.02.7 Responsibility. The CAE and staff of the OAS have responsibility to:

- a. develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the board through the Audit Committee and the chancellor for review and approval;
- b. implement the approved annual audit plan including, as appropriate, any special tasks or projects requested by the board through the Audit Committee, the chancellor and upper management, and any special investigations;
- c. maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of ~~this chapter~~ the charter ;
- d. establish a quality assurance and improvement program by which the CAE ensures high standards in OAS operations;

- e. perform consulting services, beyond auditing assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services;
- f. evaluate and assess significant new or changing services, processes, operations, systems, and control processes coincident with their development, implementation, and/or expansion;
- g. issue periodic reports to the board through the Audit Committee, the chancellor, and appropriate management summarizing results of audit activities;
- h. report to the Audit Committee reluctance of management at any level to comply with audit recommendations;
- ~~h~~ i. keep the ~~board~~ Audit Committee informed of emerging trends and successful practices in internal auditing;
- ~~i~~ j. maintain and evaluate significant departmental performance measurements;
- ~~j~~ k. assist in the investigation of significant suspected fraudulent activities within the TTU system and keep the board through the Audit Committee, the chancellor, and management informed of such investigations;
- k l. coordinate, at the pleasure of the ~~board~~ Audit Committee or chancellor, any external audit or investigative effort performed by certified public accountants, the state auditor's office, or governmental auditors. This coordination may include scheduling of entrance and exit conferences, conveyance of documents, scheduling of interviews, and the submission of responses to findings and recommendations of the external auditors; and
- ~~l~~ m. consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the TTU system at a reasonable overall cost.


**(4) Amend Section 07.02.8.a (2) as follows:**

07.02.8 Authority

- a. The CAE and staff of the OAS are authorized to:



- (2) have full and free access to the board through the Audit Committee and the chancellor;





# TEXAS TECH<sup>TM</sup>

## Facilities Committee

### Board of Regents Meeting


August 17, 2004









## Agenda



- ♦ TTU: Project Approval: Child Development Research Center and Center for the Study of Addiction
- ♦ TTU: Naming Approval: Child Development Research Center
- ♦ TTU: Project Approval: Student Health and Counseling Center
- ♦ TTUS: Report on Office of Facilities Planning and Construction Projects
- ♦ TTUS: Report on the Campus Master Plan





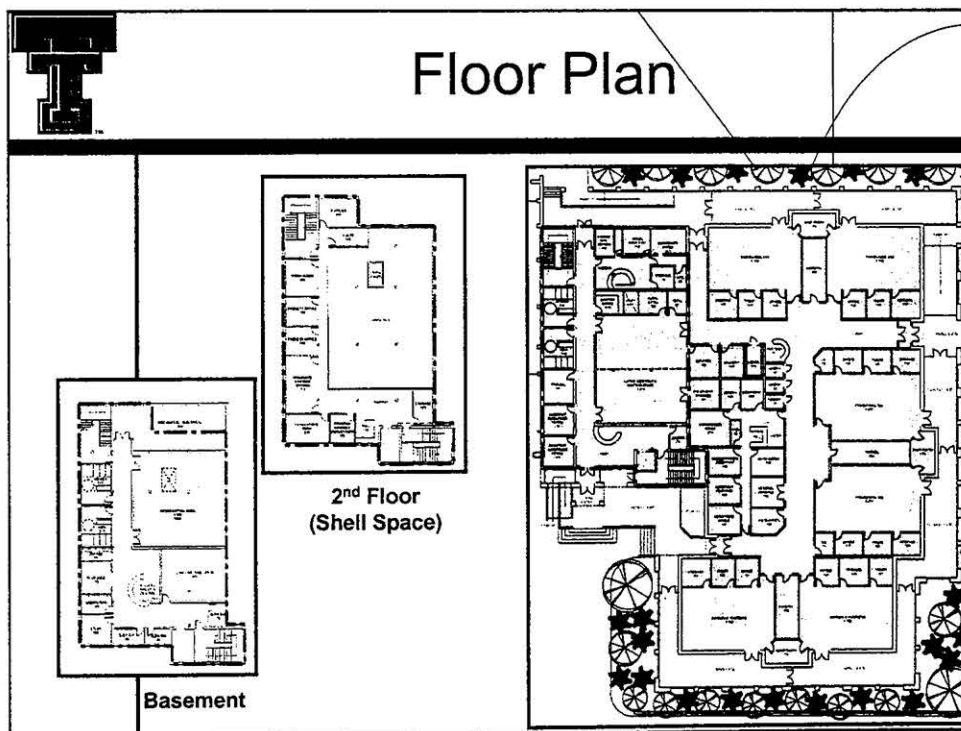
	<h1>TEXAS TECH<sup>TM</sup></h1> <h2>Facilities Committee</h2>
	<p><b>Project Approval</b></p> <p>TTU Lubbock Child Development Research Center and Center for the Study of Addiction</p> <p> FACILITIES PLANNING &amp; CONSTRUCTION TEXAS TECH UNIVERSITY SYSTEM</p>

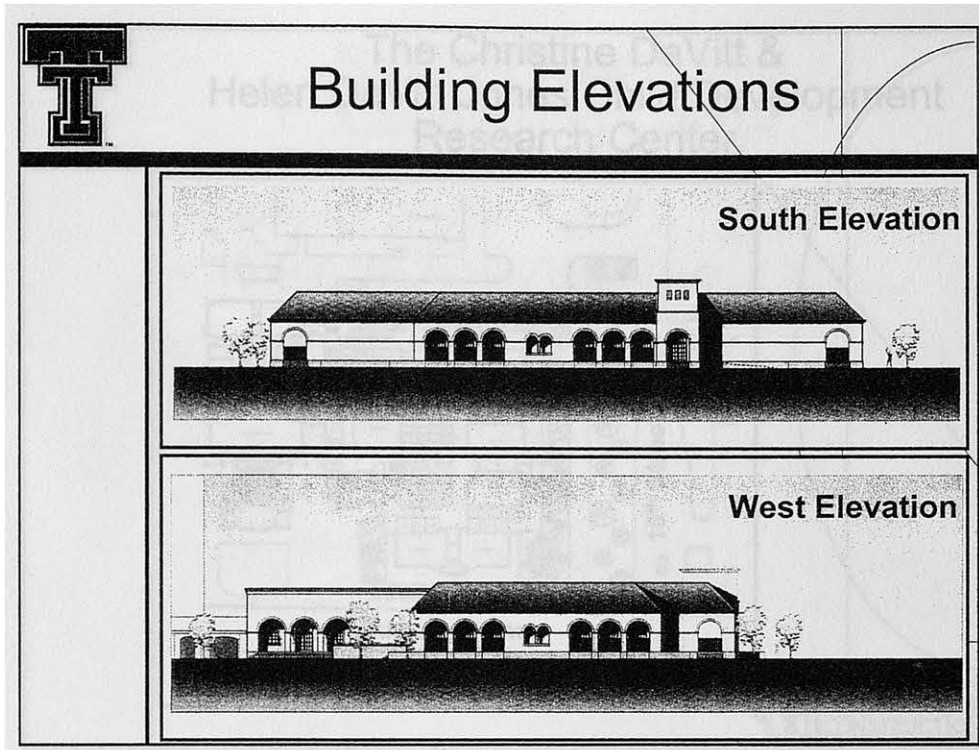
	<h2>Child Development Research Center and Center for the Study of Addiction</h2>
	<p>Scope</p> <p>Child Development Research Center</p> <ul style="list-style-type: none"><li>♦ Classrooms with adjacent observation rooms</li><li>♦ Administrative and support staff area</li><li>♦ Kitchen</li><li>♦ Laundry</li><li>♦ Video Control Room</li></ul> <p> FACILITIES PLANNING &amp; CONSTRUCTION TEXAS TECH UNIVERSITY SYSTEM</p>

	<b>Child Development Research Center and Center for the Study of Addiction</b>
	<p>Scope</p> <p>Center for the Study of Addiction</p> <ul style="list-style-type: none"><li>♦ Student Areas</li><li>♦ Faculty and Administrative Offices</li><li>♦ Workroom</li><li>♦ Conference Space</li><li>♦ Breakout Rooms</li></ul> <p> <b>FACILITIES PLANNING &amp; CONSTRUCTION</b> <small>TEXAS TECH UNIVERSITY SYSTEM</small></p>

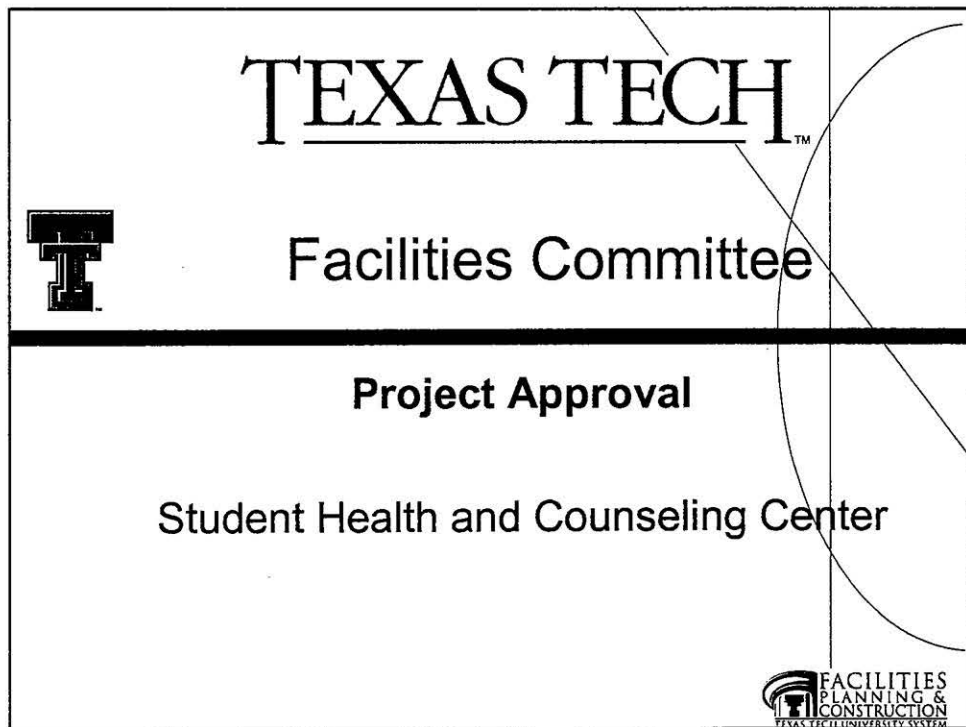
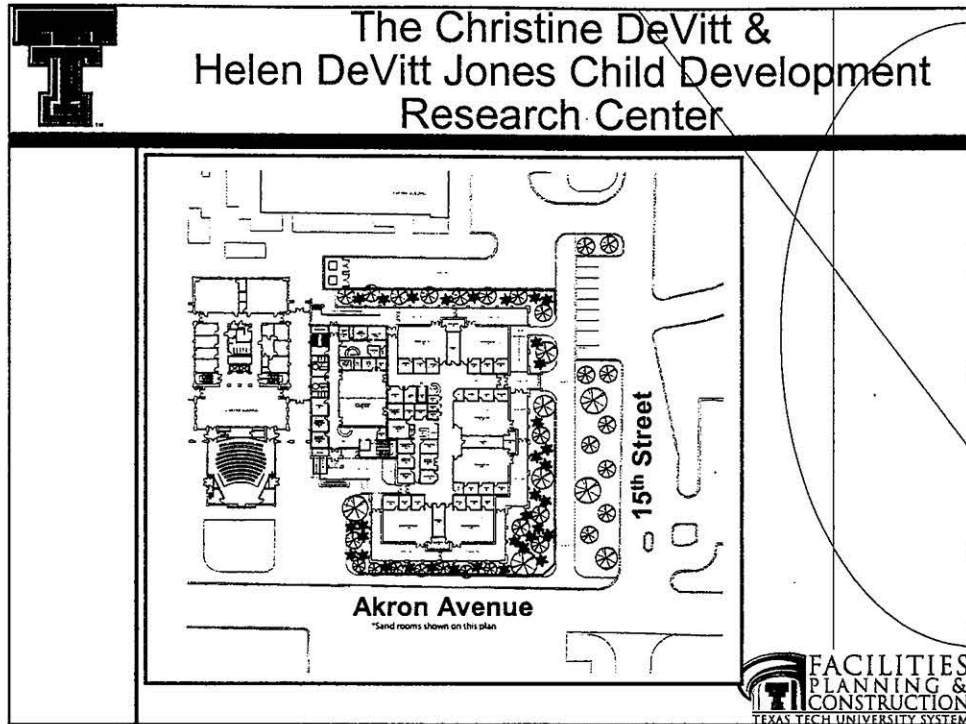
	<b>Child Development Research Center and Center for the Study of Addiction</b>
	<p>Project Budget                      \$8,000,000</p> <p>Funded through:</p> <ul style="list-style-type: none"><li>♦ HEAF</li><li>♦ Gifts and Donations</li><li>and</li><li>♦ Through the Revenue Finance System Repaid from Gifts and Donations</li></ul> <p> <b>FACILITIES PLANNING &amp; CONSTRUCTION</b> <small>TEXAS TECH UNIVERSITY SYSTEM</small></p>



Child Development Research Center and Center for the Study of Addiction		
		
<b>PROJECT BUDGET</b>		<b>\$8,000,000</b>
♦ Construction		\$ 5,650,000
♦ Professional Fees		\$ 631,130
♦ FFE		\$ 666,000
♦ Admin Costs		\$ 30,000
♦ FP&C Fee		\$ 382,403
♦ Public Art Fee		\$ 80,000
♦ Landscape Enhancement Fee		\$ 80,000
♦ Contingency		\$ 480,467
		









