



# UNT | SYSTEM™

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## **BOARD OF REGENTS Board Meeting Agenda**

**February 20, 2014 – 9:00 am**

UNT System Building

Room 712

1901 Main Street

Dallas, Texas

### **Invocation**

#### **1. CALL TO ORDER**

##### **The Five Most Important Things I Plan to Accomplish in 2014**

- Ron Brown, President, UNT Dallas
- Michael Williams, President, UNTHSC
- Neal Smatresk, President, UNT
- Lee Jackson, Chancellor, UNT System

#### **2. CONSENT AGENDA**

2014-00 UNTS                      Approve Minutes of January 16, 2014 Meeting

2014-08 UNT                      Faculty Development Leave Recommendations 2014-2015

**Recess Full Board to Finance Committee 9:30 am (approximate)**

#### **3. COMMITTEE MEETING**

##### **Finance Committee**

February 20 at 9:30 am (approximate)

**Call to Order**

**Approve Minutes of January 16, 2014 meeting**

##### **BRIEFINGS**

Tuition and Fee Plans for FY15 and Beyond

## **ACTION ITEMS**

2014-09 UNT	Room and Board Rates for FY 2015, FY 2016, FY 2017, and FY 2018
2014-10 UNTS	Amendment to the UNT System Commercial Paper Program Authorizing the Issuance of Extendible Commercial Paper Notes
2014-11 UNTS	Amendment to the UNT System Revenue Financing System Authorizing the Issuance of Refunding and Improvement Bonds
2014-12 UNTS	Amendment to Regents Rule 10.300, <i>Debt Management</i>

## **BACKGROUND REPORTS**

A. UNTS	Strategic Management Report
B. UNTS	FY14 Strategic Budget Forecast

**Recess Finance Committee to Full Board meeting** 12:00 pm (*approximate*)

### **4. EXECUTIVE SESSION** (Room 420)

Government Code, Chapter 551, Section .071\* - Consultation with Attorneys Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers

- Consultation with attorneys regarding confidential legal matters, including pending, threatened, and contemplated litigation or settlement offers; contemplated, ongoing and/or finalized investigations and any findings, conclusions or recommendations related to those investigations; status of negotiations and/or compliance with contracts and agreements, including but not limited to legal obligations and duties and any and all related facts; including but not limited to:
  - Board of Regents of the University of North Texas System v. Williams S. Glassner, et ux., and Harvey J. Cohen, et ux., et al
  - Legal issues relating to affiliated foundations, employee benefits, and ongoing audits and investigations
  - Legal Issues related to the following action items:

2014-10 UNTS	Amendment to the UNT System Commercial Paper Program Authorizing the Issuance of Extendible Commercial Paper Notes
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- 2014-11 UNTS      Amendment to the UNT System Revenue Financing System Authorizing the Issuance of Refunding and Improvement Bonds
- 2014-12 UNTS      Amendment to Regents Rule 10.300, *Debt Management*

Government Code, Chapter 551, Section .072\* - Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property

- Consideration of matters related to the purchase, exchange, lease and value of real property located in Denton, Dallas and Tarrant County

Government Code, Chapter 551, Section .074\* - Personnel Matters Relating to Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, or Dismissal of Officers or Employees

- Consideration of individual personnel matters related to the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of System and Institution officers and employees
- Consideration of individual personnel matters related to ongoing audits and investigations

**Reconvene in Open Session** (Room 712) **to consider action on Executive Session items as necessary** 1:30 pm (*approximate*)

**Recess Full Board for meetings of the Academic Affairs and Student Success, Facilities and Audit committees**

## 5. COMMITTEE MEETINGS

### **Academic Affairs and Student Success Committee**

February 20 at 1:30 pm (*approximate*)

**Call to Order**

**Approve Minutes of January 16, 2014 meeting**

#### **BRIEFING**

The Power of Purpose: Finding Common Ground on Higher Ground to Create a More Powerful UNT System

- Haley Rushing, The Purpose Institute

## **ACTION ITEMS**

2014-13 UNT	Approval to Add UNT Bachelor of Science Degree Program with a Major in Sociology
2014-14 UNT	Approval to Add the UNT Master of Arts Degree Program with a Major in International Studies
2014-15 UNT	Approval of UNT Doctor of Philosophy Degree Program with a Major in Electrical Engineering with the Department of Electrical Engineering within the College of Engineering

## **Recess Academic Affairs and Student Success Committee meeting to Facilities Committee**

### **Facilities Committee**

February 20 at 2:00 pm (*approximate*)

#### **Call to Order**

#### **Approve Minutes of November 26, 2013 meeting**

## **ACTION ITEMS**

2014-16 - UNTS	Budget Approval for the Renovation of the Medical Professional Building at the UNT Health Science Center
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## **BACKGROUND REPORTS**

C. UNT	Capital Projects Plan Update
D. UNTHSC	Capital Projects Plan Update
E. UNTS	Construction and Major Renovation Projects Status Report

## **Recess Facilities Committee meeting to Audit Committee**

## **Audit Committee**

February 20 2:30 pm (approximate)

### **Call to Order**

### **Approve Minutes of January 16, 2014 meeting**

### **BRIEFINGS**

Internal Audit Quarterly Report

- Michelle Finley, UNT System Chief Internal Auditor

Consolidated Compliance Report

- Steve Hill, UNT System Compliance Officer
- Anne Long, UNTHSC Compliance Officer

### **BACKGROUND REPORTS**

F. UNTS                      Quarterly Consolidated Compliance Report

G. UNTS                      Internal Audit Quarterly Report

### **Adjourn Audit Committee meeting to Full Board**

**Reconvene Board meeting and consider items from committees** 3:00 pm (approximate)

## **6. ACTION ITEMS**

### ***Finance Committee***

2014-09 UNT	Room and Board Rates for FY 2015, FY 2016, FY 2017, and FY 2018
2014-10 UNTS	Amendment to the UNT System Commercial Paper Program Authorizing the Issuance of Extendible Commercial Paper Notes
2014-11 UNTS	Amendment to the UNT System Revenue Financing System Authorizing the Issuance of Refunding and Improvement Bonds
2014-12 UNTS	Amendment to Regents Rule 10.300, <i>Debt Management</i>

### ***Academic Affairs and Student Success Committee***

2014-13 UNT	Approval to Add UNT Bachelor of Science Degree Program with a Major in Sociology
2014-14 UNT	Approval to Add the UNT Master of Arts Degree Program with a Major in International Studies
2014-15 UNT	Approval of UNT Doctor of Philosophy Degree Program with a Major in Electrical Engineering with the Department of Electrical Engineering within the College of Engineering

### ***Facilities Committee***

2014-16 UNTS	Budget Approval for the Renovation of the Medical Professional Building at the UNT Health Science Center
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## **7. BACKGROUND REPORTS**

A. UNTS	Strategic Management Report
B. UNTS	FY14 Strategic Budget Forecast
C. UNT	Capital Projects Plan Update
D. UNTHSC	Capital Projects Plan Update
E. UNTS	Construction and Major Renovation Projects Status Report
F. UNTS	Quarterly Consolidated Compliance Report
G. UNTS	Internal Audit Quarterly Report

## **Adjournment**

\* Any issue listed for open or executive session may be discussed during either session, if permitted by law.



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## MINUTES BOARD OF REGENTS MEETING January 16, 2014

The University of North Texas System Board of Regents convened on Thursday, January 16, 2014 in the Winspear Performance Hall of the Murchison Performing Arts Center, UNT, Denton, Texas with the following Regents in attendance: Brint Ryan, Gwyn Shea, Steve Mitchell, Al Silva, Rusty Reid, Milton Lee, Don Potts, and Glen Whitley.

Prior to the Call to Order the Board and meeting participants were treated to a musical invocation presented by Mr. S. Andrew Lloyd, UNT Alumnus and Organist at the First United Methodist Church of Denton, Texas,

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Brint Ryan called the meeting to order at 9:10 am.

Chairman Ryan recognized Chancellor Jackson who presented the Chancellor's Remarks. The Chancellor spoke on: The Year Ahead, Staff Executive Council, Shared Services, Strategic Planning and Shared Values.

At 9:18 am Chairman Ryan announced that the Board would recess to Executive Session to consider matters noted on the Executive Session agenda.

The Board reconvened in Open Session at 10:27 am and voted on the following items from Executive Session.

### **2014-06 UNT                      Amendment to UNT Football Coach Contract**

Pursuant to a motion by Regent Rusty Reid and seconded by Regent Milton Lee the Board approved the above Executive Session item on an 8-0 vote:

### **2014-07 UNTS                      Appointment of V. Lane Rawlins, Ph.D. as UNT President Emeritus and Naming of Proposed New Honors Residence Hall**

Pursuant to a motion by Regent Steve Mitchell and seconded by Regent Rusty Reid the Board approved the above Executive Session item on an 8-0 vote:

The Board then considered the following items of the Consent Agenda:

**Minutes of the December 5, 2013 Meeting and December 12,  
Teleconference Meeting**

**2014-01 UNT            Approval of Tenure Recommendation for New UNT  
Faculty Appointee**

**2014-02 UNTD        Approval of Tenure Recommendation for New UNTD  
Faculty Appointee**

Pursuant to a motion by Regent Glen Whitley and seconded by Regent Al Silva the Board approved the Consent Agenda on an 8-0 vote.

Chairman Ryan recognized, Dr. Lane Rawlins, President of the University of North Texas who gave a briefing to the full Board on the **UNT Athletics Strategic Plan**.

Chairman Ryan recessed the Board for meetings of the Academic Affairs and Student Success, Audit, and Finance Committees.

Following the Committee meetings, the Board reconvened at 1:06 pm.

The Board then considered the following action items coming out of committees:

***Finance Committee Items***

**2014-03 UNTHSC      Delegation of Authority to the Chancellor or Designee  
to execute an Amendment to the Existing, Multi-Year  
Lease Agreement for Expanded Clinical Space with  
Texas Health Resources Harris Methodist Hospital for  
the Practice of Orthopedics**

Pursuant to a motion by Regent Steve Mitchell and seconded by Regent Don Potts the Board approved the above item. The motion was approved on a 8-0 vote.

**2014-04 UNTHSC      Authorization to Execute an Agreement between  
UNTHSC and Tarrant County for the Department of  
Obstetrics and Gynecology to Provide Limited  
Services to Patients Referred by the Tarrant County  
Public Health Department**

Pursuant to a motion by Regent Don Potts and seconded by Regent Steve Mitchell the Board approved the above item. The motion was approved on a 7-0 vote. Regent Whitley recused himself and abstained from discussion or vote.



**2014-05 UNTHSC      Authorization to Extend UNTHSC's Professional Service Agreements to Provide Physician Services to the Tarrant County Hospital District**

Pursuant to a motion by Regent Rusty Reid and seconded by Regent Steve Mitchell the Board approved the above item. The motion was approved on an 8-0 vote.

The following Background report was available for review:

**A.    UNTS                      Current Short Term Debt/Commercial Paper Program and Policy Considerations**

There being no further business, the Board meeting was adjourned at 1:10 pm on Thursday, January 16, 2014.

Submitted By:

Approved By:

\_\_\_\_\_  
Julia Boyce.  
Board Secretary

\_\_\_\_\_  
Brint Ryan,  
Chairman

Date:\_\_\_\_\_

Date:\_\_\_\_\_



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## MINUTES

### BOARD OF REGENTS

#### Finance Committee

January 16, 2014

The Finance Committee of the Board of Regents of the University of North Texas System convened on Thursday, January 16 in the Winspear Performance Hall of the Murchison Performing Arts Center, UNT, Denton, Texas with the following members in attendance: Don Potts, Steve Mitchell, Glen Whitley, and Rusty Reid.

There being a quorum present the meeting was called to order by Chairman Don Potts at 12:21 pm. The minutes of the Dec 5, 2013 meeting was approved.

Chairman Potts then recognized Allen Clemson, Interim Vice Chancellor for Finance as he briefed the Committee on the **Current Short Term Debt/Commercial Paper Program and Policy Considerations**. Mary Williams, Senior Vice President of First Southwest, also addressed the Committee and answered questions about the Commercial Paper Program options.

The Committee considered the following agenda items:

**2014-03 UNTHSC      Delegation of Authority to the Chancellor or Designee to execute an Amendment to the Existing, Multi-Year Lease Agreement for Expanded Clinical Space with Texas Health Resources Harris Methodist Hospital for the Practice of Orthopedics**

Pursuant to a motion by Regent Glen Whitley and seconded by Regent Steve Mitchell the Committee approved the above item. The motion was approved on a 4-0 vote.

**2014-04 UNTHSC      Authorization to Execute an Agreement between UNTHSC and Tarrant County for the Department of Obstetrics and Gynecology to Provide Limited Services to Patients Referred by the Tarrant County Public Health Department**

Pursuant to a motion by Regent Steve Mitchell and seconded by Regent Rusty Reid the Committee approved the above item. The motion was approved on a 3-0 vote.

**2014-05 UNTHSC      Authorization to Extend UNTHSC's Professional Service  
Agreements to Provide Physician Services to the  
Tarrant County Hospital District**

Pursuant to a motion by Regent Steve Mitchell and seconded by Regent Rusty Reid the Committee approved the above item. The motion was approved on a 3-0 vote.

The Committee considered the following Background Report:

**A.    UNTS                      Current Short Term Debt/Commercial Paper Program  
and Policy Considerations**

There being no further business, the Committee meeting adjourned for the meeting of the full Board at 1:05 pm.

Submitted By:

\_\_\_\_\_  
Julia A. Boyce  
Board Secretary

Date: \_\_\_\_\_



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## MINUTES

### BOARD OF REGENTS

#### Academic Affairs and Student Success Committee

January 16, 2014

The Academic Affairs and Student Success Committee of the Board of Regents of the University of North Texas System convened on Thursday, January 16 in the Winspear Performance Hall of the Murchison Performing Arts Center, UNT, Denton, Texas with the following members in attendance: Al Silva, Gwyn Shea, and Milton Lee.

There being a quorum present the meeting was called to order by Chairman Al Silva at 11:10 am. The minutes of the December 5, 2013 Academic Affairs and Student Success Committee meeting were approved.

The Committee heard from Dr. Thomas Yorio, UNTHSC Provost and Vice President for Academic Affairs and Dr. David Farmer, UNTHSC Director of Inter-Professional Education. Dr. Farmer presented a briefing on **Inter-Professional Education at UNTHSC**.

There being no further business, the Committee meeting recessed at 11:35 am to the Audit Committee.

Submitted By:

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Julia A. Boyce  
Board Secretary

Date: \_\_\_\_\_



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## MINUTES

### BOARD OF REGENTS Facilities Committee November 26, 2013

The Facilities Committee of the Board of Regents of the University of North Texas System convened on Tuesday, November 26, 2013 in Room 712 of the UNT System Building in Dallas, Texas with the following members in attendance: Milton Lee, Glen Whitley and Steve Mitchell, who appointed to the Facilities Committee by Board Chairman Brint Ryan. Other Board members in attendance were: Chairman Brint Ryan

There being a quorum present the meeting was called to order by Chairman Milton Lee at 1:35 pm. The minutes of the August 15, 2013 Facilities Committee meeting were approved.

Chairman Lee moved the Facilities Committee into Executive Session at 1:36 pm.

At 3:00 pm the Facilities Committee reconvened in Open Session.

Chairman Lee recognized James Maguire, Vice Chancellor for Facilities Planning and Construction and Chief Architect and David Reynolds, UNT Assoc. VP for Facilities who spoke to the UNT items for consideration

The Committee considered the following agenda items:

- |                    |                                                                                                                       |
|--------------------|-----------------------------------------------------------------------------------------------------------------------|
| <b>2013-95 UNT</b> | <b>Selection of Engineer for Hurley Administration Building Mechanical, Electrical and Plumbing (MEP) Renovations</b> |
| <b>2013-96 UNT</b> | <b>Selection of Engineer for Matthews Hall Mechanical, Electrical and Plumbing (MEP) Renovations</b>                  |
| <b>2013-97 UNT</b> | <b>Selection of Engineer for Hickory Hall Mechanical, Electrical and Plumbing (MEP) Renovations</b>                   |
| <b>2013-98 UNT</b> | <b>Selection of Engineer for Wooten Hall Mechanical, Electrical and Plumbing (MEP) Renovations</b>                    |

**2013-99 UNT                      Selection of Engineer for Willis Library Mechanical,  
Electrical and Plumbing (MEP) Renovations**

Pursuant to a motion by Regent Steve Mitchell and seconded by Regent Glen Whitley, the Committee approved items 2013-95 through 2013-99 as presented. The motion was approved on a 3-0 vote.

**2013-100 UNT                      Selection of Architect and Engineer for Marquis Hall  
Interior Renovations and Mechanical, Electrical and  
Plumbing (MEP) Renovations**

Pursuant to a motion by Regent Glen Whitley and seconded by Regent Steve Mitchell, the Committee approved the above item as presented. The motion was approved on a 3-0 vote.

**2013-101 UNTS                      Selection of Architect for the Design and Delegation  
to Selection Construction Manager at Risk for the  
Renovation of the Medical Professional Building at the  
UNT Health Science Center**

Pursuant to a motion by Regent Steve Mitchell and seconded by Regent Glen Whitley, the Committee approved the above item as presented. The motion was approved on a 3-0 vote.

The Committee considered the following Background Reports:

- I.        UNT                      Capital Projects Plan Update
- J.        UNTHSC                      Capital Projects Plan Update
- K.        UNTS                        Major Projects and Renovations

There being no further business, the Committee meeting adjourned at 3:15 pm.

Submitted By:

\_\_\_\_\_  
Julia A. Boyce  
Board Secretary

Date: \_\_\_\_\_



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## MINUTES

### BOARD OF REGENTS

#### Audit Committee

January 16, 2014

The Audit Committee of the Board of Regents of the University of North Texas System convened on Thursday, January 16 in the Winspear Performance Hall of the Murchison Performing Arts Center, UNT, Denton, Texas with the following members in attendance: Steve Mitchell, Al Silva, Rusty Reid, and Don Potts.

There being a quorum present the meeting was called to order by Chairman Steve Mitchell at 11:36 am. The minutes of the December 5, 2013 Audit Committee meetings were approved.

Chairman Mitchell recognized Michelle Finley, Chief Internal Auditor for UNTS who presented a **Hotline Process Update** to the Committee.

Chairman Mitchell then recognized, Ms. Reem Samra, Assurance and Enterprise Risk Services Director for Deloitte. Ms. Samra spoke to the Committee about the proposed **Audit Readiness Project**.

The final presentation to the Audit Committee was given by Tim Marley, Information Technology Audit Manager for the University of Oklahoma. Mr. Marley spoke to the Committee regarding **Establishing an Information Technology Audit Function**.

There being no further business, the Committee meeting adjourned to the Finance Committee at 12:20 pm.

Submitted By:

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Julia A. Boyce  
Board Secretary

Date: \_\_\_\_\_



**Committee:** Consent

**Date Filed:** January 13, 2014

**Title:** Approval of UNT Faculty Development Leaves for 2014-2015 Academic Year

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**Background:**

In accordance with UNT Policy 15.1.11, *Faculty Development Leave Policy and Guidelines*,

“Faculty development leaves are authorized for the primary purpose of increasing the value of the recipient’s sustained contribution to the university by providing the individual an opportunity for professional growth. Such developmental leaves are not to be understood as deferred compensation, nor are they to be anticipated simply on the basis of longevity at the university, alone. Development leave may be granted, upon application, for study, research, writing, field observations or other suitable purposes.

Opportunities for additional training, for improving skills and for maintaining currency is understood to be included as a purpose of development leave.”

In 1984, the University of North Texas began granting faculty development leaves, recognizing the need for faculty to have an opportunity to pursue major research or creative projects in order to contribute to the body of knowledge in their fields and better serve their students by remaining current in their disciplines. In 1987, the 70<sup>th</sup> Texas Legislature similarly encouraged universities to expand faculty development programs through a series of measures that increased flexibility in accounting for faculty activities.

In the ensuing years, the faculty development leave program has proven vital in maintaining discipline mastery for our faculty as we push forward toward national research status. These development leaves contribute greatly to the increase in research funding, research publications, and national recognition for UNT.

After careful review of proposals at the department and college levels, by a Faculty Senate committee, and by the Provost and Vice President for Academic Affairs, the University plans to award a total of 28 (2.6% of the full-time faculty) developmental leaves for the upcoming academic year. This represents a decrease in the number and percentages of faculty development leaves that have been approved in the past several years.

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## Financial Analysis/History:

The cost incurred as a result of the recommended faculty development leaves will be covered by existing college and school budgeted funds and will total approximately \$231,769. The total estimate for the costs incurred as a result of the recommended faculty development leaves was calculated from replacement costs submitted by colleges and estimated average costs for covering individual faculty leaves.

Andrew M. Harris

Digitally signed by Andrew M. Harris  
DN: cn=Andrew M. Harris, o=Office for Finance and Administration, ou=University of North Texas, email=aharris@unt.edu, c=US  
Date: 2014.02.10 14:36:48 -06'00'

Institution Chief Financial Officer

James Maguire

Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for Administrative Services, ou=UNT System, email=james.maguire@untsystem.edu, c=US  
Date: 2014.02.10 16:12:50 -06'00'

VC for Facilities/Interim VC for Finance

## Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer

Digitally signed by Nancy S. Footer  
DN: cn=Nancy S. Footer, o=UNT System, ou=OGC, email=nancy.footer@untsystem.edu, c=US  
Date: 2014.02.14 11:30:04 -06'00'

Vice Chancellor/General Counsel

## Schedule:

2014-2015 Academic Year

## Recommendation:

The President recommends that the Board of Regents approve Faculty Development Leaves for the individuals named on the attached list.

## Recommended By:

Warren Burggren

Provost and VPAA

Neal  
Smatresk

Digitally signed by Neal  
Smatresk  
DN: cn=Neal Smatresk  
Date: 2014.02.12 09:40:30  
-06'00'

President

Rosemary R.  
Haggett

Digitally signed by Rosemary R. Haggett  
DN: cn=Rosemary R. Haggett, o=University of North Texas System, ou=Vice Chancellor for Academic Affairs and Student Success, email=rosemary.haggett@untsystem.edu, c=US  
Date: 2014.02.10 13:14:37 -06'00'

Vice Chancellor

Lee Jackson

Digitally signed by Lee Jackson  
DN: cn=Lee Jackson, o=UNT System, ou=Chancellor's Office, email=chancellor@unt.edu, c=US  
Date: 2014.02.13 10:19:27 -06'00'

Chancellor

Attachments Filed Electronically:

- UNT Faculty Development Leave Recommendations 2014-2015



**Title:** Approval of UNT Faculty Development Leaves for 2014-2015 Academic Year

**Board of Regents Order 2014-08**

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 20, 2014, pursuant to a motion made by Regent Steve Mitchell and seconded by Regent Rusty Reid, the Board approved the motion presented below:

Whereas, in 1984, the University of North Texas began granting faculty development leaves, recognizing the need for faculty to have an opportunity to pursue major research or creative projects in order to contribute to the body of knowledge in their fields and better serve their students by remaining current in their disciplines, and

Whereas, in 1987, the 70<sup>th</sup> Texas Legislature similarly encouraged universities to expand faculty development programs through a series of measures that increased flexibility in accounting for faculty activities,

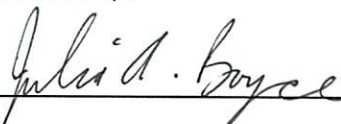
Now, Therefore, The Board of Regents authorizes and approves the following:

1. Faculty Development Leave for Academic Year 2014-2015 for the UNT faculty as set forth in the attached list.

VOTE: 8 ayes 0 nays      abstentions


**BOARD ACTION:**

Attested By:

  
\_\_\_\_\_

Julia A. Boyce, Secretary  
Board of Regents

Approved By:

  
\_\_\_\_\_

Brint Ryan, Chairman  
Board of Regents

**UNT Faculty Development Leave Recommendations  
2014-2015**

Name		Rank	Department	Purpose of Leave	Leave Period Requested
Cynthia	Chandler	Professor	Counseling and Higher Ed	Research on the utilization of animal assisted therapy techniques by mental health professionals in a variety of settings	Fall 2014
Susan	Cheal	Associate Professor	Studio Art	Travel to India to study the designs, coloration and production processes of folkloric textiles and site-specific floor and wall paintings, begun during the 10th century Cholas Dynasty.	Spring 2015
William	Cherry	Associate Professor	Mathematics	Take part, as a senior researcher, in a thematic program at the Vietnamese Institute for Advanced Study in Mathematics in Hanoi, Vietnam.	Fall 2014
Tae-Youl	Choi	Associate Professor	Mechanical and Energy Engineering	Establish collaborative research networks and work on an Energy Network project in Switzerland and Korea.	Spring 2015
Kevin	Curran	Associate Professor	English	Complete second scholarly monograph, <i>Law and Selfhood in Shakespeare</i> , which will provide the first sustained account of the mutually constitutive intellectual histories of law and selfhood and the first analysis of the uniquely experimental way in which Shakespeare's poetry and theater drew on and contributed to this tangled history of ideas.	Fall 2014
Pinliang	Dong	Associate Professor	Geography	Develop a new version of the Multiplicatively Weighted Voronoi Diagrams software for space partition and optimization in geographic information systems (GIS), and conduct research on modeling tree crowns and measuring earthquake surface rupture zones and tectonic landforms using ground-based LiDAR point cloud data.	Fall 2014
Yunfei	Du	Associate Professor	Library and Information Sciences	Continue and enhance research on Community Outreach of Rural Libraries (CORL) in digital environments.	Fall 2014
Delini	Fernando	Associate Professor	Counseling and Higher Ed	Build on award-winning research on group counseling of disaster and trauma victims and clear backlog of current research projects.	Fall 2014
Gopala	Ganesh	Professor	Marketing and Logistics	Travel to the Indian Institute of Technology, Madras (IITM) at Chennai, India, at the invitation of the Department of Management Studies.	Spring 2015

**UNT Faculty Development Leave Recommendations  
2014-2015**

Name		Rank	Department	Purpose of Leave	Leave Period Requested
Janice	Hauge	Associate Professor	Economics	Research to involve related studies of telecommunications competition policy in the U.S., which generally will address the government policy to achieve stated policy goals.	Fall 2014
Doug	Henry	Associate Professor	Anthropology	Collaborative study of user-design experiences with obtaining and using sleep apnea masks, centering around the Warm Springs Reservation in Central Oregon.	Fall 2014
Irene	Klaver	Professor	Philosophy and Religion Studies	Finalize monograph <i>Meander: A River and How its Path-Dependent Trajectory Informs Environmental Imagination</i> , which connects Professor Klaver's river research and philosophical expertise in cultural studies and ancient Greek philosophy, visit the Meander River in Turkey and spend research time at Cornell University's The Mediterranean Studies Initiative.	Spring 2015
Michael	Leggiere	Associate Professor	History	Write the second volume of a two-volume work on Emperor Napoleon I's fall from power in 1814 contracted by Cambridge University Press, the first of which is already published.	Fall 2014
Ko	Maeda	Associate Professor	Political Science	Research project to advance understanding of when and why political parties split or merge together.	Spring 2015
Ila	Manuj	Associate Professor	Marketing and Logistics	Extend leading-edge research program on Supply Chain Complexity (SCC) by conducting research that is expected to result in three peer-reviewed papers targeted at top logistics journals.	Fall 2014
Jerry	McCoy	Regents Professor	Conducting and Ensembles	Create a philosophical and developmental process for conductors of choirs such as the UNT A Capella Choir based upon sound pedagogical approaches utilized over the Professor McCoy's career.	Spring 2015
Sadaf	Munshi	Associate Professor	Linguistics and Technical Communication	Work on a book-length manuscript which provides a structural description of a previously undocumented variety of Burushaski spoken in India and analyzes the various forms of language change since its split from the parent dialects spoken in Pakistan. Work will also be completed on an online digital and searchable archive containing linguistically-analyzed and annotated Burushaski texts in four different dialects.	Fall 2014/Spring 2015

**UNT Faculty Development Leave Recommendations  
2014-2015**

Name		Rank	Department	Purpose of Leave	Leave Period Requested
Carlos	Ordonez	Professor	Physics	Work in collaboration with scientists at the University of California at Berkeley to prepare and submit grant proposals to federal agencies to support the quest to explore antimatter.	Fall 2014
Jin Gyu	Park	Associate Professor	Design	Develop psychophysiological methodology due to its reliability and feasibility for non-verbal subjects at the Center for Health Systems and Design and the Environmental Psychophysiology Laboratory at Texas A&M University.	Fall 2014
Clark	Pomerleau	Associate Professor	History	Examine archived and unarchived papers on "voluntary simplicity" from the twentieth century and conduct oral history interviews across the United States with Americans who practiced voluntary simplicity. The research will go towards completing a second book project and creating the primary base for further books.	Spring 2015
Claudia	Queen	Associate Professor	Dance and Theatre	Collaborate with a faculty member at the University of North Carolina School of Arts to develop a series of cutting-edge technique classes that integrate both the principles of <i>Musical Qi Gong</i> and <i>Qi Gong Movement</i> .	Spring 2015
Idean	Salehyan	Associate Professor	Political Science	Draft a book manuscript which coalesces Professor Salehyan's quantitative research on the human impact of climate change, expands upon it through extended case-study analysis, and proposes policy interventions which can help ameliorate the risk of violence.	Fall 2014
Lili	Sun	Associate Professor	Accounting	Make significant progress on research program on client choice of remote audit offices (CRAO) in the U.S. and China.	Spring 2015
Peggy	Tobolowsky	Professor	Criminal Justice	Conduct a ten-year review of the implementation of the Crime Victims' Rights Act.	Fall 2014
Olga	Velikanova	Associate Professor	History	Work on a book-length research project focused on Mass Political Culture under Stalinism.	Fall 2014
Maurice	Wheeler	Associate Professor	Library and Information Sciences	Complete a publication that indexes performance data (enhanced by analysis), biographies and personal reflections of African American singers at the Metropolitan Opera.	Spring 2015

**UNT Faculty Development Leave Recommendations  
2014-2015**

Name		Rank	Department	Purpose of Leave	Leave Period Requested
Steve	Wolverton	Associate Professor	Geography	Study the effect of human harvest pressure on guanaco during the mid- to late Holocene in central, western Mendoza, Argentina. Data collected will be combined with paleodemographic data on the same species and with regional paleoenvironmental data to test hypotheses about intensity of resource use during the Holocene in the region.	Fall 2014
Xiaohui	Yuan	Associate Professor	Computer Science and Engineering	Further collaboration with researchers at Wright-Patterson Air Force Research Lab by exploring target detection and tracking methods based on fusion of multi-modal imagery.	Fall 2014



## Board Briefing

**Committee:** Finance

**Date Filed:** February 20, 2014

**Title:** UNT Room and Board Rates for FY 2015, FY 2016, FY 2017, and FY 2018

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### Background:

Beginning in February 2012, the Board has received several briefings regarding Housing rates and future housing needs. At the August 2013 meeting, the Board approved moving forward with the planning and construction of the 500 bed V. Lane Rawlins residence hall. Within these updates the BOR has been informed that a multi-year increase in room rates in an amount 3% - 4% above inflation for the next 3 to 4 years would be necessary to expand the housing portfolio to provide more on-campus housing in support of the University's mission. In order to provide funding for future residence halls, maintain the current level of service for housing operations, and maintain a sound financial base, the University is requesting an overall average 4.5% increase in room rates for Fiscal Year 2015 which includes an 8.0% increase in standard room rates (65% of rooms) and a 2.0% increase in premium room rates (35% of rooms). In addition, the University is requesting a 7.0% increase in standard room rates for Fiscal Years 2016, 2017, and 2018. The University is seeking a 2% increase in premium room rates for Fiscal Year 2016, and a 3% increase for Fiscal Years 2017, and 2018. The University's double occupancy standard room rate is currently 24% under the primary peer institution school rate for fall 2013 and is projected to stay below the average rate through the period of these increases. Increases are needed to cover necessary maintenance and capital projects in the residence and dining halls as well as provide funds for construction of future new residence halls. Reserves will be used to upgrade existing facilities and increase the number of facilities in the future.

The University is also seeking a 5.2% increase in the five day meal plan and a 2.1% increase in the seven day meal plan for an overall average increase of 3.7% in board rates for FY 2015 to cover increased labor, operational, and food costs. The U.S. Department of Agriculture's Economic Research Service predicts food price inflation of 2.5% to 3.5% in the coming year. Inflationary pressures are expected to be moderate, given the outlook for commodity prices, animal inventories, and ongoing export trends; however beef prices are anticipated to increase at a higher rate. Animal and Dairy products are the bulk of UNT's food purchases. UNT's food costs will remain highly competitive due to our volume discounts, systematized food production management and menu flexibility.

For FY16, FY17, and FY18 the University is requesting authority for an increase in the two plans not to exceed an average 4% per year, with the ability to come back to the

Board for additional increases if inflation or food wholesale prices increase by a greater percentage. The average net increase to room and board rates for Fiscal year 2015 will be approximately 4.4% depending on the residence hall and meal plan chosen.

Schedules are included in the attached Board Order.

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### Financial Analysis/History:

The facts presented above fairly represent the financial implications of the proposed rate increases.

**Andrew M. Harris** Digitally signed by Andrew M. Harris  
DN: cn=Andrew M. Harris, o=VP for Finance and  
Administration, ou=University of North Texas,  
email=aharris@unt.edu, c=US  
Date: 2014.02.10 14:40:43 -06'00'

Institution Chief Financial Officer

**James Maguire** Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for Administrative Services,  
ou=UNT System, email=jmaguire@untsystem.edu, c=US  
Date: 2014.02.10 16:13:58 -06'00'

VC for Facilities/Interim VC for Finance

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### Legal Review:

This item has been reviewed by General Counsel.

**Nancy S. Footer** Digitally signed by Nancy S. Footer  
DN: cn=Nancy S. Footer, o=UNT System, ou=OGC,  
email=nancy.footer@untsystem.edu, c=US  
Date: 2014.02.14 11:30:52 -06'00'

Vice Chancellor/General Counsel

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### Schedule:

The requested increases, if approved, would be implemented beginning with the Fall 2014 semester.

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### Recommendation:

It is recommended that the Board of Regents authorize and approve the following Board Order.

### Recommended By:

Elizabeth With

Vice President for Student Affairs

**Neal Smatresk** Digitally signed by Neal Smatresk  
DN: cn=Neal Smatresk, o=University of North Texas,  
ou=President, email=neal.smatresk@unt.edu, c=US  
Date: 2014.02.12 10:27:11 -06'00'

**Lee Jackson** Digitally signed by Lee Jackson  
DN: cn=Lee Jackson, o=UNT  
System, ou=Chancellor's Office,  
email=chancellor@unt.edu, c=US  
Date: 2014.02.13 10:30:12 -06'00'

Chancellor





**Title:** UNT Room and Board Rates for FY 2015, FY 2016, FY 2017, and FY 2018

### Board of Regents Order 2014-09

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 20, 2014, pursuant to a motion made by Regent Don Potts and seconded by Regent Rusty Reid, the Board approved the motion presented below:

Whereas, fee revenues at the University of North Texas are used to meet increased operating costs to support operations of certain auxiliary programs,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. UNT Room rates as follows:

Room Type	FY 2015	FY 2016	FY 2017	FY 2018
Standard double occupancy (College Inn)	\$2,025	\$2,165	\$2,315	\$2,480
First tier double occupancy (West Hall)	\$2,085	\$2,230	\$2,385	\$2,550
Standard double occupancy	\$2,305	\$2,465	\$2,640	\$2,825
Smaller single (College Inn)	\$2,375	\$2,540	\$2,720	\$2,910
Premium double spaces	\$2,625	\$2,680	\$2,760	\$2,845
Premium double with cooking facilities	\$2,755	\$2,810	\$2,895	\$2,980
Premium suited spaces	\$2,920	\$2,980	\$3,070	\$3,160
Premium suited spaces with cooking facilities	\$3,050	\$3,110	\$3,205	\$3,300

2. UNT Board rates (excluding tax) as follows:

A. Meal Plan	FY 2015
Five (5) day meal plan	\$1,315
Seven (7) day meal plan	\$1,455

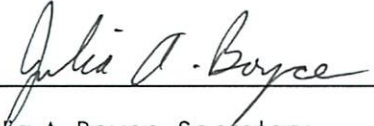
- B. An increase in the average of the two plans not to exceed 4% per year in FY 2016, FY 2017, and FY 2018

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VOTE: 7 ayes 0 nays      abstentions


**BOARD ACTION:**

Attested By:

  
\_\_\_\_\_

Julia A. Boyce, Secretary  
Board of Regents

Approved By:

  
\_\_\_\_\_

Brint Ryan, Chairman  
Board of Regents



## Board Briefing

**Committee:** Finance

**Date Filed:** January 15, 2014

**Title:** Amendment to the UNT System Commercial Paper Program Authorizing the Issuance of Extendible Commercial Paper Notes

### Background:

In May 2004, the Board of the University of North Texas System adopted the "Tenth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper (CP) Program."

The Board has authorized the issuance of commercial paper notes in an aggregate principal amount not to exceed \$100M at any one time outstanding. The University of North Texas System must maintain self-liquidity, currently established at 1.2x, for the aggregate principal amount of \$100M. Commercial paper may be issued as obligations that are taxable, tax exempt, or any combination thereof as long as the aggregate total does not exceed \$100M.

The University of North Texas System desires to maintain the current CP program with its \$100M ceiling and to add an extendible commercial paper (ECP) program that will provide access to an additional \$100M in short-term borrowing above the current maximum outstanding limit of \$100M, establishing a total commercial paper capacity of \$200M. ECP does not require self-liquidity or a bank liquidity facility. ECP is issued with maturity dates ranging from 1 to 60 days. If the ECP cannot be remarketed on its maturity date, the ECP holder continues to own the ECP and the maturity date is extended to 270 days from the initial issuance date. ECP buyers and rating agencies rate the ECP program on market access to long term capital, as opposed to liquidity.

The Seventeenth Supplemental Resolution to the Master Resolution Establishing the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto authorizes ECP notes to be issued in an aggregate principal amount not to exceed \$100,000,000 at any one time outstanding to finance eligible project costs, and to refinance, renew, or refund commercial paper notes.

### Financial Analysis/History:

**James Maguire**

Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for Administrative Services,  
ou=UNT System, email=james.maguire@untsystem.edu, c=US  
Date: 2014.02.10 10:15:48 -0500

VC for Facilities/Interim VC for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

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**Recommendation:**

It is recommended that the Board of Regents approve the attached Seventeenth Supplemental Resolution Amending the Master Resolution establishing an extendible commercial paper program and authorizing the issuance, sale, and delivery of ECP notes; and approving and authorizing instruments and procedures relating thereto.


**Recommended By:**

Allen Clemson

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Interim Vice Chancellor for Finance

Lee  
Jackson



Digitally signed by Lee Jackson  
DN: cn=Lee Jackson, o=UNT  
System, ou=Chancellor's Office,  
email=chancellor@unt.edu, c=US  
Date: 2014.02.13 10:23:48 -06'00'

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Chancellor

Attachments Filed Electronically:

- Seventeenth Supplemental Resolution to the Master Resolution



**Title:** Amendment to the UNT System Commercial Paper Program Authorizing the Issuance of Extendible Commercial Paper Notes

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### **Board of Regents Order 2014-10**

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 20, 2014, pursuant to a motion made by Regent Don Potts and seconded by Regent Rusty Reid, the Board approved the motion presented below:

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Whereas, the Board of the University of North Texas System adopted the "Tenth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program", and

Whereas, the Board authorized the issuance of commercial paper notes in an aggregate principal amount not to exceed \$100M at any one time outstanding, for which the University of North Texas System must maintain self-liquidity for the aggregate principal amount of \$100M, and which may be issued as obligations that are taxable, tax exempt, or any combination thereof, and

Whereas, the Board desires to establish an extendible commercial paper program that will provide access to an additional \$100M short-term borrowing, establishing a total commercial paper capacity of \$200M, and

Whereas, concurrently the Board has adopted amendments to Regents Rule 10.300 establishing and authorizing Revenue Financing System commercial paper to be issued as traditional commercial paper or as extendible commercial paper in a total aggregate principal amount at any one time outstanding not to exceed \$200M, with the aggregate principal amount of either commercial paper or extendible commercial paper at any one time outstanding not to exceed amounts established, from time to time, by resolution of the Board.

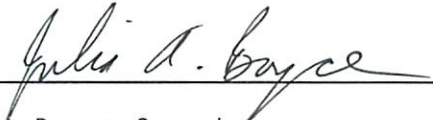
Now, Therefore, The Board of Regents authorizes and approves the following:

1. Seventeenth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto.
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VOTE: 7 ayes 0 nays      abstentions

**BOARD ACTION:**

Attested By:



Julia A. Boyce, Secretary  
Board of Regents

Approved By:



Brint Ryan, Chairman  
Board of Regents

**SEVENTEENTH SUPPLEMENTAL RESOLUTION  
TO THE MASTER RESOLUTION ESTABLISHING THE  
UNIVERSITY OF NORTH TEXAS SYSTEM  
REVENUE FINANCING SYSTEM  
COMMERCIAL PAPER PROGRAM, SERIES B;  
AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND  
TAXABLE COMMERCIAL PAPER NOTES;  
AND APPROVING AND AUTHORIZING INSTRUMENTS  
AND PROCEDURES RELATING THERETO**

WHEREAS, on February 12, 1999, the Board adopted the "*Amended and Restated Master Resolution Establishing the Revenue Financing System Under the Authority and Responsibility of the Board of Regents of the University of North Texas*" (referred to herein as the "Master Resolution"); and

WHEREAS, the Board heretofore has adopted a "**FIRST SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1997; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "First Supplement") and pursuant to the First Supplement issued its "*BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1997*" in the aggregate principal amount of \$4,380,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**SECOND SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Second Supplement") and pursuant to the Second Supplement issued its "*BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1999*" in the aggregate principal amount of \$32,540,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**THIRD SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999-A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Third Supplement") and pursuant to the Third Supplement issued its "*BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999-A*" in the aggregate principal amount of \$15,535,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"FOURTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2001; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Fourth Supplement") and pursuant to the Fourth Supplement issued its ***"BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2001"*** in the aggregate principal amount of \$33,860,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"FIFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Fifth Supplement") and pursuant to the Fifth Supplement issued its ***"BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002"*** in the aggregate principal amount of \$63,470,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"SIXTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Sixth Supplement") and pursuant to the Sixth Supplement issued its ***"BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002A"*** in the aggregate principal amount of \$9,500,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"SEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2003; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Seventh Supplement") and pursuant to the Seventh Supplement issued its ***"BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2003"*** in the aggregate principal amount of \$31,180,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an **"EIGHTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2003A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES**



**RELATING THERETO**" (defined as the "Eighth Supplement") and pursuant to the Eighth Supplement issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2003A**" in the aggregate principal amount of \$6,185,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an "**NINTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, TAXABLE SERIES 2003B; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Ninth Supplement") and pursuant to the Ninth Supplement issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, TAXABLE SERIES 2003B**" in the aggregate principal amount of \$4,980,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**SECOND AMENDED AND RESTATED TENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM, AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND TAXABLE COMMERCIAL PAPER NOTES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Tenth Supplement") and pursuant to the Tenth Supplement to the Master Resolution has the authority to issue from time to time and at any one time outstanding up to \$100,000,000 in aggregate principal amount of its commercial paper notes as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an "**ELEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2005; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Eleventh Supplement") and pursuant to the Eleventh Supplement issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2005**" in the aggregate principal amount of \$76,795,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an "**TWELFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2006; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Twelfth Supplement") and pursuant to the Twelfth Supplement issued its "**BOARD OF REGENTS OF**

***THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2006***" in the aggregate principal amount of \$56,050,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**THIRTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM, SERIES 2009; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Thirteenth Supplement") and pursuant to the Thirteenth Supplement issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2009**" in the aggregate principal amount of \$38,650,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**FOURTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Fourteenth Supplement") and pursuant to the Fourteenth Supplement issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2009A**" in the aggregate principal amount of \$159,310,000, its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2009B**" in the aggregate principal amount of \$15,800,000, and its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2010**" in the aggregate principal amount of \$57,625,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on August 18, 2011, the Board adopted a "**RESTATED FIFTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Fifteenth Supplement") and pursuant to the Fifteenth Supplement issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2012A**" in the aggregate principal amount of \$75,890,000, and its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, TAXABLE SERIES 2012B**" in the aggregate principal amount of \$4,820,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on August 16, 2013, the Board adopted a "**SIXTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING**

**THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO** (the "Sixteenth Supplement"); and

WHEREAS, the Sixteenth Supplement authorizes the issuance of bonds in an aggregate principal amount not to exceed \$415,000,000, and none of the bonds authorized by the Sixteenth Supplement have been sold; and

WHEREAS, the Parity Bonds issued pursuant to the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement and the Ninth Supplement are no longer outstanding; and

WHEREAS, the Board deems it necessary and desirable to authorize a separate series of commercial paper notes, as described herein, and provide for the issuance of this separate series of commercial paper notes without requiring the System to provide liquidity, either from internal or external sources, in support of the payment of the commercial paper notes herein authorized; and

WHEREAS, there are currently no Prior Encumbered Obligations outstanding; and

WHEREAS, the notes authorized to be issued by this Seventeenth Supplement are to be issued and delivered pursuant to Chapter 55, Texas Education Code, Chapter 1371, Texas Government Code, and other applicable laws.

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

**ARTICLE I  
DEFINITIONS AND CONSTRUCTION OF TERMS**

Section 1.01. **Definitions.** In addition to the definitions set forth in the preamble of this Seventeenth Supplement, the terms used in this Seventeenth Supplement and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit "A" to this Seventeenth Supplement attached hereto and made a part hereof.

Section 1.02. **Construction of Terms.** If appropriate in the context of this Seventeenth Supplement, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Seventeenth Supplement as a whole and not to any particular Section or other subdivision. References to any named person mean that party and its successors and assigns. References to time shall be to prevailing time in New York, New York. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Seventeenth Supplement is adopted by the Board and

any future amendments thereto or successor provisions thereof. This Seventeenth Supplement shall be effective immediately from and after its passage in accordance with the provisions of Section 1201.028, Texas Government Code.

## **ARTICLE II AUTHORIZATION OF COMMERCIAL PAPER NOTES**

Section 2.01. **General Authorization.** (a) *Maximum Principal Amount.* Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State of Texas, particularly the Acts, Commercial Paper Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed \$100,000,000 at any one time Outstanding for the purpose of financing Project Costs of Eligible Projects and to refinance, renew, or refund Commercial Paper Notes, Prior Encumbered Obligations, and Parity Obligations, including interest thereon, all in accordance with and subject to the terms, conditions, and limitations contained herein. For purposes of this Section 2.01, any portion of Outstanding Commercial Paper Notes to be paid from money on deposit with the Issuing and Paying Agent and from the available proceeds of Parity Obligations or other obligations of the Board issued on the day of calculation shall not be considered Outstanding. The authority to issue Commercial Paper Notes from time to time under the provisions of this Seventeenth Supplement shall exist until the Maximum Maturity Date, regardless of whether at any time prior to the Maximum Maturity Date there are any Commercial Paper Notes Outstanding. Anything to the contrary herein notwithstanding, Commercial Paper Notes may only be issued to refinance or refund Prior Encumbered Obligations or Parity Bonds issued as "obligations" under Chapter 1371, Texas Government Code, to effect a gross defeasance thereof in accordance with the provisions of Chapter 1207, Texas Government Code, and only with the prior approval of the Board. Proceeds so received for such purpose shall be invested and secured in accordance with applicable law, including, without limitation, the provisions of Chapter 1207, Texas Government Code.

(b) *Issuance of Tax-Exempt Commercial Paper Notes and Taxable Commercial Paper Notes.* Commercial Paper Notes may be issued as Tax-Exempt Commercial Paper Notes and Taxable Commercial Paper Notes.

Section 2.02. **Commercial Paper Notes.** (a) *Tax-Exempt Commercial Paper Notes.* Under and pursuant to the authority granted hereby and subject to the limitations contained herein, Tax-Exempt Commercial Paper Notes to be designated "**Board of Regents of The University of North Texas System Revenue Financing System Commercial Paper Notes, Series B, Tax-Exempt Sub-series**" are hereby authorized to be issued and sold and delivered from time to time in such principal amounts as determined by an Authorized Representative in denominations of \$100,000 or in integral multiples of \$1,000 in excess thereof, numbered in ascending consecutive numerical order in the order of their issuance, and shall mature and become due and payable on such dates as an Authorized Representative shall determine at the time of sale; provided, however, that no Tax-Exempt Commercial Paper Note shall (i) mature after the Maximum Maturity Date or (ii) have a term, from the Note Date to its Original Maturity Date or its Extended Maturity Date, as the case may be, in excess of 270 calendar days.

(b) *Taxable Commercial Paper Notes.* Under and pursuant to the authority granted hereby and subject to the limitations contained herein, Taxable Commercial Paper Notes to be designated "**Board of Regents of The University of North Texas System Revenue Financing System Commercial Paper Notes, Series B, Taxable Sub-series**" are hereby authorized to be issued and sold and delivered from time to time in such principal amounts as determined by an Authorized Representative in denominations of \$100,000 or in integral multiples of \$1,000 in excess thereof, numbered in ascending consecutive numerical order in the order of their issuance, and shall mature and become due and payable on such dates as an Authorized Representative shall determine at the time of sale; provided, however, that no Taxable Commercial Paper Note shall (i) mature after the Maximum Maturity Date or (ii) have a term, from the Note Date to its Original Maturity Date or its Extended Maturity Date, as the case may be, in excess of 270 calendar days.

(c) *General.* Subject to the limitations contained herein, Commercial Paper Notes herein authorized shall be dated as of their date of issuance (the "Note Date") and shall bear no interest or bear interest at such rate or rates per annum computed, with respect to the Tax-Exempt Commercial Paper Notes, on the basis of actual days elapsed and on a 365-day or 366-day (as applicable) year (but in no event to exceed the Maximum Interest Rate) and, with respect to the Taxable Commercial Paper Notes, on the basis of actual days elapsed and on a 360-day year (but in no event to exceed the Maximum Interest Rate), as may be determined by an Authorized Representative. The Commercial Paper Notes shall bear interest from the Note Date until the Original Maturity Date at the Original Rate. Interest, if any, on Commercial Paper Notes shall be payable on any Original Maturity Date. The foregoing notwithstanding, on any Original Maturity Date, if the Authorized Representative exercises the option to extend the Original Maturity Date to an Extended Maturity Date, the Commercial Paper Notes will bear interest from the Original Maturity Date to the Extended Maturity Date at the Extended Rate. If the Authorized Representative exercises the option in accordance with this Seventeenth Supplement to extend the Original Maturity Date of any Commercial Paper Note to an Extended Maturity Date, the accrued but unpaid interest on the Commercial Paper Note, but not the principal of the Commercial Paper Note, shall be paid on its Original Maturity Date. The Extended Rate will be determined by the Issuing and Paying Agent based on the Prevailing Ratings available as of 11:00 a.m. on the Original Maturity Date and on each Thursday thereafter until the Extended Maturity Date or the date fixed for redemption of such Commercial Paper Notes, and will apply from that Thursday through the following Wednesday, the Extended Maturity Date, or the date fixed for redemption of such Commercial Paper Notes, as the case may be. If the Original Maturity Date is before the 15th day of the month, interest shall be payable on the first Business Day of the next month and on the first Business Day of each month thereafter and on the Extended Maturity Date for this Commercial Paper Note. If the Original Maturity Date is on or after the 15th day of the month, interest shall be payable on the first Business Day of the second succeeding month and on the first Business Day of each month thereafter, and on the Extended Maturity Date for this Commercial Paper Note or the date fixed for redemption of such Commercial Paper Notes, as the case may be.

Commercial Paper Notes may be payable to bearer or may be issued in registered form, without coupons, or may be issued in book-entry only form pursuant to Section 2.03(b) as determined by an Authorized Representative. Both principal of and interest on the Commercial

Paper Notes shall be payable in lawful money of the United States of America, without exchange or collection charges to the Holder thereof in the manner provided in the Form of Commercial Paper Notes set forth in Exhibit B to this Seventeenth Supplement.

Commercial Paper Notes issued hereunder may contain terms and provisions for the payment, redemption or prepayment thereof prior to maturity, subject to any applicable limitations contained herein, as provided herein or otherwise as shall be determined by an Authorized Representative.

Subject to applicable terms, limitations, and procedures contained herein, the Commercial Paper Notes may be sold in such manner at public or private sale and at par or at such discount or premium (within the interest rate and yield restrictions provided herein) as an Authorized Representative shall approve at the time of the sale thereof.

(d) *Notice of Extension.* The Authorized Representative shall deliver to the Issuing and Paying Agent and the Dealer an Extension Request by no later than 11:30 a.m. on the Original Maturity Date if the option to extend the Original Maturity Date of a Commercial Paper Note to an Extended Maturity Date is exercised. The Issuing and Paying Agent shall correspondingly notify (i) DTC by no later than 12:00 noon on the Original Maturity Date and (ii) (A) each Rating Agency then maintaining a rating on the Commercial Paper Notes and (B) EMMA by no later than 5:00 p.m. on the Original Maturity Date, that the maturity of such Commercial Paper Note is being extended to the Extended Maturity Date set forth in the Extension Request. Even if the requisite notices are not given, if payment of the principal of and interest on a Commercial Paper Note does not occur on the Original Maturity Date, the maturity of the Commercial Paper Note shall be extended automatically to the Extended Maturity Date set forth in the Extension Request. With the consent of the Issuing and Paying Agent and the Dealer, the Authorized Representative may modify the notification provisions contained in this Section 2.02(d) if deemed appropriate to conform to DTC's rules and procedures.

(e) *No Redemption Prior to Original Maturity Date.* The Commercial Paper Notes shall not be subject to redemption prior to their Original Maturity Date.

(f) *Redemption following Extension of Original Maturity Date.* In the event the Board, acting through an Authorized Representative, exercises its option to extend the maturity of any Commercial Paper Note from its Original Maturity Date to an Extended Maturity Date, that Commercial Paper Note may be redeemed on any date after its Original Maturity Date, at the option of the Board, at a redemption price equal to par (100%), plus accrued and unpaid interest to the redemption date. To exercise its redemption option, an Authorized Representative shall provide not less than five (5) nor more than twenty five (25) calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify the DTC of the Commercial Paper Notes to be redeemed within one Business Day of receipt of such notice.

(g) *No Default.* In no event shall an extension of the Original Maturity Date constitute a default or a breach of any covenant under this Seventeenth Supplement.

**Section 2.03. Issuing and Paying Agent and Book-Entry Only System.** (a) *Issuing and Paying Agent.* The Board covenants to maintain and provide an Issuing and Paying Agent at all times while the Commercial Paper Notes are outstanding, which shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any State and authorized under such laws to exercise trust powers. The initial Issuing and Paying Agent for the Commercial Paper Notes shall be U.S. Bank National Association, New York, New York. The Board covenants and agrees to keep and maintain the Registration Books at the corporate office of the Issuing and Paying Agent designated as the place of payment and transfers of the Commercial Paper Notes (the "Designated Trust Office"), all as provided herein and pursuant to such reasonable rules and regulations as the Issuing and Paying Agent may prescribe. Should a change in the Issuing and Paying Agent for the Commercial Paper Notes occur after the appointment of the initial Issuing and Paying Agent by the Authorized Representative, the Board agrees to promptly cause a written notice thereof to be (i) sent to each Holder of the Commercial Paper Notes then outstanding by United States mail, first class, postage prepaid and (ii) published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two calendar weeks; provided, however, that the publication of such notice shall not be required if notice is given to each Holder in accordance with clause (i) above. Such notice shall give the address of the successor Paying Agent/Registrar. A successor Issuing and Paying Agent may be appointed without the consent of the Holders.

The Board and the Issuing and Paying Agent may treat the bearer (in the case of Commercial Paper Notes so registered) or the Registered Owner of any Commercial Paper Note as the absolute owner thereof for the purpose of receiving payment thereof and for all purposes, and, to the extent permitted by law, the Board and the Issuing and Paying Agent shall not be affected by any notice or knowledge to the contrary.

(b) *Book-Entry Only System.* If an Authorized Representative determines that it is possible and desirable to provide for a book-entry only system of Commercial Paper Note registration with DTC, such Authorized Representative, acting for and on behalf of the Board, is hereby authorized to approve, execute, and deliver a Letter of Representations to DTC and to enter into such other agreements and execute such instruments as are necessary to implement such book-entry only system, such approval to be conclusively evidenced by the execution thereof by said Authorized Representative. Under the initial book-entry only system with DTC, (i) no physical Commercial Paper Note certificates will be delivered to DTC and (ii) there will be executed and delivered to the Issuing and Paying Agent, as custodian for DTC, a master note relating to the Tax-Exempt Commercial Paper Notes (the "Tax-Exempt Master Note") and a master note relating to the Taxable Commercial Paper Notes (the "Taxable Master Note" and, together with the Tax-Exempt Master Note, referred to collectively herein as the "Master Note"), respectively, in substantially the forms set forth in Exhibit C. Except as provided herein, the ownership of the Commercial Paper Notes shall be registered in the name of Cede & Co., as nominee of DTC, which will serve as the initial securities depository for the Commercial Paper Notes. Ownership of beneficial interests in the Commercial Paper Notes shall be shown by book entry on the system maintained and operated by DTC and DTC Participants, and transfers of ownership of beneficial interests shall be made only by DTC and the DTC Participants by book entry, and the Board and the Issuing and Paying Agent shall have no responsibility therefor.

DTC will be required to maintain records of the positions of the DTC Participants in the Commercial Paper Notes, and the DTC Participants and persons acting through the DTC Participants will be required to maintain records of the purchasers of beneficial interests in the Commercial Paper Notes. Except as provided in clause (i) of this Section 2.03(b), the Commercial Paper Notes shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository.

With respect to Commercial Paper Notes registered in the name of DTC or its nominee, neither the Board nor the Issuing and Paying Agent shall have any responsibility or obligation to any DTC Participant or to any person on whose behalf a DTC Participant holds an interest in the Commercial Paper Notes. Without limiting the immediately preceding sentence, neither the Board nor the Issuing and Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC or any DTC Participant with respect to any ownership interest in the Commercial Paper Notes, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown on the Registration Books, of any notice with respect to the Commercial Paper Notes, including any notice of redemption, and (iii) the payment to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown in the Registration Books, of any amount with respect to principal of and premium, if any, or interest on the Commercial Paper Notes.

Whenever, during the term of the Commercial Paper Notes, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Seventeenth Supplement of holding, registering, delivering, exchanging, or transferring the Commercial Paper Notes shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC as to holding, registering, delivering, exchanging, or transferring the book entry to produce the same effect.

Either the Board or DTC may determine to discontinue the book-entry only system and in such case, unless a new book-entry only system is put in place, physical certificates in the form set forth in Exhibit B shall be provided to the beneficial holders of the Commercial Paper Notes under the DTC book-entry only system.

If at any time, DTC ceases to hold the Commercial Paper Notes in its book-entry only system, all references herein to DTC shall be of no further force or effect.

Whenever the beneficial ownership of the Commercial Paper Notes is determined by a book entry at DTC, delivery of Commercial Paper Notes for payment at maturity shall be made pursuant to DTC's payment procedures as are in effect from time to time and the DTC Participants shall transmit payment to beneficial owners whose Commercial Paper Notes have matured. The Board and each Issuing and Paying Agent and Dealer are not responsible for transfer of payment to the DTC Participants or beneficial owners.

(c) *Resignation and Removal.* The Issuing and Paying Agent may at any time resign and be discharged of the duties and obligations created by this Seventeenth Supplement by giving at least sixty (60) days' written notice to the Dealer and the Board. The Issuing and Paying Agent



may be removed at any time by an instrument signed by an Authorized Representative and filed with the Issuing and Paying Agent. No such resignation or removal shall become effective, however, until a successor Issuing and Paying Agent has been selected by the Board and has agreed in writing to assume the duties of the Issuing and Paying Agent hereunder.

In the event of the resignation or removal of the Issuing and Paying Agent, the Issuing and Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor. The Issuing and Paying Agent shall make any representations and warranties to the Board as may be reasonably requested by the Board in connection with any such assignment.

Should a change in the Issuing and Paying Agent for the Commercial Paper Notes occur, the Board agrees to cause a written notice thereof to be sent promptly to each Registered Owner, if any, of the Commercial Paper Notes then Outstanding by United States mail, first class, postage prepaid, and to be provided to EMMA. Such notice shall give the address of the successor Issuing and Paying Agent. A successor Issuing and Paying Agent may be appointed without the consent of the Holders.

(c) *Books and Records.* The Issuing and Paying Agent shall at all times keep or cause to be kept proper records in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Commercial Paper Notes and any funds and accounts established and maintained by the Issuing and Paying Agent pursuant to this Seventeenth Supplement. Such records shall be available for inspection by the Authorized Representative on each Business Day upon regular notice during reasonable business hours, and by any Registered Owner or its agent or representative duly authorized in writing at reasonable hours and under regular circumstances.

The Issuing and Paying Agent shall provide to the Authorized Representative each month, and more frequently upon written request, a report or statement of the amounts deposited in each fund and account held by it, and the amount disbursed from such funds and accounts, the earnings thereon, the ending balance in each of such funds and accounts, the investments in each such fund and account, and the yield on each investment calculated in accordance with the directions of an Authorized Representative. Such report or statement shall also include or be accompanied by such information regarding the issuance of Commercial Paper Notes during the subject month as an Authorized Representative shall request.

The Issuing and Paying Agent shall maintain such books, records and accounts as may be necessary to evidence the obligations of the Board resulting from the Commercial Paper Notes, the principal amounts owing thereunder, the maturity schedule therefor, the respective rates of interest thereon, and the principal and interest paid from time to time thereunder.

**Section 2.04. Form of Commercial Paper Notes.** (a) *Physical Delivery.* If not issued in book-entry only form as provided in Section 2.03(b), the Commercial Paper Notes and the Certificate of Authentication to appear on each of the Commercial Paper Notes shall be substantially in the form set forth in Exhibit B to this Seventeenth Supplement with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Seventeenth Supplement and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities

Identification Procedures of the American Bankers Association) ("CUSIP" numbers) and such legends and endorsements thereon as may, consistently herewith, be approved by an Authorized Representative. Any portion of the text of any Commercial Paper Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Commercial Paper Notes and the Commercial Paper Notes shall be printed, lithographed, or engraved or produced in any other similar manner, or typewritten, all as determined and approved by an Authorized Representative.

(b) *Book-Entry Only System.* If the Commercial Paper Notes are issued in book-entry only form pursuant to Section 2.03(b), they shall be issued in the form of the Tax-Exempt Master Note and the Taxable Master Note, as the case may be, in substantially the form attached hereto as Exhibit C, to which there shall be attached the respective forms of Commercial Paper Notes set forth in Exhibit B; and it is hereby declared that the applicable form of Commercial Paper Note as set forth in Exhibit B are incorporated into and shall be a part of the applicable Master Note. It is further provided that this Seventeenth Supplement, the Master Resolution, and the forms of Commercial Paper Notes set forth in Exhibit B shall constitute the "Underlining Records" referred to in the Master Notes.

Section 2.05. **Execution - Authentication.** Under authority granted by Section 1371.055, Texas Government Code, the Commercial Paper Notes shall be executed on behalf of the Board by the Vice Chancellor for Finance for the System, under the System seal reproduced or impressed thereon, and attested by the Secretary or any Assistant Secretary of the Board. The signature of said officers on the Commercial Paper Notes may be manual or facsimile. Notwithstanding the other provisions of this Section 2.05, each Master Note shall be executed on behalf of the Board by the manual signature of the Vice Chancellor for Finance for the System. Commercial Paper Notes bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Board on the date of passage of this Seventeenth Supplement shall be deemed to be duly executed on behalf of the Board, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of the initial sale and delivery of Commercial Paper Notes authorized to be issued hereunder and with respect to Commercial Paper Notes delivered in subsequent sales, exchanges, and transfers, all as authorized and provided in Chapter 1201, Texas Government Code.

Other than pursuant to Section 2.03(b), no Commercial Paper Note shall be entitled to any right or benefit under this Seventeenth Supplement, or be valid or obligatory for any purpose, unless there appears on such Commercial Paper Note a certificate of authentication substantially in the form provided in Exhibit B to this Seventeenth Supplement, executed by the Issuing and Paying Agent by manual signature, and such certificate upon any Commercial Paper Note shall be conclusive evidence, and the only evidence, that such Commercial Paper Note has been duly certified or registered and delivered.

Section 2.06. **Commercial Paper Notes Mutilated, Lost, Destroyed, or Stolen.** If any Commercial Paper Note shall become mutilated, the Board, at the expense of the Holder thereof, shall execute and the Issuing and Paying Agent shall authenticate and deliver a new Commercial Paper Note of like tenor and number in exchange and substitution for the Commercial Paper Note so mutilated, but only upon surrender to the Issuing and Paying Agent of the Commercial

Paper Note so mutilated. If any Commercial Paper Note shall be lost, destroyed, or stolen, evidence of such loss, destruction, or theft may be submitted to the Board and the Issuing and Paying Agent. If such evidence is satisfactory to them and indemnity satisfactory to them shall be given, the Board, at the expense of the Holder, shall execute and the Paying Agent shall authenticate and deliver a new Commercial Paper Note of like tenor in lieu of and in substitution for the Commercial Paper Note so lost, destroyed, or stolen. In the event any such Commercial Paper Note shall have matured, the Issuing and Paying Agent instead of issuing a duplicate Commercial Paper Note may pay the same without surrender thereof after making such requirement as it deems fit for its protection, including a lost instrument bond. Neither the Board nor the Issuing and Paying Agent shall be required to treat both the original Commercial Paper Note and any duplicate Commercial Paper Note as being outstanding for the purpose of determining the principal amount of Commercial Paper Notes which may be issued hereunder, but both the original and the duplicate Commercial Paper Note shall be treated as one and the same. The Board and the Issuing and Paying Agent may charge the Holder of such Commercial Paper Note with their reasonable fees and expenses for such service.

Section 2.07. **Negotiability, Registration, and Exchangeability.** The Commercial Paper Notes shall be, and shall have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas, and each successive Holder, in accepting any of the obligations, shall be conclusively deemed to have agreed that such obligations shall be and have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

Registration Books relating to the registration, payment, and transfer or exchange of the Commercial Paper Notes shall at all times be kept and maintained by the Board at the Designated Trust Office of the Issuing and Paying Agent, and the Issuing and Paying Agent shall obtain, record, and maintain in the Registration Books the name, and to the extent provided by or on behalf of the Holder, the address of each Holder of the Commercial Paper Notes, except for Commercial Paper Notes registered to bearer. A copy of the Registration Books shall be provided to and held by the Board. Any Commercial Paper Note may, in accordance with its terms and the terms hereof, be transferred or exchanged for Commercial Paper Notes of like tenor and character and of other authorized denominations upon the Registration Books by the Holder in person or by his duly authorized agent, upon surrender of such Commercial Paper Note to the Issuing and Paying Agent for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Registrar.

Upon surrender for transfer of any Commercial Paper Note at the designated office of the Registrar, the Issuing and Paying Agent shall register and deliver, in the name of the designated transferee or transferees, one or more new Commercial Paper Notes executed on behalf of, and furnished by, the Board of like tenor and character and of authorized denominations and having the same maturity, bearing interest at the same rate and of a like aggregate principal amount as the Commercial Paper Note or Commercial Paper Notes surrendered for transfer.