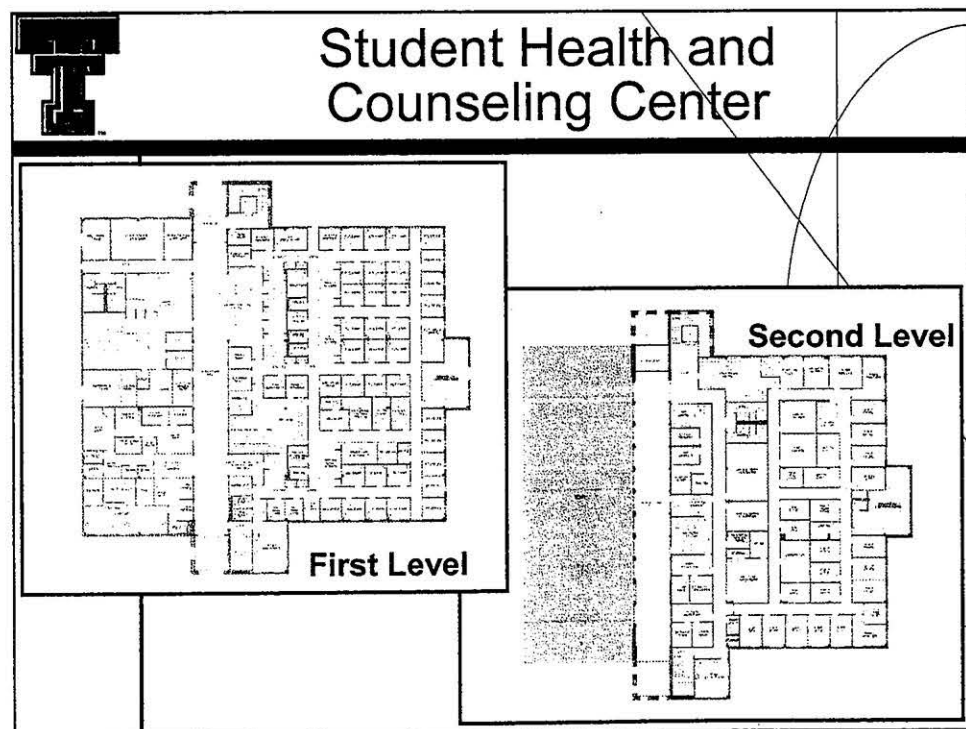


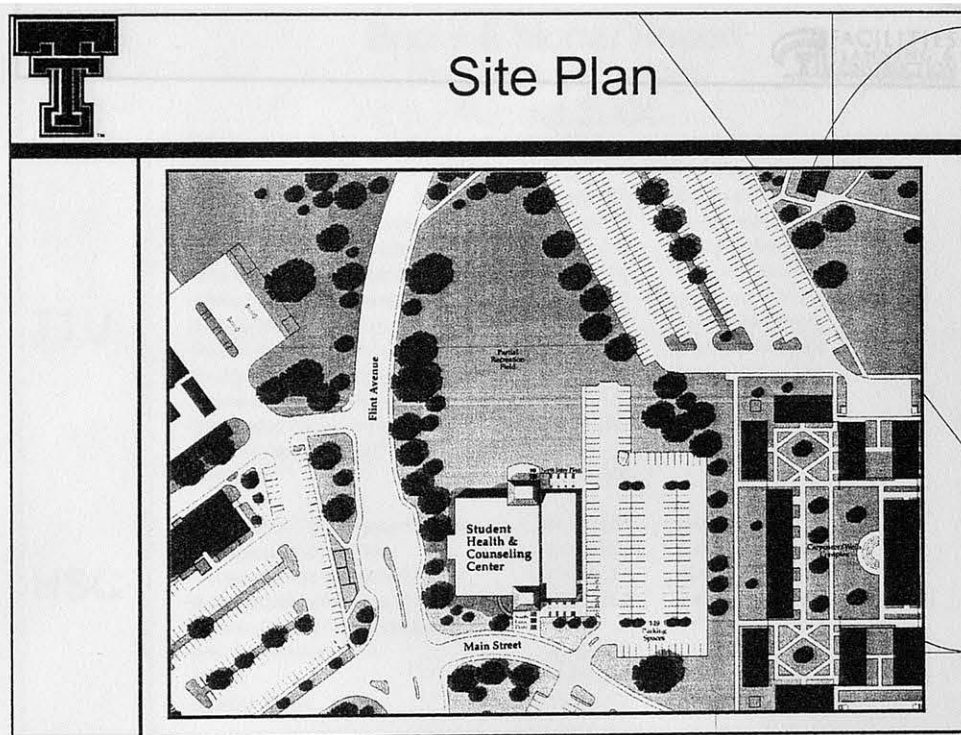
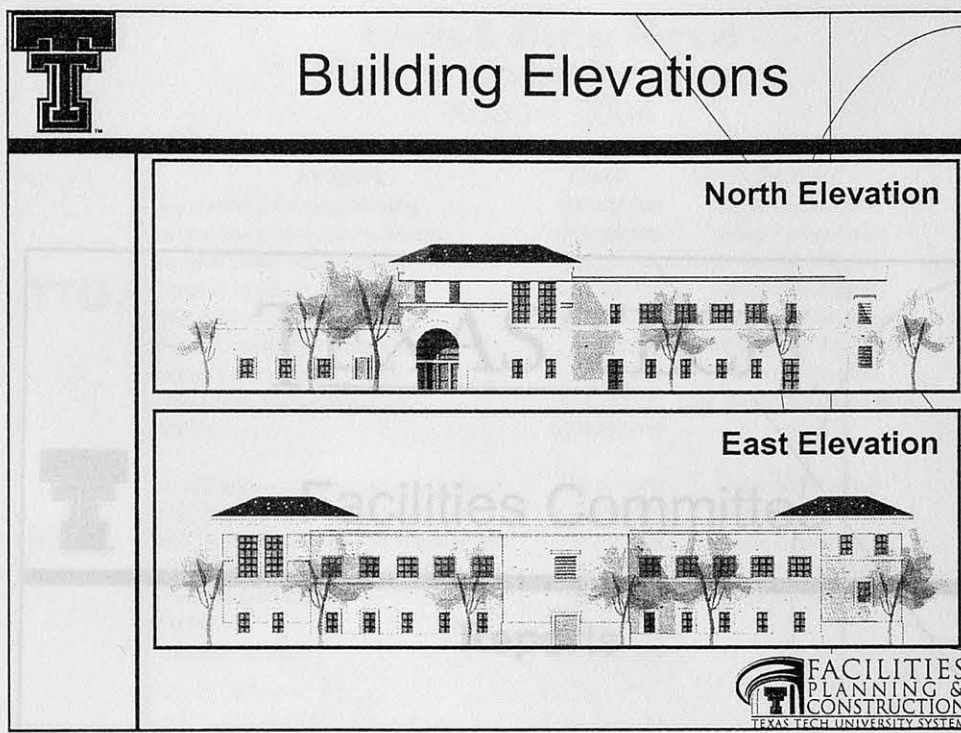



	<h2>Student Health and Counseling Center</h2>
	<p>Scope</p> <ul style="list-style-type: none"><li>◆ 39,400 SF facility including:<ul style="list-style-type: none"><li>▪ Student Health Clinic</li><li>▪ Counseling Center</li><li>▪ Radiology Lab</li><li>▪ Pharmacy</li><li>▪ Meeting Rooms</li><li>▪ Administrative Offices</li></ul></li></ul> <p> <b>FACILITIES PLANNING &amp; CONSTRUCTION</b> <small>TEXAS TECH UNIVERSITY SYSTEM</small></p>

	<h2>Student Health and Counseling Center</h2>
	<p>Project Budget <span style="float: right;">\$8,500,000</span></p> <ul style="list-style-type: none"><li>◆ Funded with fund balances and</li><li>◆ Through the Revenue Finance System repaid with Student Services Fees and Student Medical Services Fees</li></ul> <p> <b>FACILITIES PLANNING &amp; CONSTRUCTION</b> <small>TEXAS TECH UNIVERSITY SYSTEM</small></p>

<div>  <h2>Student Health and Counseling Center</h2> </div>	
<b>PROJECT BUDGET</b>	<b>\$8,500,000</b>
♦ Construction	\$ 6,600,000
♦ Professional Fees	\$ 623,940
♦ Admin Costs	\$ 63,450
♦ FP&C Fee	\$ 342,610
♦ Public Art Fee	\$ 85,000
♦ Landscape Enhancement Fee	\$ 85,000
♦ Contingency	\$ 700,000
<div>  <b>FACILITIES PLANNING &amp; CONSTRUCTION</b> <small>TEXAS TECH UNIVERSITY SYSTEM</small> </div>	








TEXAS TECH<sup>TM</sup>


Facilities Committee

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Reports

FP&C Construction Projects

  
FACILITIES  
PLANNING &  
CONSTRUCTION  
TEXAS TECH UNIVERSITY SYSTEM


<div>  <div>Bricks &amp; Mortar Report Projects Under Construction August 2004</div> </div>			
	Project	Cost	Status
TTU	Experimental Sciences Building	\$36,997,000	Under Construction
	Animal and Food Sciences Facility	\$17,000,000	Under Construction
	Student Union Bldg. Expansion/Renov.	\$38,000,000	Under Construction
	Museum NSRL Addition	\$4,100,000	Under Construction
	New Residence Hall Complex	\$24,000,000	Under Construction
	Hulen Clement Fire Protection	\$3,613,811	Substantially Complete
	Admin Building Stone Repair	\$2,272,099	Under Construction
	Jones SBC Stadium Stage IIA	\$53,740,000	Sub. Complete/Under Const.
	<b>TOTAL</b>	<b>\$179,722,910</b>	
HSC	HSC Campus Infrastructure Improvement	\$5,000,000	Under Construction
	HSC El Paso Clinic Expansion/Renov	\$9,700,000	Under Construction
	HSC El Paso Hydronic Pipe Replacement	\$1,700,000	Under Construction
	HSC El Paso Medical Research Bldg. I	\$38,500,000	Under Construction
	Texas Tech Parkway	\$9,227,265	Under Construction
	<b>TOTAL</b>	<b>\$64,127,265</b>	
	<b>GRAND TOTAL</b>	<b>\$243,850,175</b>	




<div>  <div>Bricks &amp; Mortar Report Projects In Design August 2004</div> </div>			
	Project	Cost	Status
TTU	Art 3-D Annex	\$6,000,000	Design in Progress
	Student Union Building Phase II B	\$6,000,000	Design in Progress
	NRHC - Christine DeVitt Wing Addn.	\$3,700,000	Design in Progress
	Child Dvlpmt Ctr/Ctr Study of Addiction	\$8,000,000	Design in Progress
	Rawls College of Business Administratio	\$50,000,000	Programming in Progress
	English-Philosophy Demo	\$1,050,000	Demo RFP Issued
	Student Health and Counseling Center	\$8,500,000	Design in Progress
	The Rawls Course Clubhouse Complex	\$7,460,000	Design in Progress
	Extended Studies Building	\$7,500,000	Design Pro Selected
	Engineering Expansion/Renovation	\$10,000,000	Design Pro Selected
	Marsha Sharp Freeway [TxDOT Project]	TBD	Design in Progress
	<b>TOTAL</b>	<b>\$108,210,000</b>	
HSC	HSC Clinical Tower Research Center	\$33,747,550	Design in Progress
	International Pain Institute	\$3,500,000	Design in Progress
	Combest Health & Wellness Center	\$1,135,210	Design in Progress
	El Paso Medical Education Bldg.	\$45,000,000	Design in Progress
	Amarillo Clinic Conversion/Renovation	TBD	On Hold
	HSC Roof Replacement	\$2,000,000	In Design
	<b>TOTAL</b>	<b>\$85,382,760</b>	
	<b>GRAND TOTAL</b>	<b>\$193,592,760</b>	





 <b>Bricks &amp; Mortar Report Future Projects August 2004</b>			
	<b>Project</b>	<b>Cost</b>	<b>Status</b>
<b>TTS</b>	System Office Relocation	\$3,000,000	Proposed
	Academic Classroom Bldg. Renovation	\$10,000,000	Proposed
	Walls/Gates Life Safety Upgrade	\$4,200,000	Proposed
	Sneed/Gordon/Bledsoe Improvements	\$7,150,000	Proposed
	Law School Courtroom of the Future	\$12,000,000	Proposed
<b>TTU</b>	Experimental Science Building Fit Out	TBD	Proposed
	Acquatic Center Roof	TBD	Proposed
	CoBA Building & Renovation	\$20,000,000	Proposed
	Jones SBC Stadium Stage IIB	\$10,000,000	On Hold
	Child Care Center	\$2,000,000	On Hold
	Dairy Barn Renovation	\$2,000,000	On Hold
	Retirement Village	TBD	Proposed
	Vietnam Center	\$35,000,000	Proposed
	<b>TOTAL</b>	<b>\$102,350,000</b>	
<b>HSC</b>	Odessa Med. Ed. Building	\$18,000,000	Planned
	Midland Medical Education Building	TBD	Proposed
	HSC Research Renovation	\$5,000,000	Planned
	Amarillo Research Building	\$21,000,000	Proposed
	<b>TOTAL</b>	<b>\$44,000,000</b>	
	<b>GRAND TOTAL</b>	<b>\$149,350,000</b>	





# TEXAS TECH™

## Facilities Committee

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**Rawls College of Business Administration**

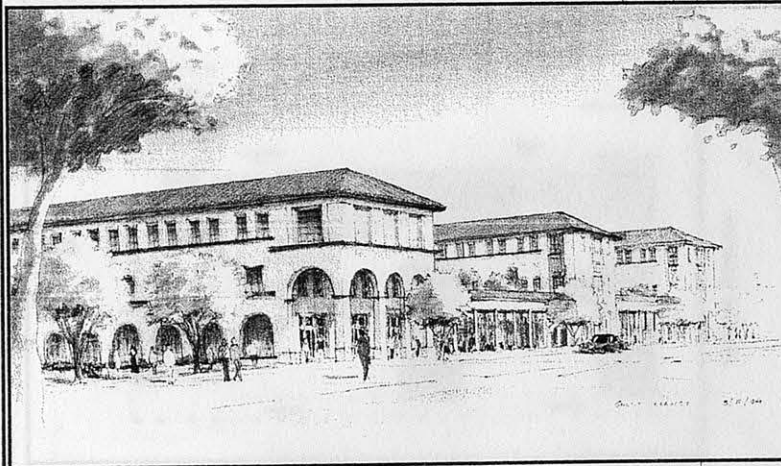


## Rawls College of Business

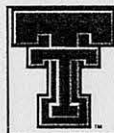
- ◆ 132,00 SF Three-Story Building
- ◆ \$50,000,000 Project Budget
- ◆ Located at 15<sup>th</sup> & Detroit  
(Site of Old Animal Science Building)
- ◆ Spanish Renaissance Architecture



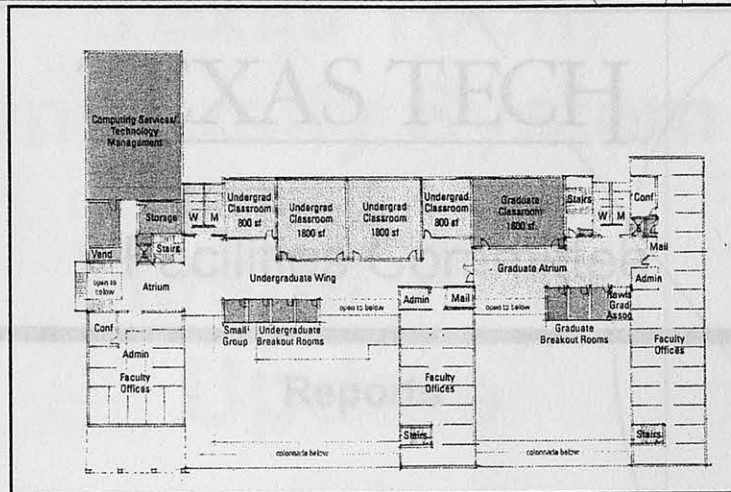
## Perspective



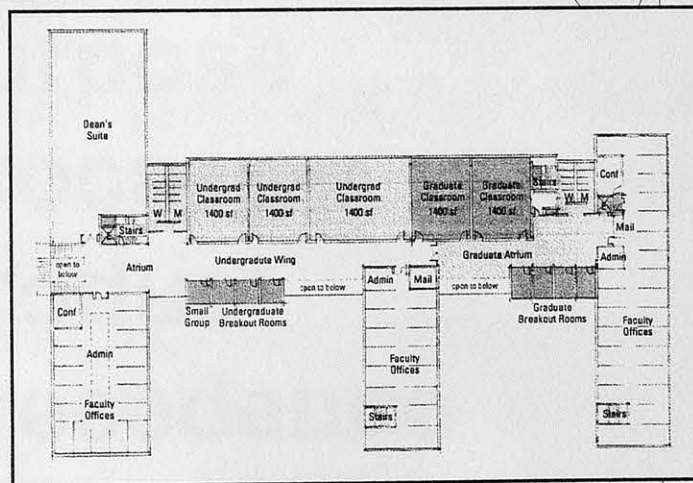




## Second Floor



## Third Floor





# **Texas Tech University System Master Plan Update**

***Agenda***  
**Purpose**  
**Process**  
**Product**  
**Precedence**

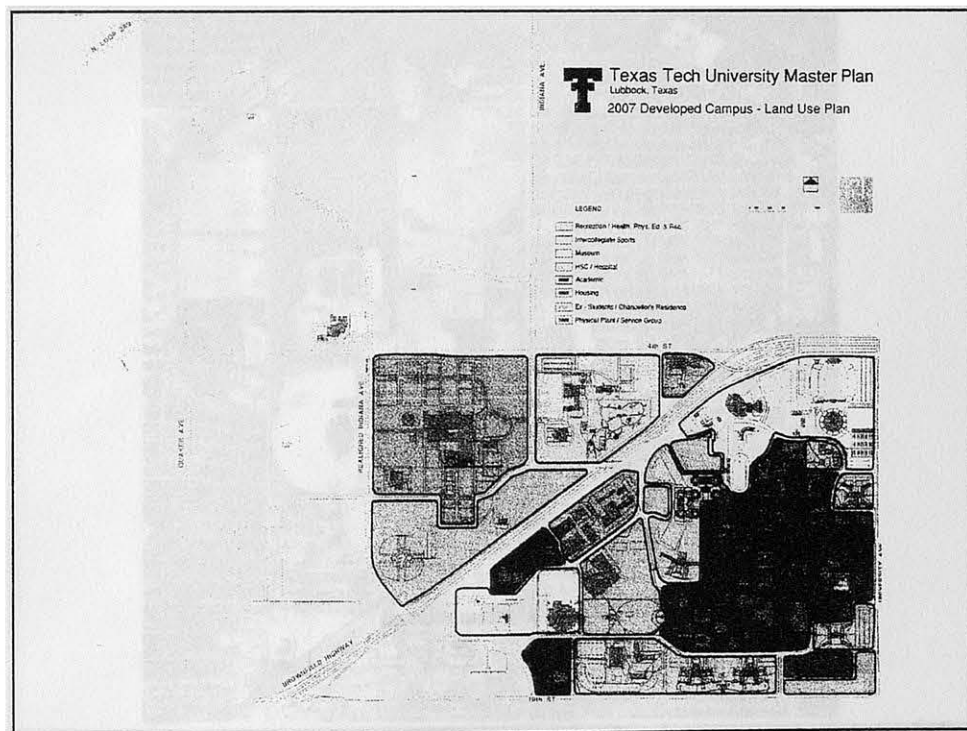
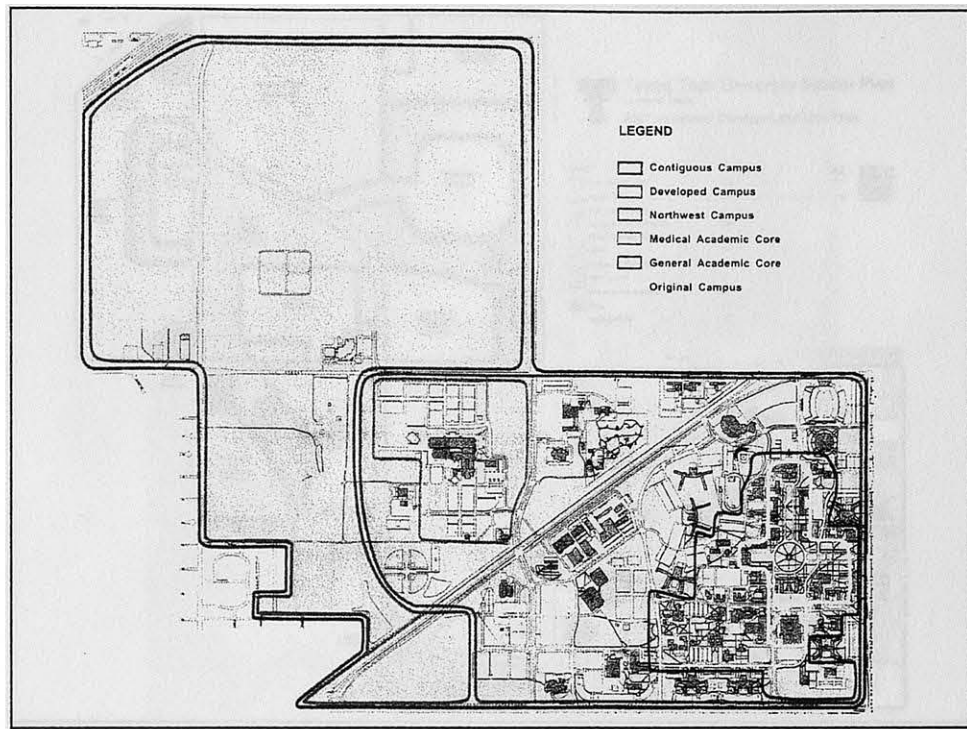