Furthermore, Commercial Paper Notes may be exchanged for other Commercial Paper Notes of like tenor and character and of authorized denominations and having the same maturity, bearing the same rate of interest and of like aggregate principal amount as the Commercial Paper

Notes surrendered for exchange, upon surrender of the Commercial Paper Notes to be exchanged at the designated office of the Registrar. Whenever any Commercial Paper Notes are so surrendered for exchange, the Issuing and Paying Agent shall register and deliver new Commercial Paper Notes of like tenor and character as the Commercial Paper Notes exchanged, executed on behalf of and furnished by, the Board to the Holder requesting the exchange.

The Board and the Issuing and Paying Agent may charge the Holder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer. The Issuing and Paying Agent or the Board may also require payment from the Holder of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Commercial Paper Note shall be delivered.

The Board and the Issuing and Paying Agent shall not be required to transfer or exchange any Commercial Paper Note selected, called, or being called for redemption in whole or in part.

New Commercial Paper Notes delivered upon any transfer or exchange shall be valid special obligations of the Board, evidencing the same debt as the Commercial Paper Notes surrendered, shall be secured by this Seventeenth Supplement and shall be entitled to all of the security and benefits hereof to the same extent as the Commercial Paper Notes surrendered.

The Board reserves the right to change the above registration and transferability provisions of the Commercial Paper Notes at any time on or prior to the delivery thereof in order to comply with applicable laws and regulations of the United States in effect at the time of issuance thereof. In addition, to the extent that the provisions of this Section conflict with or are inconsistent with the provisions of the Form of Commercial Paper Note set forth in Exhibit B, such other provisions shall control. The Board further reserves the right to change the registration and transferability provisions to implement a book-entry only registration system with a securities depository.

**Section 2.08. Note Payment Fund.** There shall be created a fund at the Issuing and Paying Agent entitled the "University of North Texas System Revenue Financing System Commercial Paper Note Payment Fund – Series B" (the "Note Payment Fund"). Within the Note Payment Fund, there shall be established a "University of North Texas System Revenue Financing System Tax-Exempt Commercial Paper Note Payment Account – Series B" (the "Tax-Exempt Commercial Paper Note Payment Account") and a "University of North Texas System Revenue Financing System Taxable Commercial Paper Note Payment Account – Series B" (the "Taxable Commercial Paper Note Payment Account"). The proceeds from the sale of Parity Obligations issued for the purpose of refunding and retiring Commercial Paper Notes Outstanding under this Seventeenth Supplement shall be paid to the Issuing and Paying Agent for deposit to the credit of the Tax-Exempt Commercial Paper Note Payment Account or the Taxable Commercial Paper Note Payment Account, as directed by an Authorized Representative, and used for such purpose. In addition, all amounts required to be paid to the Issuing and Paying Agent for deposit by the Board pursuant to Section 2.09 shall be paid to the Issuing and Paying Agent for deposit to the Tax-Exempt Commercial Paper Note Payment Account or the Taxable Commercial Paper Note Payment Account, as the case may be, and shall be used to pay principal

of, premium, if any, and interest on Tax-Exempt Commercial Paper Notes or Taxable Commercial Paper Notes, as the case may be, at the respective interest payment, maturity or redemption of such Commercial Paper Notes as provided herein.

The foregoing notwithstanding, if all of the Commercial Paper Notes are held in a book-entry only system as provided in Section 2.03(b), all such moneys derived from the sources described above in this Section may be transferred directly to DTC by the Board or the Issuing and Paying Agent.

**Section 2.09. Establishment of Financing System; Issuance of Parity Obligations; Security and Pledge.** (a) *Commercial Paper Notes as Parity Obligations.* By adoption of the Master Resolution, the Board has established the Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the University, the Health Science Center, UNT-Dallas, the Law School, and for any other institutions and agencies which are from time to time included as Participants of the Financing System. The Master Resolution is intended to establish a master plan under which revenue supported debt of the Financing System may be incurred. This Seventeenth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Commercial Paper Notes, which are a series of Parity Obligations. The Master Resolution is incorporated herein by reference and as such made a part hereof for all purposes, except to the extent modified and supplemented hereby and the Commercial Paper Notes are hereby declared to be Parity Obligations under the Master Resolution. The Board hereby determines that it will have sufficient funds to meet the financial obligations of each Participant in the Financing System (currently the University, the Health Science Center, UNT-Dallas and the Law School), including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System. Furthermore, the Board hereby determines that each of the Participants for whom the Commercial Paper Notes are being issued possess the financial capability to satisfy its Direct Obligation after taking into account the issuance of the Commercial Paper Notes.

(b) *Pledge of Pledged Revenues.* The Commercial Paper Notes are special obligations of the Board payable from and secured solely by the Pledged Revenues pursuant to the Master Resolution and this Seventeenth Supplement. The Pledged Revenues are hereby pledged, subject to the liens securing the Prior Encumbered Obligations, to the payment of the principal of, premium, if any, and interest on the Commercial Paper Notes as the same shall become due and payable. The Board agrees to make payments into the Tax-Exempt Commercial Paper Note Payment Account and the Taxable Commercial Paper Note Payment Account, as the case may be, at such times and in such amounts as are necessary to provide for the full payment of the principal of, premium, if any, and the interest on the Tax-Exempt Commercial Paper Notes and the Taxable Commercial Paper Notes, as the case may be, when due, in accordance with the terms and conditions set forth in this Seventeenth Supplement.

**Section 2.10. Cancellation.** All Commercial Paper Notes which at maturity are surrendered to the Issuing and Paying Agent for the collection of the principal and interest thereof or are surrendered for transfer or exchange pursuant to the provisions hereof or are refunded through an Advance shall, upon payment or issuance of new Commercial Paper Notes,

be cancelled by the Issuing and Paying Agent and forthwith transmitted to the Board, and thereafter the Board shall have custody of such cancelled Commercial Paper Notes.

Section 2.11. **Liquidity.** The Board reserves the option, but is not required, to provide liquidity in support of all or any of the Commercial Paper Notes to be Outstanding under this Seventeenth Supplement from its available funds, in amounts as further provided in Sections 4.02(b) and 4.03 of this Seventeenth Supplement. The Board reserves the option, but is not required, to enter into one or more liquidity or credit agreements to provide liquidity or credit in such amounts as determined by the Board in support of all or any of the Commercial Paper Notes to be Outstanding under this Seventeenth Supplement, and to execute all necessary instruments in connection therewith. The Board agrees to provide written notice to the Dealer, the Issuing and Paying Agent and each Rating Agency then maintaining a rating on the Commercial Paper Notes, at least thirty (30) days prior to the date on which the System provides liquidity from internal sources, and, in the case of liquidity or credit to be provided in accordance with the terms of a liquidity and/or credit agreement, a copy of the proposed form of such agreement.

Section 2.12. **Fiscal and Other Agents.** In furtherance of the purposes of this Seventeenth Supplement, the Board may from time to time appoint and provide for the payment of such additional fiscal, paying, or other agents or trustees as it may deem necessary or appropriate in connection with the Commercial Paper Notes.

### **ARTICLE III ISSUANCE AND SALE OF NOTES**

Section 3.01. **Issuance and Sale of Commercial Paper Notes.** (a) *Sale by Authorized Representative.* All Commercial Paper Notes shall be sold in the manner determined by the Authorized Representative to be most economically advantageous to the Board.

(b) *Terms of Commercial Paper Notes.* The terms of the Commercial Paper Notes shall be established and they shall be delivered by the Issuing and Paying Agent in accordance with telephonic, computer, or written instructions of any Authorized Representative and in the manner specified below and in the Issuing and Paying Agent Agreement. To the extent such instructions are not written, they shall be confirmed in writing within 24 hours of the transmission or communication thereof. Said instructions shall specify such principal amounts, Note Dates, purchase price, the Original Rate of each Commercial Paper Note, the Original Maturity Date for each Commercial Paper Note, and other terms and conditions which are hereby authorized and permitted to be fixed by any Authorized Representative at the time of sale of the Commercial Paper Notes. Such instructions shall also contain provisions representing that all action on the part of the Board necessary for the valid issuance of the Commercial Paper Notes then to be issued has been taken, that all provisions of Texas and federal law necessary for the valid issuance of such Commercial Paper Notes with provision for original issue discount and interest exclusion from federal income taxation (in the case of Tax-Exempt Commercial Paper Notes) have been complied with, and that such Commercial Paper Notes will be valid and enforceable special obligations of the Board according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or

hereafter enacted to the extent constitutionally applicable and that in the case of Tax-Exempt Commercial Paper Notes, based upon the advice of Bond Counsel, the earned original issue discount on the Commercial Paper Notes or stated interest on the Commercial Paper Notes, as the case may be, is, subject to the conditions set forth in the opinion of Bond Counsel delivered concurrently with the commencement of the issuance of Commercial Paper Notes, excludable from gross income of the owners thereof for federal income tax purposes. Such instructions shall also certify that, as of the date of such certificate:

(i) the Board has been advised by Bond Counsel that the projects to be financed or refinanced by the Commercial Paper Notes will constitute Eligible Projects, and, further, should the Commercial Paper Notes be issued as Tax-Exempt Commercial Paper Notes, that the proposed issuance will not cause the Board to be in violation of its covenants set forth in Section 5.01 hereof;

(ii) the requirements of Section 5 of the Master Resolution have been complied with;

(iii) the Board is in compliance with the covenants set forth in Article IV as of the date of such instructions;

(iv) the interest rate borne by the Commercial Paper Note is not in excess of the Maximum Interest Rate in effect on the date of issuance of such Commercial Paper Note;

(v) if required by the Texas Higher Education Coordination Board, approval of the Eligible Project to be financed with proceeds of Commercial Paper Notes has been obtained; and

(vi) after the proposed issuance of Commercial Paper Notes, the principal amount of Commercial Paper Notes to be Outstanding after such issuance does not exceed the aggregate principal amount of Commercial Paper Notes authorized to be issued under this Seventeenth Supplement.

Should the Commercial Paper Notes be held in a book-entry only system form in accordance with the provisions of Section 2.03(b), and the Board acts in the capacity of Issuing and Paying Agent during the time such book-entry only system is in effect, the terms of the Commercial Paper Notes shall be established by the Authorized Representative consistent with the procedures of DTC regarding the issuance of the applicable Master Note.

For purposes of this Seventeenth Supplement, such instructions described above shall constitute an Issuance Request.

(c) *Receipt of Issuance Request.* Upon receipt of an Issuance Request, the Issuing and Paying Agent shall, by 3:00 p.m. on such day the Issuance Request is received, complete each Commercial Paper Note as to amount, Note Date, Original Maturity Date and Original Rate specified therein, and deliver each such Commercial Paper Note to or upon the order of the

Dealer upon receipt of payment therefor; provided, however, that no such Commercial Paper Notes shall be delivered by the Issuing and Paying Agent if such delivery would cause the sum of the aggregate principal amount of Commercial Paper Notes Outstanding to exceed the limitation set forth in Section 4.01 of this Seventeenth Supplement. If an Issuance Request is received after 12:00 p.m. on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested Commercial Paper Notes until the next succeeding Business Day.

(d) *Receipt of Extension Request.* Upon receipt of an Extension Request, the Issuing and Paying Agent shall, by 3:00 p.m. on such day the Extension Request is received, complete each Commercial Paper Note as to amount, Note Date and Extended Maturity Date specified therein, and deliver each such Commercial Paper Note to or upon the order of the Dealer, as requested; provided, however, that no such Commercial Paper Notes shall be delivered by the Issuing and Paying Agent if such delivery would cause the sum of the aggregate principal amount of Commercial Paper Notes Outstanding to exceed the limitation set forth in Section 4.01 of this Seventeenth Supplement. If an Extension Request is received after 11:30 a.m. on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested Commercial Paper Notes until the next succeeding Business Day.

**Section 3.02. Proceeds of Sale of Commercial Paper Notes.** The proceeds of the sale of any Commercial Paper Notes (net of all expenses and costs of sale and issuance) shall be applied, consistent with the terms of this Seventeenth Supplement, for any or all of the following purposes as directed by an Authorized Representative:

- (i) used for the payment and redemption or purchase of Outstanding Commercial Paper Notes, Parity Bonds or Prior Encumbered Obligations at or before maturity; or
- (ii) used for the purpose of financing Project Costs of Eligible Projects.

**Section 3.03. Issuing and Paying Agent Agreement.** The Board hereby approves the appointment of the Issuing and Paying Agent designated in Section 2.03 to serve as Paying Agent and Registrar. Any Authorized Representative is hereby authorized to execute and deliver, on behalf of the Board, to the Issuing and Paying Agent the Issuing and Paying Agent Agreement in substantially the form approved in connection with the issuance of the Series A Commercial Paper Notes. Any Authorized Representative is hereby authorized to enter into any supplemental agreements to the Issuing and Paying Agent Agreement with the Issuing and Paying Agent or with any successor Issuing and Paying Agent.

**Section 3.04. Dealer Agreement.** The Board hereby approves the appointment of Morgan Stanley & Co. LLC to serve as commercial paper dealer (the "Dealer") under the terms of the Dealer Agreement between the Board and the Dealer, in substantially the form of the agreement executed by the Board with the dealer of the Series A Commercial Paper Notes. Any Authorized Representative is hereby authorized and directed to execute and deliver, on behalf of the Board, the Dealer Agreement to carry out the purpose and intent of the Board in authorizing the issuance of Commercial Paper Notes in accordance with the terms of this Seventeenth Supplement. Any Authorized Representative is hereby authorized to enter any supplemental agreements to the Dealer Agreement with the Dealer or with any successor Dealer.



## ARTICLE IV GENERAL COVENANTS

Section 4.01. **Limitation on Issuance.** Unless this Seventeenth Supplement is amended and modified by the Board in accordance with the provisions of Section 6.01, the Board covenants that there will not be issued under the terms of this Seventeenth Supplement and Outstanding at any time more than \$100,000,000 in principal amount of Commercial Paper Notes.

Section 4.02. **Provisions for Payment.** (a) *Payment of Commercial Paper Notes.* The Board covenants to maintain, or cause to be provided in the manner described in Section 4.03(a) of this Seventeenth Supplement, available funds in an amount equal to the principal amount of Commercial Paper Notes for which liquidity is provided then Outstanding, plus interest on the Commercial Paper Notes then Outstanding. In furtherance of the foregoing covenant, the Board agrees that it will not issue any Commercial Paper Notes or make any borrowings which will result in a violation of such covenant.

(b) *Liquidity Support.* Should the Board determine that it is necessary or desirable to provide liquidity, either from internal funds or external sources, in support of all or any of the Commercial Paper Notes, the Board shall provide liquidity in an amount equal to the total principal amount of such Outstanding Commercial Paper Notes plus interest to accrue thereon for the following 270 days. In furtherance of the foregoing covenant, the Board agrees that if it is to provide liquidity from internal funds, it will not issue any Commercial Paper Notes or make any borrowings which will result in a violation of such covenant. Any agreement to provide liquidity or credit from external sources in support of the Commercial Paper Notes shall be presented to the Board for its approval.

Section 4.03. **Available Funds.** (a) *Parity Obligations.* To the extent Commercial Paper Notes cannot be issued to renew or refund Outstanding Commercial Paper Notes, the Board shall provide funds or shall in good faith endeavor to sell a sufficient principal amount of Parity Obligations or other obligations of the Board in order to have funds available, together with other moneys available therefor, to pay the Commercial Paper Notes and the interest thereon, or any renewals thereof, as the same shall become due.

(b) *Lawfully Available Funds.* Notwithstanding anything to the contrary contained herein, to the extent that the Dealer cannot sell Commercial Paper Notes to renew or refund Outstanding Commercial Paper Notes on their maturity, the Board covenants to use lawfully available funds to purchase Commercial Paper Notes issued to renew and refund such maturing Commercial Paper Notes. Such payment, issuance and purchase are not intended to constitute an extinguishment of the obligation represented by such maturing Commercial Paper Notes and the Board may issue Commercial Paper Notes to renew and refund the Commercial Paper Notes held by it when the Dealer is again able to sell Commercial Paper Notes. While such Commercial Paper Notes are held by the Board they shall bear interest at the rate being earned by the funds used to purchase such Commercial Paper Notes on the date of purchase.

Section 4.04. **Covenant to Refinance.** (a) *Issuance of Refunding Obligations.* The Board covenants that it will undertake its best efforts to issue and deliver Parity Obligations at the times and in the amounts necessary to refinance the Commercial Paper Notes that are maturing on the applicable Extended Maturity Date and apply the proceeds of such Parity Obligations to retire such Commercial Paper Notes, either at maturity or redemption prior to maturity. Notwithstanding the foregoing, the Authorized Representative shall not deliver an Issuance Request for Commercial Paper Notes that could not be refinanced on or before the Maximum Maturity Date.

(b) The receipts derived from the refinancing of the Commercial Paper Notes, whether by other Commercial Paper Notes or other Parity Obligations, and all amounts in the funds and accounts created or maintained pursuant to this Seventeenth Supplement or the Issuing and Paying Agent Agreement, including earnings on such amounts, are hereby pledged as security for the payment of the Commercial Paper Notes and constitute trust funds held for that purpose, subject only to the provisions of this Seventeenth Supplement and the Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein. The pledge herein made shall be irrevocable until all of the Commercial Paper Notes to be refinanced have been paid and retired. The granting of this pledge by the Board does not limit in any manner the rights of the Board to issue or incur any other Parity Obligations.

Section 4.05. **Opinion of Bond Counsel.** The Board shall cause the legal opinion of Bond Counsel as to the validity of the Commercial Paper Notes and, with respect to Commercial Paper Notes issued as Tax-Exempt Commercial Paper Notes, as to the exclusion of interest on the Commercial Paper Notes from gross income of the owners thereof for federal income tax purposes, to be furnished to DTC if the Commercial Paper Notes are held in a book-entry only system, or to any Holder without cost.

## **ARTICLE V FEDERAL INCOME TAXATION COVENANTS**

Section 5.01. **Tax-Exempt Commercial Paper Notes.** (a) *General Tax Covenant.* The Board covenants (i) to refrain from any action which would adversely affect, and (ii) to take such action to ensure, the treatment of the Tax-Exempt Commercial Paper Notes as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Board covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Tax-Exempt Commercial Paper Notes or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use", as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether received by the Board, with respect to such private business use, do not, under the terms of this Seventeenth Supplement or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10

percent of the debt service on the Tax-Exempt Commercial Paper Notes, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Tax-Exempt Commercial Paper Notes or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate", within the meaning of section 141(b) (3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Tax-Exempt Commercial Paper Notes (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(d) to refrain from taking any action which would otherwise result in the Tax-Exempt Commercial Paper Notes being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(e) to refrain from taking any action that would result in the Tax-Exempt Commercial Paper Notes being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Tax-Exempt Commercial Paper Notes, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire "investment property" (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Tax-Exempt Commercial Paper Notes, other than investment property acquired with --

(1) proceeds of the Tax-Exempt Commercial Paper Notes invested for a reasonable temporary period of 3 years or less until such proceeds are needed for the purpose for which the obligations are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Tax-Exempt Commercial Paper Notes;

(g) to otherwise restrict the use of the proceeds of the Tax-Exempt Commercial Paper Notes or amounts treated as proceeds of the Tax-Exempt Commercial Paper Notes, as may be necessary, so that the Tax-Exempt Commercial Paper Notes do not otherwise contravene the requirements of section 148 of the Code (relating to

arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Tax-Exempt Commercial Paper Notes) an amount that is at least equal to 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code, and to pay to the United States of America, not later than 60 days after the Tax-Exempt Commercial Paper Notes have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) *Arbitrage.* The Board further covenants that it will execute and deliver to the Issuing and Paying Agent then serving in that capacity a "Federal Tax Certificate" in the form approved by Bond Counsel in connection with the original issuance of the Tax-Exempt Commercial Paper Notes, and each issuance of Tax-Exempt Commercial Paper Notes thereafter to pay Project Costs, and that in connection with any other issuance of Tax-Exempt Commercial Paper Notes, it will execute and deliver to the Issuing and Paying Agent a confirmation that the facts, estimates, circumstances and reasonable expectations contained therein continue to be accurate as of such issue date. The Board represents and covenants that it will not expend, or permit to be expended, the proceeds of any Tax-Exempt Commercial Paper Notes in any manner inconsistent with its reasonable expectations as certified in the Federal Tax Certificates to be executed from time to time with respect to the Tax-Exempt Commercial Paper Notes; provided, however, that the Board may expend Tax-Exempt Commercial Paper Note proceeds in any manner if the Board first obtains an unqualified opinion of Bond Counsel that such expenditure will not adversely affect the exemption from federal income taxation of interest paid on the Tax-Exempt Commercial Paper Notes. The Board represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The Board further covenants with the Holders of all Tax-Exempt Commercial Paper Notes at any time Outstanding that no use of the proceeds of any of the Tax-Exempt Commercial Paper Notes or any other funds of the Board will be made which will cause any of such Tax-Exempt Commercial Paper Notes to be "arbitrage bonds" subject to federal income taxation by virtue of being described in section 148 of the Code. In particular, but not by way of limitation, so long as any of the Tax-Exempt Commercial Paper Notes are Outstanding, the Board, with respect to such proceeds and other funds which may be treated as proceeds, will comply with all requirements of section 148 and the Regulations issued thereunder, to the extent that such Regulations are, at the time, applicable and in effect. In particular, but not by way of limitation, the Board covenants:

(i) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Tax-Exempt Commercial Paper Notes to pay issued Project Costs) an amount that is at least equal to 90 percent of the Excess Earnings, within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Tax-Exempt Commercial Paper Notes have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(ii) to maintain such records as will enable the Board to fulfill its responsibilities under this section and section 148 of the Code and to retain such records for at least six years following the final payment of principal and interest on the Tax-Exempt Commercial Paper Notes.

(c) *Compliance with Covenants.* It is the understanding of the Board that the covenants contained in this Section 5.01 are intended to assure compliance with the Code, the Regulations, or any rulings promulgated by the U.S. Department of the Treasury pursuant to the Code. In the event that regulations or rulings are hereafter promulgated which modify, or expand provisions of the Code, as applicable to the Tax-Exempt Commercial Paper Notes, the Board will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Tax-Exempt Commercial Paper Notes under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Tax-Exempt Commercial Paper Notes, the Board agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Tax-Exempt Commercial Paper Notes under section 103 of the Code.

(d) *Allocation of, and Limitation on, Expenditures for Eligible Projects.* The Board covenants to account for the expenditure of sale proceeds and investment earnings to be used for the Eligible Project on its books and records in accordance with the requirements of the Code. The Board recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Eligible Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Board recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Tax-Exempt Commercial Paper Notes, or (2) the date the Tax-Exempt Commercial Paper Notes are retired. The Board agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Tax-Exempt Commercial Paper Notes. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel substantially to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) *Disposition of Property Financed with Tax-Exempt Commercial Paper Notes.* The Board covenants that the property constituting an Eligible Project financed with the proceeds of the Tax-Exempt Commercial Paper Notes will not be sold or otherwise disposed in a transaction resulting in the receipt by the Board of cash or other compensation, unless the Board obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Tax-Exempt Commercial Paper Notes. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of

cash or other compensation. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel substantially to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 5.02. **Taxable Commercial Paper Notes.** The Board does not intend to issue the Taxable Commercial Paper Notes in a manner such that the Taxable Commercial Paper Notes would constitute obligations described in section 103(a) of the Code and the Regulations.

## **ARTICLE VI AMENDMENTS**

Section 6.01. **Amendment of Supplement.** (a) *Amendments Without Consent.* This Seventeenth Supplement and the rights and obligations of the Board and of the owners of the Outstanding Commercial Paper Notes may be modified or amended at any time without notice to or the consent of any owner of the Commercial Paper Notes or any other Parity Obligations, solely for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Board contained in this Seventeenth Supplement, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Seventeenth Supplement;

(ii) to cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Seventeenth Supplement, upon receipt by the Board of an opinion of Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Seventeenth Supplement;

(iii) to supplement the security for the Outstanding Commercial Paper Notes issued hereunder, replace or provide additional credit facilities, or change the form of the Outstanding Commercial Paper Notes or make such other changes in the provisions hereof, including extending the Maximum Maturity Date, as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Commercial Paper Notes;

(iv) to make any changes or amendments requested by any bond rating agency then rating or requested to rate Commercial Paper Notes, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Commercial Paper Notes; or

(v) to increase the principal amount of Commercial Paper Notes which may be Outstanding pursuant to the terms of this Seventeenth Supplement.

(b) *Amendments With Consent.* Subject to the other provisions of this Seventeenth Supplement, the owners of Outstanding Commercial Paper Notes aggregating at least a majority

in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in subsection (a) of this Section, to this Seventeenth Supplement which may be deemed necessary or desirable by the Board, provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Commercial Paper Notes, the amendment of the terms and conditions in this Seventeenth Supplement or in the Commercial Paper Notes so as to:

(i) make any change in the maturity of the Outstanding Commercial Paper Notes (other than the extension of the Original Maturity Date of a Commercial Paper Note to an Extended Maturity Date);

(ii) reduce, or change the formula by which the interest rate is calculated, of interest borne by Outstanding Commercial Paper Notes;

(iii) reduce the amount of the principal payable on Outstanding Commercial Paper Notes;

(iv) modify the terms of payment of principal of or interest on the Outstanding Commercial Paper Notes, or impose any conditions with respect to such payment (except as is provided in this Seventeenth Supplement with respect to establishing an Extended Maturity Date for a Commercial Paper Note);

(v) affect the rights of the owners of less than all Commercial Paper Notes then Outstanding; or

(vi) change the minimum percentage of the Outstanding Principal Amount of Commercial Paper Notes necessary for consent to such amendment.

(c) *Notice.* If at any time the Board shall desire to amend this Seventeenth Supplement pursuant to subsection (b), the Board shall cause notice of the proposed amendment to be provided in writing to EMMA and either to DTC, if the Commercial Paper Notes are held in a book-entry only system, or to each Holder of Commercial Paper Notes, if the Commercial Paper Notes are not held in a book-entry only system. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Issuing and Paying Agent for inspection by all Holders of Commercial Paper Notes issued hereunder. A copy of such notice also shall be provided in writing to each Rating Agency.

(d) *Receipt of Consents.* Whenever at any time not less than thirty (30) days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the Holders or the Holders of at least a majority in Outstanding Principal Amount of the Commercial Paper Notes, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) *Effect of Amendments.* Upon the adoption by the Board of any resolution to amend this Seventeenth Supplement pursuant to the provisions of this Section, this Seventeenth Supplement shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Commercial Paper Notes and all future Commercial Paper Notes shall thereafter be determined, exercised, and enforced under the Master Resolution and this Seventeenth Supplement, as amended.

(f) *Consent Irrevocable.* Any consent given by any Holder of Commercial Paper Notes pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future Holders of the same Commercial Paper Notes during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the Holder who gave such consent, or by a successor in title, by filing notice thereof with the Issuing and Paying Agent and the Board, but such revocation shall not be effective if the Holders of at least a majority in Outstanding Principal Amount of Commercial Paper Notes prior to the attempted revocation consented to and approved the amendment.

(g) *Ownership.* For the purpose of this Section, the ownership and other matters relating to all Commercial Paper Notes registered as to ownership shall be determined from the Registration Books kept by the Issuing and Paying Agent therefor. The fact of the owning of Commercial Paper Notes issued hereunder not registered as to ownership by any Holder and the amount and the numbers of such Commercial Paper Notes and the date of the holding of the same may be proved by the affidavit of the person claiming to be such Holder if such affidavit shall be deemed by the Issuing and Paying Agent to be satisfactory, or by a certificate executed by any trust company, bank, banker or any other depository, wherever situated, if such certificate shall be deemed by Issuing and Paying Agent to be satisfactory, showing that at that date therein mentioned such person had on deposit with such trust company, bank, banker or other depository the Commercial Paper Notes described in such certificate. The Issuing and Paying Agent may conclusively assume that such ownership continues until written notice to the contrary is served upon the Issuing and Paying Agent.

## **ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES**

Section 7.01. **Events of Default.** Each of the following events shall constitute and is referred to in this Seventeenth Supplement as an "Event of Default":

(a) a failure by the Board to pay the principal of any Commercial Paper Note for five (5) Business Days after the date the same shall have become due and payable on an Extended Maturity Date;

(b) a failure by the Board to pay any installment of interest on any Commercial Paper Note for five (5) Business Days after the date such interest shall have become due and payable on an Extended Maturity Date or in accordance with Section 2.02(c) hereof;



(c) a failure by the Board to apply the proceeds of Parity Obligations issued to refund Commercial Paper Notes having a maturity on an Extended Maturity Date to the payment thereof on the applicable Extended Maturity Date or date of redemption prior to such Extended Maturity Date;

(d) a failure by the Board to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a) and (b) of this Section) contained in the Commercial Paper Notes, the Master Resolution or in this Seventeenth Supplement on the part of the System to be observed or performed, which materially, adversely affects the rights of the Registered Owners, including, but not limited to, their prospect or ability to be repaid in accordance with the Master Resolution and this Seventeenth Supplement, and which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Board by the Dealer, the Issuing and Paying Agent or any Registered Owner; or

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including, without limitation, proceedings under the United States Bankruptcy Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or State bankruptcy law or similar law for the relief of debtors are instituted by or against the System, and, if instituted against the System, said proceedings are consented to or are not dismissed within sixty (60) days after such institution.

If any Event of Default has occurred, but is subsequently cured or waived, then such Event of Default shall no longer constitute an Event of Default hereunder.

#### **Section 7.02. Remedies for Default.**

(a) *Rights of Registered Owners.* Upon the happening of any Event of Default, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefore, may proceed against the Board or the System, as appropriate, for the purpose of protecting and enforcing the rights of the Registered Owners under the Master Resolution and this Seventeenth Supplement, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies. It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Commercial Paper Notes then Outstanding.

(b) *Remedies.* No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Commercial Paper Notes or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of the Master Resolution or this Seventeenth Supplement, the right to accelerate

the debt evidenced by the Commercial Paper Notes shall not be available as a remedy under the Master Resolution or this Seventeenth Supplement.

(c) By accepting the delivery of a Commercial Paper Note authorized under this Seventeenth Supplement, a Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Seventeenth Supplement do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers or employees of the System or the Board.

## **ARTICLE VIII MISCELLANEOUS**

**Section 8.01. Seventeenth Supplement to Constitute a Contract; Equal Security.** In consideration of the acceptance of the Commercial Paper Notes by those who shall hold the same from time to time, this Seventeenth Supplement shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Commercial Paper Notes and the pledge made in this Seventeenth Supplement by the Board and the covenants and agreements set forth in this Seventeenth Supplement to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Holders of the Commercial Paper Notes, without preference, priority, or distinction as to security or otherwise of any of the Commercial Paper Notes over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Seventeenth Supplement.

**Section 8.02. Individuals Not Liable.** All covenants, stipulations, obligations, and agreements of the Board contained in this Seventeenth Supplement shall be deemed to be covenants, stipulations, obligations, and agreements of the Board to the full extent authorized or permitted by the Constitution and laws of the State of Texas. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board or agent or employee of the Board in his individual capacity and neither the members of the Board nor any officer thereof shall be liable personally on the Commercial Paper Notes or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 8.03. Additional Actions.** (a) *Execution and Delivery of Documents.* Each Board Representative, and all other officers, employees, and agents of the Board, and each of them, jointly and severally, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Seventeenth Supplement, the Dealer Agreement, the Issuing and Paying Agent Agreement, and the Depository Trust Company Letter of Representation. In addition, the Chairman of the Board, the Vice Chairman of the Board, each Authorized Representative, and Bond Counsel are hereby authorized to approve, subsequent to the date of this adoption of this Seventeenth Supplement but before any Commercial Paper Notes are Outstanding, any amendments to the above named documents, and any technical

amendments to this Seventeenth Supplement as may be required by a Rating Agency, or as a condition to the granting of a rating on the Commercial Paper Notes acceptable to the Vice Chancellor for Finance for the System.

(b) *Notice to Rating Agencies and Bondholders.* An Authorized Representative shall promptly give written notice to Fitch and Moody's, as appropriate, of any changes or amendments to this Seventeenth Supplement, any execution and delivery of an agreement to provide liquidity or credit support for Commercial Paper Notes, any amendment, substitution or termination of any such liquidity or credit agreement then in effect (including the expiration thereof), of any amendment or substitution of the Dealer Agreement or the Issuing and Paying Agent Agreement, or any change or amendment to any other operative document used in connection with the issuance from time to time of the Commercial Paper Notes. Notice of any of the aforementioned events also shall be given to Holders in accordance with and in the manner described in Section 6.01(c).

Section 8.04. **Severability of Invalid Provisions.** If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Commercial Paper Notes issued hereunder.

Section 8.05. **Payment and Performance on Business Days.** Whenever under the terms of this Seventeenth Supplement or the Commercial Paper Notes, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Commercial Paper Notes, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Commercial Paper Notes, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment is scheduled.

Section 8.06. **Limitation of Benefits With Respect to the Seventeenth Supplement.** With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Seventeenth Supplement or the Commercial Paper Notes is intended or should be construed to confer upon or give to any person other than the Board, the Holders, the Issuing and Paying Agent, and the Dealer any legal or equitable right, remedy or claim under or by reason of or in respect to this Seventeenth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Seventeenth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Holders, the Issuing and Paying Agent, and the Dealer as herein provided and as provided in the Issuing and Paying Agent Agreement and the Dealer Agreement.

Section 8.07. **Approval of Attorney General.** No Commercial Paper Notes herein authorized to be issued shall be sold or delivered by an Authorized Representative until the Attorney General of the State of Texas shall have approved this Seventeenth Supplement, and other agreements and proceedings as may be required in connection therewith.

Section 8.08. **Approval of Offering Memorandum.** An Authorized Representative is hereby authorized to approve the forms of Offering Memorandum, to be used by the Dealer in the offering of the Tax-Exempt Commercial Paper Notes and the Taxable Commercial Paper Notes, respectively, and the use thereof by the Dealer in connection therewith.

Section 8.09. **Continuing Disclosure Obligation.** (a) *Annual Reports.* (i) The Board shall provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2013, financial information and operating data with respect to the Board of the general type described in Exhibit C to the Sixteenth Supplement. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in Exhibit C to the Sixteenth Supplement or such other accounting principles as the Board may be required to employ from time to time pursuant to state law or regulation. If the Board commissions an audit of such statements and the audit is completed within the period during which they must be provided, a copy of such audit also shall be provided in accordance with the Rule. If any such audit of such financial statements, if one is commissioned by the Board, is not completed within such period, then the Board shall provide unaudited financial statements for the applicable fiscal year to the MSRB by the required time and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

(ii) If the Board changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. Filings shall be made electronically, in such format as prescribed by the MSRB.

(b) *Event Notices.* The Board shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of any of the following events, notice of any of the following events with respect to the Commercial Paper Notes:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of

- the Commercial Paper Notes, or other events affecting the tax status of the Commercial Paper Notes;
7. Modifications to rights of holders of the Commercial Paper Notes, if material;
  8. Commercial Paper Note calls, if material, and tender offers;
  9. Defeasances;
  10. Release, substitution, or sale of property securing repayment of the Commercial Paper Notes, if material;
  11. Rating changes;
  12. Bankruptcy, insolvency, receivership or similar event of the Board;
  13. The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the University System, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  14. Appointment of a successor Issuing and Paying Agent or change in name of the Issuing and Paying Agent, if material.

The Board shall notify the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection.

(c) *Limitations, Disclaimers, and Amendments.* (i) The Board shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Board remains an "obligated person" with respect to the Commercial Paper Notes within the meaning of the Rule, except that the Board in any event will give notice of any deposit made in accordance with this Seventeenth Supplement or applicable law that causes the Commercial Paper Notes no longer to be Outstanding.

(ii) The provisions of this Section are for the sole benefit of the Noteholders and beneficial owners of the Commercial Paper Notes, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Board does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Commercial Paper Notes at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE BOARD BE LIABLE TO THE NOTEHOLDER OR BENEFICIAL OWNER OF ANY COMMERCIAL PAPER NOTE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT

OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Board in observing or performing its obligations under this Section shall comprise a breach of or default under this Seventeenth Supplement for purposes of any other provision of this Seventeenth Supplement. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Board under federal and state securities laws.

(v) Should the Rule be amended to obligate the Issuer to make filings or provide notices to entities other than the MSRB, the Issuer agrees to undertake such obligation in accordance with the Rule, as amended.

(vi) The provisions of this Section may be amended by the Board from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Commercial Paper Notes in the primary offering of the Commercial Paper Notes in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Noteholders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Seventeenth Supplement that authorizes such an amendment) of the Commercial Paper Notes then outstanding consent to such amendment or (b) a person that is unaffiliated with the Board (such as nationally-recognized bond counsel) determined that such amendment will not materially impair the interest of the Noteholders and beneficial owners of the Commercial Paper Notes. If the Board so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Commercial Paper Notes in the primary offering of the Commercial Paper Notes.

Section 8.10. **Public Notice.** It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Seventeenth Supplement was adopted, and that this Seventeenth Supplement would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

## EXHIBIT A DEFINITIONS

As used in this Seventeenth Supplement, the terms below defined shall be construed, are used and are intended to have the following meanings, unless the text hereof specifically indicates otherwise:

The term "*Acts*" shall mean, collectively, Chapter 55, Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended.

The terms "*Authorized Representative*" and "*Board Representative*" shall mean the Chancellor of the System, the Vice Chancellor for Finance for the System, or such other official of the System appointed by the Board to carry out the functions of the Board specified herein.

The term "*Board*" shall mean the Board of Regents of the System, which is currently the governing body for the University, the Health Science Center, UNT-Dallas and the Law School.

The term "*Business Day*" shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City of Denton, Texas, The City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

The term "*Code*" shall mean the Internal Revenue Code of 1986, as amended.

The terms "*Commercial Paper Note*" and "*Series B Commercial Paper Note*" shall mean any Taxable Commercial Paper Note or Tax-Exempt Commercial Paper Note issued pursuant to the provisions of the Master Resolution and this Seventeenth Supplement, having the terms and characteristics specified in Section 2.02 and in the forms set forth in Exhibit B to this Seventeenth Supplement.

The terms "*Costs*" and "*Project Costs*" shall mean all costs and expenses defined as "project costs" under the Acts incurred in relation to Eligible Projects and permitted by law to be paid with the proceeds of the Commercial Paper Notes, including without limitation design, planning, engineering, and legal costs; acquisition costs of land, interests in land, right of way, and easements; construction costs; costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of the Eligible Projects; and financing costs, including interest during construction and one year after construction, underwriter's discount, and/or legal, financial, and other professional services fees and expenses, and shall include reimbursement for Costs attributable to Eligible Projects incurred prior to the issuance of any Commercial Paper Notes.

The term "*Dealer*" shall have the meaning given said term in Section 3.04.

The term "*Designated Trust Office*" shall have the meaning given said term in Section 2.03(a) of this Seventeenth Supplement.

The term "*DTC*" shall mean The Depository Trust Company, New York, New York, or any successor securities depository.

The term "*DTC Participant*" shall mean securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

The term "*Eighth Series Bonds*" shall mean the Board of Regents of The University of North Texas System Revenue Financing System Refunding Bonds, Series 2003A, authorized by the Eighth Supplement.

The term "*Eighth Supplement*" shall mean the resolution adopted by the Board on August 21, 2003, authorizing the Eighth Series Bonds.

The term "*Eleventh Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Refunding and Improvement Bonds, Series 2005, authorized by the Eleventh Supplement.

The term "*Eleventh Supplement*" shall mean the resolution adopted by the Board on August 19, 2005, authorizing the Eleventh Series Bonds.

The term "*Eligible Project*" shall mean the acquisition, purchase, construction, improvement, enlargement, and/or equipping of any property, buildings, structures, activities, services, operations, or other facilities, or any other project, program or improvement authorized by the laws of the State of Texas for and on behalf of the Financing System or any Participant thereof.

The term "*EMMA*" shall mean the Electronic Municipal Market Access website of the MSRB.

The term "*Extended Maturity Date*" shall mean, for each Commercial Paper Note, the date specified in the Extension Notice as the maturity date to which the maturity of such Commercial Paper Note is to be extended, which maturity date shall be a Business Day; provided, that an Extended Maturity Date shall not be established in violation of the provisions of Section 2.02(a)(ii) or 2.02(b)(ii) of this Seventeenth Supplement.

The term "*Extended Rate*" shall mean the rate of interest per annum determined by the following formula:

The greater of (SIFMA Index + *E*) or *F*

The Extended Rate applicable to a Commercial Paper Note will be determined by the Issuing and Paying Agent as provided in Section 2.02(c) of this Seventeenth Supplement. As used in the formula set forth above in this definition, the *E* and *F* variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing



Ratings of Fitch, Moody's and S&P, if then rating the Commercial Paper Notes at the request of the System, as follows:

**Prevailing Rating**

<b><u>Fitch</u></b>	<b><u>Moody's</u></b>	<b><u>S&amp;P</u></b>	<b><u>E Variable</u></b>	<b><u>F Variable</u></b>
F-1+	P-1	A-1+	250 bps	7.00%
F-1	-	A-1	350 bps	7.50%
F-2	P-2	A-2	550 bps	8.00%
Lower than F-2 (or rating withdrawn for credit reasons)	Lower than P-2 (or rating withdrawn for credit reasons)	Lower than A-2 (or rating withdrawn for credit reasons)	Max Rate	Max Rate

If the individual Prevailing Ratings indicate different *E* or *F* variables as a result of split ratings assigned to the Commercial Paper Notes, the *E* or *F* variable shall be the arithmetic average of those indicated by the Prevailing Ratings. If the System obtains another rating on the Commercial Paper Notes from a credit rating agency, the Issuing and Paying Agent shall, upon written direction of the Authorized Representative, following consultation with the Authorized Representative and the Dealer, determine how the credit rating agency's rating categories shall be treated for the purpose of indicating an *E* or *F* variable. In no event shall the Extended Rate exceed the Maximum Interest Rate.

The term "*Extension Request*" shall mean the instructions provided to the Issuing and Paying Agent and the Dealer by an Authorized Representative to extend the Original Maturity Date of a Commercial Paper Note to an Extended Maturity Date, in substantially the form set forth in Exhibit D to this Seventeenth Supplement.

The term "*Fifteenth Series Bonds*" shall mean, collectively, the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2012A and the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Taxable Series 2012B, authorized by the Fifteenth Supplement.

The term "*Fifteenth Supplement*" shall mean the resolution adopted by the Board on August 18, 2011, authorizing the authorizing the Fifteenth Series Bonds.

The term "*Fourteenth Series Bonds*" shall mean, collectively, the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2009A, the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2009B, and the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2010, authorized by the Fourteenth Supplement.

The term "*Fourteenth Supplement*" shall mean the resolution adopted by the Board of Regents on August 21, 2009, authorizing the Fourteenth Series Bonds.

The term "*Fiscal Year*" shall mean the 12-month operational period of the System commencing on September 1 of each year and ending on the following August 31.

The term "*Fitch*" shall mean Fitch Ratings, Inc., or, if such entity is dissolved or liquidated or otherwise ceases to perform securities ratings services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

The term "*Health Science Center*" shall mean the University of North Texas Health Science Center at Fort Worth.

The terms "*Holder*" or "*Noteholder*" shall mean the Registered Owner or any person, firm, association, or corporation who is in possession of any Commercial Paper Note issued to bearer or in blank.

The term "*Issuance Request*" shall mean the instructions provided to the Issuing and Paying Agent by an Authorized Representative in the manner set forth in Section 3.01 of this Seventeenth Supplement.

The terms "*Issuing and Paying Agent*" and "*Paying Agent*", "*Paying Agent/Registrar*" and "*Registrar*" shall mean with respect to the Commercial Paper Notes the agent appointed pursuant to Section 2.03, or any successor to such agent.

The term "*Law School*" shall mean the University of North Texas at Dallas College of Law.

The term "*Master Notes*" shall mean the DTC master notes, in substantially the forms set forth in Exhibit C to this Seventeenth Supplement.

The term "*Master Resolution*" shall mean the "Amended and Restated Master Resolution Establishing the Revenue Financing System under the Authority and Responsibility of the Board of Regents of the University of North Texas", adopted by the Board on February 12, 1999.

The term "*Maximum Interest Rate*" or "*Max Rate*" shall mean 9% per annum.

The term "*Maximum Maturity Date*" shall mean December 31, 2044.

The term "*Moody's*" shall mean Moody's Investors Service or, if such entity is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

The term "*MSRB*" shall mean the Municipal Securities Rulemaking Board.

The term "*Note Date*" shall have the meaning given in Section 2.02(c).

The term "*Note Payment Fund*" shall mean that fund created pursuant to Section 2.08.

The term "*Original Maturity Date*" shall mean, for each Commercial Paper Note, the date specified in the Issuance Request as the date of maturity of the Commercial Paper Note; provided that the Original Maturity Date shall not extend beyond the Maximum Maturity Date.

The term "*Original Rate*" shall mean, for each Commercial Paper Note, the rate of interest per annum borne by such Commercial Paper Note to the Original Maturity Date as specified in the applicable Issuance Request.

The term "*Parity Bonds*" shall mean (i) all Parity Obligations outstanding on the date this Seventeenth Supplement is adopted (other than the Series A Commercial Paper Notes and the Series B Commercial Paper Notes), and (ii) all Parity Obligations issued after the date this Seventeenth Supplement is adopted (other than the Series A Commercial Paper Notes and the Series B Commercial Paper Notes) that on the date of issuance thereof have a Stated Maturity of one year or greater.

The term "*Parity Obligations*" shall mean, collectively, the Eighth Series Bonds, the Series A Commercial Paper Notes, the Eleventh Series Bonds, the Twelfth Series Bonds, the Thirteenth Series Bonds, the Fourteenth Series Bonds, the Fifteenth Series Bonds, the Sixteenth Series Bonds (upon their issuance) and the Series B Commercial Paper Notes.

The term "*Prevailing Rating*" shall mean, at the time of determination and with respect to Fitch or Moody's, the rating assigned to the Commercial Paper Notes by Fitch or Moody's, or any comparable future designation by Fitch or Moody's, as the case may be.

The term "*Rating Agency*" shall mean Fitch, Moody's and S&P, if such entity is then providing a rating on the Commercial Paper Notes at the request of the System.

The term "*Registered Owner*" shall mean the person or entity in whose name any Commercial Paper Note is registered in the Registration Books.

The term "*Registration Books*" shall mean books or records relating to the registration, payment, and transfer or exchange of the Commercial Paper Notes maintained by the Issuing and Paying Agent pursuant to Section 2.03.

The term "*Regulations*" shall mean all applicable temporary, proposed and final regulations and procedures promulgated under the Code or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code.

The term "*Rule*" shall mean SEC Rule 15c2-12, as amended from time to time.

The term "*S&P*" shall mean Standard & Poor's Rating Service, a Standard & Poor's Financial Services LLC business, or, if such entity is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

The term "*SEC*" shall mean the United States Securities and Exchange Commission.

The term "*Series A Commercial Paper Note*" shall mean any commercial paper note issued pursuant to the provisions of the Master Resolution and the Tenth Supplement.

The term "*Seventeenth Supplement*" shall mean the resolution adopted by the Board of Regents on February 20, 2014, authorizing the Series B Commercial Paper Notes.

The term "*SIFMA*" means the Securities Industry and Financial Markets Association.

The term "*SIFMA Index*" means (i) the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA or any person acting in cooperation with or under the sponsorship of SIFMA or (ii) if such index is not published, such other publicly available rate as the Dealer (or if the Dealer fails to do so, the System, acting through an Authorized Representative) shall deem most nearly equivalent thereto. Such index may be expressed as a percentage of (more or less than, or equal to, 100%) and/or a fixed spread to another index.

The term "*Sixteenth Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, in one or more series, authorized to be issued in accordance with the terms of the Sixteenth Supplement.

The term "*Sixteenth Supplement*" shall mean the resolution adopted by the Board of Regents on August 16, 2013, authorizing the Sixteenth Series Bonds.

The term "*System*" shall mean The University of North Texas System.

The term "*Taxable Commercial Paper Note*" shall mean a Commercial Paper Note issued pursuant to the provisions of the Master Resolution and this Seventeenth Supplement, the interest on which is not exempt from federal income taxation under the Code.

The term "*Taxable Commercial Paper Note Payment Account*" shall mean the account created pursuant to Section 2.08.

The term "*Tax-Exempt Commercial Paper Note*" shall mean a Commercial Paper Note issued pursuant to the provisions of the Master Resolution and this Seventeenth Supplement, the interest on which is exempt from federal income taxation under the Code.

The term "*Tax-Exempt Commercial Paper Note Payment Account*" shall mean the account created pursuant to Section 2.08.

The term "*Tenth Supplement*" shall mean the Second Amended and Restated Tenth Supplemental Resolution adopted by the Board on December 6, 2013, authorizing the Series A Commercial Paper Notes.

The term "*Twelfth Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2006, authorized by the Twelfth Supplement.

The term "*Twelfth Supplement*" shall mean the resolution adopted by the Board on September 7, 2006, authorizing the Twelfth Series Bonds.

The term "*University*" shall mean the University of North Texas.

The term "*UNT-Dallas*" shall mean The University of North Texas at Dallas.

All terms not herein defined shall have the meanings given to said terms by the Master Resolution or as otherwise defined in this Seventeenth Supplement.

**EXHIBIT B  
FORM OF COMMERCIAL PAPER NOTES**

Form of Tax-Exempt Commercial Paper Note:

United States of America  
State of Texas  
**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM  
REVENUE FINANCING SYSTEM  
COMMERCIAL PAPER NOTE, SERIES B  
TAX-EXEMPT SUB-SERIES**

Note Number \_\_\_\_\_ Interest Rate \_\_\_\_\_ Note Date \_\_\_\_\_ \$ \_\_\_\_\_

On \_\_\_\_\_ (the "Original Maturity Date") for value received, THE BOARD OF REGENTS (the "Board") OF THE UNIVERSITY OF NORTH TEXAS SYSTEM (the "System")

Promises To Pay To The Order of \_\_\_\_\_  
The Principal Sum Of \_\_\_\_\_  
Payable At \_\_\_\_\_  
(the "Issuing and Paying Agent"),

and to pay interest, if any, on said principal amount, specified above, from the above specified Note Date on said Original Maturity Date at the per annum Interest Rate specified above (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable) solely from the sources hereinafter identified and as hereinafter stated.

If the Original Maturity Date shall have been extended to the Extended Maturity Date, as provided in the Supplemental Resolution (hereinafter defined), the interest accrued on this Commercial Paper Note to the Original Maturity Date will be paid on the Original Maturity Date. The principal amount of this Commercial Paper Note will be payable on the Extended Maturity Date, and after the Original Maturity Date, this Commercial Paper Note shall bear interest from the Original Maturity Date to the Extended Maturity Date, at the per annum Extended Rate described below (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable) solely from the sources hereinafter identified and as hereinafter stated.

Both principal and interest on this Commercial Paper Note shall be payable in immediately available lawful money of the United States of America at the principal corporate office of the Issuing and Paying Agent, specified above, or its successor.

No interest will accrue on the principal amount hereof after said Original Maturity Date or, if the Original Maturity Date shall have been extended to the Extended Maturity Date, after said Extended Maturity Date, or the date fixed for redemption of this Commercial Paper Note.

If the Original Maturity Date is before the 15th day of the month, and the System exercises its option in accordance with the Supplemental Resolution to extend the Original Maturity Date of this Commercial Paper Note to an Extended Maturity Date, interest accruing after the Original Maturity Date shall be payable on the first Business Day of the next month and on the first Business Day of each month thereafter and on the Extended Maturity Date for, or the date fixed for redemption of, this Commercial Paper Note. If the Original Maturity Date is on or after the 15th day of the month, and the System exercises its option in accordance with the Supplemental Resolution to extend the Original Maturity Date of this Commercial Paper Note, interest shall be payable on the first Business Day of the second succeeding month and on the first Business Day of each month thereafter and on the Extended Maturity Date for, or the date fixed for redemption of, this Commercial Paper Note.

The Extended Rate shall be the rate of interest per annum determined by the following formula:

$$\text{The greater of (SIFMA Index + } E \text{) or } F$$

The Extended Rate applicable to this Commercial Paper Note will be determined weekly by the Issuing and Paying Agent based on the Prevailing Ratings and other information available as of 11:00 a.m., New York, New York time, on the Original Maturity Date of this Commercial Paper Note and each Thursday thereafter and will apply from that date through the following Wednesday or, if earlier, the applicable Extended Maturity Date, or the date fixed for redemption of this Commercial Paper Note. As used in the formula, the *E* and *F* variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of the Rating Agencies then rating the Commercial Paper Notes at the request of the System, as follows:

**Prevailing Rating**

<b><u>Fitch</u></b>	<b><u>Moody's</u></b>	<b><u>S&amp;P</u></b>	<b><u>E Variable</u></b>	<b><u>F Variable</u></b>
F-1+	P-1	A-1+	250 bps	7.00%
F-1	-	A-1	350 bps	7.50%
F-2	P-2	A-2	550 bps	8.00%
Lower than F-2 (or rating withdrawn for credit reasons)	Lower than P-2 (or rating withdrawn for credit reasons)	Lower than A-2 (or rating withdrawn for credit reasons)	Max Rate	Max Rate

If the individual Prevailing Ratings indicate different E or F variables as a result of split ratings assigned to the System, the E or F variable shall be the arithmetic average of those indicated by the Prevailing Ratings. In no event shall the Extended Rate exceed the Maximum Interest Rate.

This Commercial Paper Note is one of an issue of commercial paper notes (the "Commercial Paper Notes") which has been duly authorized and issued in accordance with the provisions of a master resolution (the "Master Resolution") and the seventeenth supplemental resolution thereto (the "Supplemental Resolution"; the provisions of the Master Resolution are incorporated by reference in the Supplemental Resolution and the Master Resolution and the Supplemental Resolution shall hereinafter be referred to collectively as the "Resolution") passed by the Board on behalf of the System, an agency and political subdivision of the State of Texas, for the purpose of financing Costs of Eligible Projects (each as defined in the Resolution) and to refinance, renew and refund the Notes, other Parity Obligations and Prior Encumbered Obligations; all in accordance and in strict conformity with the provisions of the Constitution and laws of the State of Texas, including but not limited to, Chapter 55, Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended. Capitalized terms used herein and not otherwise defined shall have the meaning given in the Resolution.

This Commercial Paper Note shall not be subject to redemption at the option of the System prior to its Original Maturity Date. If the System exercises its option to extend the maturity of this Commercial Paper Note to the Extended Maturity Date, this Commercial Paper Note may be redeemed on any date after its Original Maturity Date, at the option of the System, at a redemption price equal to par (100%), plus accrued and unpaid interest to the redemption date. To exercise its redemption option, the System shall provide not less than five (5) or more than twenty-five (25) calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify DTC of the Commercial Paper Notes to be redeemed within one Business Day of receipt of such notice.

This Commercial Paper Note, together with the other Notes and other Parity Obligations, is payable from and equally secured by the Pledged Revenues; provided, however, that the lien on and pledge of the Pledged Revenues is junior and subordinate to the lien and pledge securing the payment of the Prior Encumbered Obligations, all as further defined and described in the Resolution. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Board, except with respect to the Pledged Revenues as described in the Resolution, and the Holder hereof shall never have the right to demand payment of this obligation from any sources or properties of the Board except as described in the Resolution. **THE NOTES DO NOT CONSTITUTE OR CREATE A DEBT OR LIABILITY OF THE STATE OF TEXAS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING AUTHORITY OF THE STATE OF TEXAS IS IN ANY MANNER PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THE NOTES.**

Reference is hereby made to the Resolution, copies of which may be obtained upon request to the Board, and by acceptance of this Commercial Paper Note the Holder hereof hereby assents to all of the terms and provisions of the Resolution, including, but not limited to, provisions relating to definitions of terms; the description of and the nature of the security for the Notes and the Pledged Revenues; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders of the Notes; and the right to issue obligations payable from and secured by the Pledged Revenues.



It is hereby certified and recited that all acts, conditions, and things required by law and the Resolution to exist, to have happened, and to have been performed precedent to and in the issuance of this Commercial Paper Note, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this Commercial Paper Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the Resolution.

This Commercial Paper Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Commercial Paper Note may be registered to bearer or to any designated payee. Title to any Commercial Paper Note registered to bearer shall pass by delivery. If not registered to bearer, this Commercial Paper Note may be transferred only on the books of the Board maintained at the designated office of the Issuing and Paying Agent. Upon surrender hereof at the designated office of the Issuing and Paying Agent, this Commercial Paper Note may be exchanged for a like aggregate principal amount of fully registered (which registration may be to bearer) Commercial Paper Notes of authorized denominations of like interest rate and maturity, but only in the manner, and subject to the limitations, and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Commercial Paper Note.

This Commercial Paper Note shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Commercial Paper Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

The System covenants to pay the principal of and interest on this Commercial Paper Note when due, whether by reason of maturity or redemption prior to maturity.

IN WITNESS WHEREOF, the Board has authorized and caused this Commercial Paper Note to be executed and attested on its behalf by the manual or facsimile signatures of the Vice Chancellor for Finance of the System and the Secretary of the Board and the official seal of the System impressed or a facsimile thereof to be printed hereon.

BOARD OF REGENTS OF THE UNIVERSITY  
OF NORTH TEXAS SYSTEM

\_\_\_\_\_  
Vice Chancellor for Finance

ATTEST:

\_\_\_\_\_  
Secretary

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Commercial Paper Note is one of the Commercial Paper Notes delivered pursuant to the within mentioned Resolution.

\_\_\_\_\_,  
as Issuing and Paying Agent

By: \_\_\_\_\_  
Countersignature

Form of Taxable Commercial Paper Note:

United States of America  
State of Texas  
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM  
REVENUE FINANCING SYSTEM  
COMMERCIAL PAPER NOTE, SERIES B  
TAXABLE SUB-SERIES

Note Number \_\_\_\_\_ Interest Rate \_\_\_\_\_ Note Date \_\_\_\_\_ \$ \_\_\_\_\_

On \_\_\_\_\_ (the "Maturity Date") for value received, THE BOARD OF REGENTS (the "Board") OF THE UNIVERSITY OF NORTH TEXAS SYSTEM (the "System")

Promises To Pay To The Order of \_\_\_\_\_  
The Principal Sum Of \_\_\_\_\_  
Payable At \_\_\_\_\_  
(the "Issuing and Paying Agent").

and to pay interest, if any, on said principal amount, specified above, from the above specified Note Date on said Original Maturity Date at the per annum Interest Rate specified above (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable) solely from the sources hereinafter identified and as hereinafter stated.

If the Original Maturity Date shall have been extended to the Extended Maturity Date, as provided in the Supplemental Resolution (hereinafter defined), the interest accrued on this Commercial Paper Note to the Original Maturity Date will be paid on the Original Maturity Date. The principal amount of this Commercial Paper Note will be payable on the Extended Maturity Date, and after the Original Maturity Date, this Commercial Paper Note shall bear interest from the Original Maturity Date to the Extended Maturity Date, at the per annum Extended Rate described below (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable) solely from the sources hereinafter identified and as hereinafter stated.

Both principal and interest on this Commercial Paper Note shall be payable in immediately available lawful money of the United States of America at the principal corporate office of the Issuing and Paying Agent, specified above, or its successor.

No interest will accrue on the principal amount hereof after said Original Maturity Date or, if the Original Maturity Date shall have been extended to the Extended Maturity Date, after said Extended Maturity Date, or the date fixed for prior redemption of this Commercial Paper Note.

If the Original Maturity Date is before the 15th day of the month, and the System exercises its option in accordance with the Supplemental Resolution to extend the Original Maturity Date of this Commercial Paper Note to an Extended Maturity Date, interest accruing after the Original Maturity Date shall be payable on the first Business Day of the next month and on the first Business Day of each month thereafter and on the Extended Maturity Date for, or the date fixed for redemption of, this Commercial Paper Note. If the Original Maturity Date is on or after the 15th day of the month, and the System exercises its option in accordance with the Supplemental Resolution to extend the Original Maturity Date of this Commercial Paper Note, interest shall be payable on the first Business Day of the second succeeding month and on the first Business Day of each month thereafter and on the Extended Maturity Date for, or the date fixed for redemption of, this Commercial Paper Note.

The Extended Rate shall be the rate of interest per annum determined by the following formula:

$$\text{The greater of (SIFMA Index + } E \text{) or } F$$

The Extended Rate applicable to this Commercial Paper Note will be determined weekly by the Issuing and Paying Agent based on the Prevailing Ratings and other information available as of 11:00 a.m., New York, New York time, on the Original Maturity Date of this Commercial Paper Note and each Thursday thereafter and will apply from that date through the following Wednesday or, if earlier, the applicable Extended Maturity Date, or the date fixed for redemption of this Commercial Paper Note. As used in the formula, the *E* and *F* variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of the Rating Agencies then rating the Commercial Paper Notes at the request of the System, as follows:

**Prevailing Rating**

<b><u>Fitch</u></b>	<b><u>Moody's</u></b>	<b><u>S&amp;P</u></b>	<b><u>E Variable</u></b>	<b><u>F Variable</u></b>
F-1+	P-1	A-1+	250 bps	7.00%
F-1	-	A-1	350 bps	7.50%
F-2	P-2	A-2	550 bps	8.00%
Lower than F-2 (or rating withdrawn for credit reasons)	Lower than P-2 (or rating withdrawn for credit reasons)	Lower than A-2 (or rating withdrawn for credit reasons)	Max Rate	Max Rate

If the individual Prevailing Ratings indicate different E or F variables as a result of split ratings assigned to the Authority, the E or F variable shall be the arithmetic average of those indicated by the Prevailing Ratings. In no event shall the Extended Rate exceed the Maximum Interest Rate.

This Commercial Paper Note is one of an issue of commercial paper notes (the "Commercial Paper Notes") which has been duly authorized and issued in accordance with the provisions of a master resolution (the "Master Resolution") and the seventeenth supplemental resolution thereto (the "Supplemental Resolution"; the provisions of the Master Resolution are incorporated by reference in the Supplemental Resolution and the Master Resolution and the Supplemental Resolution shall hereinafter be referred to collectively as the "Resolution") passed by the Board on behalf of the System, an agency and political subdivision of the State of Texas, for the purpose of financing Costs of Eligible Projects (each as defined in the Resolution) and to refinance, renew and refund the Notes, other Parity Obligations and Prior Encumbered Obligations; all in accordance and in strict conformity with the provisions of the Constitution and laws of the State of Texas, including but not limited to, Chapter 55, Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended. Capitalized terms used herein and not otherwise defined shall have the meaning given in the Resolution.

This Commercial Paper Note shall not be subject to redemption at the option of the System prior to its Original Maturity Date. If the System exercises its option to extend the maturity of this Commercial Paper Note to the Extended Maturity Date, this Commercial Paper Note may be redeemed on any date after its Original Maturity Date, at the option of the System, at a redemption price equal to par (100%), plus accrued and unpaid interest to the redemption date. To exercise its redemption option, the System shall provide not less than five (5) or more than twenty-five (25) calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify DTC of the Commercial Paper Notes to be redeemed within one Business Day of receipt of such notice.

This Commercial Paper Note, together with the other Notes and other Parity Obligations, is payable from and equally secured by the Pledged Revenues; provided, however, that the lien on and pledge of the Pledged Revenues is junior and subordinate to the lien and pledge securing the payment of the Prior Encumbered Obligations, all as further defined and described in the Resolution. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Board, except with respect to the Pledged Revenues as described in the Resolution, and the Holder hereof shall never have the right to demand payment of this obligation from any sources or properties of the Board except as described in the Resolution. **THE NOTES DO NOT CONSTITUTE OR CREATE A DEBT OR LIABILITY OF THE STATE OF TEXAS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING AUTHORITY OF THE STATE OF TEXAS IS IN ANY MANNER PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THE NOTES.**

Reference is hereby made to the Resolution, copies of which may be obtained upon request to the Board, and by acceptance of this Commercial Paper Note the Holder hereof hereby assents to all of the terms and provisions of the Resolution, including, but not limited to, provisions relating to definitions of terms; the description of and the nature of the security for the Notes and the Pledged Revenues; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders of the Notes; and the right to issue obligations payable from and secured by the Pledged Revenues.

It is hereby certified and recited that all acts, conditions, and things required by law and the Resolution to exist, to have happened, and to have been performed precedent to and in the issuance of this Commercial Paper Note, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this Commercial Paper Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the Resolution.

This Commercial Paper Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Commercial Paper Note may be registered to bearer or to any designated payee. Title to any Commercial Paper Note registered to bearer shall pass by delivery. If not registered to bearer, this Commercial Paper Note may be transferred only on the books of the Board maintained at the designated office of the Issuing and Paying Agent. Upon surrender hereof at the designated office of the Issuing and Paying Agent, this Commercial Paper Note may be exchanged for a like aggregate principal amount of fully registered (which registration may be to bearer) Commercial Paper Notes of authorized denominations of like interest rate and maturity, but only in the manner, and subject to the limitations, and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Commercial Paper Note.

This Commercial Paper Note shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Commercial Paper Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

The System covenants to pay the principal of and interest on this Commercial Paper Note when due, whether by reason of maturity or redemption prior to maturity.

IN WITNESS WHEREOF, the Board has authorized and caused this Commercial Paper Note to be executed and attested on its behalf by the manual or facsimile signatures of the Vice Chancellor for Finance of the System and the Secretary of the Board and the official seal of the System impressed or a facsimile thereof to be printed hereon.

BOARD OF REGENTS OF THE UNIVERSITY  
OF NORTH TEXAS SYSTEM

\_\_\_\_\_  
Vice Chancellor for Finance

ATTEST:

\_\_\_\_\_  
Secretary

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Commercial Paper Note is one of the Commercial Paper Notes delivered pursuant to the within mentioned Resolution.

\_\_\_\_\_,  
as Issuing and Paying Agent

By: \_\_\_\_\_  
Countersignature

EXHIBIT C  
FORM OF MASTER NOTES



**EXHIBIT D  
FORM OF EXTENSION REQUEST**

Date \_\_\_\_\_

[Name and Address of Issuing and Paying Agent]

[Name and Address of Dealer]

**EXTENSION REQUEST**

Ladies and Gentlemen:

This certificate is provided pursuant to the requirements of Section 2.02(d) of the Seventeenth Supplemental Resolution to the Master Resolution (the "Seventeenth Supplement") adopted by the Board of Regents of The University of North Texas System, with respect to the issuance of the Board of Regents of The University of North Texas System Revenue Financing System Commercial Paper Notes, Series B, \_\_\_\_\_ Sub-Series, for the purpose of requesting the extension of a Commercial Paper Note, as provided herein. Capitalized terms used herein and not otherwise defined shall have the meaning given in the Seventeenth Supplement.

- (a) The Commercial Paper Note is in the principal amount of \$\_\_\_\_\_, bears interest at the stated rate of \_\_\_\_%, and has a stated Original Maturity Date of \_\_\_\_\_, 20\_\_.
- (b) The Extended Maturity Date of the Commercial Paper Note shall be \_\_\_\_\_, 20\_\_, which is a Business Day.
- (c) The certifications made in the Issuance Request delivered in connection with the initial issuance of the Commercial Paper Note are confirmed.
- (d) The term of the Commercial Paper Note, as extended to the Extended Maturity Date, does not exceed 270 days.

THE UNIVERSITY OF NORTH TEXAS SYSTEM

By \_\_\_\_\_  
Authorized Representative



## Board Briefing

**Committee:** Finance

**Date Filed:** January 31, 2014

**Title:** Amendment to the UNT System Revenue Financing System Authorizing the Issuance of Refunding and Improvement Bonds

---

### Background:

In May 2004, the Board of Regents of the University of North Texas System adopted the "Tenth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper (CP) Program."