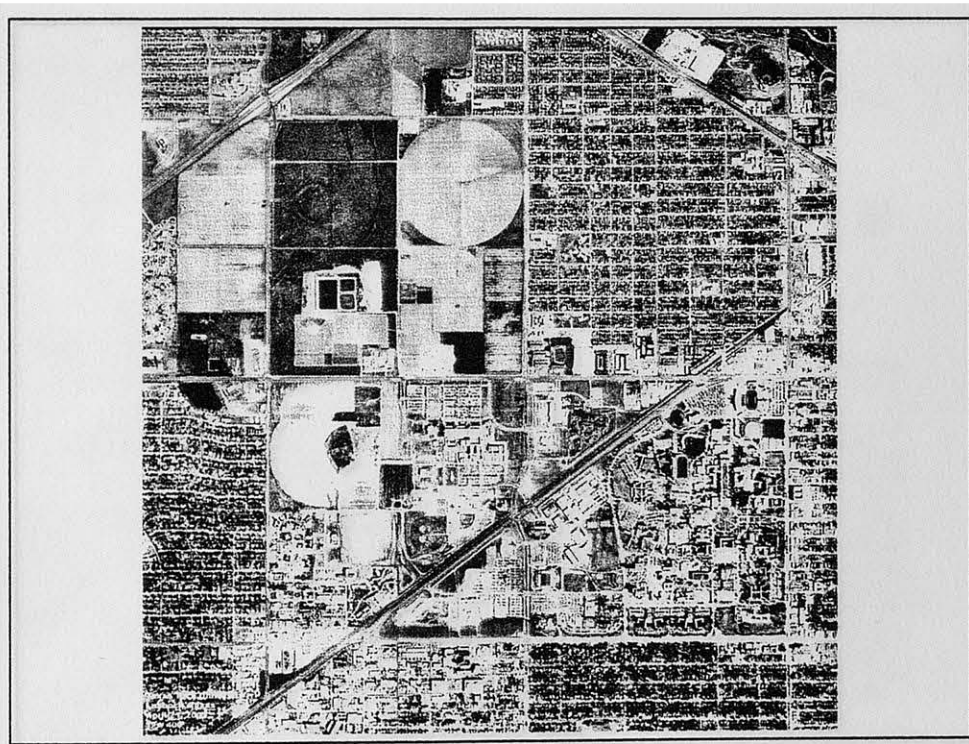
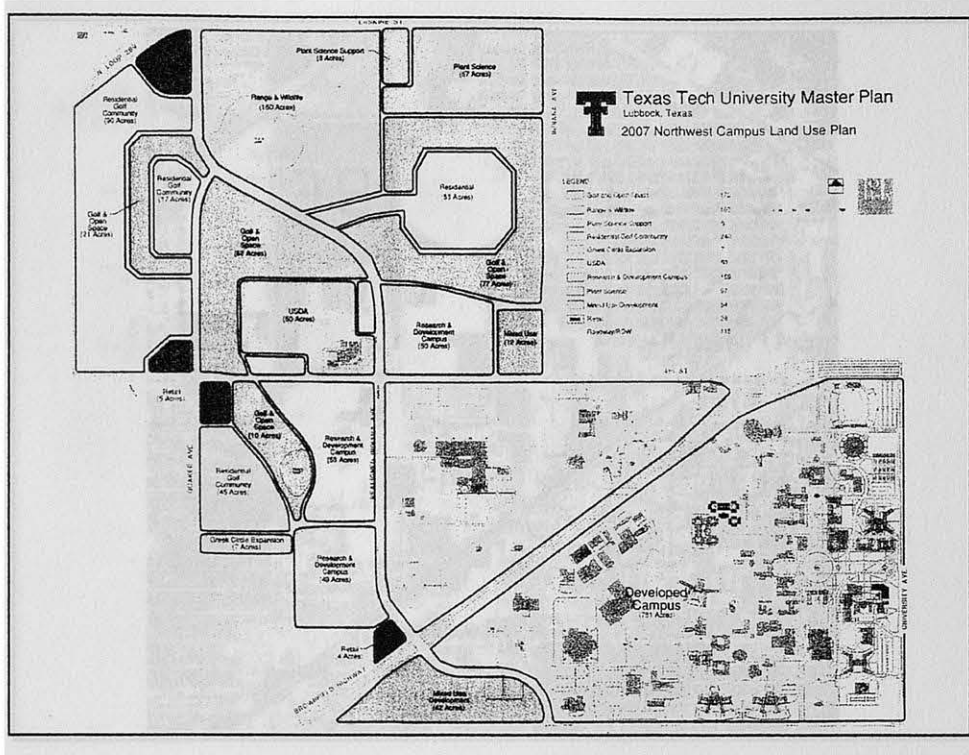
# **Purpose**

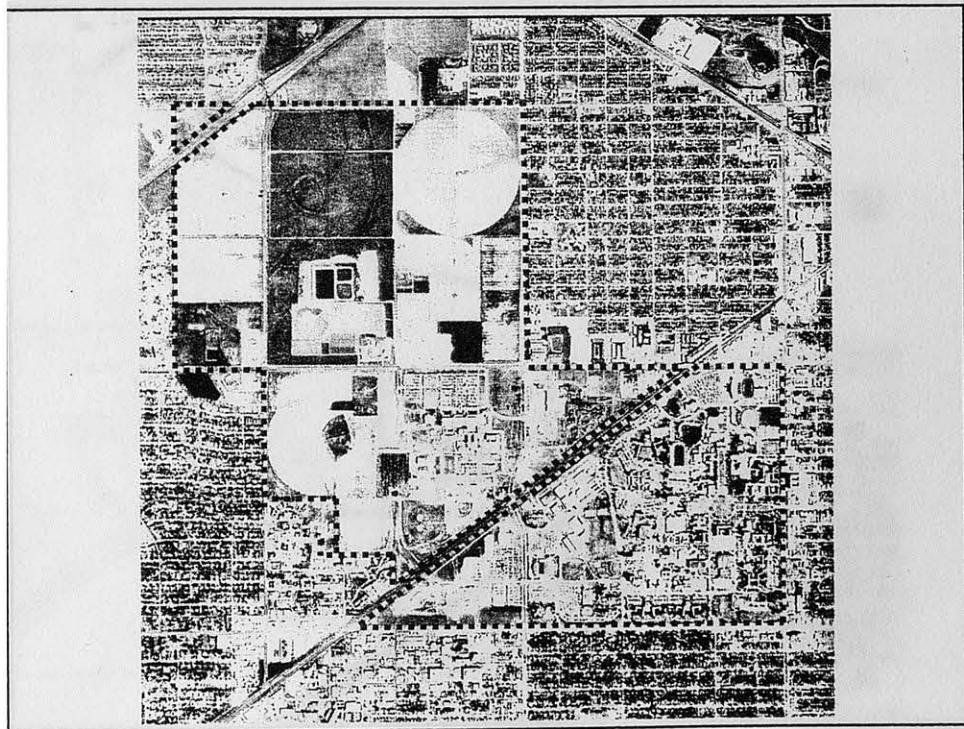
**The master plan is a comprehensive expression of policy about the future long-range physical development of the Texas Tech campuses and the outlying areas under its jurisdiction**

- ***Statement of institutional intent***
- ***Statement of land use policy***
- ***Translation of institutional mission into facility needs***
- ***Affirmation of the generous public investment Texas Tech represents***

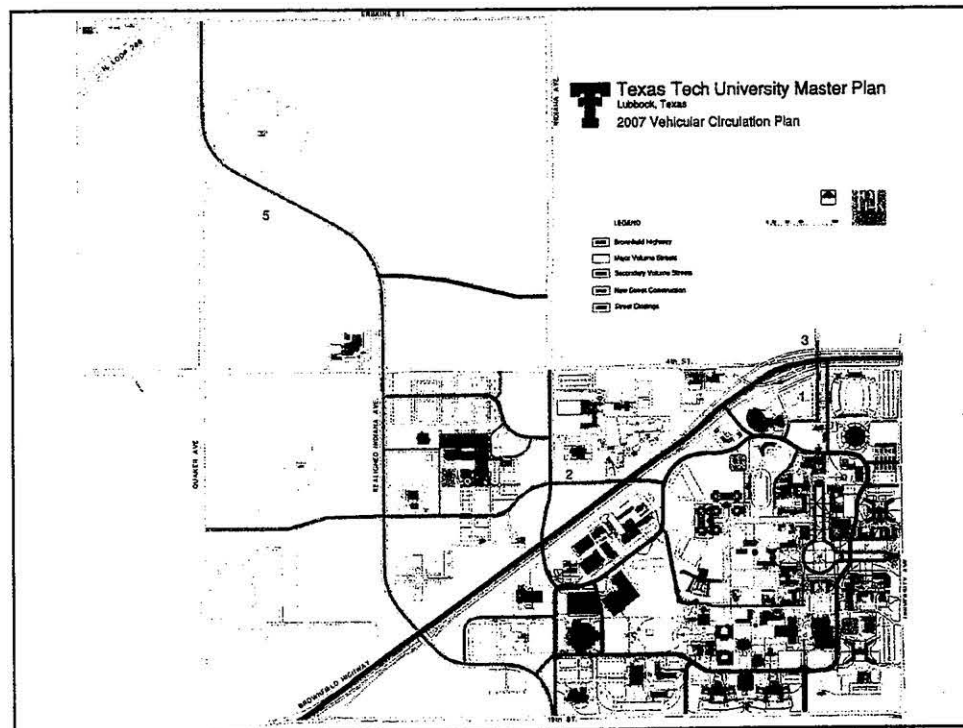
- ***Existing Master Plan***
  - ***adopted in 1997***
  - ***projected growth to 2007***
  - ***based on 30,000 students***
  - ***accompanied the formation of the Texas Tech University System***



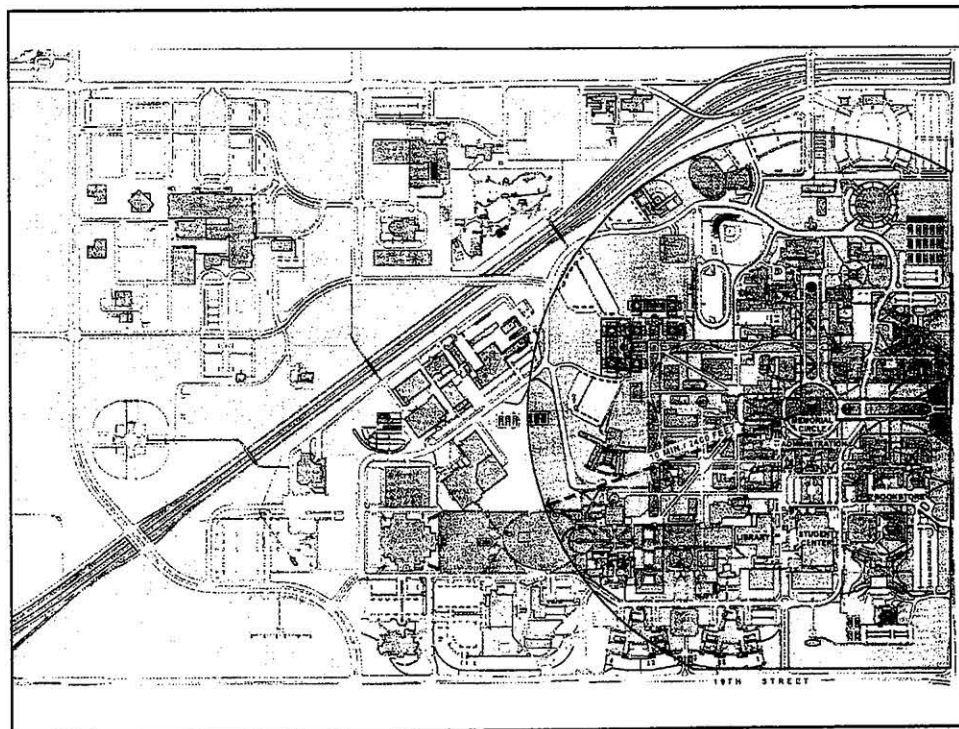
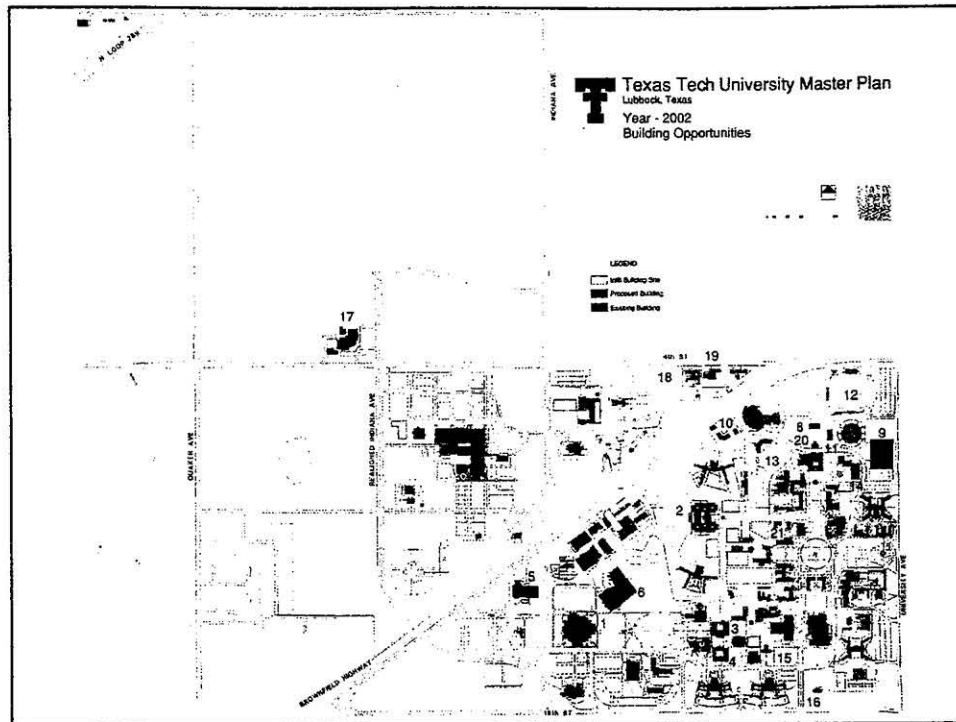




- **Master Plan Needs**
  - **Long-Term**
  - **Mid-Term**
  - **Immediate**







# Process

- ***Working with faculty, staff, students and community***
- ***Translating data into usable information***
- ***Identifying and providing alternative approaches***
- ***Following a systematic approach***

- ***Organizing***
- ***Evaluating and selecting***
- ***Documenting***
- ***Communicating***

- ***Areas of importance/vision***
  - ***enrollment***
  - ***programs***
  - ***research***
  - ***auxiliaries***
  - ***community development***
  - ***land uses***

# Product

- ***Published text and drawings***
- ***Consensus of current thinking***
- ***Framework for decision making***
- ***Roadmap for development***
- ***Statement of land use principles***

# Precedence

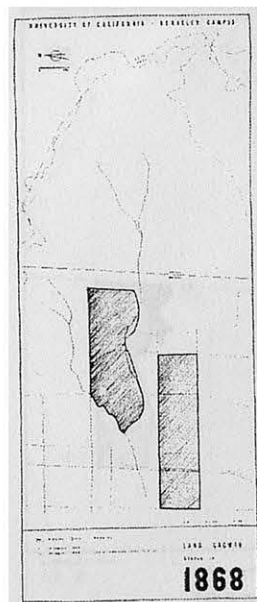
- ***Other large land campuses***
  - ***Stanford: 8,800 acres***
  - ***Texas A & M: 5,200 acres***
  - ***UC Davis: 5,200 acres***
  - ***Virginia Tech: 2,600 acres***
  - ***Washington St: 1,900 acres***
  - ***Iowa State: 1,800 acres***
  - ***Ohio State: 1,700 acres***