The Board has authorized the issuance of commercial paper notes in an aggregate principal amount not to exceed \$100M at any one time outstanding. The University of North Texas System must maintain self-liquidity, currently established at 1.2x, for the aggregate principal amount of \$100M. Commercial paper may be issued as obligations that are taxable, tax-exempt, or any combination thereof as long as the aggregate total does not exceed \$100M.

The University of North Texas System wishes to maintain the current CP program with its \$100M ceiling and to add an extendible commercial paper (ECP) program that will provide access to an additional \$100M in short-term borrowing above the current maximum outstanding limit of \$100M, establishing a total commercial paper capacity of \$200M.

Concurrently with the adoption of this resolution, the Board adopted a Seventeenth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto.

To utilize the expanded commercial paper capacity created through the adoption of the Seventeenth Supplemental Resolution, and to address changes in the public debt markets that could adversely affect interest rates, both short and long term, it is advisable to have authority in place to permit the refunding of commercial paper notes on an expedited basis.

The Eighteenth Supplemental Resolution to the Master Resolution Establishing the Revenue Financing System Commercial Paper Program Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes, and Approving and Authorizing Instruments and Procedures Relating Thereto authorizes Board of Regents of the University of North Texas System Revenue Financing System Refunding and

Improvement Bonds, in one or more series, in an aggregate principal amount not to exceed \$200,000,000 for the purpose of: (a) refunding any outstanding self-liquidity Commercial Paper Notes up to \$100M; (b) refunding any outstanding Extendible Commercial Paper Notes up to \$100M; and (c) paying the costs of issuance related to the sale of the bonds.

---

**Financial Analysis/History:**

**James Maguire** Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for Administrative Services,  
ou=UNT System, email=james.maguire@untsystem.edu, c=US  
Date: 2014.02.10 16:17:14 -0600'

VC for Facilities/Interim VC for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

Effective immediately upon approval by the Board of Regents.

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**Recommendation:**

It is recommended that the Board of Regents approve the attached Eighteenth Supplemental Resolution Amending the Master Resolution authorizing the issuance, sale, and delivery of Board of Regents of the University of North Texas System Revenue Financing System Bonds, in one or more series; and approving and authorizing instruments and procedures relating thereto.

**Recommended By:**

Allen Clemson

---

Interim Vice Chancellor for Finance

**Lee  
Jackson**

Digitally signed by Lee Jackson  
DN: cn=Lee Jackson, o=UNT  
System, ou=Chancellor's Office,  
email=chancellor@unt.edu, c=US  
Date: 2014.02.13 10:24:37 -06'00'

---

Chancellor

Attachments Filed Electronically:

- Eighteenth Supplemental Resolution to the Master Resolution



## Board Order

**Title:** Amendment to the UNT System Revenue Financing System Authorizing the Issuance of Refunding and Improvement Bonds

---

### Board of Regents Order 2014-11

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 20, 2014, pursuant to a motion made by Regent Don Potts and seconded by Regent Rusty Reid, the Board approved the motion presented below:

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Whereas, the Board of the University of North Texas System adopted the "Tenth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program", and

Whereas, the Board authorized the issuance of commercial paper notes in an aggregate principal amount not to exceed \$100M at any one time outstanding, for which the University of North Texas System must maintain self-liquidity for the aggregate principal amount of \$100M, and which may be issued as obligations that are taxable, tax exempt, or any combination thereof, and

Whereas, concurrently the Board has authorized the issuance of extendible commercial paper not to exceed \$100M at any one time outstanding and adopted a Seventeenth Supplemental Resolution to the Master Resolution Establishing the Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Extendible Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto.


Now, Therefore, The Board of Regents authorizes and approves the following:

1. Eighteenth Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale, and Delivery of Board of Regents of the University of North Texas System Revenue Financing System Bonds, In One or more Series; and Approving and Authorizing Instruments and Procedures Relating Thereto.
-

VOTE: 7 ayes 0 nays \_\_\_\_\_ abstentions


**BOARD ACTION:**

Attested By:

  
\_\_\_\_\_

Julia A. Boyce, Secretary  
Board of Regents

Approved By:

  
\_\_\_\_\_

Brint Ryan, Chairman  
Board of Regents

**EIGHTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION  
AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF  
THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM  
BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING  
INSTRUMENTS AND PROCEDURES RELATING THERETO**

EIGHTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER  
RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF  
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM  
REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND  
APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES  
RELATING THERETO

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**EIGHTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**

WHEREAS, on February 12, 1999, the Board adopted the "*Amended and Restated Master Resolution Establishing the Revenue Financing System Under the Authority and Responsibility of the Board of Regents of the University of North Texas*" (referred to herein as the "Master Resolution"); and

WHEREAS, the Board heretofore has adopted a "**FIRST SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1997; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "First Supplement") and pursuant to the First Supplement issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1997**" in the aggregate principal amount of \$4,380,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**SECOND SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Second Supplement"); and

WHEREAS, the Second Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Second Supplement, and pursuant to the terms of the Second Supplement the Pricing Committee authorized the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1999**" in the aggregate principal amount of \$32,540,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**THIRD SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999-A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Third Supplement"); and

WHEREAS, the Third Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Third Supplement, and pursuant to the terms of the Third Supplement the Pricing Committee authorized the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999-A**" in the aggregate principal amount of \$15,535,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**FOURTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2001; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Fourth Supplement"); and

WHEREAS, the Fourth Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Fourth Supplement, and pursuant to the terms of the Fourth Supplement the Pricing Committee authorized the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2001**" in the aggregate principal amount of \$33,860,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**FIFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Fifth Supplement"); and

WHEREAS, the Fifth Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Fifth Supplement, and pursuant to the terms of the Fifth Supplement the Pricing Committee authorized the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002**" in the aggregate principal amount of \$63,470,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**SIXTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Sixth Supplement"); and

WHEREAS, the Sixth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Sixth Supplement, and pursuant to the terms of the Sixth Supplement the Vice Chancellor for Finance for the University System authorized the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF**

*NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002A*" in the aggregate principal amount of \$9,500,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"SEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2003; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Seventh Supplement"); and

WHEREAS, the Seventh Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Seventh Supplement, and pursuant to the terms of the Seventh Supplement the Pricing Committee authorized the sale, and the Board issued its **"BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2003"** in the aggregate principal amount of \$31,180,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an **"EIGHTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2003A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Eighth Supplement"); and

WHEREAS, the Eighth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Eighth Supplement, and pursuant to the terms of the Eighth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its **"BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2003A"** in the aggregate principal amount of \$6,185,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"NINTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, TAXABLE SERIES 2003B; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Ninth Supplement"); and

WHEREAS, the Ninth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Ninth Supplement, and pursuant to the terms of the Ninth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its **"BOARD OF REGENTS OF THE UNIVERSITY OF**

***NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, TAXABLE SERIES 2003B*** in the aggregate principal amount of \$4,980,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"SECOND AMENDED AND RESTATED TENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM, AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND TAXABLE COMMERCIAL PAPER NOTES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Tenth Supplement") and pursuant to the Tenth Supplement to the Master Resolution has the authority to issue from time to time and at any one time outstanding up to \$100,000,000 in aggregate principal amount of its commercial paper notes as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an **"ELEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2005; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Eleventh Supplement"); and

WHEREAS, the Eleventh Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Eleventh Supplement, and pursuant to the terms of the Eleventh Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its ***"BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2005"*** in the aggregate principal amount of \$76,795,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"TWELFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM, SERIES 2006; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Twelfth Supplement"); and

WHEREAS, the Twelfth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Twelfth Supplement, and pursuant to the terms of the Twelfth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its ***"BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2007"*** in the aggregate principal amount of \$56,050,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**THIRTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM, SERIES 2009; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Thirteenth Supplement"); and

WHEREAS, the Thirteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Thirteenth Supplement, and pursuant to the terms of the Thirteenth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2009**" in the aggregate principal amount of \$38,650,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**FOURTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Fourteenth Supplement"); and

WHEREAS, the Fourteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Fourteenth Supplement, and pursuant to the terms of the Fourteenth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2009A**" in the aggregate principal amount of \$159,310,000, its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2009B**" in the aggregate principal amount of \$15,800,000, and its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2010**" in the aggregate principal amount of \$57,625,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on August 18, 2011, the Board adopted a "**RESTATED FIFTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Fifteenth Supplement"); and

WHEREAS, the Fifteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Fifteenth Supplement, and pursuant to the terms of the Fifteenth Supplement the Vice Chancellor for Finance for the University

System effected the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2012A**" in the aggregate principal amount of \$75,890,000, and its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, TAXABLE SERIES 2012B**" in the aggregate principal amount of \$4,820,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on August 16, 2013, the Board adopted a "**SIXTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (the "Sixteenth Supplement"); and

WHEREAS, the Sixteenth Supplement authorizes the issuance of bonds in an aggregate principal amount not to exceed \$415,000,000, and none of the bonds authorized by the Sixteenth Supplement have been sold; and

WHEREAS, concurrently with the adoption of this resolution, the Board adopted a "**SEVENTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM, SERIES B; AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND TAXABLE COMMERCIAL PAPER NOTES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Seventeenth Supplement") and pursuant to the Seventeenth Supplement to the Master Resolution has the authority to issue from time to time and at any one time outstanding up to \$100,000,000 in aggregate principal amount of its commercial paper notes as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Parity Obligations issued under the terms of the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement and the Ninth Supplement are no longer outstanding; and

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

WHEREAS, the Master Resolution establishes that the Revenue Financing System is to be comprised of the University, UNT-Dallas, the Health Science Center and the Law School, and pledges the Pledged Revenues to the payment of Parity Obligations to be outstanding under the Master Resolution; and

WHEREAS, the Board has determined to implement the Revenue Financing System in order to establish a system of financing improvements at the University, UNT-Dallas, the Health Science Center and the Law School in a manner consistent with Chapter 55, Texas Education Code; and

WHEREAS, the Board deems it necessary to issue, pursuant to the terms and conditions of this resolution (this "Eighteenth Supplement"), the bonds hereinafter authorized as Parity Obligations issued pursuant to the Master Resolution, for the purposes hereinafter described; and

WHEREAS, the bonds authorized to be issued by this Eighteenth Supplement (the "Bonds") are to be issued and delivered under authority of applicable provisions of Chapters 1207 and 1371, Texas Government Code.

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

Section 1. **DEFINITIONS.** In addition to the definitions set forth in the preamble of this Eighteenth Supplement, the terms used in this Eighteenth Supplement (except in the FORM OF BONDS) and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit "A" to this Eighteenth Supplement attached hereto and made a part hereof.

Section 2. **AMOUNT, PURPOSE, AND DESIGNATION OF THE BONDS.** (a) *Amount and Designation of Bonds.* The "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS**", are hereby authorized to be issued and delivered, in one or more series, in an aggregate principal amount not to exceed \$200,000,000 **FOR THE PURPOSE OF (i) REFUNDING ANY OUTSTANDING COMMERCIAL PAPER NOTES, AND (ii) PAYING THE COSTS OF ISSUANCE RELATED TO THE SALE OF THE BONDS.**

(b) *Refunded Commercial Paper Notes.* The Bonds hereby authorized to be issued by the Board for the purpose described in clause (i) of subsection (a) of this Section are being issued under authority of Chapters 1207 and 1371, Texas Government Code, to refund the Refunded Commercial Paper Notes. The Refunded Commercial Paper Notes are being refunded to convert interim financing into long-term fixed rate financing, as contemplated by the Board in the operation of the interim financing programs as provided for in the Tenth Supplement, with respect to the Series A Commercial Paper Notes, and the Seventeenth Supplement, with respect to the Series B Commercial Paper Notes. Therefore, the manner in which the refunding of the Refunded Commercial Paper Notes is being undertaken by the Board does not make it practicable to make the determinations required by subsection (a) of Section 1207.008, Texas Government Code. The Refunded Commercial Paper Notes shall be those outstanding Commercial Paper Notes designated by the Vice Chancellor for Finance for the University System to be refunded and retired with a portion of the proceeds of the Bonds. The principal amount of the Refunded Commercial Paper Notes shall be specifically identified in a certificate executed by the Vice Chancellor for Finance for the University System and delivered to (i) the Attorney General of Texas in connection with the submission of proceedings pertaining to approval of Bonds thereby and (ii) the Board.

Section 3. **DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS.** (a) *Terms of Bonds.* Initially there shall be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, in one or more series, payable to the respective initial



registered owners thereof, or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "Registered Owner"), in the denomination of \$5,000 or any integral multiple thereof (an "Authorized Denomination"), maturing not later than April 15, 2043, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as shall be determined and established in accordance with this Eighteenth Supplement.

(b) *Sale of Bonds.* (i) *Method of Sale.* As authorized by Chapter 1371, Texas Government Code, the Vice Chancellor for Finance for the University System is hereby authorized to determine the method of sale for all or any portion of the Bonds authorized to be sold by this Eighteenth Supplement, whether by competitive sale or by negotiated sale. The determination of the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, relating to the method of and the terms and conditions relating to the sale of Bonds pursuant to this Eighteenth Supplement shall have the same force and effect as if such determination were made by the Board. In effecting the sale of the Bonds authorized to be sold by this Eighteenth Supplement, the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, may determine any additional or different designation or title by which any series of Bonds shall be known, the aggregate principal amount of Bonds to be issued to refund Commercial Paper Notes as described in Section 2(b) hereof, the aggregate principal amount of the Bonds, if any, to be issued as obligations, the interest on which is excluded from gross income for purposes of section 103 of the Code, and the aggregate principal amount of the Bonds, if any, issued as obligations that are not intended to be issued as obligations, the interest on which is excluded from gross income for purposes of section 103 of the Code. Prior to the delivery of any Bonds authorized to be sold by this Eighteenth Supplement, whether by competitive sale or negotiated sale, the Vice Chancellor for Finance for the University System shall execute a certificate addressing the matters described in this subsection with respect to the Bonds sold under authority granted by this Eighteenth Supplement.

(ii) *Competitive Sale.* The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is hereby authorized to seek competitive bids for the sale of the Bonds authorized to be sold by this Eighteenth Supplement, and is hereby authorized to prepare and distribute the Bidding Instructions and the Official Bid Form with respect to seeking competitive bids for the sale of the Bonds. The Bidding Instructions shall contain the terms and conditions relating to the sale of the Bonds, including the date bids for the purchase of the Bonds are to be received, the date of the Bonds, any additional designation or title by which the Bonds shall be known, the aggregate principal amount of the Bonds to be sold, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate or rates of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale and delivery of the Bonds so sold including, without limitation, the use of municipal bond insurance for the Bonds. The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is hereby authorized to receive and accept bids for the sale of Bonds in accordance with the Bidding Instructions on such date as determined thereby. The Bonds so sold shall be sold at such price as the Vice Chancellor for Finance for the University System shall determine to be the most advantageous to the Issuer, which determination shall be evidenced by the execution thereby of the Official Bid Form submitted by the best and

winning bidder. The sale of the Bonds, including specifically the terms of the purchase price of the Bonds, shall be subject to the provisions in subsection (e) of this Section. One Bond in the principal amount maturing on each maturity date as set forth in the Official Bid Form shall be delivered to the initial purchasers thereof, and such purchasers shall have the right to exchange such bonds as provided in Section 5 hereof without cost. The Bonds shall initially be registered in the name as set forth in the Official Bid Form. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

(iii) *Negotiated Sale.* The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is hereby authorized to sell all or any portion of the Bonds authorized to be sold by this Eighteenth Supplement by negotiated sale, and should the Vice Chancellor for Finance for the University System determine to sell Bonds by negotiated sale, the Vice Chancellor for Finance for the University System may designate the senior managing underwriter from the underwriting pool for the Bonds so sold by a negotiated sale pursuant to this Eighteenth Supplement, and such additional investment banking firms as he deems appropriate to assure that the Bonds are sold on the most advantageous terms to the Financing System. Should Bonds be sold through a negotiated sale, the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is authorized to enter into and carry out a Bond Purchase Agreement with the Underwriters for the Bonds so sold by a negotiated sale pursuant to this Eighteenth Supplement, at such price, with and subject to such terms as determined by the Vice Chancellor for Finance for the University System, subject to the provisions of this Eighteenth Supplement. The sale of the Bonds, including specifically the terms of the purchase price of the Bonds, shall be subject to the provisions in subsection (e) of this Section. The Bonds sold shall be sold at such price as the Vice Chancellor for Finance for the University System shall determine to be the most advantageous to the Issuer, which determination shall be evidenced by the execution thereby of a Bond Purchase Agreement. One Bond in the principal amount maturing on each maturity date as set forth in the Bond Purchase Agreement shall be delivered to the Underwriters, and the Underwriters shall have the right to exchange such Bonds as provided in Section 5 hereof without cost. The Bonds shall initially be registered in the name designated by the Underwriters as set forth in the Bond Purchase Agreement. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Bond Purchase Agreement shall be substantially in the form and substance previously approved by the Board in connection with the authorization of Parity Debt, as shall be acceptable to the Vice Chancellor for Finance for the University System, including, without limitation, to contain such terms and conditions as may be provided in accordance with subsection (d) of this Section.

(c) *In General.* The Bonds (i) may and shall be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and (vi) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BONDS, as revised to conform the Bonds to the terms of the Bond Purchase Agreement, in the

case of a negotiated sale, or the Bidding Instructions and Official Bid Form, in the case of a competitive sale. The Bonds of any series shall be numbered consecutively from R-1 upward.

(d) ***Bond Purchase Agreement.*** Should Bonds be sold by a negotiated sale, the Vice Chancellor for Finance for the University System is hereby authorized, appointed, and designated to act on behalf of the Board in the selling and delivering the Bonds and carrying out the other procedures specified in this Eighteenth Supplement, including determining and fixing the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the aggregate principal amount of the Bonds to be sold, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate or rates of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds, including, without limitation, the use of municipal bond insurance for the Bonds, all of which shall be specified in the Bond Purchase Agreement. The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is authorized to enter into with the Underwriters and carry out the conditions specified in a Bond Purchase Agreement for the Bonds, at such price and subject to such terms as are set forth therein. The sale of the Bonds, including specifically the terms of the purchase price of the Bonds, shall be subject to the provisions in subsection (e) of this Section.

(e) ***Parameters to Sale of Bonds.*** The foregoing provisions of this Section notwithstanding, the purchase price to be paid for the Bonds sold pursuant to this Eighteenth Supplement shall not be less than 95% of the aggregate principal amount thereof, and the Bonds shall not bear a "net effective interest rate" (as defined in and calculated in accordance with the provisions of Chapter 1204, Texas Government Code) of greater than 10%. The Bonds shall not be delivered unless (i) prior to the execution by the Vice Chancellor for Finance for the University System of the Bond Purchase Agreement or the Official Bid Form, as the case may be, the approval of the issuance of the Bonds by the Texas Bond Review Board has been received in the manner prescribed by law, and (ii) prior to their delivery, such Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by law. The authority hereby granted by the Board to the Vice Chancellor for Finance for the University System to effect the sale of all or any portion of the Bonds authorized to be sold by this Eighteenth Supplement expires at 5:00 p.m., Friday, January 30, 2015.

Section 4. **INTEREST.** The Bonds shall bear interest from the dates specified in the FORM OF BONDS and in the Bond Purchase Agreement or the Official Bid Form, as the case may be, to their respective dates of maturity, at the rates, and shall be calculated on the basis and in the manner, set forth in the executed Bond Purchase Agreement, in the case of a negotiated sale, or in the Official Bid Form submitted by the highest and best bidder and accepted by the Vice Chancellor for Finance for the University System, in the case of a competitive sale.

Section 5. **REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION; BOOK-ENTRY ONLY SYSTEM.** (a) ***Paying Agent/Registrar.*** The Vice Chancellor for Finance for the University System is authorized to solicit bids for and to select a Paying Agent/Registrar for all or any series of Bonds sold pursuant to this Eighteenth Supplement. The Vice Chancellor for Finance for the University System is also authorized to enter into and carry out a Paying Agent/Registrar Agreement with the Paying Agent/Registrar with respect to the Bonds in substantially the standard form previously approved by the Board.

(b) ***Registration Books.*** The Issuer shall keep or cause to be kept at the corporate trust office of the Paying Agent/Registrar so designated in the Paying Agent/Registrar Agreement (the "Designated Trust Office") books or records for the registration of the transfer, exchange, and replacement of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, exchanges, and replacements under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, exchanges, and replacements as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books at the Designated Trust Office of the Paying Agent/Registrar during regular business hours, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(c) ***Ownership of Bonds.*** The entity in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Eighteenth Supplement, whether or not such Bond shall be overdue, and, to the extent permitted by law, the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) ***Payment of Bonds and Interest.*** The Paying Agent/Registrar shall further act as the paying agent for paying the principal of, premium, if any, and interest on the Bonds, all as provided in this Eighteenth Supplement. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds.

(e) ***Authentication.*** The Bonds initially issued and delivered pursuant to this Eighteenth Supplement shall be authenticated by the Paying Agent/Registrar by execution of the Paying Agent/Registrar's Authentication Certificate, in the form set forth in the FORM OF BONDS (the "Authentication Certificate") unless they have been approved by the Attorney General of the State of

Texas and registered by the Comptroller of Public Accounts of the State of Texas, and on each substitute Bond issued in exchange for any Bond or Bonds issued under this Eighteenth Supplement the Paying Agent/Registrar shall execute the Authentication Certificate.

(f) ***Transfer, Exchange, or Replacement.*** Each Bond issued and delivered pursuant to this Eighteenth Supplement, to the extent of the unpaid or unredeemed principal amount thereof, may, at the option of the registered owner or such assignee or assignees, as appropriate, upon surrender of such Bond at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, be exchanged for fully registered bonds, without interest coupons, in the appropriate form prescribed in the FORM OF BONDS, in any Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall be of the same series and have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same series designation and maturity date, bearing interest at the same rate, and payable in the same manner, in Authorized Denominations at the request of the registered owner, and in the aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each Bond issued in exchange therefor shall have the same series designation and maturity date and bear interest at the same rate and payable in the same manner as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered Bond delivered in exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Eighteenth Supplement shall constitute one of the Bonds for all purposes of this Eighteenth Supplement, and may again be exchanged or replaced. The Authentication Certificate shall be printed on each substitute Bond issued in exchange for or replacement of any Bond or Bonds issued under this Eighteenth Supplement. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Authentication Certificate, and, except as provided in (e) above, no such Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for transfer, exchange, or replacement. No additional orders or resolutions need be passed or adopted by the Issuer or any other body or person so as to accomplish the foregoing transfer, exchange, or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be in typed or printed form as determined by the Vice Chancellor for Finance for the University System. Pursuant to Chapter 1206, Texas Government Code, the duty of transfer, exchange, or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which were originally issued pursuant to this Eighteenth Supplement. The Issuer shall pay the Paying Agent/Registrar's standard or customary

fees and charges, if any, for transferring, and exchanging any Bond or any portion thereof, but the one requesting any such transfer and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, exchange, or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date, or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. To the extent possible, any new Bond issued in an exchange, replacement, or transfer of a Bond will be delivered to the registered owner or assignee of the registered owner not more than three business days after the receipt of the Bonds to be cancelled and the written request as described above.

(g) ***Substitute Paying Agent/Registrar.*** The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Eighteenth Supplement, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Eighteenth Supplement. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Eighteenth Supplement, and a certified copy of this Eighteenth Supplement shall be delivered to each Paying Agent/Registrar.

(h) ***Book-Entry Only System.*** The Bonds issued in exchange for the Bonds initially issued and delivered to the initial purchasers thereof shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC, and except as provided in subsection (i) hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Board and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest on the Bonds. Without

limiting the immediately preceding sentence, the Board and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Bondholder, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Eighteenth Supplement to the contrary but to the extent permitted by law, the Board and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the Registration Books as provided in this Eighteenth Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Board to make payments of principal, premium, if any, and interest pursuant to this Eighteenth Supplement. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Eighteenth Supplement with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the word "Cede & Co." in this Eighteenth Supplement shall refer to such new nominee of DTC.

(i) ***Successor Securities Depository; Transfers Outside Book-Entry Only System.*** In the event that the Board or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter (as referred to in Section 23 of this Eighteenth Supplement) of the Board to DTC or DTC determines to discontinue providing its services with respect to the Bonds, the Board shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Eighteenth Supplement.

(j) ***Payments to Cede & Co.*** Notwithstanding any other provision of this Eighteenth Supplement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all

notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Board to DTC.

(k) **Notice of Redemption.** In addition to the method of providing a notice of redemption set forth in the FORM OF BONDS, the Paying Agent/Registrar shall give notice of redemption of Bonds by United States mail, first-class postage prepaid, at least thirty (30) days prior to a redemption date to each registered securities depository and to any national information service that disseminates redemption notices. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the registered owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

Each notice of redemption, whether required in the FORM OF BONDS or in this Section, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate, the maturity date, the CUSIP number, the amounts called of each maturity of the Bonds, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number.

All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

Section 6. **FORM OF BONDS.** The form of the Bonds, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas, with respect to the Bonds initially issued and delivered to the initial purchasers thereof pursuant to this Eighteenth Supplement, shall be, respectively, substantially as set forth in Exhibit B, with such appropriate variations, omissions, or insertions as are permitted or required by this Eighteenth Supplement.

Section 7. **ESTABLISHMENT OF FINANCING SYSTEM AND ISSUANCE OF PARITY OBLIGATIONS.** By adoption of the Master Resolution the Board has established the Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the University, UNT-Dallas, the Health Science Center and the Law School. The Master Resolution is intended to establish a master plan under which revenue supported debt of the Financing System can be incurred. This Eighteenth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds. The Master Resolution is incorporated herein by reference and as such made a part hereof for all purposes, except to the extent modified and supplemented hereby, and the Bonds are hereby declared to be Parity Obligations under the Master Resolution. As required by Section 5(a) of the Master Resolution, the Board hereby determines, in connection with the issuance of the Bonds,



that (i) it will have sufficient funds to meet the financial obligations of each Participant in the Financing System (currently the University, UNT-Dallas, the Health Sciences Center and the Law School), including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the Board relating to the Financing System and (ii) the University, UNT-Dallas, the Health Sciences Center and the Law School each possess the financial capability to satisfy its respective Direct Obligation (as defined in the Master Resolution) after taking into account the debt service on the Bonds.

Section 8. **SECURITY.** The Bonds are special obligations of the Board payable from and secured solely by the Pledged Revenues pursuant to the Master Resolution and this Eighteenth Supplement. The Pledged Revenues are hereby pledged, subject to the liens securing the Prior Encumbered Obligations, to the payment of the principal of, premium, if any, and interest on the Bonds as the same shall become due and payable. The Board agrees to pay the principal of, premium, if any, and the interest on the Bonds when due, whether by reason of maturity or redemption. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the Board under this Section 8, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the Board under this Section 8 is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Board agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 9. **PAYMENTS.** On or before each principal or interest payment date while any Bond is outstanding and unpaid, commencing on the first interest payment date for the Bonds as provided therein, the Board shall make available to the Paying Agent/Registrar money sufficient to pay such interest on and such principal of the Bonds as will accrue or mature, or be subject to mandatory redemption prior to maturity, on such principal, redemption, or interest payment date. The Paying Agent/Registrar shall cancel all paid Bonds and shall furnish the Board with an appropriate certificate of cancellation.

Section 10. **DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.**  
(a) ***Replacement Bonds.*** In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered a new Bond of the same series, principal amount, maturity, and interest rate, and in the same form, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) ***Application for Replacement Bonds.*** Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement Bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to

save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) ***Payment in Lieu of Replacement.*** Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) ***Charge for Issuing Replacement Bonds.*** Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Eighteenth Supplement equally and proportionately with any and all other Bonds duly issued under this Eighteenth Supplement.

(e) ***Authority for Issuing Replacement Bonds.*** In accordance with Chapter 1206, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement Bond without the necessity of further action by the Issuer or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(f) of this Eighteenth Supplement for Bonds issued in exchange and replacement for other Bonds.

Section 11. **AMENDMENT OF SUPPLEMENT.** (a) ***Amendments Without Consent.*** This Eighteenth Supplement and the rights and obligations of the Board and of the owners of the Bonds may be modified or amended at any time without notice to or the consent of any owner of the Bonds or any other Parity Obligations, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board contained in this Eighteenth Supplement, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Eighteenth Supplement;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Eighteenth Supplement, upon receipt by the Board of an opinion of Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Eighteenth Supplement;

(iii) To supplement the security for the Bonds, replace or provide additional credit facilities, or change the form of the Bonds or make such other changes in the provisions

hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds;

(iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Parity Obligations, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Parity Obligations;

(v) To make such changes, modifications or amendments as are permitted by Section 19(c)(vi) of this Eighteenth Supplement;

(vi) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Outstanding Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of Credit Agreements with respect to the Parity Obligations; or

(vii) To make such other changes in the provisions hereof, including, without limitation, extending the expiration date of the delegation of authority to issue Bonds as set forth in Section 3(e) of this Eighteenth Supplement, as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of Outstanding Parity Obligations.

Notice of any such amendment may be published by the Board in the manner described in subsection (c) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory resolution and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory resolution.

(b) *Amendments With Consent.* Subject to the other provisions of this Eighteenth Supplement, the owners of Outstanding Bonds aggregating a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in subsection (a) of this Section, to this Eighteenth Supplement which may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Bonds, the amendment of the terms and conditions in this Eighteenth Supplement or in the Bonds so as to:

- (1) Make any change in the maturity of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by Outstanding Bonds;

- (3) Reduce the amount of the principal payable on Outstanding Bonds;
- (4) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all Bonds then Outstanding; or
- (6) Change the minimum percentage of the Outstanding Principal Amount of Bonds necessary for consent to such amendment.

(c) **Notice.** If at any time the Board shall desire to amend this Eighteenth Supplement other than pursuant to subsection (a) of this Section, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Registrar for inspection by all owners of Bonds. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each owner of Bonds.

(d) **Receipt of Consents.** Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least a majority in Outstanding Principal Amount of Bonds, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) **Effect of Amendments.** Upon the adoption by the Board of any resolution to amend this Eighteenth Supplement pursuant to the provisions of this Section, this Eighteenth Supplement shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced under the Master Resolution and this Eighteenth Supplement, as amended.

(f) **Consent Irrevocable.** Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar and the Board, but such revocation shall not be effective if the owners of a majority in Outstanding

Principal Amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) **Ownership.** For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the registration books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

Section 12. **TAX-EXEMPTION.** The Vice Chancellor for Finance of the University System, acting for and on behalf of the Board, shall designate those Bonds authorized to be sold pursuant to the terms of this Eighteenth Supplement that the Issuer does intend to issue the Bonds in a manner such that the Bonds would constitute obligations described in section 103 of the Code.

(a) **General Covenants.** With respect to such Bonds so designated by the Vice Chancellor for Finance of the University System, the Issuer covenants to refrain from any action which would adversely affect, or to take any action to assure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of such Bonds or the projects financed or refinanced therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use", as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Eighteenth Supplement or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on such Bonds, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of such Bonds or the projects financed or refinanced therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of such Bonds (less amounts deposited into a reserve fund, if any), is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(d) to refrain from taking any action which would otherwise result in such Bonds being treated as "private activity bonds" within the meaning of section 141(a) of the Code;

(e) to refrain from taking any action that would result in such Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of such Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of such Bonds, other than investment property acquired with B

(1) proceeds of such Bonds invested for a reasonable temporary period until such proceeds are needed for the purpose for which such Bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of such Bonds;

(g) to otherwise restrict the use of the proceeds of such Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that such Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of such Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after such Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of such Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to such Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on such Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to such Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the

opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on such Bonds under section 103 of the Code. In furtherance of the foregoing, the Chair of the Board, the Chancellor of the University, and the Board Representative each may execute any certificates or other reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of such Bonds. In order to facilitate compliance with the above clause (h), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and the Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered owners of such Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(b) *Disposition of Project.* The Board covenants that none of the property constituting a Project financed or refinanced with the proceeds of any Bonds, the interest on which is to be excluded from gross income under the Code, or the Refunded Commercial Paper Notes, will be sold or otherwise disposed in a transaction resulting in the receipt by the Board of cash or other compensation, unless the Board obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of such Bonds. For purposes of this subsection (b), the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this subsection (b), the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 13. **TAXABLE BONDS.** The Vice Chancellor for Finance of the University System, acting for and on behalf of the Board, shall designate those Bonds authorized to be sold pursuant to the terms of this Eighteenth Supplement that the Issuer does not intend to issue the Bonds in a manner such that the Bonds would constitute obligations described in section 103 of the Code and all applicable temporary, proposed and final regulations and procedures promulgated thereunder or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code.

Section 14. **EIGHTEENTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Eighteenth Supplement shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Bonds and the pledge made in this Eighteenth Supplement by the Board and the covenants and agreements set forth in this Eighteenth Supplement to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Eighteenth Supplement.

Section 15. **SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

Section 16. **PAYMENT AND PERFORMANCE ON BUSINESS DAYS.** Except as provided to the contrary in the FORM OF BONDS, whenever under the terms of this Eighteenth Supplement or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Bonds, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

Section 17. **LIMITATION OF BENEFITS WITH RESPECT TO THE EIGHTEENTH SUPPLEMENT.** With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Eighteenth Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than the Board, the Holders, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Eighteenth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Eighteenth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Holders, and the Paying Agent/Registrar as herein and therein provided.