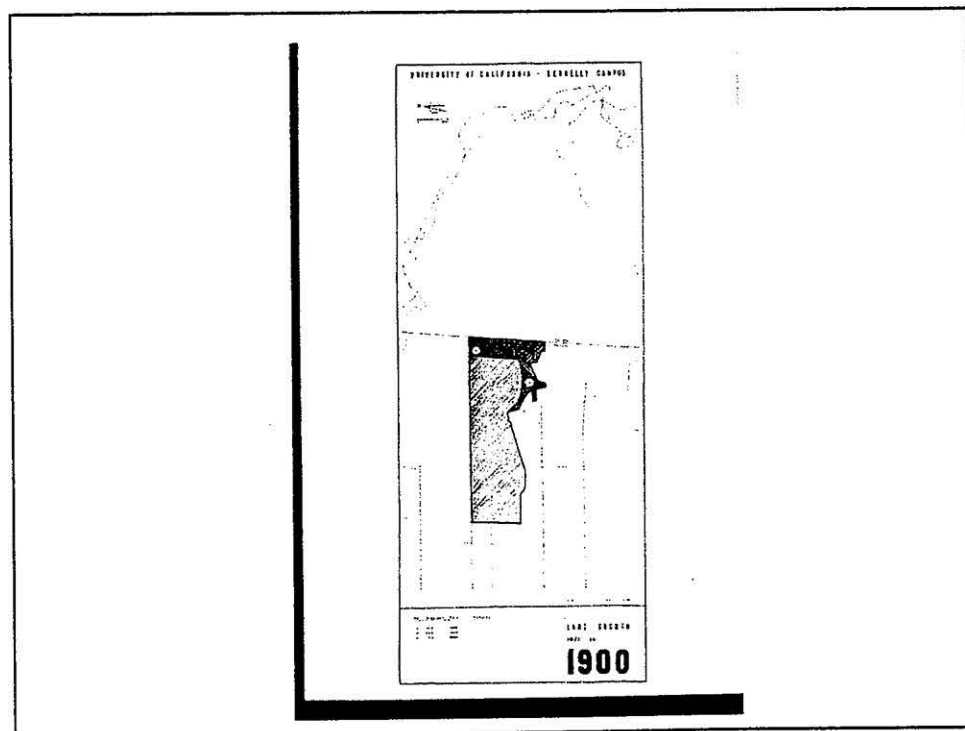
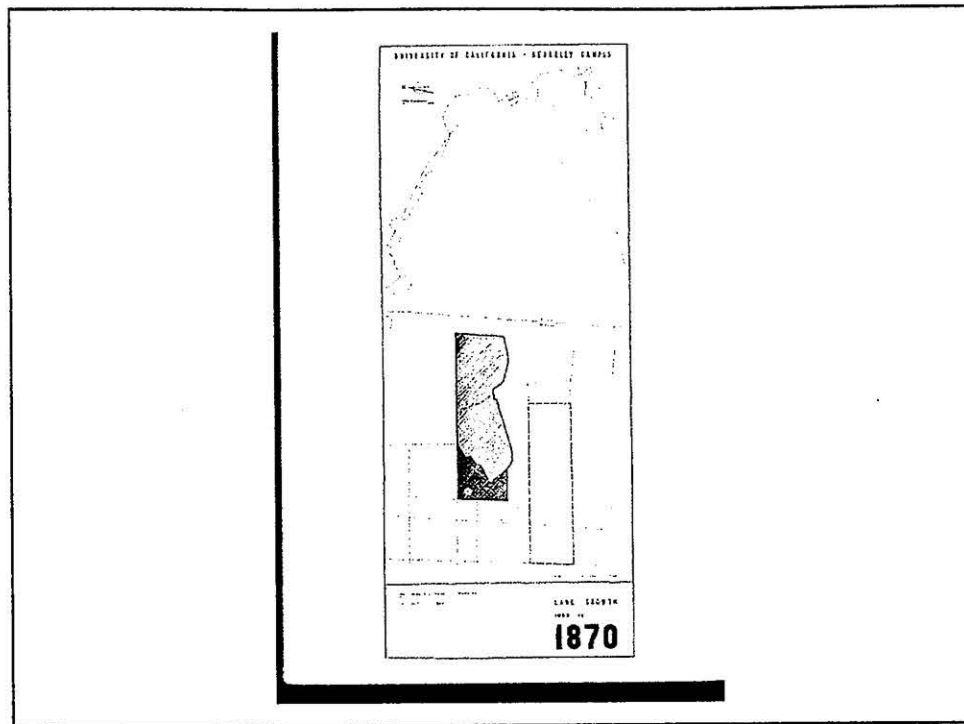
- ***Other large enrollment campuses***
  - ***UT Austin: 43,000 students***
  - ***Texas A&M: 42,000 stdts***
  - ***UFlorida: 41,000 students***
  - ***Arizona State: 40,000 stdts***
  - ***Penn State: 37,000 students***
  - ***Ohio State: 37,000 students***

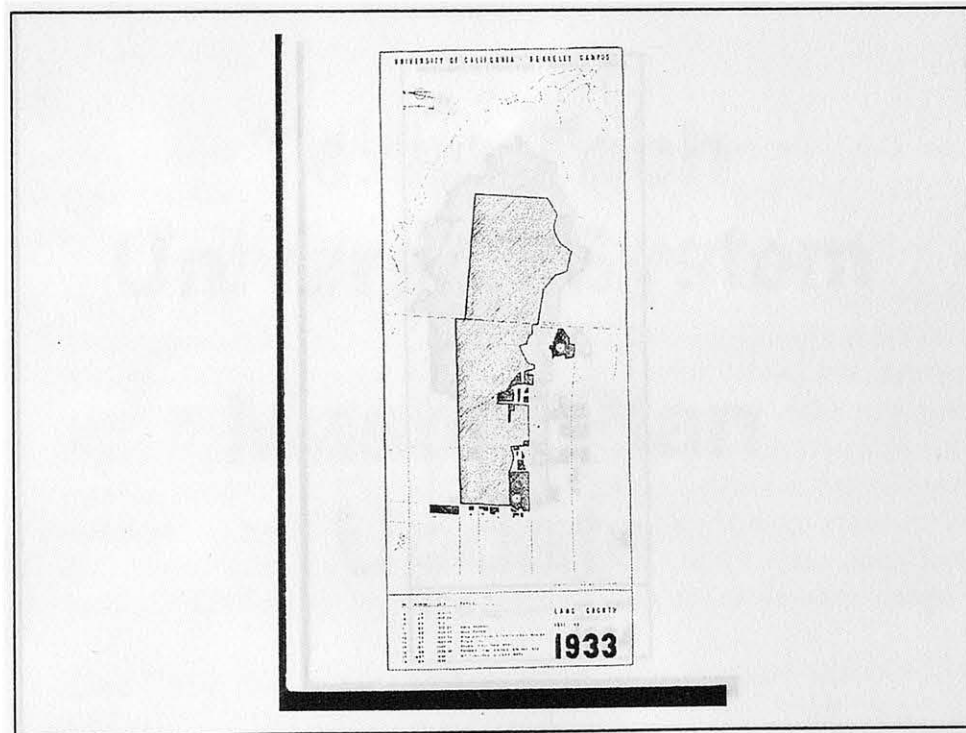
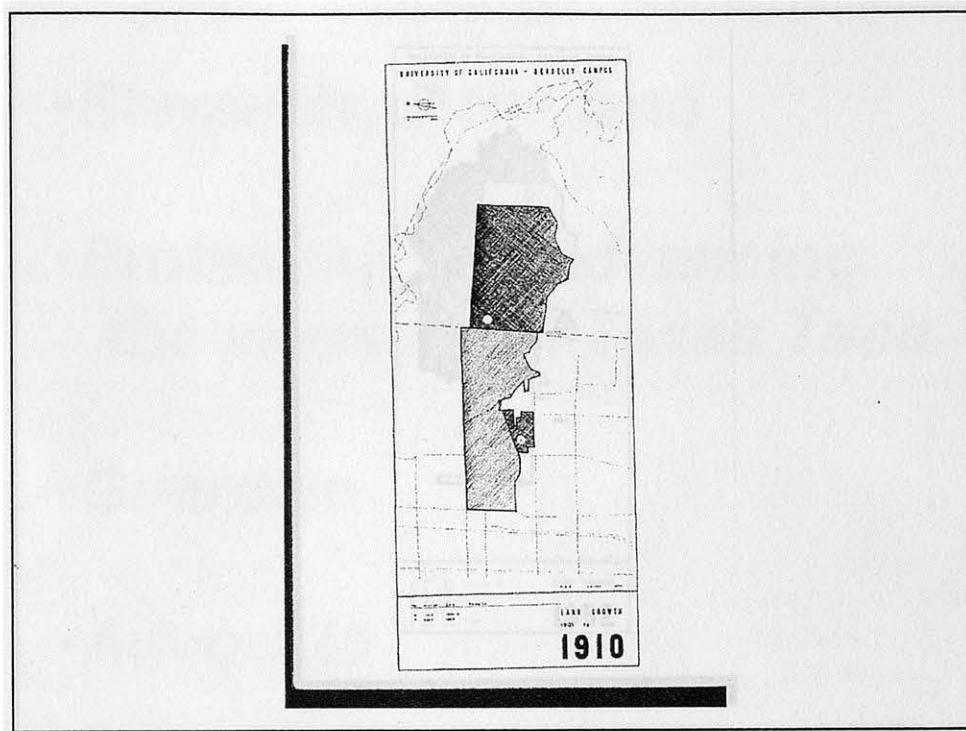
## **Role of the Regents**

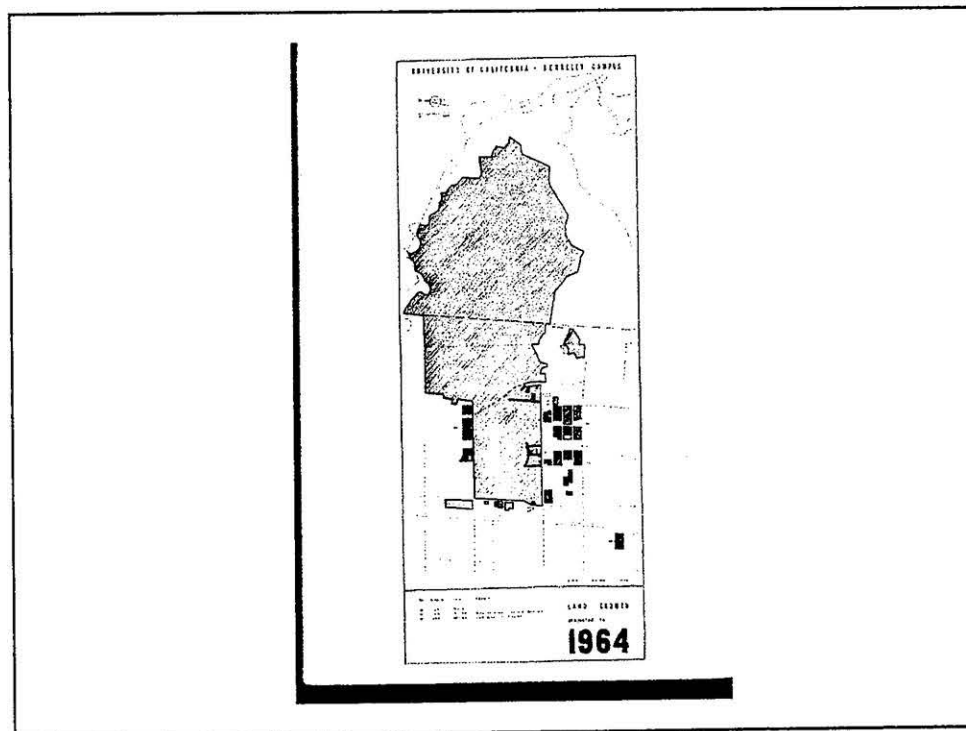
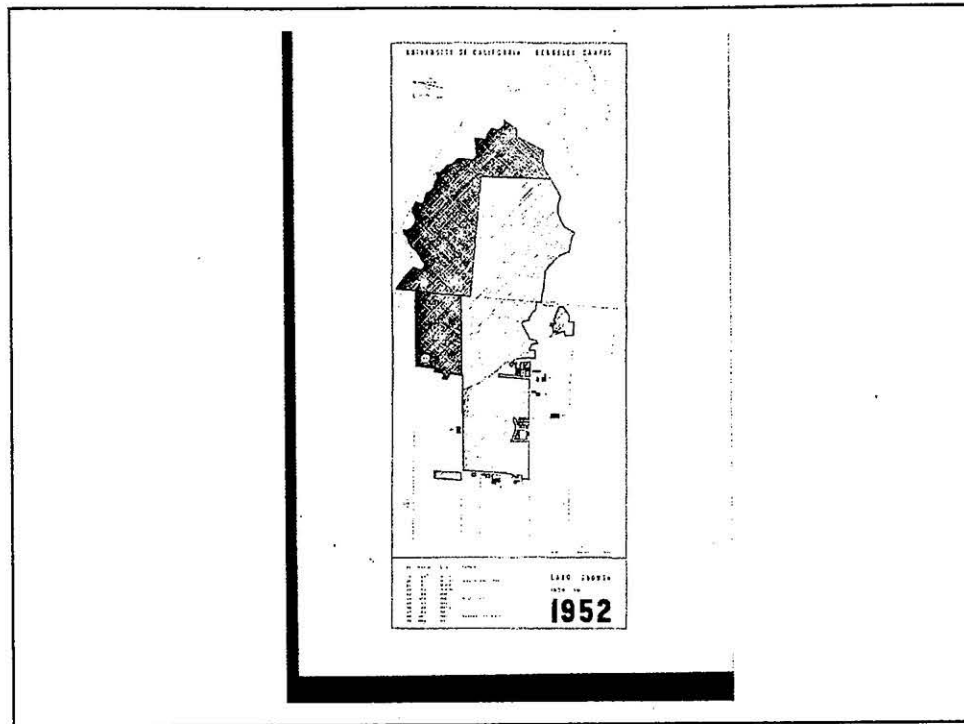


- ***Stewards of the land***
- ***Protecting and advancing  
the interests of Texas Tech***
- ***Guardian***
- ***Advocate***









- ***Stewards of the land***
- ***Protecting and advancing  
the interests of Texas Tech***
- ***Guardian***
- ***Advocate***

# **Texas Tech University System Master Plan Update**

**Presentation to the Board of Regents  
August 17, 2004**

**SACS Reaffirmation of Accreditation**

**History**

Texas Tech has been continuously accredited by the Southern Association of Colleges and Schools (SACS), Commission on Colleges, since 1928. This accreditation of the university is crucial, for without it, we are not eligible to receive federal monies, including student financial aid. We undergo a reaffirmation of that accreditation every ten years.

**Personnel**

The Reaffirmation is being coordinated from the Office of the Provost; the direction and committee work are being conducted by faculty. Dr. Gary Elbow of Economics and Geography is the director; Peter Westfall of ISQS in the Business School is the chair of the Compliance Committee and Sue Couch of Applied Professional Service in Human Sciences is chair of the Quality Enhancement Plan Committee. Vicki West and Tess Barlow of Institutional Research and Information Management have been invaluable in creating and compiling the electronic reports. And there are numerous faculty and staff who gather and report on the many pieces of this complex undertaking.

**Time Line**

In anticipation of the SACS on-site visit of March 21-23, 2005, we began our responses to the requirements for reaffirmation in the spring of 2003. There are two written reports to file prior to the on-site visit:

- a) **The Compliance Report.** This is due to SACS on September 10, 2004. This report will address Core Requirements and Comprehensive Standards. We respond to some seventy major points, affirming our compliance or partial compliance and providing a wealth of supporting documentation links which an off-site SACS committee will review in November of 2004. This major undertaking touches every corner of the university from the academic programs to the physical plant to the Board of Regents. The report is nearing completion and we are confident we have provided a thorough and honest appraisal of the university.
- b) **The Quality Enhancement Plan (QEP).** This is a new aspect of SACS accreditation and one we are quite frankly excited about. After a campus-wide poll, the QEP Committee chose *ethics* as Texas Tech's focus.

**SACS expects us to provide a plan, due in January 2005, to cover the next five years, which will result in a major beneficial change to our students, faculty and staff. In the course of eighteen meetings so far, the QEP Committee is presently in the draft stage of their report, entitled “Do the Right Thing: A Campus Conversation on Ethics.” Centered on an outcome of proven student learning, the topic will be discussed and form a part of every discipline and office on campus. The Committee intends that students and others realize a higher adherence to ethics than following the codes which many businesses and professions have emblazoned on their walls. In other words, the Committee plans to instill a sense of the greater value of an ethical foundation in everyone. So, we hope to move beyond the “thou shalt nots” of codes to the “thou shalts” of right ethical behavior.**

- c) This three year effort to reaffirm our accreditation will culminate in a vote by the entire Commission on Colleges of SACS at the annual meeting in December 2005.**



## **Report on Status of SACS Accreditation Process**

Presented by: Roderick Nairn, Ph.D., *Executive Vice President for Academic Affairs and Dean, Graduate School of Biomedical Sciences*

### **Commendations:**

- The Committee commends the institution for its strong commitment to students that is evident in both the academic and support areas; students in all professional programs praised the commitment of faculty and staff to their professional and personal development.
- The Committee commends the institution for its outstanding success in ensuring that high quality library resources and services are provided throughout the institution.
- The Committee commends the institution for the establishment of HealthNet and the support network that ensures performance reliability and training services for instructors.
- The Committee commends the institution on the quality of its information technology resources and systems.

### **Recommendations:**

(Must submit a First Monitoring Report due April 15, 2005, addressing the visiting committee recommendations)

(Institutional Effectiveness)

- Document completion of the first planning cycle and demonstrate that the planning system identifies expected outcomes for educational programs and administrative and educational support services and assesses extent of accomplishing those outcomes. Provide evidence of improvement based on analysis of the results of the planning/assessment cycle.
- Provide a report of the customer survey and associated actions to improve the effectiveness of the institutional research function.
- Provide a report of the results of the evaluation of graduate courses in the Graduate School of Biomedical Sciences and of the resulting improvements made in the program.

**TEXAS TECH UNIVERSITY**  
**COMPARISON OF EDUCATIONAL AND GENERAL FUNDS**  
**INCOME BUDGET**

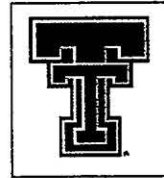
<u>ITEM</u>	<u>FY 2004</u>	<u>FY 2005</u>
<b>GENERAL REVENUE APPROPRIATIONS:</b>		
GENERAL REVENUE - ARTICLE III	\$111,613,919	\$111,896,246
TASP FUNDING FROM COORDINATING BOARD	50,000	50,000
<b>NET GENERAL REVENUE</b>	<b>\$111,663,919</b>	<b>\$111,946,246</b>
HIGHER EDUCATION ASSISTANCE FUND	20,961,881	20,961,881
<b>SUB-TOTAL APPROPRIATED</b>	<b>\$132,625,800</b>	<b>\$132,908,127</b>
<b>OTHER EDUCATIONAL AND GENERAL FUNDS:</b>		
TUITION, NET	\$37,960,363	\$40,196,718
FEES	884,609	932,000
INDIRECT COST	7,180,000	7,180,000
INTEREST EARNINGS	1,000,000	1,000,000
MISCELLANEOUS	304,197	165,000
<b>SUB-TOTAL OTHER E&amp;G</b>	<b>\$47,329,169</b>	<b>\$49,473,718</b>
<b>TOTAL INCOME</b>	<b>\$179,954,969</b>	<b>\$182,381,845</b>
<b>OTHER SOURCES</b>		
TRANSFER FROM INSTITUTIONAL TUITION - DESIGNATED	\$8,555,540	\$16,755,540
UTILIZATION OF FUND BALANCE	2,852,000	1,393,559
	<b>\$11,407,540</b>	<b>\$18,149,099</b>
<b>TOTAL FUNDING</b>	<b>\$191,362,509</b>	<b>\$200,530,944</b>
PERCENT CHANGE		4.8%

Note: FY 2004 has been restated

# **Texas Tech University System**

## **Office of Audit Services**

### **ANNUAL PLAN For the Year Ending August 31, 2005**



## **Table of Contents**

Transmittal Letter	3
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Performance Measures	5-6
Risk Assessment Process	7
Allocation of Time	8
Planned Engagements	9-11
Nature of Work	12-13
Audit Process	14-15

## Transmittal Letter

August 17, 2004

Mr. E. R. "Dick" Brooks  
Audit Committee Chair, Texas Tech Board of Regents

Dr. David R. Smith  
Chancellor, Texas Tech University System

We are pleased to submit the annual plan of the Office of Audit Services of Texas Tech University System for the year ending August 31, 2005. The plan addresses audits that are required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and planned engagements based on our assessment of risk. We have scheduled approximately thirty percent of our time for assisting management with additional requests and special investigations and for following up on implementation of prior audit recommendations.

We appreciate the support you offer us in the performance of our responsibilities and formally request that you approve this plan.

Sincerely,

Kimberly F. Turner, CPA  
Managing Director

Approved by: \_\_\_\_\_ August 17, 2004  
Mr. E. R. "Dick" Brooks

Approved by: \_\_\_\_\_ August 17, 2004  
Dr. David R. Smith

3

## Mission Statement

The staff members of the Office of Audit Services agreed that we should have a mission statement that exhibits the commitment made by Texas Tech to be the institution of choice for high quality students and the best institution of higher education in the State of Texas, as well as our commitment to our professional standards. The result of our contemplation is a mission statement that emphasizes proactive quality service provided by our staff for the benefit of the Board of Regents and management throughout the Texas Tech University System.

### Mission Statement

The mission of the Office of Audit Services is to assist the Board of Regents and other units of Texas Tech University System and its components in identifying, avoiding, and where necessary, mitigating risks.

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## Performance Measures

We have instituted a continuous quality improvement control effort as required by internal auditing standards. We evaluate the quality of our services by:

- completing a self-assessment questionnaire at the end of each engagement;
- surveying our clients regarding their level of satisfaction with the services we have provided;
- measuring our performance against predetermined benchmarks that we believe will encourage excellence; and
- submitting to periodic assessment by peer review teams comprised of experienced higher education audit professionals.

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## Performance Measures (cont.)

### Planning Phase

- Approval of the risk assessment, audit objectives, and audit plan
- Review of the audit objectives and plan with the audit team members
- Communication with the client regarding the audit objectives and target report date

### Fieldwork Phase

- Timeliness of fieldwork completion
- Proper communication with client during fieldwork
- Documentation of changes made to preliminary planning during the engagement
- Professionalism throughout the engagement

### Reporting Phase

- Fully documented observations and findings
- Reporting of all relevant findings with constructive recommendations
- Delivery of final report to the client by an agreed-upon date

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## Risk Assessment Process

The Office of Audit Services allocates its resources in a manner that is consistent with the mission and goals of Texas Tech University System and its components. In accordance with the Texas Internal Auditing Act (V.T.C.A., Government Code, §2102.005), we have prepared this audit plan based on the results of a formal risk assessment process.

The risk assessment process undertaken to prepare this annual plan was multi-layered. The process began when the complete staff of our office, based on its collective institutional knowledge, input from upper management, information from past audit and consulting engagements, and knowledge of nationwide trends and occurrences in higher education and health care, developed risk assessments for all three components of Texas Tech. We identified and prioritized major processes as to their significance to the fulfillment of the missions of Texas Tech University System (TTUS), Texas Tech University (TTU), and Texas Tech University Health Sciences Center (TTUHSC), respectively. We analyzed each process to determine risks related to the achievement of entity objectives, and then classified each risk as to likely impact and probability of occurrence. The highest levels of institutional management at TTUS, TTU, and TTUHSC then executed a similar process to assess risks for their respective institutions.

The results of these assessments were identification of strategic, business, tactical, and environmental risks facing each institution. Any of the defined processes whose related risks were determined to present a high impact and at least a medium probability of occurrence were considered for inclusion in this annual plan.

## Allocation of Time

We have 13 audit professionals on our staff, resulting in over 26,000 total working hours for the upcoming year. After consideration of estimated time for holidays, annual leave, sick leave, staff meetings, and continuing professional education, we determined our allocable chargeable time to be approximately 18,000 hours.

Of this 18,000 hours, we estimate 1,900 hours are needed to perform required audits, assist external auditors, and complete other mandatory projects. Additionally, 1,300 audit hours are needed to complete fiscal year 2004 audits in progress. We have set aside approximately 30% of the remaining time (5,000 hours) for unscheduled work, including board and management requests, investigations, committee service, and other special projects. The remaining 9,800 audit hours have been allocated to projects determined through the risk assessment process and listed on pages 9-11.

## Planned Engagements

### Texas Tech University System and Components

Endowment Administration	Operational
Institutional Risk Assessments	Risk Assessment
Fraud Risk Assessment	Risk Assessment
Investments Risk Assessment	Risk Assessment
The Institute for Environmental and Human Health*	Operational/Controls
Information Technology	Controls
Continuous Monitoring of Procurement Card Usage	Compliance
Continuous Monitoring of Cellular Telephone Usage	Compliance
Texas Tech Foundation, Inc.	Financial
Chancellor & Regent Travel	Compliance
State Auditor's Office Statewide CAFR	Financial
Texas Higher Education Coordinating Board ARP/ATP Grants	Compliance

\* A joint project of TTU and TTUHSC

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## Planned Engagements (cont.)

### Texas Tech University

Athletics	Operational/Controls
Athletic Ticket Office Follow-Up	Financial/Control
Rawls Golf Course Follow-Up	Financial/Controls
Academic Advising	Consulting
College of Mass Communications	Operational/Controls
Satellite Campus Operations	Operational/Controls
Student Mediation Center	Operational
Office of Senior Vice President for Administration and Finance	Operational/Controls
College of Visual and Performing Arts	Operational/Controls
Physical Plant Follow-Up	Controls/Compliance
Cash Controls Follow-Up	Controls
Small Business Development Center Follow-Up	Controls/Compliance
Human Resources	Operational
Student Recruiting and Admissions Process	Operational
SACS Financial Statement Review	Financial
NCAA Compliance	Compliance
NCAA Financial Statements	Financial
KOHM-FM	Financial

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## Planned Engagements (cont.)

### Texas Tech University Health Sciences Center

Amarillo Control Environment	Management Review
Billing Compliance Follow-Up	Compliance
Research Compliance	Compliance
Institutional Review Boards	Compliance
Medical Practice Income Plan (MPIP)	Financial/Operational
School of Nursing Billing Compliance	Compliance
Texas Higher Education Coordinating Board Reporting Process	Compliance
El Paso Control Environment	Management Review
Safety Services	Compliance
KPMG Reportable Condition Follow-Up	Controls
Compliance Review of HIPAA / GLBA / FERPA	Compliance
Texas Higher Education Coordinating Board Residency Grants	Compliance
El Paso Family Medicine Contract	Compliance

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## Nature of Work

The Office of Audit Services evaluates and contributes to the improvement of risk management, control, and governance processes. The nature of the activities is determined by a risk assessment process undertaken annually with the input of senior management and the Board of Regents. Additionally, consulting engagements may be planned to improve the management of risks, to add value, and to improve Texas Tech's operations.

The Office of Audit Services' assessments and recommendations for improving Texas Tech's governance process are for the purpose of accomplishing the following objectives:

- promoting appropriate ethics and values within Texas Tech
- ensuring effective organizational performance management and accountability
- effectively communicating risk and control information to appropriate areas
- effectively coordinating the activities of and communicating information among our office, the Board of Regents, external auditors, and management

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## Nature of Work (cont.)

The Office of Audit Services evaluates risk exposures and the effectiveness of controls relating to Texas Tech's governance, operations, and information systems regarding the

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with laws, regulations, and contracts.

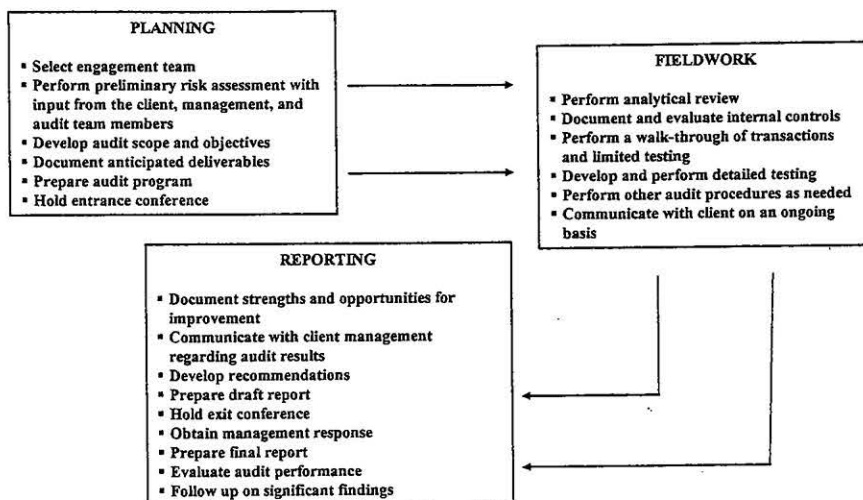
During the planning phase of each engagement, we determine the scope of work to be performed using the standards noted above. Our scope will be based on a risk assessment conducted during the planning phase of the audit. On all planned engagements, we will conduct an entrance conference and/or provide an engagement letter in order to communicate the scope and objectives of our audit to the management personnel involved.

The Institute of Internal Auditors, The Professional Practices Framework. (Altamonte Springs: The Institute of Internal Auditors, 2004). pp 14-17

## Audit Process

Audits are performed in three phases: Planning, Fieldwork, and Reporting. As indicated earlier, the success of our efforts is monitored through the completion of self-evaluation questionnaires and the compilation of information to monitor our achievement of performance measures. We believe it is important that our process is understood. To document the procedures normally employed in the performance of an audit, we have prepared the illustration on the following page.

## Audit Process (cont.)





TEXAS TECH UNIVERSITY SYSTEM ADMINISTRATION

Texas Tech University  
System Administration

Legislative Appropriations Request

For Fiscal Years 2006 and 2007



TEXAS TECH UNIVERSITY SYSTEM ADMINISTRATION

- Institutional Organization
- Accountability
- Effectiveness
- Functional Organization



## TEXAS TECH UNIVERSITY SYSTEM ADMINISTRATION

### Funding Priorities

- Provide sufficient funds to cover the growth in enrollments statewide.
- Funds should be added to the formulas for new students

### Exceptional Items

- Reinstate funding to 2002-03 biennium appropriation levels.
- Equitable funding for System Administration



## TEXAS TECH UNIVERSITY

Texas Tech University

Legislative Appropriations Request

For Fiscal Years 2006 and 2007



## TEXAS TECH UNIVERSITY

### Major Initiatives

- Provide the best possible instruction
- Attract students who are unmatched for their talent and diversity
- Grow the faculty by 100 members
- Become one of the nation's top 100 research universities.
- Improve outreach, economic development, and partnership programs
- Build new and renovate existing facilities



## TEXAS TECH UNIVERSITY

### Funding Request For Exceptional Items

- Restoration of the reduction in state appropriations \$20.5 M
- Restoration of the reduction in non-formula funding and full funding for the TRB debt service \$5 M
- Water Resource Center \$1 M per year increase
- West Texas Mesonet \$200,000 per year
- TTU Hill Country Educational Network \$560,500 per year increase
- Small Business Development Center \$100,000 per year increase
- Agribusiness Solution Center \$200,000 per year



## TEXAS TECH UNIVERSITY

### Tuition Revenue Bonds

- |  |              |
|--|--------------|
| • New Rawls College of Business<br>Administration Building | \$25M        |
| • Renovation of old BA Bldg.<br>to General Academic Bldg.  | \$20M        |
| • Expansion of Law School                                  | <u>\$ 6M</u> |
| <b>TOTAL</b>   | <b>\$51M</b> |



## TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

### Texas Tech University Health Sciences Center

### Legislative Appropriations Request

For Fiscal Years 2006 and 2007





## TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

- Increase Peer Reviewed Research
- Closing the Gap for Minority Students
- Decreasing Health Disparities in Minority and Rural Populations
- Providing Leadership to Improve the Health of Our Communities



## TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

### EXCEPTIONAL ITEMS


	2006	2007	Total
Formula Funding Restoration	6,532,695	6,532,692	13,065,387
Restoration of Non-Formula Funding	4,051,244	4,051,237	8,102,481
TRB Debt Service - El Paso	3,467,500	3,604,750	7,072,250
El Paso Four Year Medical School	27,950,000	33,653,500	61,603,500
Institute for Health Disparities Research	3,770,000	1,230,000	5,000,000
Institute for Improved Fertility	3,550,000	2,200,000	5,750,000
Medical Residency and Physician Assistant			
Program Expansion - Midland	2,538,750	2,584,000	5,122,750
Pharmacy Class Size Expansion	1,990,625	2,025,000	4,015,625
Total Exceptional Items	53,850,814	55,881,179	109,731,993



## TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

### TUITION REVENUE BONDS

El Paso Four Year Medical School	9,000,000
Medical Residency and Physician Assistant Program Expansion - Midland	13,500,000
Pharmacy Class Size Expansion	11,250,000
Total Tuition Revenue Bonds	33,750,000