Section 18. **CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS, PREAMBLE AND INSURANCE.** The Vice Chancellor for Finance for the University System is hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and approval by the Attorney General of the State of Texas. The Vice Chancellor for Finance for the University System is hereby authorized, to the extent deemed necessary or advisable thereby, in the discretion thereof, to request that the Attorney General approve the Bonds, in which case the Vice Chancellor for Finance for the University System also is authorized to request the Comptroller of Public Accounts register the Bonds, and to cause an appropriate legend reflecting such approval and registration to appear on the Bonds and the substitute Bonds. The Vice Chancellor for Finance for the University System is hereby authorized, in connection with the submission to the Attorney General of the State of Texas of a transcript of proceedings for the approval of any series of the Bonds, to pay the fee for the examination of the transcript of proceedings in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds and on any Bonds issued and delivered in exchange or replacement of any Bond, but



neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. The preamble to this Eighteenth Supplement is hereby adopted and made a part of this Eighteenth Supplement for all purposes. The Vice Chancellor for Finance for the University System is hereby authorized to purchase a municipal bond insurance policy from a municipal bond insurance provider that has an underlying rating of "AA" (or its equivalent) or better at the time Bonds are sold (the "Bond Insurer") as additional security for the Bonds. The printing of a legend describing the municipal bond insurance policy issued by the Bond Insurer is hereby authorized. The payment of the premium to the Bond Insurer in consideration for the issuance of said policy, should one be so obtained, is hereby approved. Any insurance commitment issued by the Bond Insurer shall be made a part hereof for all purposes. In addition, it is agreed that should such policy be obtained, the Board will comply with the conditions applicable to the Bonds, as set forth in any insurance commitment issued by the Bond Insurer, as if such conditions were incorporated in this Eighteenth Supplement, and will pay to the Paying Agent/Registrar for the Bonds so insured the debt service due on the Bonds so insured by the Bond Insurer not later than one Business Day prior to each principal or interest payment date of the Bonds. In the event such policy is obtained, the Vice Chancellor for Finance of the University System is hereby authorized to execute any agreements with the Bond Insurer in connection with the issuance of the municipal bond insurance policy. In the event such policy is obtained, the Vice Chancellor for Finance of the University System is hereby instructed to provide notice to the Bond Insurer in the event such payment is not made to the Paying Agent/Registrar on or before the Business Day before the scheduled principal or interest payment date; failure to make such payment to the Paying Agent/Registrar on or before the Business Day before the scheduled principal or interest payment date shall not constitute a default under the terms of this Eighteenth Supplement.

**Section 19. COMPLIANCE WITH RULE 15c2-12.** (a) *Annual Reports.* (i) The Board shall provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2013, financial information and operating data with respect to the Board of the general type included in the final Official Statement authorized by Section 20 of this Eighteenth Supplement, being the information described in Exhibit C hereto. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as the Board may be required to employ from time to time pursuant to state law or regulation. If the Board commissions an audit of such statements and the audit is completed within the period during which they must be provided, a copy of such audit also shall be provided in accordance with the Rule. If any such audit of such financial statements, if one is commissioned by the Board, is not completed within such period, then the Board shall provide unaudited financial statements and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

(ii) If the Board changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official

statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. Filings shall be made electronically, in such format as prescribed by the MSRB.

(b) ***Disclosure Event Notices.*** The Board shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of any of the following events, notice of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of tax-exempt Bonds, or other events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Board;
13. The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the University System, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor Paying Agent/Registrar or change in name of the Paying Agent/Registrar, if material.

The Board shall notify the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by subsection (a) of this Section. As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the University System in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the University System, or if jurisdiction has been assumed by leaving the Board and officials or officers of the University System in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or

business of the University System.

(c) ***Limitations, Disclaimers, and Amendments.*** (i) The Board shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Board remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Board in any event will give notice of any deposit made in accordance with this Eighteenth Supplement or applicable law that causes the Bonds no longer to be Outstanding.

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Board does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE BOARD BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Board in observing or performing its obligations under this Section shall comprise a breach of or default under this Eighteenth Supplement for purposes of any other provision of this Eighteenth Supplement. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Board under federal and state securities laws.

(v) Should the Rule be amended to obligate the Issuer to make filings or provide notices to entities other than the MSRB, the Issuer agrees to undertake such obligation in accordance with the Rule, as amended.

(vi) The provisions of this Section may be amended by the Board from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either

(a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Eighteenth Supplement that authorizes such an amendment) of the Bonds then outstanding consent to such amendment or (b) a person that is unaffiliated with the Board (such as nationally-recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. If the Board so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 20. **FURTHER PROCEDURES; OFFICIAL STATEMENT.** Each Board Representative, and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Eighteenth Supplement, the Bonds, the sale and delivery of the Bonds and fixing all details in connection therewith, and to approve any Official Statement, or supplements thereto, in connection with the Bonds. The final Official Statement relating to the offering of any series of Bonds shall be approved by the Vice Chancellor for Finance for the University System. The Vice Chancellor for Finance for the University System is authorized to approve any supplement to the Official Statement incorporating the information contained in the Bond Purchase Agreement, in the case of a negotiated sale, and the Bidding Instructions and Official Bid Form, in the case of a competitive sale, and such additional information as deemed material consistent with the requirements of the Rule and to authorize the distribution of such final Official Statement to the initial purchasers of the Bonds for their use in the sale of the Bonds to members of the general public. The use of such final Official Statement in the offer and sale of the Bonds is hereby approved. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 21. **REFUNDING.** The principal amount of Bonds issued to refund Refunded Commercial Paper Notes shall be specifically identified in the certificate to be executed by the Vice Chancellor for Finance for the University System in accordance with the provisions of Section 2(b) of this Eighteenth Supplement. The Refunded Commercial Paper Notes are being refunded to convert interim financing into long-term fixed rate financing, as contemplated by the Board in the operation of the interim financing program for the University System. Therefore, the manner in which the refunding of the Refunded Commercial Paper Notes is being executed by the Board does not make it practicable to make the determinations required by subsection (a) of Section 1207.008,

Texas Government Code. Concurrently with the delivery of such Bonds, proceeds in the amount of the principal amount of the Refunded Commercial Paper Notes that are to be refunded and interest thereon with a portion of the proceeds from the sale of the Bonds shall be deposited to the credit of the designated account or accounts within the "Note Payment Fund", established in accordance with the provisions of the Tenth Supplement or the Seventeenth Supplement, as the case may be, to refund those Refunded Commercial Paper Notes designated by the Vice Chancellor for Finance for the University System to be refunded and retired with a portion of the proceeds of the Bonds. The determination of the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, relating to the issuance and sale of Bonds to refund Refunded Commercial Paper Notes shall have the same force and effect as if such determination were made by the Board.

Section 22. **REDEMPTION OF REFUNDED COMMERCIAL PAPER NOTES.** The Board authorizes a Board Representative, acting in accordance with the terms of the Seventeenth Supplement, to cause the Series B Commercial Paper Notes refunded with proceeds of Bonds to be redeemed prior to their stated Extended Maturity Date (as such term is defined in the Seventeenth Supplement), at a price of no less than par plus accrued interest, if any, to the date fixed for redemption.

Section 23. **DTC LETTER OF REPRESENTATION.** The previous execution and delivery of the DTC Blanket Letter of Representations with respect to obligations of the Board is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds.

Section 24. **REPEAL OF CONFLICTING RESOLUTIONS.** All resolutions and all parts of any resolutions (other than the Master Resolution) which are in conflict or inconsistent with this Eighteenth Supplement, are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

Section 25. **RULES OF CONSTRUCTION.** For all purposes of this Eighteenth Supplement, unless the context requires otherwise, all references to designated Sections and other subdivisions are to the Sections and other subdivisions of this Eighteenth Supplement. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Eighteenth Supplement as a whole and not to any particular Section or other subdivision. Except where the context otherwise requires, terms defined in this Eighteenth Supplement to impart the singular number shall be considered to include the plural number and vice versa. References to any named person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Eighteenth Supplement is adopted by the Board and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Eighteenth Supplement shall be deemed to include the payment of mandatory sinking fund redemption payments. Any reference to "FORM OF BONDS" shall refer to the form of the Bonds set forth in Exhibit B to this Eighteenth Supplement. References to the Vice Chancellor for Finance for the University System shall mean the person holding that position at the time Bonds are sold, whether acting, interim, or permanent.

Section 26. **PUBLIC NOTICE.** It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the meeting at which this Eighteenth Supplement was adopted; that this Eighteenth Supplement would be introduced and considered for adoption at said meeting; and that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

## **EXHIBIT A DEFINITIONS**

As used in this Eighteenth Supplement the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "*Acts*" shall mean, collectively, Chapters 1207 and 1371, Texas Government Code.

The term "*Authorized Denomination*" shall mean an Authorized Denomination as defined in Section 3(a) of this Eighteenth Supplement.

The term "*Bidding Instructions*" shall mean the Notice of Sale and Bidding Instructions distributed to potential purchasers of Eighteenth Series Bonds sold pursuant to a competitive sale.

The terms "*Board*" and "*Issuer*" shall mean the Board of Regents of the University System.

The term "*Board Representative*" shall mean the Vice Chancellor for Finance for the University System, or such other officials of the University or the Health Science Center appointed by the Board to carry out the functions of the Board specified herein.

The term "*Bond Purchase Agreement*" shall mean a bond purchase agreement between the Board and the Underwriters, pertaining to the purchase by the Underwriters of any Eighteenth Series Bonds sold pursuant to a negotiated sale.

The term "*Bonds*" shall mean the Eighteenth Series Bonds, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Eighteenth Supplement; and the term "Bond" means any of the Bonds.

The term "*Business Day*" shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

The term "*Code*" means the Internal Revenue Code of 1986, as amended.

The term "*Commercial Paper Notes*" shall mean the Series A Commercial Paper Notes and the Series B Commercial Paper Notes.

The term "*Designated Trust Office*" shall have the meaning ascribed to said term in Section 5(b) of this Eighteenth Supplement.

The term "*DTC*" shall mean The Depository Trust Company, New York, New York, or any successor securities depository.

The term "*DTC Participant*" shall mean securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

The term "*Eighteenth Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, in one or more series, authorized by the Eighteenth Supplement.

The term "*Eighteenth Supplement*" shall mean this resolution authorizing the Bonds.

The term "*Eighth Series Bonds*" shall mean the Board of Regents of The University of North Texas System Revenue Financing System Refunding Bonds, Series 2003A, authorized by the Eighth Supplement.

The term "*Eighth Supplement*" shall mean the resolution adopted by the Board on August 21, 2003, authorizing the Eighth Series Bonds.

The term "*Eleventh Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Refunding and Improvement Bonds, Series 2005, authorized by the Eleventh Supplement.

The term "*Eleventh Supplement*" shall mean the resolution adopted by the Board on August 19, 2005, authorizing the Eleventh Series Bonds.

The term "*Fifteenth Series Bonds*" shall mean, collectively, the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2012A and the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Taxable Series 2012B, authorized by the Fifteenth Supplement.

The term "*Fifteenth Supplement*" shall mean the resolution adopted by the Board on August 18, 2011, authorizing the authorizing the Fifteenth Series Bonds.

The term "*Fourteenth Series Bonds*" shall mean, collectively, the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2009A, the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2009B, and the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2010, authorized by the Fourteenth Supplement.

The term "*Fourteenth Supplement*" shall mean the resolution adopted by the Board of Regents on August 21, 2009, authorizing the Fourteenth Series Bonds.



The term "*Health Science Center*" shall mean the University of North Texas Health Science Center at Fort Worth.

The term "*Law School*" shall mean the University of North Texas at Dallas College of Law.

The term "*MAC*" means the Municipal Advisory Council of Texas.

The term "*Master Resolution*" shall mean the "Amended and Restated Master Resolution Establishing the Revenue Financing System under the Authority and Responsibility of the Board of Regents of the University of North Texas", adopted by the Board on February 12, 1999.

The term "*Maturity*" shall mean the date on which the principal of a Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption, declaration of acceleration, or otherwise.

The term "*MSRB*" shall mean the Municipal Securities Rulemaking Board.

The term "*Official Bid Form*" shall mean the bid form prepared in accordance with the Bidding Instructions and submitted by potential purchasers of any Eighteenth Series Bonds sold pursuant to a competitive sale.

The terms "*Paying Agent/Registrar*", "*Paying Agent*" or "*Registrar*" shall mean the agent appointed pursuant to Section 5 of this Eighteenth Supplement, or any successor to such agent.

The term "*Paying Agent/Registrar Agreement*" shall mean the agreement between the Board and the Paying Agent/Registrar, with respect to the Bonds.

The term "*Rating Agency*" shall mean, with respect to the Bonds, \_\_\_\_\_.

The term "*Record Date*" shall mean, with respect to the Bonds, the last business day of each month preceding an interest payment date.

The term "*Refunded Commercial Paper Notes*" shall mean those Commercial Paper Notes selected by the Vice Chancellor for Finance for the University System to be refunded with the proceeds of Bonds authorized to be issued by this Eighteenth Supplement, as more fully described in the certificate to be delivered by the Vice Chancellor for Finance for the University System in accordance with Section 2(b) of this Eighteenth Supplement.

The term "*Registration Books*" shall mean the books or records relating to the registration, payment, and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 5 of this Eighteenth Supplement.

The term "*Rule*" shall mean SEC Rule 15c2-12, as amended from time to time.

The term "*SEC*" shall mean the United States Securities and Exchange Commission.

The term "*Series A Commercial Paper Note*" shall mean any commercial paper note issued pursuant to the provisions of the Master Resolution and the Tenth Supplement.

The term "*Series B Commercial Paper Note*" shall mean any commercial paper note issued pursuant to the provisions of the Master Resolution and the Seventeenth Supplement.

The term "*Seventeenth Supplement*" shall mean the resolution adopted by the Board of Regents on \_\_\_\_\_, 2014, authorizing the Series B Commercial Paper Notes.

The term "*Sixteenth Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, in one or more series, authorized to be issued in accordance with the terms of the Sixteenth Supplement.

The term "*Sixteenth Supplement*" shall mean the resolution adopted by the Board of Regents on August 16, 2013, authorizing the Sixteenth Series Bonds.

The term "*Stated Maturity*", shall mean, when used with respect to the Bonds, the scheduled maturity or mandatory sinking fund redemption of the Bonds.

The term "*Tenth Supplement*" shall mean the resolution adopted by the Board on May 8, 2008, as amended and restated by the resolution adopted by the Board on December 6, 2013, authorizing the Commercial Paper Notes.

The term "*Thirteenth Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2009, authorized by the Thirteenth Supplement.

The term "*Thirteenth Supplement*" shall mean the resolution adopted by the Board on November 20, 2008, authorizing the Thirteenth Series Bonds.

The term "*Twelfth Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2007, authorized by the Twelfth Supplement.

The term "*Twelfth Supplement*" shall mean the resolution adopted by the Board on September 7, 2006, authorizing the Twelfth Series Bonds.

The term "*Underwriters*" shall mean the investment banking firms listed in a Bond Purchase Agreement.

The term "*University*" shall mean the University of North Texas.

The term "*University System*" shall mean the University of North Texas System.

The term "*UNT-Dallas*" shall mean The University of North Texas at Dallas.

All terms not herein defined shall have the meanings given to such terms by the Master Resolution or as otherwise defined in this Eighteenth Supplement.

**EXHIBIT B**  
**FORM OF BONDS**

UNITED STATES OF AMERICA  
STATE OF TEXAS  
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM  
REVENUE FINANCING SYSTEM REFUNDING BOND,  
SERIES 2014

<b>NO. R-__</b>			<b>PRINCIPAL AMOUNT</b>
			\$ _____
<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP</u>

REGISTERED OWNER:

PRINCIPAL AMOUNT:     DOLLARS

ON THE MATURITY DATE specified above, the BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM (the "Issuer"), hereby promises to pay to the Registered Owner, specified above, or the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount, specified above, and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Date of Delivery, specified above, to the Maturity Date, specified above, or the date of redemption prior to maturity, at the interest rate per annum, specified above; with interest being payable on April 15, 201\_\_, and semiannually on each October 15 and April 15 thereafter, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges, solely from funds of the Issuer required by the resolution authorizing the issuance of the Bonds to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the designated corporate trust office in \_\_\_\_\_, Texas (the "Designated Trust Office") of \_\_\_\_\_, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to

the registered owner hereof on each interest payment date by check, dated as of such interest payment date, and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the last business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described; provided, that upon the written request of any owner of not less than \$1,000,000 in principal amount of Bonds provided to the Paying Agent/Registrar not later than the Record Date immediately preceding an interest payment date, interest due on such Bonds on such interest payment date shall be made by wire transfer to any designated account within the United States of America. In addition, interest may be paid by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner hereof. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the Designated Trust Office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Issuer and the securities depository.

THIS BOND is one of a Series of Bonds, dated as of \_\_\_\_\_, 201\_\_, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$\_\_\_\_\_, issued pursuant to an Eighteenth Supplemental Resolution to the Master Resolution adopted \_\_\_\_\_, 2014, and pursuant to the Master Resolution referred therein (collectively, the "Bond Resolution"), FOR THE PURPOSE OF (i) REFUNDING THE REFUNDED COMMERCIAL PAPER NOTES, AND (ii) PAYING THE COSTS OF ISSUANCE RELATED TO THE SALE OF THE BONDS. Terms used herein and not otherwise defined have the meaning given in the Bond Resolution.

ON APRIL 15, 20\_\_\_, or on any date thereafter, the Bonds of this Series maturing on and after April 15, 20\_\_\_ may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Board (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at par and accrued interest to the date fixed for redemption; provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository.

THE BONDS maturing on April 15 in each of the years \_\_\_\_ and \_\_\_\_, shall be subject to mandatory sinking fund redemption prior to their scheduled maturities in the following amounts, on

April 15 in each of the years set forth below, at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium:

<u>Year</u>	<u>Principal Amount (\$)</u>
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\*Final Maturity

The principal amount of the Bonds required to be redeemed on each such redemption date pursuant to the foregoing operation of the mandatory sinking fund shall be reduced, at the option of the Issuer, by the principal amount of any Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been acquired and canceled by the Paying Agent/Registrar at the direction of the Issuer, in either case at a price not exceeding the par or principal amount of such Bonds, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against mandatory sinking fund redemption. During any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing such interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be published once in a financial publication, journal or reporter of general circulation among securities dealers in The City of New York, New York or in the State of Texas. Such notice also shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the Registration Books on the 45th day prior to such redemption date; provided, however, that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the publication of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any

integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Board, all as provided in the Bond Resolution.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in The City of New York, New York, or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY AUTHORIZED DENOMINATION may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer or exchange as provided below, but the one requesting such transfer or exchange shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration or exchange of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and, to the extent permitted by law, the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons in the denomination of any integral multiple of \$5,000 (an "Authorized Denomination"). As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request

of the registered owner or the assignee or assignees hereof, be exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, in the same form, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering, or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that the Series of Bonds of which this Bond is one constitute Parity Obligations under the Master Resolution; and that the interest on and principal of this Bond, together with the other Bonds of this Series and the other outstanding Parity Obligations, are equally and ratably secured by and payable from a lien on and pledge of the Pledged Revenues.

THE ISSUER has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue additional Parity Obligations which also may be secured by and made payable from a lien on and pledge of the aforesaid Pledged Revenues, in the same manner and to the same extent as this Bond, and (ii) to amend the provisions of the Bond Resolution under the conditions provided in the Bond Resolution.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.



IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Chair of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

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Secretary, Board of Regents of the  
University of North Texas System

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Chair, Board of Regents of the  
University of North Texas System

(BOARD SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

\_\_\_\_\_,  
Paying Agent/Registrar

Dated

\_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

\_\_\_\_\_ / \_\_\_\_\_ /

(Assignee's Social Security or Taxpayer Identification Number)

\_\_\_\_\_  
(print or typewrite Assignee's name and address, including zip code)

\_\_\_\_\_  
and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
attorney to transfer the registration of this Bond on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: This signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

\_\_\_\_\_  
NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Bond.

[FORM OF REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS TO ACCOMPANY  
THE BONDS UPON INITIAL DELIVERY]

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO. \_\_\_\_\_

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond and the proceedings authorizing its issuance have been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

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Comptroller of Public Accounts  
of the State of Texas

(COMPTROLLER'S SEAL)

Should the Bonds be insured by a Bond Insurer, a statement or legend describing the policy to be issued by the Bond Insurer may be printed on the Bonds so insured.

## EXHIBIT C

### DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 19 of this Eighteenth Supplement.

#### Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Board to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

Tables 1 and 2 in the Official Statement; Tables A-1 through A-10, and A-13 through A-18 of Appendix A to the Official Statement; and Appendix B - "Excerpts from the Combined Financial Report of The University of North Texas System for the Year Ended August 31, 2013 with Selected Schedules, including Management's Discussion and Analysis".

#### Accounting Principles

The accounting principles referred to in the Resolution are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above, which are generally accepted accounting principles of fund accounting for colleges and universities.



## Board Briefing

**Committee:** Finance

**Date Filed:** January 15, 2014

**Title:** Amendment to Regents Rule 10.300, *Debt Management*

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### Background:

Regents Rule 10.300, Debt Management, was adopted by the Board on November 15, 2007 and amended on May 8, 2008. As currently stated, the rule authorizes the issuance of commercial paper notes in an aggregate principal amount not to exceed \$100M at any one time outstanding. The University of North Texas System must maintain self-liquidity, currently established at 1.2x, for the aggregate principal amount of \$100M. Commercial paper may be issued as obligations that are taxable, tax exempt, or any combination thereof as long as the aggregate total does not exceed \$100M.

The System desires to maintain the current CP program with its \$100M ceiling and to add an extendable commercial paper (ECP) program that will provide access to an additional \$100M short-term borrowing above the current maximum outstanding limit of \$100M, establishing a total commercial paper capacity of \$200M. ECP does not require self-liquidity or a bank liquidity facility. ECP is issued with maturity dates ranging from 1 to 60 days. If the ECP cannot be remarketed on its maturity date, the ECP holder continues to own the ECP and the maturity date is extended to 270 days from the initial issuance date. ECP buyers and rating agencies rate the ECP program on market access to long term capital, as opposed to liquidity.

In addition, it is recommended that further guidelines be established concerning the use of commercial paper and reduction of a project's principal outstanding balance after construction of projects has been completed, and that the Board direct UNT System to adopt appropriate regulation(s) and procedures related to tax-exempt commercial paper and bond compliance.

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### Financial Analysis/History:

The adoption of the revised Regents Rule 10.300, Debt Management, as set forth in the attachment will increase the Vice Chancellor for Finance's authority to issue short-term indebtedness up to \$200,000,000 outstanding at any one time.

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James Maguire

Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for Administrative Services, ou=UNT System,  
email=james.maguire@untsystem.edu, c=US  
Date: 2014.01.15 10:47:41 -0500

VC for Facilities/Interim VC for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

Effective upon approval by the Board.

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**Recommendation:**

It is recommended that Regents Rule 10.300, Debt Management, be amended to increase the amount of short-term indebtedness that may be issued and outstanding at any one time up to \$200,000,000.

In addition, it is recommended that Regents Rule 10.300, Debt Management, be amended to provide additional guidelines for the use of commercial paper financing after construction of a project is completed and to direct UNT System to adopt regulation(s) and procedures related to tax-exempt commercial paper and bond compliance.


**Recommended By:**

Allen Clemson

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Interim Vice Chancellor for Finance

Lee  
Jackson



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System, ou=Chancellor's Office,  
email=chancellor@unt.edu,  
c=US  
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Chancellor

**Attachments Filed Electronically:**

- Regents Rule 10.300, *Debt Management* (redline)



## Board Order

**Title:** Amendment to Regents Rule 10.300, *Debt Management*

### Board of Regents Order 2014-12

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 20, 2014, pursuant to a motion made by Regent Don Potts and seconded by Regent Rusty Reid, the Board approved the motion presented below:

Whereas, Regents Rule 10.300 delegates to the Vice Chancellor for Finance the authority to issue short-term indebtedness, establishes an aggregate principal amount of commercial paper that may be outstanding, and sets forth debt management guidelines, and

Whereas, UNT System desires to increase to \$200,000,000 the amount of short-term indebtedness that may be issued and outstanding at any one time, which may be issued as tax-exempt, taxable, or any combination thereof, and which may be issued as traditional commercial paper or as extendible commercial paper in such amounts as may be approved by the Board, and

Whereas, to increase the amount of short-term indebtedness and to provide further guidelines regarding the use of short-term indebtedness after construction of projects is complete, amendment to Regents Rule 10.300 is required.

Now, Therefore, The Board of Regents authorizes and approves the following:

1. Adoption of amendments to Regents Rule 10.300, *Debt Management*, as set forth in the attachment to this Order.

VOTE: 7 ayes 0 nays      abstentions

### BOARD ACTION:

Attested By:

Julia A. Boyce, Secretary  
Board of Regents

Approved By:

Brint Ryan, Chairman  
Board of Regents



10.300 Debt Management

10.301 Incurring Debt. The System, the System Administration, and the Institutions shall issue or incur debt (taxable or tax exempt) in accordance with applicable federal and state law and pursuant to actions taken by the Board to authorize the issuance or incurrence of debt. The System, the System Administration, and the Institutions shall obtain an opinion from bond counsel that the issue complies with applicable laws and regulations and receive requisite approval from ~~the Texas Bond Review Board and Texas Attorney General~~ all necessary state agencies before issuing or incurring any long-term or short-term debt. If a project requires Texas Higher Education Coordinating Board approval, no debt proceeds will be allocated to that project prior to receiving such approval.

10.302 Short-term Indebtedness.

1. The Board delegates to the Vice Chancellor for Finance, subject to Section 10.308 below, the authority to issue short-term indebtedness of up to ~~\$100~~200,000,000 in Revenue Financing System (“RFS”) commercial paper, ~~provided that the outstanding which may be issued as traditional commercial paper (“CP”) or as extendible commercial paper (“ECP”).~~ The aggregate principal amount of ~~RFS commercial paper CP at any one time outstanding~~ shall not exceed: (a) the aggregate principal amount established by resolution of the Board; (b) liquidity requirements approved by the Board; and (c) the sum of self-liquidity provided by the System and liquidity support obtained with the approval of the Board from a financial institution. The aggregate principal amount of ECP at any one time outstanding shall not exceed: (a) the aggregate principal amount established by resolution of the Board; and (b) parameters approved by the Board to service extendible rate debt payments.

2. The Vice Chancellor for Finance shall be responsible for identifying funds held by the System for the purpose of providing self-liquidity in support of ~~the RFS commercial paper~~CP notes, the investment of such funds, and the administration and development of a policy with respect to the management of the self-liquidity program.

3. Short-term debt may be used to purchase equipment ~~and,~~ to provide interim financing for capital projects (including land

acquisition) during construction, and to provide continued financing after construction has been completed. The Vice Chancellor for Finance shall be responsible for monitoring the issuance of RFS commercial paper, including the rollover of outstanding ~~RFS commercial paper~~ CP and ECP notes; and the payment of any extendible interest rate obligations with respect to ECP. All conversions ~~from the RFS commercial paper program of CP and ECP notes~~ to long-term indebtedness shall be approved by the Board by adoption of a resolution authorizing the issuance of long-term indebtedness to refinance CP and ECP notes.

~~10.303~~ 10.303 Use of Commercial Paper after Completion of Construction.

1. If CP or ECP issued to provide interim financing for a project is to remain outstanding after construction of the project has been completed, the System Administration or Institution shall submit a written proposal and financing plan to the Vice Chancellor for Finance within a reasonable period of time, but no later than 90 days, prior to the expected date of completion of the project. The Vice Chancellor for Finance will make a written determination, and Vice Chancellor for Finance approval is required for CP or ECP to remain outstanding after construction of a project is completed. CP or ECP may remain outstanding for a period no greater than two years, unless the Board, in its sole determination, permits CP or ECP to remain outstanding beyond the two year period.
2. Fiscal year interest savings realized by financing a project after construction with CP or ECP, as compared to projected interest rate payments if the financing had been converted to fixed long-term bonds, shall be used to reduce the project's outstanding CP or ECP principal balance unless otherwise approved by the Board or the Vice Chancellor for Finance.

10.304 Bond Approval. The Vice Chancellor for Finance has the authority to approve the pricing of bond and note issues. The Vice Chancellor for Finance is responsible for assuring compliance with all bond covenants and that all necessary approvals, certifications, and authorizations are fully documented and made available to the Board and to all bondholders.

~~10.304~~ 305 Debt Service. The Vice Chancellor for Finance is responsible for assuring that all debt service payments are made in a timely manner to the appropriate paying agents. The President is responsible for debt service funding if an Institution is participating in the RFS program.

~~10.305~~ 306 Texas Higher Education Coordinating Board Approval. The Vice Chancellor for Finance shall be responsible for maintaining a record of the

approvals of projects by the Texas Higher Education Coordinating Board that are financed or to be financed with the proceeds of debt, including approvals identifying the proposed funding sources and amounts authorized for approved projects.

~~10.306~~10.307 Reimbursement Certificates. The Vice Chancellor for Finance is authorized and directed to execute Reimbursement Certificates, as required by U.S. Treasury Regulations § 1.150-2, in connection with projects the Board intends to debt finance.

~~10.307~~10.308 Financing of Capital Items with Commercial Paper. Financing of any capital item through the use of RFS commercial paper must be approved by the Board. The Vice Chancellor for Finance shall be responsible for submitting any required notice to the Texas Bond Review Board.

~~10.308~~ ~~Contracts for the Use and Management of Facilities. The offices of the Vice Chancellor for Finance and the Vice Chancellor and General Counsel shall review all contracts regarding the use and management of facilities by third parties, prior to the approval of such contracts by the Board, to determine that the execution of, and the performance of the System, the System Administration, and the Institutions under, such contracts does not result in the violation of any covenants of the System in instruments authorizing the issuance of debt, including, without limitation, covenants with respect to the tax-exempt status of debt issued or to be issued by the System.~~

~~10.309~~ Compliance. The System receives financial benefits from the Revenue Financing System and the issuance of tax-exempt RFS commercial paper and bonds to achieve the System's tax-exempt purposes. The Board recognizes that legal obligations must be met to ensure good stewardship of this tax-exempt benefit. The System shall adopt appropriate regulation(s) and procedures related to tax-exempt RFS commercial paper and bond compliance, including issuance, expenditure of proceeds, and post-issuance compliance consistent with the Internal Revenue Code, Treasury Regulations, these Regents Rules, and bond documents.

Adopted: November 15, 2007

Effective: November 15, 2007

Revised: May 8, 2008; February 20, 2014



## Board Briefing

**Committee:** Academic

**Date Filed:** January 14, 2014

**Title:** Approval to Add the UNT Bachelor of Science Degree Program with a Major in Sociology

### Background:

The University of North Texas currently offers a Bachelor of Arts degree program with a major in Sociology, and is requesting to add a Bachelor of Science degree program with a major in Sociology, effective August 27, 2014.

The Bachelor of Science option is designed to prepare students to pursue graduate training in sociology or another social science. The 18-hour core includes 3 courses in data collection and analysis that will enhance the student's research skills and competitiveness for academic and professional positions after graduation.

The Bachelor of Science degree program requires 120 semester hours. The sociology major for the Bachelor of Science will require 39 hours including an 18 hour core and 18 additional hours, 12 of which must be at the advanced level (3000 or 4000), selected in consultation with the student's faculty advisor. Students must receive a C or better in sociology core curriculum courses. A minimum sociology grade point average of 2.5 will be required for graduation. A minor is recommended but not required. With the introduction of the Bachelor of Science degree to prepare students to pursue graduate education, the Bachelor of Arts degree with a Sociology major of 30 hours will better serve the liberal arts student.

### Financial Analysis/History:

Adding the Bachelor of Science with a major in Sociology is a degree program change that is essentially cost-neutral as all coursework required for the degree is already being offered. No additional faculty or departmental resources will be required for this degree program.

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and Administration, ou=University of North  
Texas, email=aharris@unt.edu, c=US  
Date: 2014.02.10 14:52:01 -06'00'

Andrew M. Harris

Institution Chief Financial Officer

Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for  
Administrative Services, ou=UNT System,  
email=james.maguire@untsystem.edu, c=US  
Date: 2014.02.10 16:20:12 -06'00'

James Maguire

VC for Facilities/Interim VC for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

**Nancy S. Footer** Digitally signed by Nancy S. Footer  
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email=nancy.footer@untsystem.edu, c=US  
Date: 2014.02.14 11:31:46 -06'00'

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Vice Chancellor/General Counsel

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**Schedule:**

Fall 2014

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**Recommendation:**

The President recommends that the Board of Regents approve adding the Bachelor of Science degree program with a major in Sociology to the UNT degree program inventory.

**Recommended By:**

Warren Burggren

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Provost and VPAA

**Neal  
Smatresk** Digitally signed by Neal Smatresk  
DN: cn=Neal Smatresk, o=University  
of North Texas, ou=President,  
email=neal.smatresk@unt.edu, c=US  
Date: 2014.02.12 10:28:18 -06'00'

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President

**Rosemary R.  
Haggett** Digitally signed by Rosemary R. Haggett  
DN: cn=Rosemary R. Haggett, o=University  
of North Texas System, ou=Vice Chancellor  
for Academic Affairs and Student Success,  
email=rosemary.haggett@untsystem.edu,  
c=US  
Date: 2014.02.10 13:15:28 -06'00'

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Vice Chancellor

**Lee  
Jackson** Digitally signed by Lee Jackson  
DN: cn=Lee Jackson, o=UNT  
System, ou=Chancellor's Office,  
email=chancellor@unt.edu,  
c=US  
Date: 2014.02.13 10:27:09 -06'00'

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Chancellor



Title: Approval to Add the UNT Bachelor of Science Degree Program with a Major in Sociology

Board of Regents Order 2014-13

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 20, 2014, pursuant to a motion made by Regent Gwyn Shea and seconded by Regent Milton Lee, the Board approved the motion presented below:

Whereas, the Bachelor of Science degree program with a major in Sociology is intended for students who plan to pursue graduate training in sociology or another social science, and

Whereas, the Bachelor of Science degree program with a major in Sociology does not require development of additional courses, and

Whereas, the Bachelor of Science degree program with a major in Sociology does not require any additional faculty or departmental resources,

Now, Therefore, The Board of Regents authorizes and approves the following:

- 1. the authorization of a new Bachelor of Science degree program with a major in Sociology within the Department of Sociology at UNT.