**TEXAS TECH UNIVERSITY SYSTEM**

# Texas Tech University System

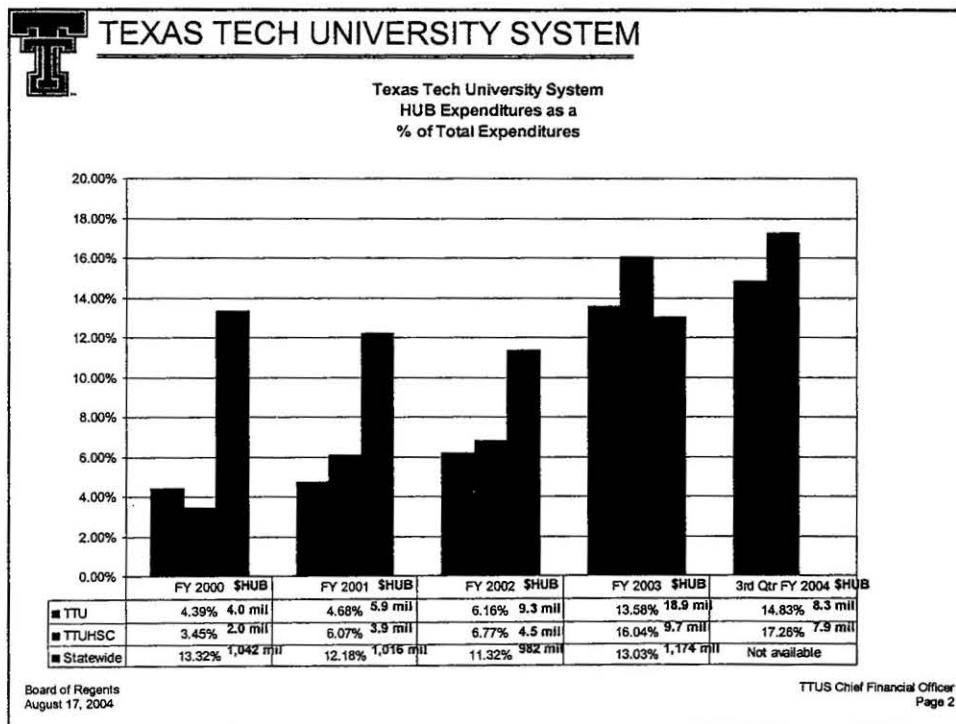
## HUB Report

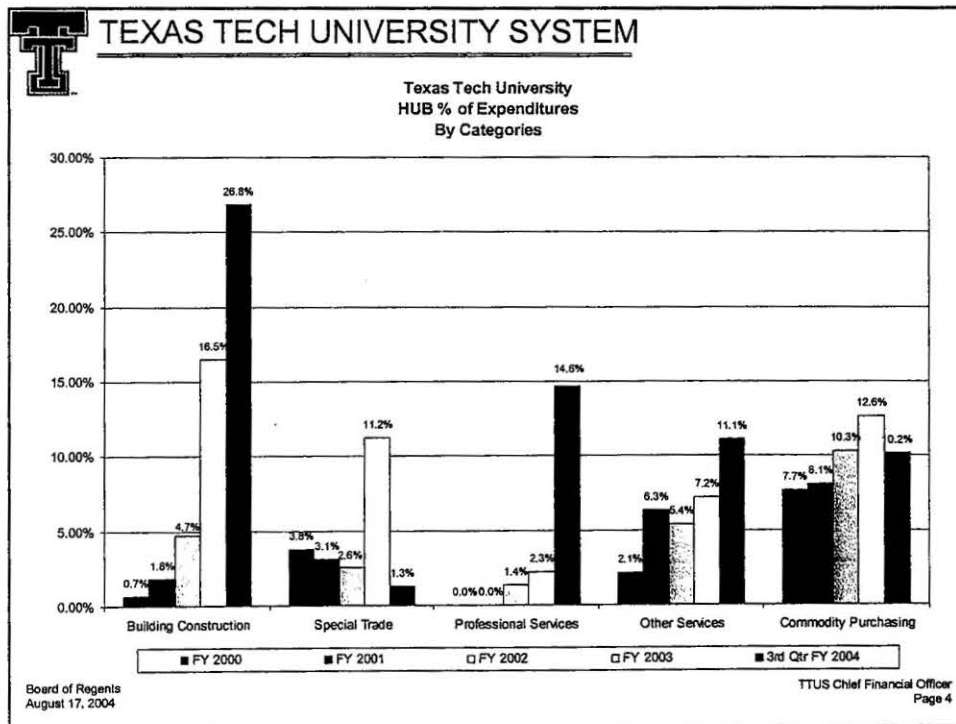
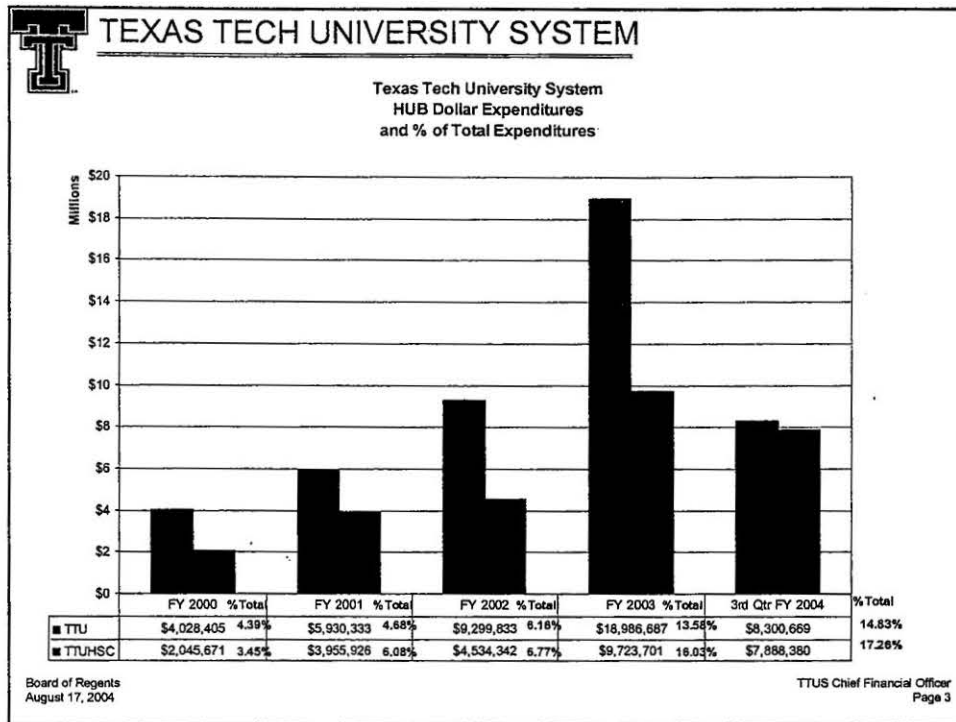
### 3rd Quarter FY 2004

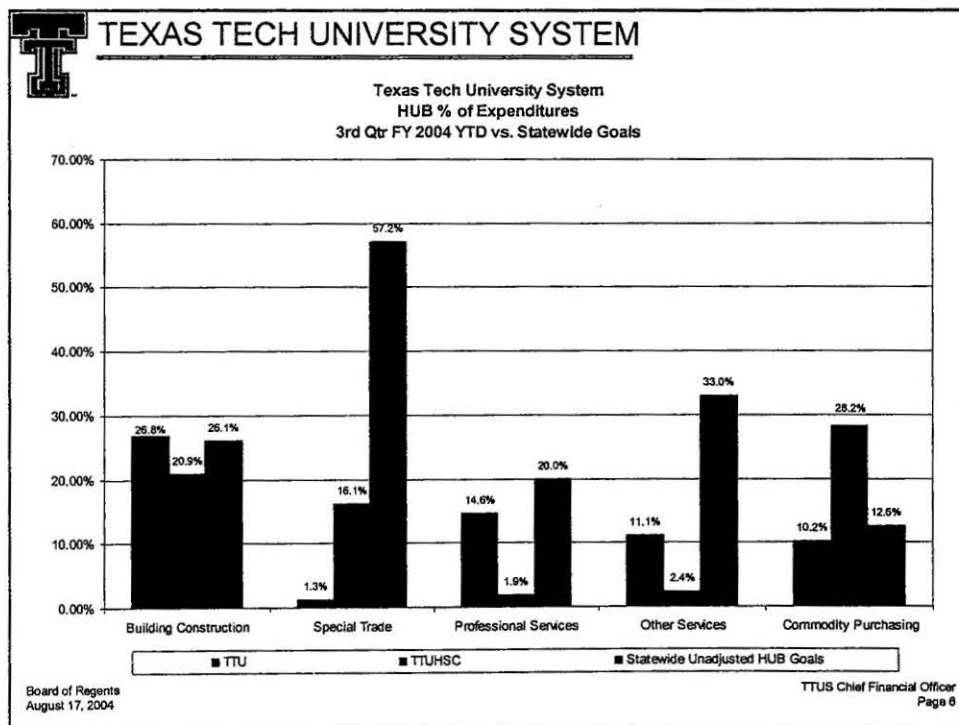
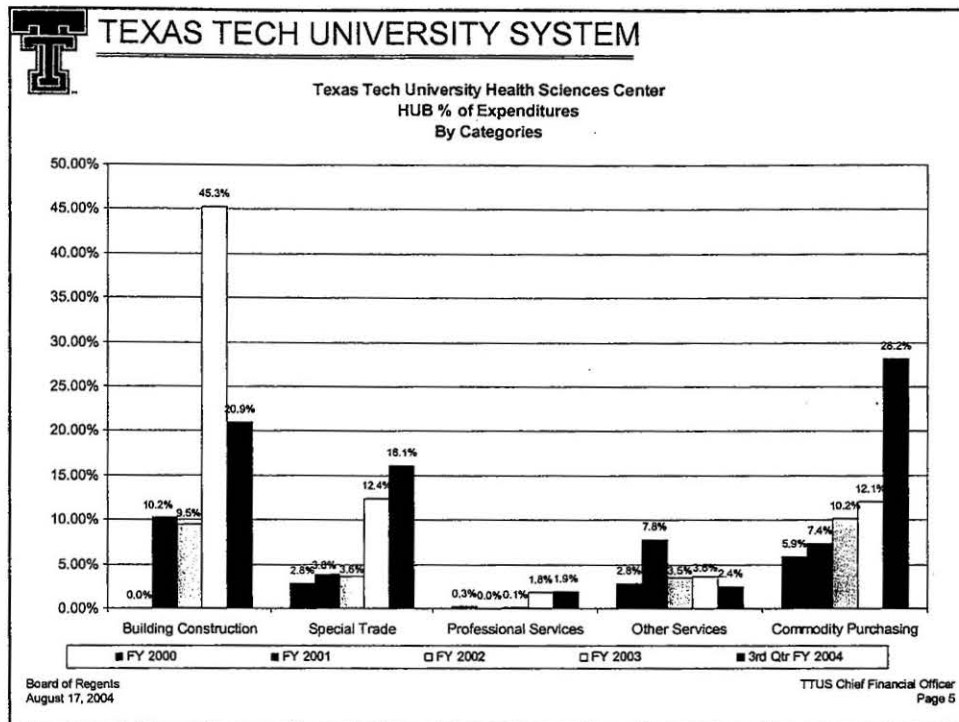
*Office of the Senior Vice Chancellor  
and Chief Financial Officer*

Board of Regents  
August 17, 2004

TTUS Chief Financial Officer  
Page 1







# TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University System Combined	Statewide Unadjusted HUB Goals	HUB Expenditures for FY 2003		Total Expenditures FY 2003	HUB Expenditures for 3rd Qtr FY 2004		Total Expenditures FY 2004
		HUB %	HUB \$		HUB %	HUB \$	
Heavy Construction	11.9%	102.997%	788,402	765,463	96.478%	213,638	221,437
Building Construction	26.1%	21.703%	14,867,628	68,505,691	24.353%	6,613,391	27,156,285
Special Trade	57.2%	11.683%	1,476,272	12,658,097	10.479%	303,169	2,893,213
Professional Services	20.0%	1.795%	184,533	10,278,464	2.024%	137,338	8,785,355
Other Services	33.0%	6.284%	2,063,897	32,844,873	6.282%	963,662	15,388,586
Commodity Purchasing	12.6%	12.407%	9,479,202	76,400,554	16.280%	8,220,576	50,494,851
Total Expenditures		14.326%	28,859,934	201,453,142	15.982%	16,451,774	102,939,727

Board of Regents  
August 17, 2004

TTUS Chief Financial Officer  
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# TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University 733	Statewide Unadjusted HUB Goals	HUB Expenditures for FY 2003		Total Expenditures FY 2003	HUB Expenditures for 3rd Qtr FY 2004		Total Expenditures 3rd Qtr FY 2004
		HUB %	HUB \$		HUB %	HUB \$	
Heavy Construction	11.9%	98.716%	628,828	637,004	91.319%	33,200	36,356
Building Construction	26.1%	16.463%	9,225,868	56,040,795	26.822%	4,231,236	15,775,416
Special Trade	57.2%	11.232%	1,022,438	9,102,894	1.281%	14,063	1,097,611
Professional Services	20.0%	2.251%	13,158	584,534	14.633%	11,338	77,483
Other Services	33.0%	7.222%	1,570,884	21,750,528	11.105%	620,860	5,590,791
Commodity Purchasing	12.6%	12.630%	6,525,508	51,665,198	10.152%	3,389,969	33,391,830
Total Expenditures		13.583%	18,986,587	139,780,955	14.831%	8,300,669	55,969,488

Texas Tech University Health Sciences Center 739	Statewide Unadjusted HUB Goals	HUB Expenditures for FY 2003		Total Expenditures FY 2003	HUB Expenditures for 3rd Qtr FY 2004		Total Expenditures 3rd Qtr FY 2004
		HUB %	HUB \$		HUB %	HUB \$	
Heavy Construction	11.9%	124.222%	159,574	128,459	97.491%	180,438	185,081
Building Construction	26.1%	45.280%	5,641,253	12,464,209	20.948%	2,382,155	11,371,724
Special Trade	57.2%	12.419%	438,496	3,530,792	16.100%	288,062	1,789,177
Professional Services	20.0%	1.770%	171,375	9,683,898	1.879%	128,000	6,706,833
Other Services	33.0%	3.610%	380,960	10,552,627	2.423%	218,022	8,997,798
Commodity Purchasing	12.6%	12.088%	2,932,041	24,254,850	28.178%	4,693,711	16,657,537
Total Expenditures		16.042%	9,723,701	60,614,836	17.256%	7,688,380	45,708,151

Board of Regents  
August 17, 2004

TTUS Chief Financial Officer  
Page 8

## COMMENCEMENTS

### Schedule of Regent Representation

#### Discussion Sheet

<u>Commencement Date</u>	<u>Responsible Committee</u>	<u>Committee Members</u>
May 2004 ..... (TTU, HSC and Law)	Finance and Administration.....	Carin Barth, Chair Scott Dueser Rick Francis
August 2004 ..... (TTU only)	Academic, Clinical and Student ..... Affairs	Brian Newby, Chair Windy Sitton Bob Stafford
December 2004 ..... (TTU and Law)	Facilities.....	Dick Brooks, Chair Bob Black Frank Miller
May 2005 ..... (TTU, HSC and Law)	Academic, Clinical and Student ..... Affairs	Brian Newby, Chair (or successor) Windy Sitton Bob Stafford
August 2005 ..... (TTU only)	Facilities.....	Dick Brooks, Chair (or successor) Bob Black Frank Miller
December 2005 ..... (TTU and Law)	Finance and Administration.....	Carin Barth, Chair (or successor) Scott Dueser Rick Francis
May 2006 ..... (TTU, HSC and Law)	Facilities.....	Dick Brooks, Chair (or successor) Bob Black Frank Miller
August 2006 ..... (TTU only)	Finance and Administration.....	Carin Barth, Chair (or successor) Scott Dueser Rick Francis
December 2006 ..... (TTU and Law)	Academic, Clinical and Student ..... Affairs	Brian Newby, Chair (or successor) Windy Sitton Bob Stafford
May 2007 ..... (TTU, HSC and Law)	Finance and Administration.....	Carin Barth, Chair (or successor) Scott Dueser Rick Francis (or successor)
August 2007 ..... (TTU only)	Academic, Clinical and Student ..... Affairs	Brian Newby, Chair (or successor) Windy Sitton Bob Stafford (or successor)
December 2007 ..... (TTU and Law)	Facilities.....	Dick Brooks, Chair (or successor) Bob Black (or successor) Frank Miller

#### Projected Future Commencement Dates

<u>2004</u>	<u>2005</u>	<u>2006</u>
December 18 ..... TTU and Law	May 14 ..... TTU and Law	*May 13 ..... TTU and Law
	May ..... HSC	*May ..... HSC
	August 6 ..... TTU	*August 12 ..... TTU
	*December 17 .... TTU and Law	*December 16 .... TTU and Law

*\*These commencement dates are tentative and are subject to change.*



President's Report  
Texas Tech University  
Board of Regents Meeting  
August 16-17, 2004

President Whitmore confirmed the previous report by Mitchell Moses, president, Student Government Association, and agreed that the University has a great group of student leaders. We are looking forward to the Fall semester and a chance to work with the new leaders. Dr. Whitmore started working with the new leaders at the end of the Spring Semester and it is going to be another outstanding group of student leaders. They play an important role in our campus.

Dr. Whitmore noted that he wanted to report two items. One is our enrollment. It is still uncertain until completion of late registration. Our Summer I enrollment was the highest since 1992. Our Summer II enrollment was up over last year. So, overall, the summer enrollment was very successful. Remember, one of the keys for graduating students early or on time is the availability to take a session or two of summer session along the way. This can make up for any deficiencies they may have in terms of how many credits they take each semester while they are here as students.

Our projected Fall enrollment is probably relatively flat, but up a little bit. The different components of that is that the freshman class is likely to be 4,100 which will be our third highest freshman class ever. Last year we had about 300 more freshmen students than we will have this year.

Chairman Black requested information regarding the percentage of freshmen students and the number of applicants. It was noted that we have about 10,000 applicants.

Dr. Whitmore reported that our transfer class, on the other hand, will be our largest transfer class ever. The transfer class will be increasing. The diversity of this class will be greater than before. The incoming freshman African-American student group will be up 34%. The Hispanic group will be down 7.6%. But in the transfer students, the African-American transfer group will be up 14% and the transfer Hispanic group will be up 48%. So, we should end up with a more diverse incoming student class than we have had in the past.

The average test scores for the freshmen are likely to be about even with what they were last year after two years in a row of very big record increases. As you know, this is the first freshman class that has been offered to opportunity for the "graduate on time" program. Our understanding is that many of the freshmen are aiming to participate in their "graduate on time" program. We will have a lot more data about that after the students arrive and get enrolled. It is the sixteenth day of classes when we have our real official information about how our enrollments actually came about this year.

Regent Sitton asked if the students sign a contract of intent. Dr. Whitmore responded that they will sign a contract at the end of the first semester. This gives them an opportunity to be on campus and then decide whether that program is going to be right for them and less likely that they get here a few weeks and decide that they are going to have to drop a course or whatever. The likelihood if they do sign it, that they will have a semester under their belt and therefore, be very likely to complete it is more the case.

Our indications are that the freshmen are signing up for more credit hours than the freshmen did last year. We will be monitoring that and reporting it to you in more detail when we have the final information.

That is the report on enrollment status now. It could go up, it could go down or it could pretty much stay the way predicted. We never know for sure how many people are going to show up during the first week of classes. Graduate student enrollment is down across the nation, but also, typically, they enroll or sign up for their classes later than incoming and undergraduates do. So, it is a little hard to predict at this point in time.

Lastly, Dr. Whitmore acknowledged Dr. Robert Sweazy, who has done a positive service for this university for years and years, and who is going to step down from his position as Vice President for Research at the end of this coming year. Dr. Whitmore wanted to publicly thank Bob for his work in research and as Vice President of Research during the one year that Dr. Whitmore has been here. He will be in that position for the coming year. Thank you, Bob, for your long service. At the end of this year, we will have a major celebration of Bob and his work. As many of you know, he also served as faculty representative on intercollegiate athletics for a number of years. He has served this institution in a number of different ways for a number of years. Having said that, we will be putting together a search committee for the Vice President for Research and usually these things take nine months or so to play out. We have been getting names from deans and from Horn Professors and the Provost and Bob Sweazy has suggested names for the search committee and probably within two or three weeks, we will have that search committee configured and they will begin to work. It will be a national search and they will have a several month period in which they will conduct that national search.

- End of Report -

President's Report  
Texas Tech University Health Sciences Center  
Board of Regents Meeting  
August 16-17, 2004

Dr. Wilson noted that he had several items he wanted to inform the board about. First, actually later this week, he will be going to El Paso to meet with elected officials about the LAR and talking with them about a time plan for the El Paso Medical School. The first two weeks of next month, he will be back in El Paso partly for the topping out ceremony on September 9 for the Research Building that is currently under construction, but also because of some other business he plans to do there. He mentions this to the board only because he has discussed this with the Chancellor. This will be the beginning of what he anticipates to be a significant amount of time that he is going to spend in El Paso over the rest of this year and all of next year. He has mapped out his schedule for the rest of this year and all of next year and he is averaging probably about seven or eight days a month in El Paso. This is something that is going to be required if we are going to move forward with this four-year Medical School. He wanted to inform the board of this.

Dr. Wilson reported that he has made some organizational changes that will benefit the organization and he wanted to inform the board of that. The first is that Dr. Nairn gave the board a report on the SACS accreditation and some of the recommendations that they made. The recommendations really were mainly about the subject of institutional effectiveness and planning functions – strategic planning and those kinds of issues. Mr. Glen Provost, who was previously the vice president for legislative affairs, I felt that with the addition of some of the people at the System level for legislative affairs and the good work that they are doing plus the fact that it is very hard to do legislative affairs if you are living in Lubbock and not physically in Austin and he has many, many talents and has been doing a lot of program development type functions, Dr. Wilson decided to have a new office of planning and program development and he is the head of that. So, his new title will be the Chief Planning and Program Development Officer. In that capacity, he will respond to the SACS accreditation update. [tape ends]

[tape begins]... to start a School of Public Health. That requires a lot of intense research. Those are the kinds of activities that he is going to be involved in. He is not new to you, but since this is a new role for him, I asked him to be here and be acknowledged...Glenn.

The other new role is for a person who again is not new to you, Sharon Bennett. We have had a position open now for several months for an Associate Vice President for Development. We did do a search and for various reasons we decided not to fill that position. Sharon has done very, very good work as the Director of Health Science Center Relations. He has always felt that that kind of work is very much tied in with development and she has extremely good organizational skills. Dr. Wilson has asked

her to take over the administrative responsibilities of the Development Alumni Office and move the Health Science Relations and Development together. So that now she is the Executive Director of Development Alumni Relations and Health Science Relations. Those activities are related activities and he just did not see a need for a new executive position at that level. So, she said that she can do it and so far she is absolutely correct. Mark Lindemood has been very, very happy with the work that she has done so far and Dr. Wilson is very happy that she is still doing a very good job with Health Science Relations. Again, she is not new to you but Dr. Wilson asked her to come also and be recognized.

Again, this is also not new to you but Dr. Wilson wanted to acknowledge that it looks like, particularly since he mentioned this at the last board meeting, some concerns over Section 57 monies – it looks like those monies will be released. It is on the agenda for the legislative board meeting later this month. Dr. Wilson thanked the board for its support. He also thanked the Chancellor and the legislative people for their support. This was a real major issue for us and it looks like we are going to be successful with this.

Dr. Wilson stated that he had a few things to report from the schools. First of all, from the School of Nursing, they have received two major grants. One is to establish an accelerated second degree program for students with a baccalaureate degree to obtain a BSN degree in twelve months. This is a three year grant for \$846,000. Another is a HERSA grant to establish an RN to MSN program. This is \$568,000 over three years. Dr. Wilson congratulated the School of Nursing for continuing to apply for these grants and being successful in obtaining their fair share of grants.

The School of Medicine this year went from 120 students to 140 students in anticipation of the El Paso Medical School that is being completed.

The School of Allied Health Sciences, their Ph.d. program and Speech and Communication Disorders, was started this fall with five Ph.D. students. This is one of eleven programs that this school has initiated over the past several years. They are constantly coming up with new programs. This is a graduate level program. Dr. Wilson noted that it will help with their initiatives to increase research, particularly NIH funded research.

The last item, at the board meeting yesterday, a mention was made of a dashboard. Dr. Wilson wanted to show the board what we have been doing over a number of months now. A handout was distributed to the board. Dr. Wilson stated that we look at the highest value for the last five years and that is on the top left of the report. The lowest value for whatever we are tracking is on the bottom left. The current value is also indicated. There is a green or red arrow pointing up or down depending on whether you are better or worse than the previous year. If there is no change, then there is just a black circle. We are tracking a number of things. First of all, in terms of the student body, we are looking at the minority admissions for each of the schools and we are also tracking number of minority faculty for the Health Sciences Center in general. In the

education realm, we are looking at the board pass rates -- the first time board pass rates -- for each of the schools and we track these. We track annual giving: the dollar amount, the number of gifts and the average gifts. We look at number of parameters for research. This is going to be modified. This was done many months ago. We have become a bit more focused in terms of what we want to track now and will probably just be tracking the top three, but you can see that we looked at the total research expenditures. These are not grants -- these are actual expenditures for the previous year -- which tend to be a little lower than the amount of awarded grants. We looked at the NIH funded research expenditures and then other federal peer reviewed funded research expenditures. We also looked at some other items which, right now, we are probably not going to pay as much attention to. In a dashboard, it is very important to be very focused in what it is you are looking at. We have some issues with respect to student enrollment in the Graduate School of Biomedical Sciences. We are tracking those very closely. Those are indicated in the last column.

This is just an example of what we are doing in terms of using the dashboard and if you are interested, he would be happy to provide this kind of report on an annual basis to see how we are going. In a very quick snap shot, you can see if you have more green arrows or more red arrows and get a thumb nail sketch of how we are doing with the things that we think are important to track.

This concludes my report.

- End of Report -



**Texas Tech University Health Sciences Center  
Dashboard Report  
As of August 31, 2003**

Board Minutes  
August 16-17, 2004  
Attachment 17, Page 4

**Diversity\***

\* - An "overall" change in excess of +/- 0.5% is needed before a better/worse indicator is given.

**Student Body**

Minority Admissions AY 2003 (1)**	
15.50%	15.50% ●
10.80%	

School of Medicine Minority Admissions AY 2003 (2)**	
14.08%	8.20% ▼
3.28%	

School of Nursing Minority Admissions AY 2003 (2)**	
17.68%	14.10% ●
8.43%	

School of Pharmacy Minority Admissions AY 2003 (2) **	
19.82%	11.58% ▼
8.33%	

School of Allied Health Sciences Minority Admissions AY 2003 (2) **	
21.00%	21.00% ▲
13.46%	

**Faculty**

Minority Faculty (3)**	
13.47%	
12.91%	12.91% ▼

\*\* - As defined by the State of Texas (LBB and THECB), a person is considered to be a "minority" if they identify themselves as being Hispanic (all categories), Black, American Indian or Alaskan Native.

**Education\***

\* - An "overall" change in excess of +/- 0.5% is needed before a better/worse indicator is given.

First time Board Pass Rates - School of Nursing(1)	
96.90%	94.74% ▲
79.00%	

First Time Board Pass Rates - School of Allied Health Sciences(1)	
94.00%	
79.25%	79.25% ▼

First Time Board Pass Rates - School of Medicine(1)	
96.00%	
91.00%	91.00% ▼

First Time Board Pass Rates - School of Pharmacy(1)	
100.00%	
93.85%	93.85% ▼

**Annual Giving**

Dollar Amount of Annual Giving(4)	
\$8,516,787	\$8,516,787 ▲
\$4,997,645	

Number of Gifts(4)	
2,661	2,487 ▼
1,489	

Average Gift(4)	
\$4,036.45	\$3,424.52 ▲
\$2,209.65	

**Research**

**Total Research Expenditures(5)**

\$19,751,348	\$19,751,348 ▲
\$8,945,802	

**NIH Funded Research Expenditures(5)**

\$3,942,960	\$3,925,442 ▼
\$2,074,396	

**Other Federal (Non-NIH) Funded Research Expenditures(5)**

\$4,859,323	\$4,748,766 ▼
\$1,286,112	

**State Funded Research Expenditures(5)**

\$3,679,964	\$3,679,964 ▲
\$2,591,096	

**Institution Funded Research Expenditures(5)**

\$4,105,877	\$4,105,877 ▲
\$1,047,751	

**Private Funded Research Expenditures(5)**

\$3,727,392	\$3,291,299 ▼
\$1,946,447	

**GSBS Applications** Calendar

Year - # of applications for # of Accepted

Cell & Molecular Biology(6)	
36 for 6	36 for 6 ▲
8 for 3	

Biotechnology(6)	
14 for 6	14 for 6 ▲
6 for 3	

Medical Biochemistry(6)	
30 for 4	
14 for 2	14 for 2 ▼

Health Services Research(6)	
9 for 1	7 for 2 ▼
2 for 2	

Pharmacology(6)	
44 for 6	11 for 2 ▼
7 for 1	

Physiology(6)	
23 for 5	8 for 7 ▼
8 for 4	

Pharmaceutical Sciences(6)	
75 for 5	33 for 2 ▼
6 for 5	

**Data Sources**

- (1)-From State of Texas Performance Measures
- (2)-From THECB CBM001 (Student Report)
- (3)-From THECB CBM008 (Faculty Report)
- (4)-From Office of Development
- (5)-From THECB Research Report
- (6)-From GSBS

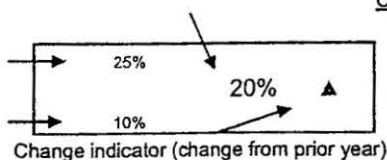
**KEY:**

Current value

Highest value for past 5 years \*

Lowest value for past 5 years \*

\* - When 5 years of data is available



**Change Indicator Values**

Change Direction:

- Higher ▲
- Steady ●
- Lower ▼

Change Significance:

- Green = better
- Red = worse
- Black = neutral

Chancellor's Report  
Texas Tech University System  
Board of Regents Meeting  
August 16-17, 2004

Chancellor Smith requested that he present his report -- to include a summary of the year and places in perspective some opportunities and challenges for the future -- during the lunch break.

Chancellor Smith reported that traditionally at Texas Tech in August, we take a time of reflection as we close out the books on this academic year and this fiscal year and we head, of course, into the excitement of the fall. This is also a time that the board spends time evaluating not only accomplishments of the System, the two components, but also individuals. Dr. Smith noted that he wanted to share some of his assessment and thoughts of several things. Number one is the academic enterprise at Texas Tech and the Health Sciences Center; second, the business enterprise at Texas Tech and the Health Sciences Center; and third, some future challenges, opportunities and directions that we may want to consider as a team.

Dr. Smith wished to acknowledge the team that is assembled. This is never about an individual. It is always about the team that we have. By the way, those that are not here are as critical as those that are. We need to acknowledge the role of our students, our faculty, the staff -- who by the way, are often not remembered and they are very critical to our success -- and of course, the individuals within the management teams of both President Whitmore and President Wilson.

Chancellor Smith distributed two handouts to the board. One handout referenced System facts. We are going to continue to revise those, but there are included some fun facts to know and tell. We are going to be adding to this, particularly with some of the presentations we have been doing across the state and across the country trying to reflect on some of the incredibly positive stories that we have. Again, most of those are emanating from our students and our faculty.

Dr. Smith thought that it was Don Haragan who made the statement -- and if not, he is going to give him credit anyway -- that a great university or a great health science center is never known for its great administration. Think about that for a moment. It is always known for its, again, faculty and students and their accomplishments.

In addition, Dr. Smith distributed a somewhat more verbose -- not as much pictorial -- presentation of his report. The handout is entitled, "The Chancellor's Report for the Board of Regents." It is for 2004. It is divided into three areas: leading with academic enterprise and academic accomplishments, followed up by the business apparatus of this large system and then leading to -- where he thinks are some of the pivotal points

for discussion with the board over the next coming months related to challenges, opportunities, future directions.

As many of you know, by the way, public university systems are in an interesting, if not precarious, time. You have heard this from Ira Fink and others. But it is a challenge. There are many publications across the nation talking about what public universities are facing. In particular, the erosion of the term "public" and their ability to respond to a traditional constituency defined by, of course, not only students of need but students of opportunity and particularly students within a state and the broadening definition of students which we have not spent as much time talking about here at Texas Tech in recent months, but argue we must. That has to do with non-traditional students and non-traditional ways of educating which is an area where Tech and the Health Sciences Center have some expertise. A lot of people are looking at models such as the University of Phoenix, as an example. Yet, that may be one extreme, but most universities are looking – and you, indeed, approved today some additional long-term distance opportunities. It is a challenging time, but it is an exciting time.

The second slide refers to the whole area of return on academic investment. Without a doubt, and being entirely unbiased, Texas Tech has had an impressive array of accomplishments over the last, certainly, decade. A number of those will be highlighted. Again, using the parlance of business, we have to have the concept of return in investment and I think we have got to have measurable ways to acknowledge that. Some of those you have seen over the course of the last few days, but it is good to reflect on some of the trend data. This is not too unlike, actually, what Roy presented and we did not actually choreograph this. This is not unlike the presentation and the material that Jon Whitmore presented to me just a couple of weeks ago on what was happening at the university.

Again, he often says this to audiences, but if this were a stock ticker, a lot of these trends are certainly exciting and ones that we want to continue to see progress. A couple of those are graduation rates – he will quote Dr. Whitmore where we have seen a remarkable progress in this arena. He would argue and with his experience, Dr. Smith has heard him talk about us getting into that low 60s to mid 60s range of Texas Tech University undergraduate graduation rate if we are truly going to achieve in the area of the peers that we have talked about.

The same is true and we have seen some phenomenal gains in the area of Texas Tech freshman retention rates. Those now are approaching 82% and maybe slightly better than that. But, again, there is some room to move in that area. By the way, I think you will hear this from Dr. Marcy that one of the great news of this year when you look at enrollment and while we are waiting and seeing the flux of both incoming freshmen, transfer students and clearly, a national trend in graduate students. Freshmen retention rates and the retention rate overall will dramatically impact our overall enrollment in the long run and give a better message, which, of course, is we are keeping these kids and they are graduating which is why we are here in the first place.



If you look at a number of other indicators, while there has been a slight decline this last year in National Merit Scholars over the last five to six years, that's been an impressive increase in National Merit Scholars at Tech. You have heard the story of SAT scores of incoming freshmen. Obviously, the Honors College, which I heard from a number of you yesterday about our opportunity – Lynn – to market the Honors College. I would put emphasis on the term “the.” Clearly, the Health Sciences Center with the kind of dashboard you just saw has some other impressive numbers that we need to be able to get out in front and reflect on and in addition, track as benchmarks.

Dr. Smith wanted to talk for a moment about some other academic successes in both universities, just quickly, that again, that are worth celebrating. Many of you are aware of recognition of both Texas Tech University and the Health Sciences Center libraries in the past year. The university, as you know, is now ranked eleventh in the improvement rankings in the top 15 universities in the nation. It is ranked fourth in the Big XII and fifty-ninth overall among North American Research Libraries in 2002-2003. That is a remarkable increase from where we were only three or four years ago – actually, almost an increase of over 25 points. The Health Sciences Library, by the way, something that is not celebrated as much, and I think the point that Roy brings up frequently, is that during the last survey it was one of the areas of commendation by SACS and remember, they actually have to have a library on each of the campuses. One would argue that the media and the ability to transmit information should allow us to have some economies, but actually by accreditation, if you do not have ready access to the journals themselves, you have a problem. In addition, on-line journals are actually more expensive than having them on your shelves. It is a great monopoly to be in. In addition, as many of you may be aware, the Health Sciences Center Library is a funded resource of the National Library of Medicine for this entire 108 county region.

We look at some other fun stuff with regards to academic successes in the area of our students. There are a number of examples that you have heard about. We highlight these often whether or not it is what we heard today related to the Nobel Laureates and the relationship we have with the two graduate students, but the Outstanding Law Student in America, Mark Desnoyer, who this year was nominated and received that honor. In addition, the School of Law's Moot Court accomplishments in Chicago at the national competition this year at the John Marshall Law School Invitational.

Dr. Smith touched on a few faculty successes, but he wanted to try to reflect on both universities. We have one of the best young researchers in Engineering who was recognized at the White House by President Bush – Dr. Pantoya. At the same time, in Pharmacy, actually, a husband and wife team, Dr. Cynthia Raehl and her husband, C. A. Baun received for the fifth time an award that has only been granted to anyone else once a distinguished, prestigious achievement award in the profession and practice of Pharmacy and the two of them are nationally and internationally renowned in that area.

We had some tremendous success this year as one continues up that ladder in the area of the National Academies of Science. Of course, Dr. Mehta and his great work in wind

engineering acknowledged by the National Academy of Engineering and within the Institute of Medicine, Dr. Roy Wilson, who was elected this year.

Again, these are not things that we stand still and celebrate as one time events, but as challenges for us to continue to see this kind of progress within our faculty and students.

Let's turn for a moment on the return on business investment. This is something, again, the board has a great deal of interest in and that enterprise has to be there if we are going to be successful on the academic fronts. By the way, in academics, I both refer to the classroom and the laboratory and the ability to provide service orientation and, of course, the experience that students have in the academic environment that often goes well beyond the classroom and should. As you all know, Texas Tech is a large business. We are actually the 180<sup>th</sup> largest business in the state of Texas, and growing. With some of the actions you took today related to the LAR, it is potential, if we have successes with your help and others within the state, that this could be well over a billion dollar enterprise for the first time in its history. Recall that just three years ago we had a budget that was just slightly over \$760 million. You did approve a \$900 million budget for the first time in the history of this System just this last year. But that is not what it is really all about. It is about what benefits do we achieve and receive as a result of this. The other is, as you know well, all the other services that we have related to a university that we do not think about -- everything from our dairies to meats to the fact that we have our television and radio stations. We have a transportation system. We provide power, which is sometimes a controversial subject out there, but a lot of things that are required to run this large enterprise.