VOTE: 7 ayes 0 nays 0 abstentions

BOARD ACTION:

Attested By:

Handwritten signature of Julia A. Boyce

Julia A. Boyce, Secretary Board of Regents

Approved By:

Handwritten signature of Brint Ryan

Brint Ryan, Chairman Board of Regents



## Board Briefing

**Committee:** Academic

**Date Filed:** January 14, 2014

**Title:** Approval to Add the UNT Master of Arts Degree Program with a Major in International Studies

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### Background:

The University of North Texas currently offers a Bachelor of Arts degree program with a major in International Studies, and is requesting to add a Master of Arts degree program with a major in International Studies, effective August 27, 2014.

The Master of Arts degree will be a professional and interdisciplinary degree program that will prepare students for careers in government, the private sector and non-profit organizations that are focused on international security, sustainability and development.

The initiative for requesting to offer a master degree in International Studies is in response to the repeated requests over the years from students who are majoring in this field. The highly demonstrated student demand was seen by their requesting the introduction of a master degree and expressing their desire to pursue advanced work in International Studies. The structure of the program anticipates most students will seek careers in the non-profit sector. This sector has experienced dramatic growth, registering over 65,000 domestic non-governmental organizations (NGO's) and international NGO's.

Thirty credit hours are required for this Master's degree. The program is structured around two major components, a professional skills area and a specialization area. The specialization areas are: International Development and Sustainability; Human Security; and National Security and Diplomacy. The program will culminate with a graduate practicum seminar. Students will enter as a cohort, which will facilitate long term career networking, and move through the program in 18-24 months.

Although this degree will be offered through the International Studies Program in the College of Arts and Sciences, the curriculum is developed by an interdisciplinary team. The degree utilizes 5000 level courses from sponsoring and participating departments across the university (Anthropology, Economics, Geography, History, Management, Political Science, Public Administration, Sociology, Women's Studies, and the College of Business). This new master's degree will increase the enrollment in existing courses offered by the participating departments, resulting in increased graduate SCH.

The combination of student demand, employment opportunities, and the growing internationalization of the economy of North Texas (as well as the State and US more

generally), highlights the importance of creating a Master's degree in International Studies that will serve the needs of our students as well as the economy of the North Texas region.

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**Financial Analysis/History:**

Adding the Master of Arts with a major in International Studies is primarily cost-neutral. The degree is interdisciplinary and the courses which will be used are already offered by several participating departments. A slight increase of \$5,000 to the operating budget for the International Studies Program is expected. If the program is approved, Academic Affairs will realign the programs budget allocation to cover this increase.

Andrew M. Harris Digitally signed by Andrew M. Harris  
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and Administration, ou=University of North  
Texas, email=aharris@unt.edu, c=US  
Date: 2014.02.10 14:52:47 -06'00'

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Institution Chief Financial Officer

James Maguire Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for  
Administrative Services, ou=UNT System,  
email=james.maguire@untsystem.edu, c=US  
Date: 2014.02.10 16:20:54 -06'00'

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VC for Facilities/Interim VC for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

Nancy S. Footer Digitally signed by Nancy S. Footer  
DN: cn=Nancy S. Footer, o=UNT System, ou=OGC,  
email=nancy.footer@untsystem.edu, c=US  
Date: 2014.02.14 11:32:30 -06'00'

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Vice Chancellor/General Counsel

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**Schedule:**

Fall 2014

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**Recommendation:**

The President recommends that the Board of Regents approve adding the Master of Arts Degree with a major in International Studies to the UNT degree program inventory.



**Recommended By:**

Warren Burggren

---

Provost and VPAA

Neal  
Smatresk

Digitally signed by Neal Smatresk  
DN: cn=Neal Smatresk, o=University of  
North Texas, ou=President,  
email=neal.smatresk@unt.edu, c=US  
Date: 2014.02.12 10:29:17 -06'00'

---

President

Rosemary  
R. Haggett

Digitally signed by Rosemary R. Haggett  
DN: cn=Rosemary R. Haggett, o=University of  
North Texas System, ou=Vice Chancellor for  
Academic Affairs and Student Success,  
email=rosemary.haggett@untsystem.edu,  
c=US  
Date: 2014.02.10 13:16:11 -06'00'

---

Vice Chancellor

Lee  
Jackson

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System, ou=Chancellor's Office,  
email=chancellor@unt.edu, c=US  
Date: 2014.02.13 10:27:52 -06'00'

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Chancellor



## Board Order

**Title:** Approval to Add the UNT Master of Arts Degree Program with a Major in International Studies

### Board of Regents Order 2014-14

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 20, 2014, pursuant to a motion made by Regent Gwyn Shea and seconded by Regent Milton Lee, the Board approved the motion presented below:

Whereas, student request for the Master of Arts degree program in International Studies has been high, and

Whereas, there are growing employment opportunities in the non-profit sector that call for graduates with these skills and expertise, and

Whereas, the Master of Arts degree program in International Studies will utilize existing courses, will not require any additional faculty and will require only minimal additional departmental resources, and

Whereas, the Master of Arts degree program in International Studies will be interdisciplinary in nature, involving departments and coursework across the university and increasing graduate SCH,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. Add the Master of Arts degree program with a major in International Studies to the UNT degree program inventory.

VOTE: 7 ayes 0 nays      abstentions

### BOARD ACTION:

Attested By:



Julia A. Boyce, Secretary  
Board of Regents

Approved By:



Brint Ryan, Chairman  
Board of Regents



## Board Briefing

**Committee:** Academic

**Date Filed:** January 14, 2014

**Title:** Approval of UNT Doctor of Philosophy Degree Program with a Major in Electrical Engineering within the Department of Electrical Engineering within the College of Engineering

---

### **Background:**

The Electrical Engineering Doctor of Philosophy degree program augments the strategic plan of UNT to become a Tier-1 research university. In addition to educating students and creating an original knowledge base, students in this degree program will conduct advanced research within the discipline of electrical engineering. The new Electrical Engineering (EE) PhD program will purposefully engage students in entrepreneurship and patent development to move their original ideas and results to the marketplace smoothly. To create more job opportunities in the DFW region, Texas, and the nation, all EE PhD students will be required to obtain an entrepreneurship certificate from the College of Business at UNT, with at least one member of every PhD dissertation committee required to be an industrial expert in the relevant fields.

EE has the highest full time employment percentage among all engineering occupations. According to the latest Survey of Doctorate Recipients conducted by the National Science Foundation in 2008, 98.6% of EE doctoral recipients were employed, while the overall national unemployment rate was much higher. Both the projected employment data and current employment status indicate that there has been healthy demand for PhDs. in electrical engineering on a national basis. A quick search in indeed.com with keywords of "Electrical PhD" on October 6, 2013 shows 29 job openings in Dallas-Fort Worth area, 140 for Texas, and 2,061 for the US.

According to Academic Analytics, the EE department at UNT is ranked 92 among the 180 electrical engineering departments ranked, based on research productivity. Although UNT's EE Department is ranked in the top 51% of U.S. institutions after just 8 years of existence, UNT is the only one without a PhD program when compared to the four closest-ranking peer institutions. Doctoral students are critical to electrical engineering because of the extensive involvement of hands-on experiments and massive computational simulations. A PhD program will not only help produce more doctoral students, but will also help the department retain its talented faculty and attract additional high quality faculty to offer our graduate and undergraduate students the best possible educational experience.

The research thrusts of the new EE PhD program at UNT will be different from the three existing programs in the DFW area: University of Texas at Dallas (UTD), University of Texas

at Arlington (UTA), and Southern Methodist University (SMU). With research emphases over three categories - intelligent wireless sensor networks and sustainable green technology in Communication and Signal Processing; energy efficient power-aware antennas and circuit design in Radio Frequency (RF) and Circuit Designs; and large scale complex airborne networks and cyber-physical systems in Systems and Control - this PhD program in EE at UNT will contribute significantly toward increasing the amount of research funding brought to the DFW region.

---

## Financial Analysis/History:

All core faculty in Electrical Engineering will direct PhD dissertation research and split their teaching time evenly among the three degree program levels - BS, MS, and PhD. Support faculty from other schools/colleges/departments will assist with industrial collaboration and entrepreneurship courses.

Three Teaching Fellowship (TF) and five Teaching Assistantship (TA) lines are currently assigned to the Department of Electrical Engineering; TA positions will be increased by the College as enrollment numbers increase. Research Assistantship (RA) positions will also increase as the number of external grants increase over the next five years.

Total costs to the institution for the first 5 years of the program are expected to be \$4,184,829.

Anticipated sources of funding are expected to be:

- \$3,582,165 from reallocation of existing resources (Faculty, Administration, and Graduate Student Stipends);
- \$286,000 from federal funding (to cover additional Graduate Student Stipends); and
- \$316,664 allocated from new tuition generated from increased enrollments will be requested.

**Andrew M. Harris** Digitally signed by Andrew M. Harris  
DN: cn=Andrew M. Harris, o=VP for Finance and  
Administration, ou=University of North Texas,  
email=aharris@unt.edu, c=US  
Date: 2014.02.10 14:54:12 -0600

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Institution Chief Financial Officer

**James Maguire** Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for Administrative Services,  
ou=UNT System, email=james.maguire@untsystem.edu, c=US  
Date: 2014.02.10 16:23:05 -0600

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VC for Facilities/Interim VC for Finance

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## Legal Review:

This item has been reviewed by General Counsel.

**Nancy S. Footer** Digitally signed by Nancy S. Footer  
DN: cn=Nancy S. Footer, o=UNT System, ou=OGC,  
email=nancy.footer@untsystem.edu, c=US  
Date: 2014.02.14 11:33:11 -0600

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Vice Chancellor/General Counsel

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**Schedule:**

Begin, Fall 2015

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**Recommendation:**

The President recommends that the Board of Regents approve the authorization of a new Doctor of Philosophy degree program with a major in Electrical Engineering within the Department of Electrical Engineering.

**Recommended By:**

Warren Burggren

---

Provost and VPAA

Neal  
Smatresk

Digitally signed by Neal Smatresk  
DN: cn=Neal Smatresk, o=University  
of North Texas, ou=President,  
email=neal.smatresk@unt.edu, c=US  
Date: 2014.02.12 10:30:35 -06'00'

---

President

Rosemary R.  
Haggett

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North Texas System, ou=Vice Chancellor for  
Academic Affairs and Student Success,  
email=rosemary.haggett@untssystem.edu, c=US  
Date: 2014.02.10 13:17:05 -06'00'

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Vice Chancellor

Lee  
Jackson

Digitally signed by Lee Jackson  
DN: cn=Lee Jackson, o=UNT  
System, ou=Chancellor's Office,  
email=chancellor@unt.edu, c=US  
Date: 2014.02.13 10:28:52 -06'00'

---

Chancellor



## Board Order

**Title:** Approval of UNT Doctor of Philosophy Degree Program with a Major in Electrical Engineering within the Department of Electrical Engineering within the College of Engineering

### Board of Regents Order 2014-15

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 20, 2014, pursuant to a motion made by Regent Gwyn Shea and seconded by Regent Milton Lee, the Board approved the motion presented below:

Whereas, the PhD program with a major in Electrical Engineering will engage students in entrepreneurship and patent development to create more job opportunities and contribute significantly toward increasing the amount of research dollars brought to the DFW region, and

Whereas, the PhD program with a major in Electrical Engineering will produce more PhD students, retain talented faculty in the department, and attract additional high quality faculty, and

Whereas, total costs to the institution for the first 5 years of the program are expected to be \$4,184,829, with total anticipated sources of funding expected to be \$4,184,829,

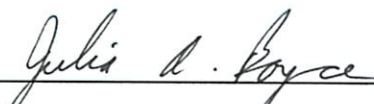
Now, Therefore, The Board of Regents authorizes and approves the following:

1. The authorization of a new Doctor of Philosophy degree program with a major in Electrical Engineering within the Department of Electrical Engineering at UNT.

VOTE: 7 ayes 0 nays      abstentions

### BOARD ACTION:

Attested By:

  
\_\_\_\_\_

Julia A. Boyce, Secretary  
Board of Regents

Approved By:

  
\_\_\_\_\_

Brint Ryan, Chairman  
Board of Regents



## Board Briefing

**Committee:** Facilities

**Date Filed:** January 21, 2014

**Title:** Budget Approval for the Renovation of the Medical Professional Building at the UNT Health Science Center

---

### Background:

In January 2005, the Board of Regents approved the purchase of the former Osteopathic Medical Center of Texas. Along with the hospital facility, several ancillary buildings were included with the acquisition including a 28,700 gross square feet facility at 1501 Haskell Street known as the Medical Professional Building. Since the purchase, the UNT Health Science Center (UNTHSC) has maintained the Medical Professional Building as tenant leased space. The UNTHSC continues to grow, and relocating administrative and student services to this facility will allow expansion of other academic and research spaces.

On December 5, 2013 the Board of Regents approved the selection of the architectural firm Dewberry Architects and delegated authority to the Vice Chancellor for Facilities Planning and Construction to select the Construction Manager at Risk. The UNT System requested proposals for Construction Manager at Risk for pre-construction and construction services for this project. Responses were received and evaluated by a panel of representatives from UNTS and UNTHSC staff. Based on the panel's recommendation, the Vice Chancellor for Facilities Planning and Construction has selected Byrne Construction Services as the Construction Manager at Risk; Turner Construction Company was ranked second.

The current tenants within the building have vacated and a program study for this project has been completed. The project program outlines interior renovations, necessary upgrades of the mechanical systems, and essential life safety code upgrades. Based on this study, a budget not to exceed \$5,000,000 has been developed. The architectural design of the project is currently underway.

---

### Financial Analysis/History:

UNTHSC has allocated \$5,000,000 of institutional funds – Local as shown in the UNT Health Science Center Capital Project Schedule for February 2014. HSC continues to evaluate the potential for debt financing of capital projects. Funds for this project may be reimbursed to the campus from future bond proceeds should the HSC implement such debt program. Based on the completed program and associated budget estimate, the total project budget not to exceed \$5,000,000 has been established.

John A.  
Harman

Digitally signed by John A. Harman  
DN: cn=John A. Harman, o=UNTHSC,  
ou=Vice President for Finance and CFO,  
email=john.harman@unthsc.edu, c=US  
Date: 2014.02.11 14:15:19 -06'00'

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Institution Chief Financial Officer

James Maguire

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DN: cn=James Maguire, o=Vice Chancellor for Administrative Services, ou=UNT  
System, email=james.maguire@untsystem.edu, c=US  
Date: 2014.02.11 14:24:49 -06'00'

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VC for Facilities/Interim VC for Finance

---

### Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer

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DN: cn=Nancy S. Footer, o=UNT System, ou=OGC,  
email=nancy.footer@untsystem.edu, c=US  
Date: 2014.02.14 11:33:48 -06'00'

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Vice Chancellor/General Counsel

---

### Schedule:

Programming Complete  
Design Begins  
Construction Begins  
Construction Substantially Complete

January 2014  
January 2014  
March 2014  
September 2014

---

### Recommendation:

It is recommended that the Board of Regents authorize and approve the following Board Order.

### Recommended By:

James K. Davis

---

Associate Vice Chancellor for  
Facilities Planning and Development

James Maguire

Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for Administrative Services, ou=UNT  
System, email=james.maguire@untsystem.edu, c=US  
Date: 2014.02.11 14:54:08 -06'00'

Lee  
Jackson

Vice Chancellor  
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DN: cn=Lee Jackson, o=UNT  
System, ou=Chancellor's Office,  
email=chancellor@unt.edu,  
c=US  
Date: 2014.02.13 10:29:37 -06'00'

---

Chancellor





## Board Order

**Title:** Budget Approval for the Renovation of the Medical Professional Building at the UNT Health Science Center

### Board of Regents Order 2014-16

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 20, 2014, pursuant to a motion made by Regent Milton Lee and seconded by Regent Michael Bradford, the Board approved the motion presented below:

Whereas, The property located at 1501 Haskell Street (commonly referred to as the Medical Professional Building) was acquired as part of the acquisition of the Osteopathic Medical Center of Texas purchase in 2005, and

Whereas, a project budget of \$5,000,000 has been included in the UNT HSC Capital Projects Schedule, and

Whereas, the design of the renovation of the Medical Professional Building in currently underway, and

Now, Therefore, The Board of Regents authorizes and approves the following:

1. Approval of the project budget in the amount of \$5,000,000 for the renovation of the Medical Professional Building.

VOTE: 7 ayes   0 nays   \_\_\_\_\_ abstentions

### BOARD ACTION:

Attested By:

Julia A. Boyce, Secretary  
Board of Regents

Approved By:

Brint Ryan, Chairman  
Board of Regents



## Background Report

**Committee:** Finance

**Date Filed:** January 16, 2014

**Title:** UNT System Strategic Management Report

### Background:

The office of the Vice Chancellor for Finance reports to the Board of Regents on multiple Financial and Operational metrics. Certain Results will be highlighted in order to apprise the board of materials changes or significant outcomes.

### Financial Analysis/History:

This is a report item only.

**James Maguire**

Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for Administrative Services,  
ou=UNT System, email=james.maguire@untsystem.edu, c=US  
Date: 2014.02.10 16:23:29 -0600'

VC for Facilities/Interim VC for Finance

### Legal Review:

This item has been reviewed by General Counsel.

Vice Chancellor/General Counsel

### Schedule: N/A

No action required. Information only. Submitted by:

Allen Clemson

Interim Vice Chancellor for Finance

**Lee  
Jackson**

Digitally signed by Lee Jackson  
DN: cn=Lee Jackson, o=UNT  
System, ou=Chancellor's Office,  
email=chancellor@unt.edu, c=US  
Date: 2014.02.19 10:41:08 -06'00'

Chancellor

Attachments Filed Electronically:

- UNT System Strategic Management Report vol. 8

# UNT | SYSTEM™



## **STRATEGIC MANAGEMENT REPORT**

**ISSUE 8**

**February 2014**

# **CONTENTS**

**1. INSTITUTIONS AT A GLANCE**

**2. FINANCIAL HIGHLIGHTS**

**3. SHARED SERVICES**

# UNT | SYSTEM™



## **STRATEGIC MANAGEMENT REPORT**

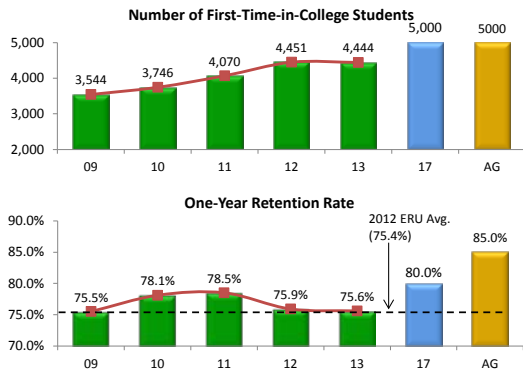
**INSTITUTIONS AT A GLANCE**

# KEY MEASURES OF PROGRESS



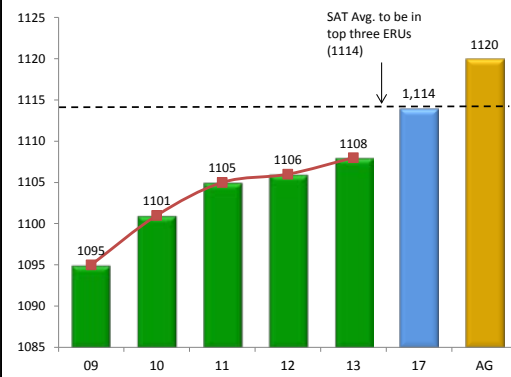
**Objective 1: Increase first-time-in-college (FTIC) enrollment to 5,000 and one-year retention to 80% by 2017.**

Measure: FTIC enrollment and one-year retention rate (Fall)



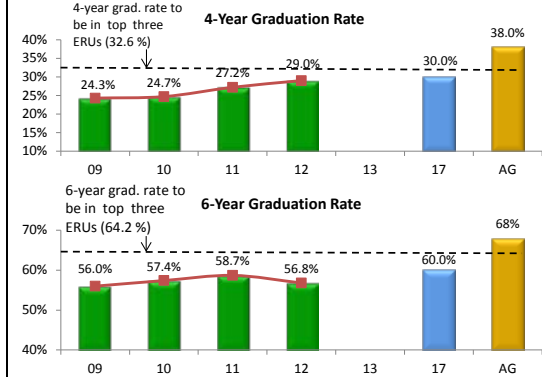
**Objective 2: Increase freshmen SAT averages and be in the top three ERUs.**

Measure: Average SAT score



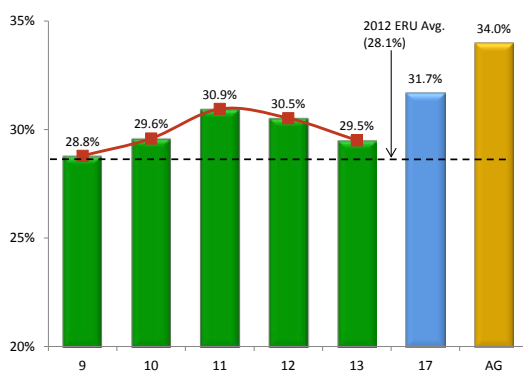
**Objective 3: Be in top three ERUs and attain 30% for 4-Year and 60% for 6-Year graduation rates.**

Measure: 4-Year and 6-Year graduation rates



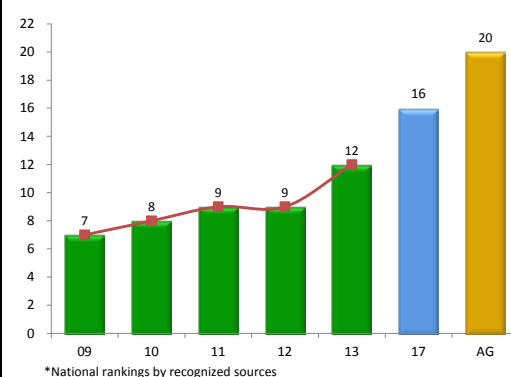
**Objective 4: Increase rate of degrees awarded per FTSE to 31.7% by 2017.**

Measure: Degrees Awarded/FTSE as a percentage



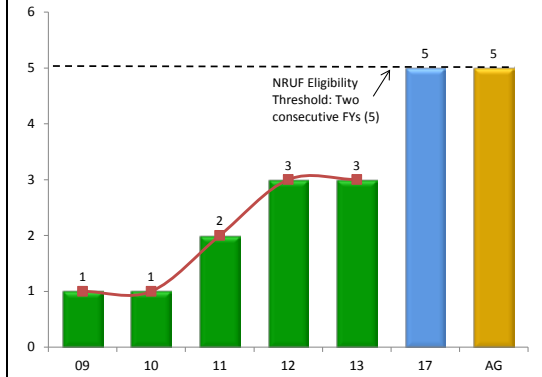
**Objective 5: Increase number of programs in the top 100 to 16.**

Measure: Number of programs ranked in top 100\*



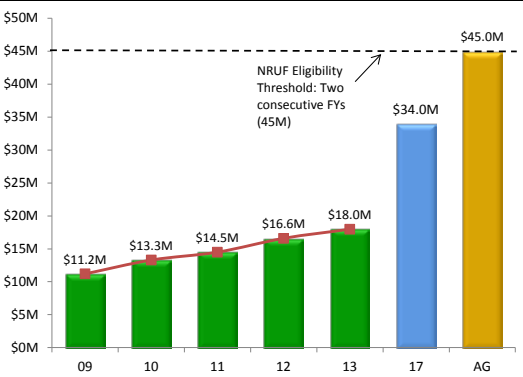
**Objective 6: Meet NRUF standards for faculty excellence by 2017.**

Measure: Number of National Academy members or Nobel Prize recipients



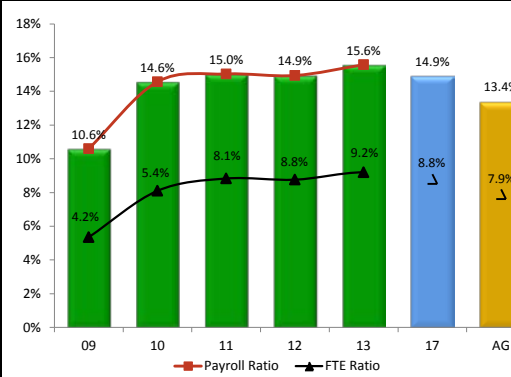
**Objective 7: Reach at least \$45M in restricted research expenditures by 2020.**

Measure: Restricted research expenditures



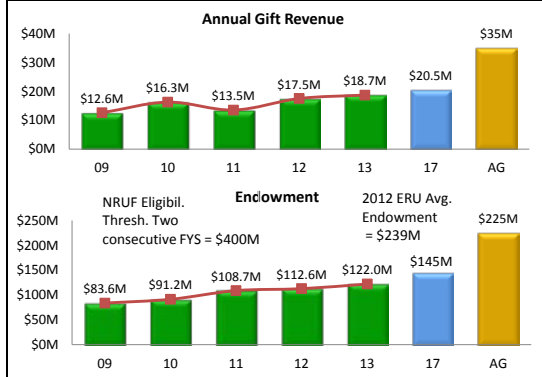
**Objective 8: Control administrative costs.**

Measure: Exec./Admin./Managerial payroll & FTE as a % of total

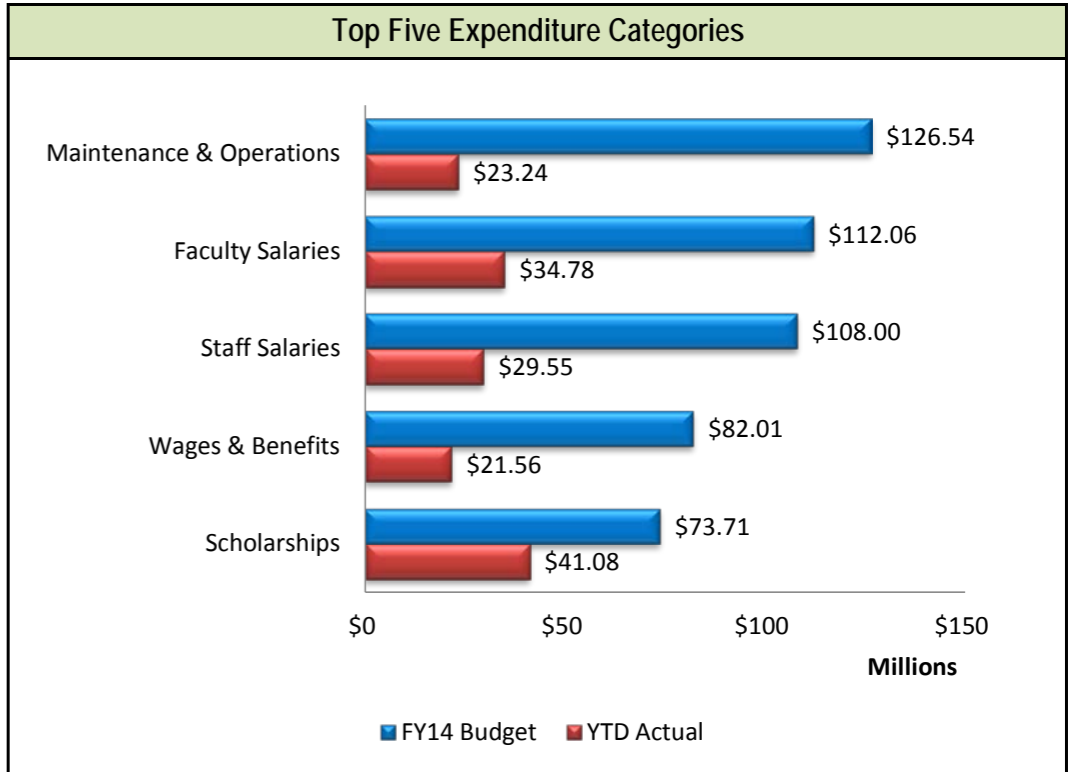
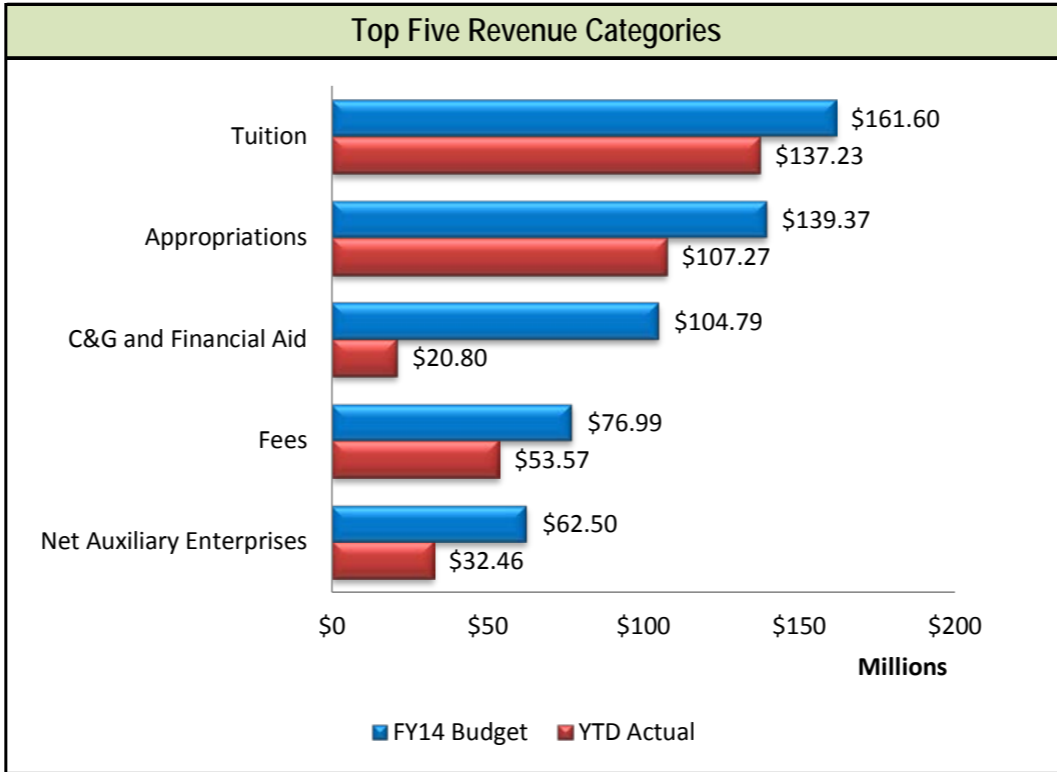
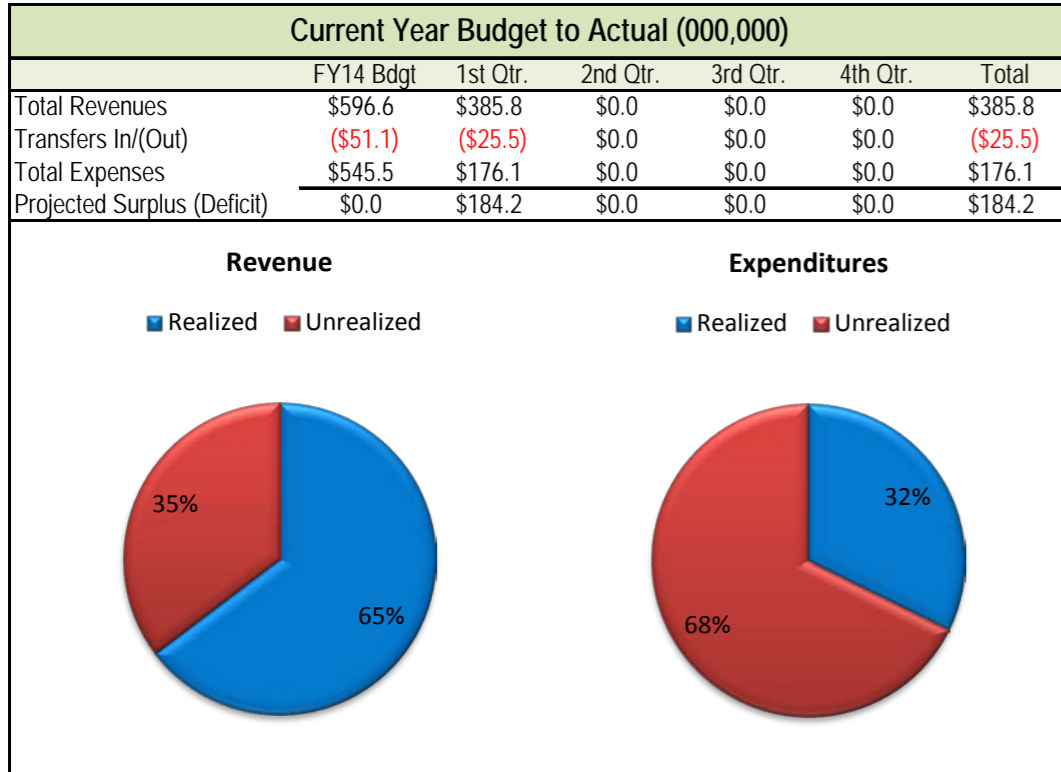