Now, despite not having PUF, I want to make a point about this coming session because it is not just about formula funding and it is not just about protecting special items and for us to catch up, we have some catching up to do from way back and we are going to have to do a better job of articulating the fact that if one looks at -- and this is LBB numbers, these are not Texas Tech numbers -- these are state numbers coming from the Legislative Budget Board. This reflects what these universities receive per student per FTE full-time student equivalent whether one includes AUF in HEAF or you include both AUF, HEAF and group insurance. The differential -- the disparity, I would argue -- between that kind of funding that is appropriated through the state -- when one looks at a differential of almost \$4,000 in that lower category per student, all one has to do to become a little bit excited about this is multiply that times 22,000 undergraduates alone and realize that it is \$88 million. We could be doing a lot to move forward. So, before I even get to the argument related to formula funding and getting us back whole and formula for growth and special items realize that we are in a hole. In fact, we made this point before the Senate Committee just about three weeks ago when I said that we are talking about formula that there is already an inequity issue in the State of Texas. Do Texas Tech kids deserve to be in a position with this kind of inequity related to total funding?

Despite that, and I think because of the hard work and some of the efficiencies created and certainly some of the leadership that the board has provided, we have grown and

had some successes. The thing is, though, that we cannot be content and we are not and we need to do a better job. In private fundraising results this year, we are actually year-to-date up about \$20 million from last year. We are closing the books out at the end of July of \$50 million which actually is one of the five or six best years we have had. If one looks at CASE definition, it is probably one of the best five years we have ever had, even during the Horizon Campaign. Again, we are not content. We need to continue to move forward. We need that next campaign. Private fundraising is going to become more important. It is going to be difficult, but it is important for that academic enterprise that we have talked about. We have got to support faculty. We have to have start up costs. We need to be competitive in professorships and chairs on both universities and we need support for students in scholarships.

We have had other areas, as many of you know. The Health Sciences Center is very dependent on its practice plan and the income related to that. We actually had a 44% increase. In this case, real money. The practice plan over the last couple of years has grown to well over \$100 million of generated revenue and it is a sizeable portion of the operating budget of the School of Medicine. In fact, there is a practice plan for each of the schools – Allied Health, Nursing, Pharmacy – all have practice plans that they lean on and anywhere from the range of about \$1 million a year on up to, of course, well over \$100 million per year in the case of the School of Medicine. And, of course, dealing with the vagaries of Medicaid and Medicare all along the way and Blue Cross and Blue Shield and HMOs. But, the good news is our faculties understand that. The bad news is they are doing more and more in the clinical area and not having the time to do the research. So, we have got to look at a balance. Not unlike what happens with teaching loads at Texas Tech University where if you are doing more teaching with larger classes and more sections, you are not able to sit in the laboratory. All things that are relevant to the debate we will talk about it under faculty growth.

The endowment growth, which again, thanks also to the investment strategy of people like Carin Barth, we've made substantial progress in the last few years. It looks like, in fact, if one took a snapshot just about a month ago, Jim, we for the first time, actually we crept to almost \$400 million and we all got a little bit overexcited right before the summer and that has not panned out as well for all of us, but we are about 386 about a month ago. Which again, if holds, and some of the actions you took as quasi-endowments over the last several board meetings we can continue to move up in the rankings which we want to do. This, and Roy is going to want to make sure I point this out, this is combined endowments of the two universities – the Health Sciences Center and Texas Tech. This is a System endowment, not individual universities.

In the area where I have to give Jim and his work and the two fiscal officers and presidents a lot of credit, and we are excited because it saves us interest payments, is what has happened in the area of bond ratings. We have been aggressive in this area and our positioning and restructuring debt, use of commercial paper, being diligent and you being diligent – particularly in the area of facilities – and your message about pay as we go and particularly the growth that we have seen over the last few years has put



us in a very good position for the first time of that AA strategy and we don't take that for granted.

We are going to take more time to talk about Accenture. It was important to have that external oversight. They have some suggestions where we can see some further efficiencies. They pointed out some great accomplishments, particularly in information technology. Dr. Smith acknowledged Mike Phillips for the work he has done. Mike, while he will not take credit for it – he, again, has a good team working for him – has probably achieved close to \$10 million worth of leverage savings in that arena. The bottom line there is we have to reinvest that because we are already behind in the area of information technology. While we get nice commendations from SACS for both universities, we are going to have to continue to invest. Mike will tell you that we are still behind. Just as we talked about investment for marketing, we are going to have to continue to “up the ante” in the area of IT to keep pace.

Let's look at some opportunities for both universities. We do believe that whether or not we go with a name or we look at how we can restructure it, the key things are going to be in these four areas for us as we move forward. We need to focus on people – which is faculty and students, first and foremost; continue to look for targeted niche research – not all things to all people, but pointing in both universities to achieving rank in the School of Medicine, particularly, Pharmacy and, of course, Texas Tech University as one of the top ten research institutions. It is going to take money. The board has continued its area in facilities. I know a lot of people thought we were finished with facilities. We are not. You have heard from Ira Fink. There is going to be some challenges in the area of research needs and research space; clearly, the work that is going on in El Paso; there's visions in Odessa and Amarillo and now Midland. You are seeing the same kind of strategy, of course, with Jon Whitmore and the needs that we have in the College of Business Administration and Law and the generic classroom here at Texas Tech University. So, it is still an exciting time, but the great message is that is all about academics. Of course, I have already commented on technology.

While we all understand the value of strategic planning can be overlooked by the staff, the board spent so much time yesterday on this area and its role, which I greatly appreciate, but it is important as we look at our assets and how we use those on out. I think it was a good accomplishment this year to revisit that rather than let it languish.

Again, as already mentioned by the Chairman of the Board, I won't dwell on it, I think the progress we can make in this area of marketing is substantial and not for marketing sake. It is the market for a purpose – for students, quality students, for retention, for good faculty, as well as for continued growth and research and for us to do a better job of highlighting, which we would all acknowledge has to be done better – the accomplishments of the two universities.

Most universities and health science centers, if they had this any time in their lifetime, would say this was a life-long accomplishment. This board, I know, feels this way and clearly, the Health Sciences Center, but the ability to create a four-year medical school

in your lifetime just never, ever occurs anymore. If you were on a board forty or fifty years ago, you might have had that opportunity. That does not happen anymore. So, again, this is a substantial issue. It in itself, I would argue, clearly, at the Health Sciences Center, at least alone, would be a legacy of a lifetime. Not to mention what it is going to mean for a population.

I would also argue things that often we don't feel are appreciated are related to policy and direction of leadership and tone and in this area the on-time graduation contract. More importantly, what it can do to use our facilities more efficiently. We put the money in them 24/7 and yet if we can't figure out to be more efficient possibly tie that care into ways to use tuition to use them on those off hours and create incentives and those kinds of things – summer school, which Jon's done a good job funding, fully funding for the first time, along with Bill Marcy, but this one could be overlooked. I will say that our Senate has already acknowledged this program to all of us several times. Senator Schapiro, Senator Ogden, Senator West and, of course, Jon Whitmore heard about this again recently commending him and Senator Schapiro at that time asking other universities to look at this, and we always like that when other universities need to look at Texas Tech.

What about the challenges? You see people on the tightrope and clearly, we do have some of those. One of those and it is interesting – I lead with this – but, I think for us and the board has been a leader in this area, if we are going to respond to the issues that face this State of Texas and this region, the new Texas, the new Southwest, we are going to have to continue to do a better job here, because if we don't the labor force isn't going to be here in fifteen to twenty years. We will not have a sufficient labor force in the state – skilled labor force – and the data, as you all now know, shows all of the good jobs, the majority of those, about 70% to 75%, require higher education learning in this state right now and that is not going to change, it is going to get greater. We have a void in this state.

Faculty, at both the University and the Health Sciences Center, is a priority. This gets the fundamental quality and fundamental accreditation issues and it is the right thing to do and if we are going to do more research, we are going to need the faculty, too. And, again, you heard from Jon today the first goals related to 100 and ultimately 200, Roy has the same aspirations, not just what has to happen in El Paso to build a new faculty, but we are going to have to grow the faculty within our schools at each of the universities and I know Dr. Rod Nairn is looking at that and, again, it is no different in either of those. It gets back to the fact that in both universities, we've seen a creep upward in the ratio of students to faculty and those are not acceptable. You'll see those in a report for TTU and clearly, Dr. Wilson has talked to you before about the fact that a lot of health science centers have a one-to-one ratio, if not a little bit better, in their schools of medicine and we are not there. So, again, if we are going to be serious, I'll give you an example, by the way, many of our peers and undergraduate universities in the Big XII and the Big X -- that we have looked at -- that have around 22,000 undergraduates, most of those have anywhere from 100 to 140 to 150 more faculty than we do, just to handle our current load, let alone the aspirations of growth.

Research is going to require investment in a number of areas, not only fixed costs, facilities, as well as equipment, start up costs – which in many ways are more expensive than the initial packages and salaries for researchers – we've got to be competitive in chairs and we can't be losing our senior faculty, which we have had a history of doing at both universities.

Future directions – I'll go through these quickly. One of those and clearly the board and whether this is done in a traditional or non-traditional sense, we have done this both using the Health Sciences Center and, certainly our geography as we've got campuses everywhere from the Metroplex all through the Hill Country, but we are looking also at some unique things and I related to, even relationship with community colleges because of the way students are moving through the higher education system and going to be working with the State of Texas to provide a role. I know the Chairman is excited about where you can find economies of a system like this that can help you in telecommunications, achieve success where right now you can't afford to do that. You are a small university somewhere else in the state and again whether those are formal or informal, I don't want to create a public debate about that right now. Those are going to be very political discussions in Austin, but I wanted to make sure everyone saw it on the list. Again, if nothing else, we are going to do it through Memorandum of Understanding.

Interdisciplinary opportunities between the two universities – we've got the ability with two universities that are great to be able to do more interdisciplinary research, education, degree work, that I think that we have not reached a potential in that. The thing I will say about both Dr. Wilson and Dr. Whitmore is that it was just recently – and it gets down to recruiting faculty – the two of them collaborating on two very successful hires, a husband and wife team in respective colleges in the two universities – Medicine and the Sciences where we were able to bring in, basically, an individual to sit in one of our endowed chairs at the University and a very revered psychologist/psychiatrist that is joining the team at the Health Sciences Center. We've got to see more of that and we've got the opportunity, I think, to have a niche market in that regard.

The integrated marketing, you've already mentioned, and I just mentioned a couple of other areas that I think we have to plan on doing. We have to look at the community college issue that I mentioned, looking at novel ways to interface with them, because they are a great opportunity for us and much of four-year higher education in Texas does not pay attention to community colleges.

The other is this life-long learning concept that I will share with you and I think there is a write-up that I have provided for you about that. The fact that we have great success in the K through 12 area with our high school. I think we graduated a little over 130 students last year. But also the fact that we have a new program which is targeting individuals as they mature and the fact that there is a need for life. In fact, we have enrolled a number of individuals now in all kinds of programs and disciplines as they retire. They don't want to retire and our whole concept of learning in this country, and



you cut the umbilical cord after four years or eight years or your professional degree, is going to change. People are healthy. They want to do something. They are vibrant and universities traditionally say "good-bye" and hand you what used to be, of course, a piece of sheepskin and now, of course, we can no longer do that. So, Tech is looking in those other strategic areas for opportunities because we do have some strengths in distance learning and, I think, in an innovative faculty.

In the end it is going to get down to, of course, the people and the students and I want to remind all of us that we do have a sense of mission and purpose, a commonality of purpose, and we do believe in this institution.

I will close my report and answer any questions that any of you may have.

Regent Sitton commented that we have done so well and we have many challenges and it is exciting when you think about the opportunities that we do have and that we are all in this together. She is troubled and hears some things that down somewhere in the organization that maybe we have not accepted the fact that eight years ago the decision was made to be a System. I'd like for us all to start operating under the premises we are a System. That has been decided by the Board of Regents eight years ago. If we could all get on that same page and work together and not do so many counter-productive actions, I think we would be so much better off. This is a fabulous school, a tremendous opportunity, but I think sometimes we are our own worst enemies when we are fighting past history. Where are we today? Let's make the best of where we are today and let's move forward.

Dr. Smith responded that with the new leadership team and the opportunities we have with Dr. Wilson and Dr. Whitmore, I think those messages and the opportunities, the thing he always say to audiences is that Darth Vader is not in this room. We've got issues in Austin and in Washington that are going to be big challenges. They are not at Texas Tech. Yes, we are going to agree to disagree at times. There are going to be issues of priorities that not everyone will buy into, whether that's in a department or that's at a school level. But, you are absolutely right. I think it is that commonality of purpose and consistency of message that we've got to look at. That is where the marketing piece and we can get some rallying points. What I often find if you can somehow get people geared up, Ronald Reagan did this. I mean he got everybody looking at that evil empire and got the country focused in a direction. He did a lot more, but there was a purpose and it was a rallying point. I think what we are going to have to provide that is leadership. To say, that's why I started with the PUF fund issue, and while I don't know if we can fix that one, it's a tough one. We do have to talk about equity for our students. What about a students' bill of rights? That might be nice in these days of what is happening, but at the same time realize those external factors are the real factors and we have an opportunity to dictate success internally and pull together. I am really pleased with the team that we have and I appreciate the message. We need to heed that and move forward.

Regent Newby commented that going along with what Regent Sitton was saying, this marketing announcement that the Chairman just made is very important. This is an area that this university has not been progressive on that we need to change. There is so much tied to the ability to get the name, to get the fact that we are a distinct university that is on its way up – make sure people recognize that message and we need to make sure it is a coherent message. We can't have fifteen different schools and departments doing it different ways. It all needs to be done the same way under the leadership of the System. So, we need to stress that and I think the board will be stressing that over the next few years.

Chancellor Smith stated that we heard that loud and clear and you gave that message under the HUB. We heard loud and clear and there is a great success story but there is still more work to be done. I'm not going to acknowledge that that is perfect either. But, the board lead with not only its voice, but its commitment in that area. This team will rally behind any kind of message like that and that's also where we are going to have to go this legislative session. I think it was so specific and clear to me that Regent Barth last night said to me and on Wednesday there will be discussion immediately about one of the areas which is web pages. We want to see improvements and redesign the web pages. I believe we need to get started on Wednesday.

Regent Barth noted that she will give credit to Regent Newby for that work.

Regent Francis commended the Chancellor on the presentation of the fact sheet. For those of us that have to speak around various communities, to have something like this to brief us up on before we get in front on a group, this is perfect.

Chancellor Smith responded that it is not complete yet and he wants to give credit to Lynn and her team including the help of the design of the report to you, which he plans on doing on an annual basis. We will change that up every few months, probably every two months so that we add things to a portfolio that you can carry around with you. This is a first step. We also need to put these things on the website so people can see those fun things. There are many more. This was just the first sort of stab of what we are doing. You are going to see the same kind of effort placed on your red book packages for the Legislature when we hand out the issue documents.

- End of Report -



AUGUST 2004

# TEXAS TECH SYSTEM

facts

★ IN THE LAST 3 YEARS:

TTU's enrollment increased by 4,000 students (24,500 to 28,500, up more than 16%).

HSC's enrollment grew by 400 (1700 to 2100, up more than 23%).

TTU's graduation rate went from 49% to 55%.

The number of national merit scholars increased from 51 to 68.

TTU freshman SAT average went from 1091 to 1123: up 32 points.

Honors College average SAT scores went from 1326 to 1347: up 21 points.

- ★ The Texas Tech Library ranks fourth in the Big XII and 59th overall among the 123 major North American research libraries, up from 72nd six years ago.

- ★ The HSC library is a funded resource of the National Library of Medicine, and serves as the primary source of medical information for hospitals in a 108-county area of West Texas.

- ★ A May 2004 graduate of the Texas Tech School of Law was named the Outstanding Law Student in America by the publication *Who's Who Among American Law Students*.

- ★ Texas Tech School of Law's moot court team captured a national title as first-place winners in the John Marshall Law School International Moot Court Competition in Chicago.

- ★ In the first nine months of FY 2004, alumni and friends of Texas Tech contributed \$40 million, more than double the donations over the same nine-month period of FY 2003.

- ★ Texas Tech has raised \$25 million in academic scholarship funds during the past 3 1/2 years for the university and the health sciences center.

- ★ From 2001 – 2003, Texas Tech investment performance was the highest among the Big XII schools and Texas Tech University's endowment ranked 125th among all public and private universities in the nation in 2002 and 2003, up from 144th place in 2000.

- ★ Texas Tech's bond rating was upgraded to a Double A rating for System—wide debt. This is the highest ever and equal to Texas A&M University System.

- ★ HSC School of Medicine's practice plan income has increased by 44% in the last 10 years.

- ★ Texas Tech University has implemented a Graduate on Time contract with students that is cited by the Texas Legislature as a model for the rest of the state.

- ★ In FY 2004, Texas Tech achieved its first-ever national academy appointments in the Institute of Medicine and the National Academy of Engineering.

- ★ Texas Tech has begun implementation of the first four-year medical school in Texas in the last 30 years and the first in the nation to specialize in border and rural health.

- ★ In an effort to Close the Gaps in completion of bachelor's degrees, Texas Tech has formal agreements with 25 Texas and New Mexico community colleges.