**Objective 9: Increase annual gift revenue to \$20.5M and achieve endowment of \$145M by 2017.**

Measure: Annual gift revenue and endowment value



# INSTITUTIONS AT A GLANCE - OPERATIONS

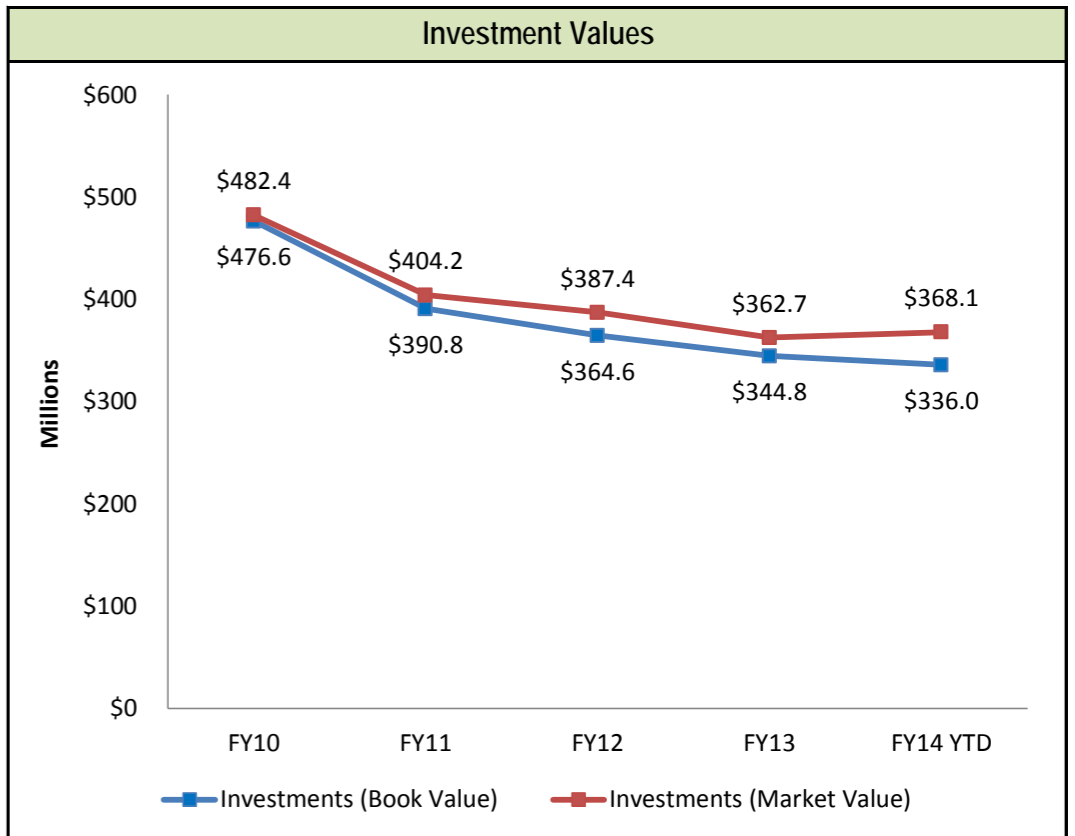
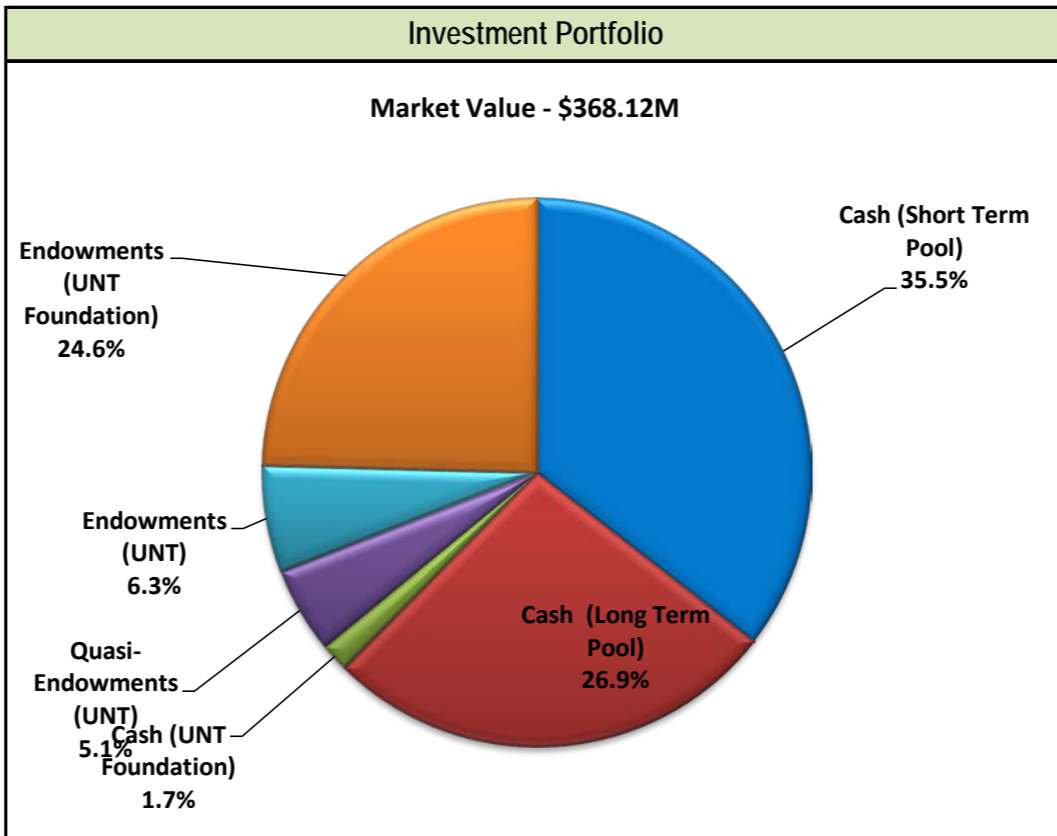
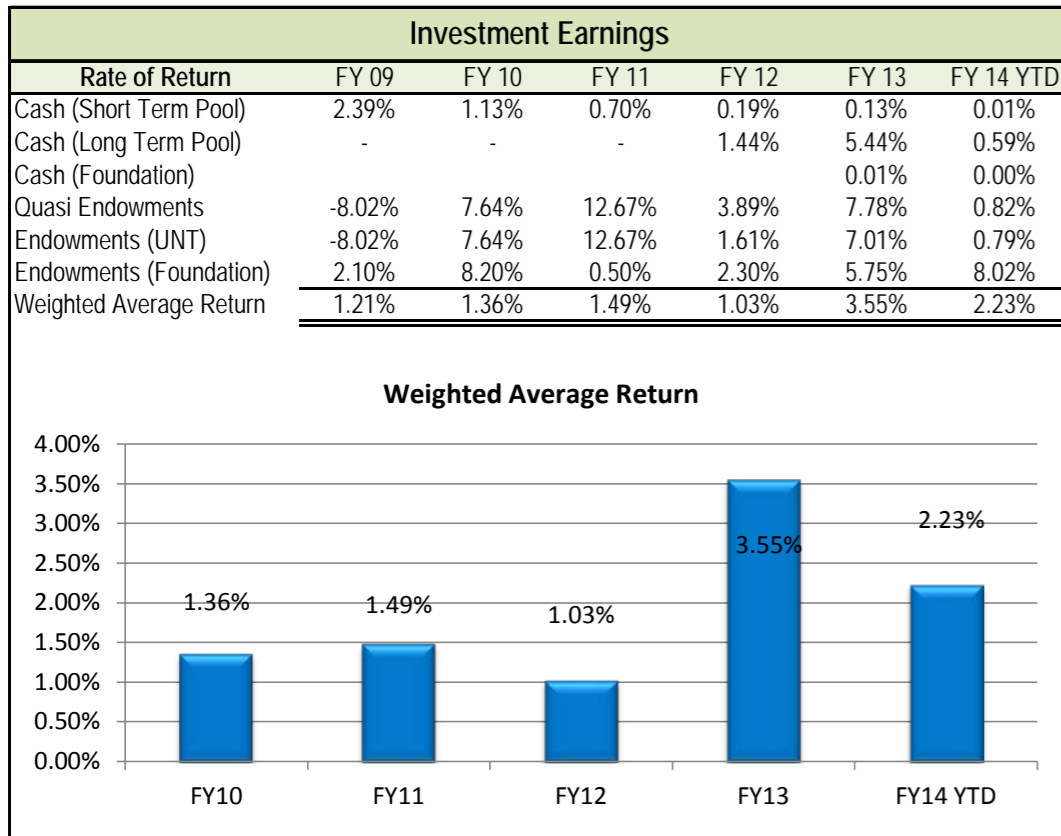
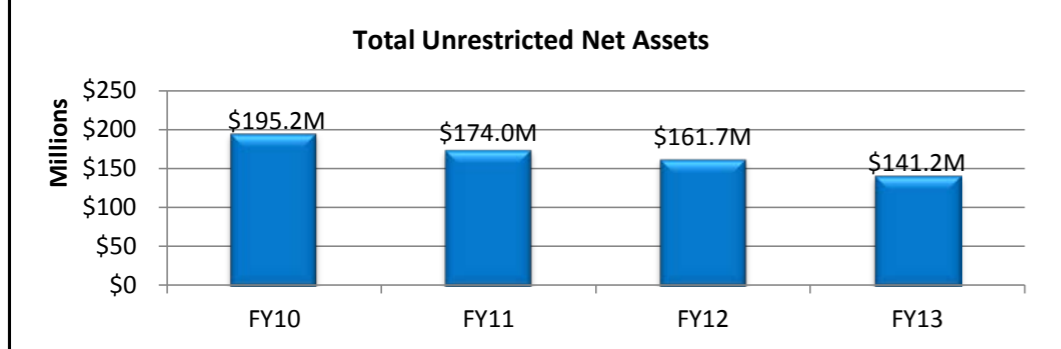
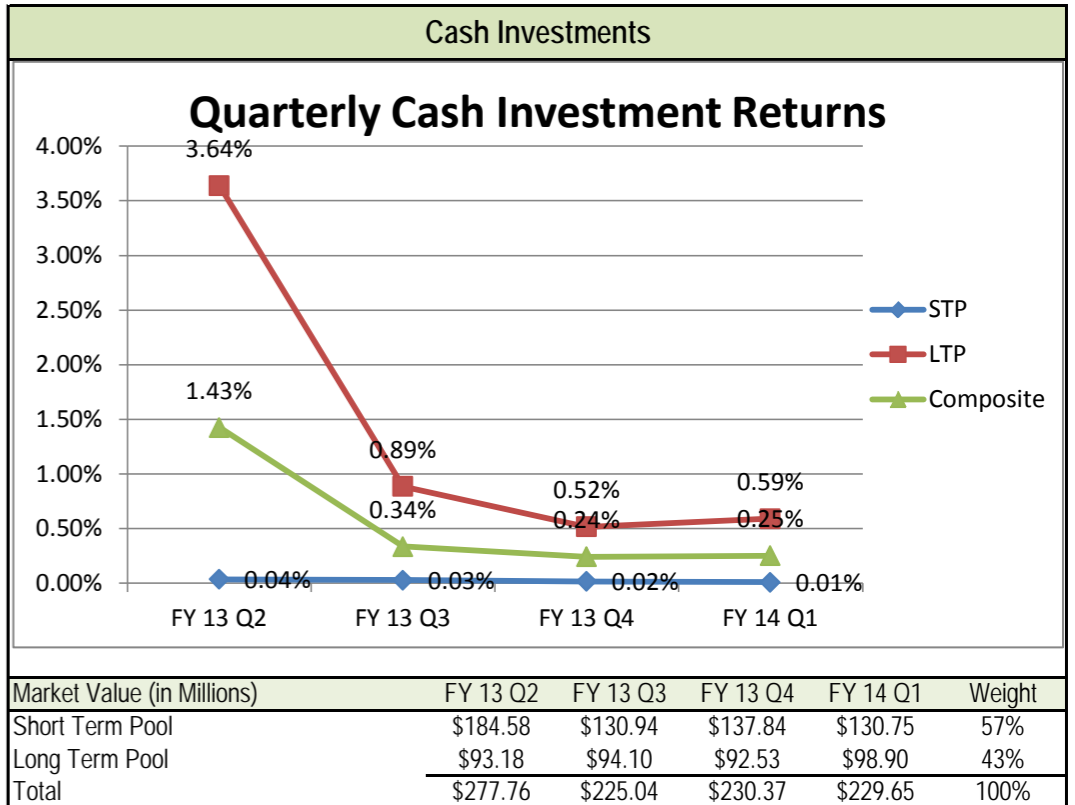
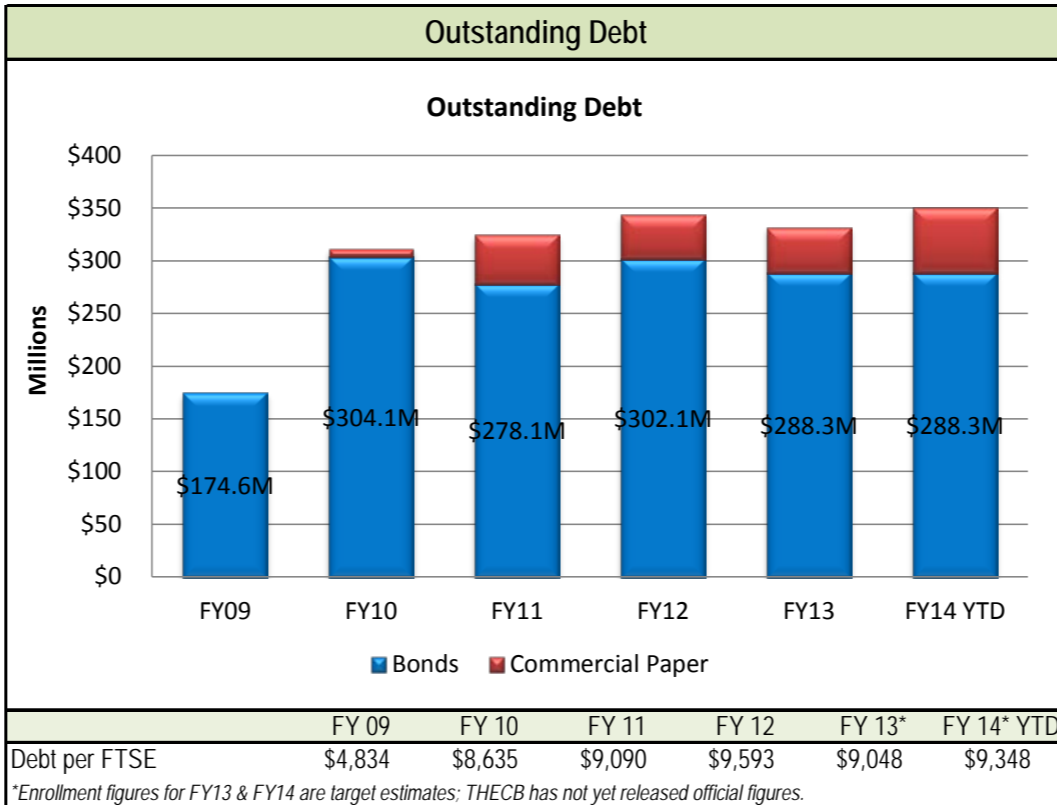


### Summary Income Statement and Balance Sheet (000,000)

Income Statement	FY 10	FY 11	FY 12	FY 13	FY 13-12	FY 13-12
Revenues	\$519.1	\$568.9	\$575.8	\$567.3	(\$8.6)	-1.5%
Transfers	(\$13.6)	(\$18.6)	(\$9.6)	(\$13.9)	(\$4.3)	45.0%
Expenditures	\$493.6	\$526.4	\$556.9	\$555.8	(\$1.1)	-0.2%
Surplus (Deficit)	\$11.9	\$23.8	\$9.3	(\$2.5)	(\$11.8)	-126.7%

Summary Balance Sheet	FY 10	FY 11	FY 12	FY 13	FY 13-12	FY 13-12
Assets	\$1,026.3	\$1,106.0	\$1,115.9	\$1,128.3	\$12.4	1.1%
Liabilities	\$513.0	\$569.0	\$569.5	\$584.4	\$14.9	2.6%
Net Assets	\$513.3	\$537.0	\$546.4	\$543.9	(\$2.5)	-0.5%



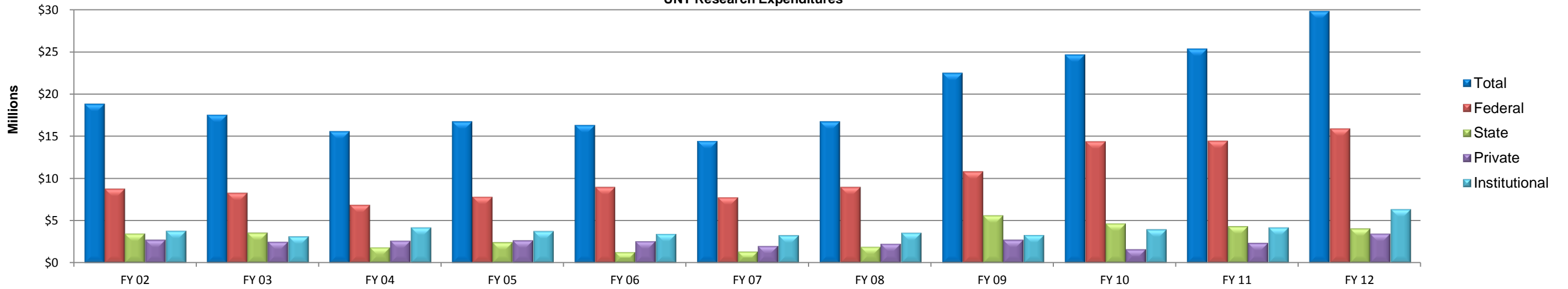
# INSTITUTIONS AT A GLANCE - RESEARCH FUNDING



UNT Research Expenditures by Source (millions)

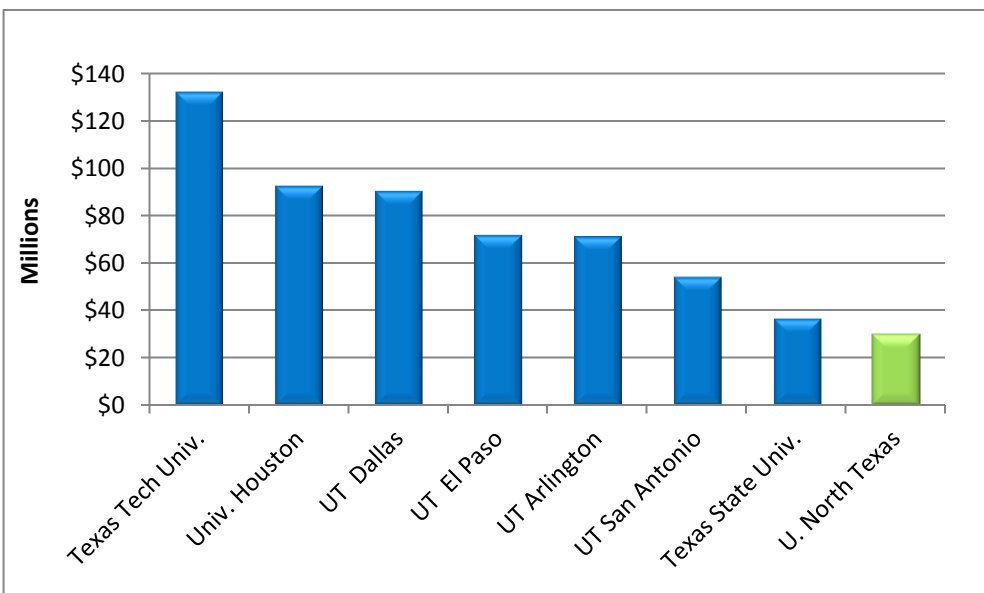
Metric	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Federal	\$8.83	\$8.33	\$6.93	\$7.88	\$9.03	\$7.82	\$9.04	\$10.87	\$14.46	\$14.50	\$15.98
State	\$3.47	\$3.57	\$1.86	\$2.45	\$1.30	\$1.38	\$1.92	\$5.61	\$4.67	\$4.34	\$4.08
Private	\$2.76	\$2.52	\$2.64	\$2.70	\$2.60	\$2.02	\$2.27	\$2.76	\$1.63	\$2.38	\$3.47
Institutional	\$3.82	\$3.16	\$4.20	\$3.77	\$3.44	\$3.27	\$3.56	\$3.32	\$3.97	\$4.20	\$6.37
Total	\$18.88	\$17.59	\$15.64	\$16.80	\$16.38	\$14.49	\$16.80	\$22.56	\$24.72	\$25.42	\$29.89

UNT Research Expenditures

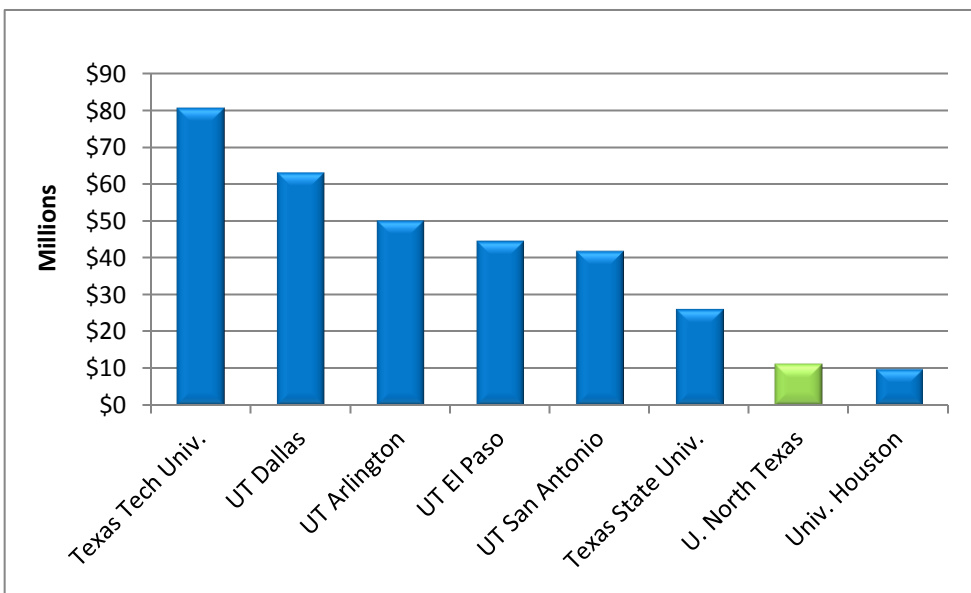


Research Expenditures- Peer Comparison

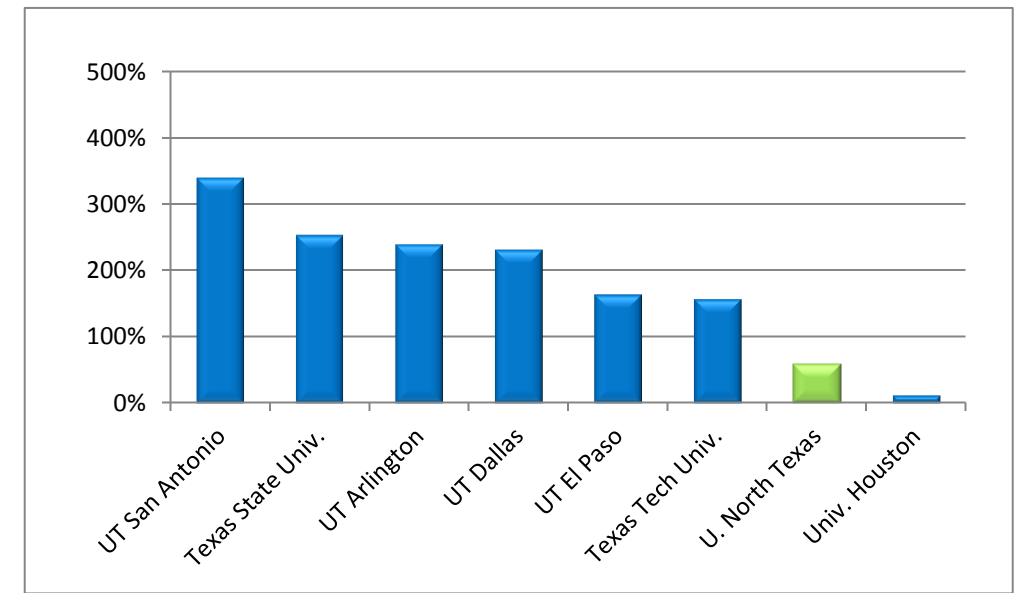
FY 2012 Total Research Expenditures- TX Emerging Reserach Universities



10-Yr (FY02-12) Dollar Amount Change in Total Research Expenditures- TX Emerging Research Universities

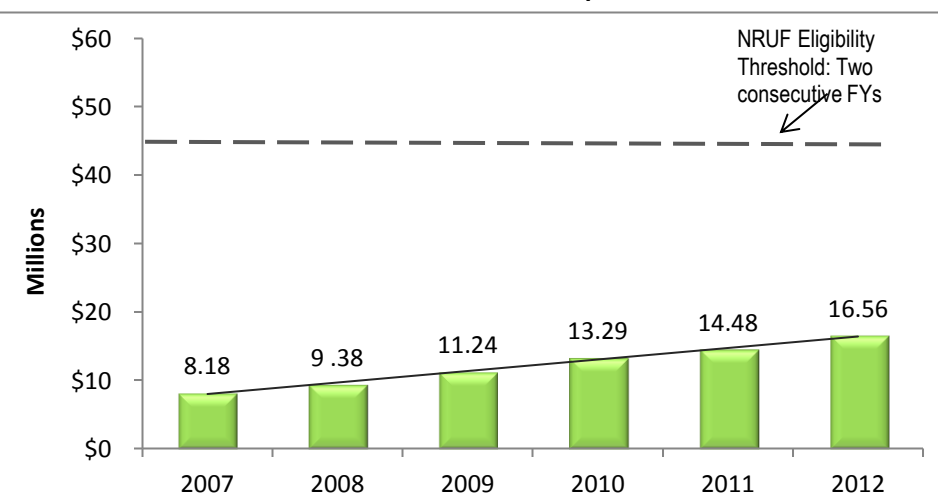


10-Yr (FY02-12) Percent Change in Total Research Expenditures- TX Emerging Research Universities

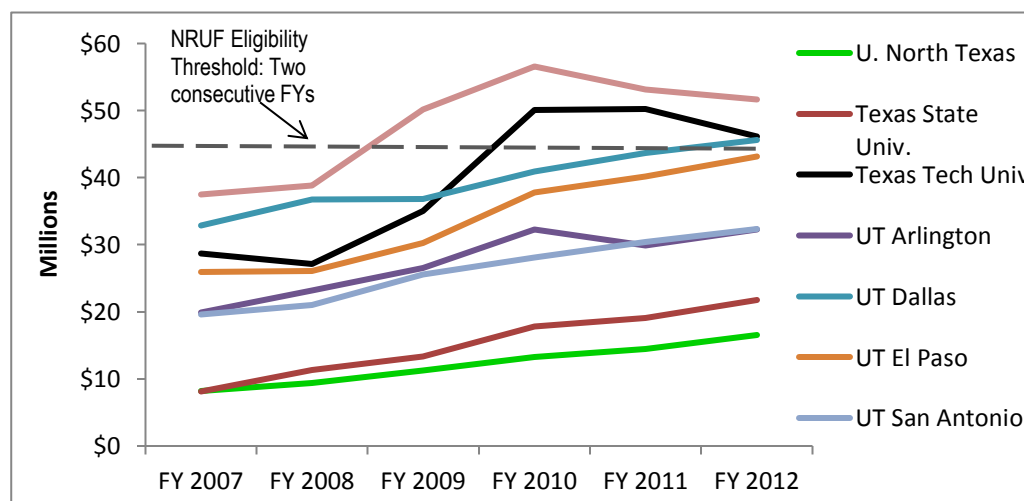


Restricted Research Expenditures

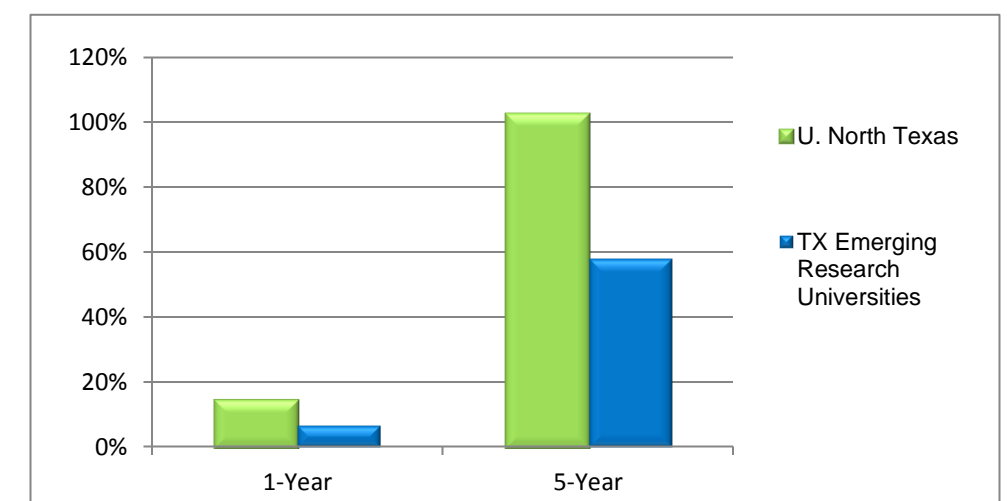
UNT Restricted Research Expenditures



Texas Emerging Universities Restricted Research Expenditures



Percent Change in Restricted Research Expenditures

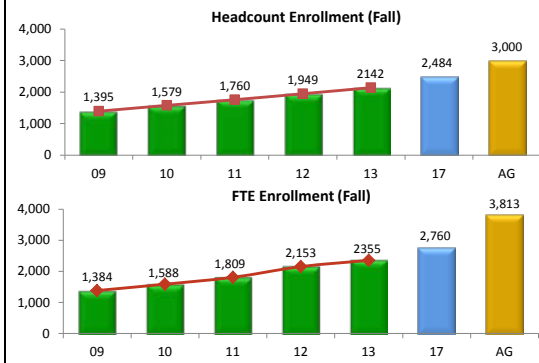




# KEY MEASURES OF PROGRESS

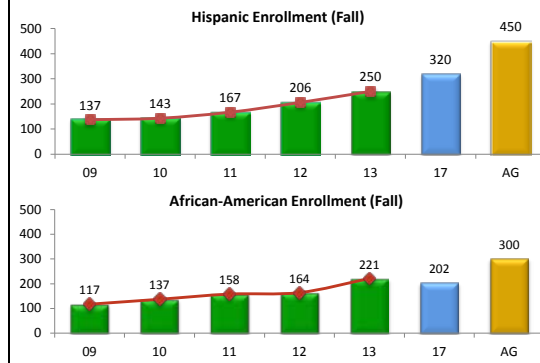
**Objective 1: Increase student headcount enrollment to 3,000 and FTE student enrollment to 3,813**

Measure: FTE and headcount enrollment (Fall)



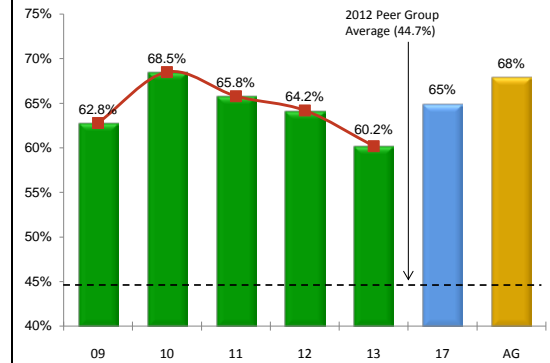
**Objective 2: Increase diversity while meeting the state's Closing the Gaps initiative**

Measure: Hispanic and African-American students enrolled



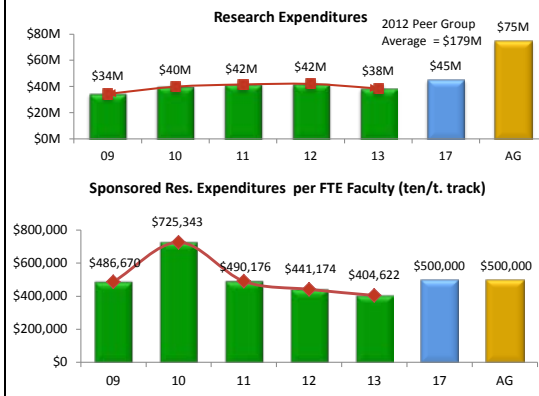
**Objective 3: Maintain percent of medical school graduates entering primary care specialties at 65%**

Measure: % of TCOM graduates entering primary care specialties



**Objective 4: Increase dollar value of total research expenditures to \$45M and sponsored research expenditures per tenured/tenure track FTE to \$500k**

Measure: Research expenditures: Total & per tenured/tenure track FTE



**Objective 5: Increase percent of patients taken to the exam room within 15 minutes of their scheduled appointment to 100%**

Measure: % of patients taken to the exam room within 15 minutes of their scheduled appointment

TBD

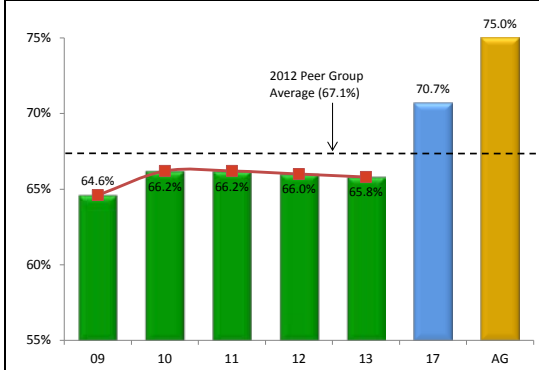
**Objective 6: Perform in the top ten percentile of selected national benchmarks**

Measure: Clinical Measure to be determined

TBD

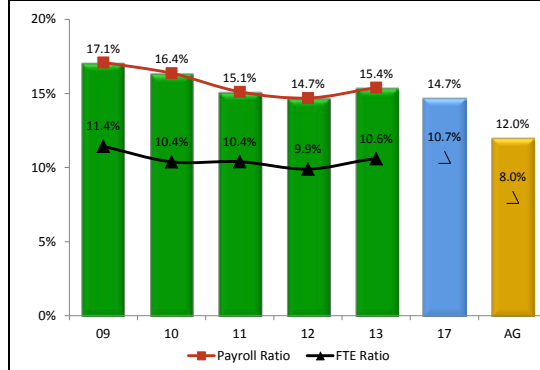
**Objective 7: Expand non-state revenue streams to over 70% of the institutional budget**

Measure: Percent of budget from non-state sources



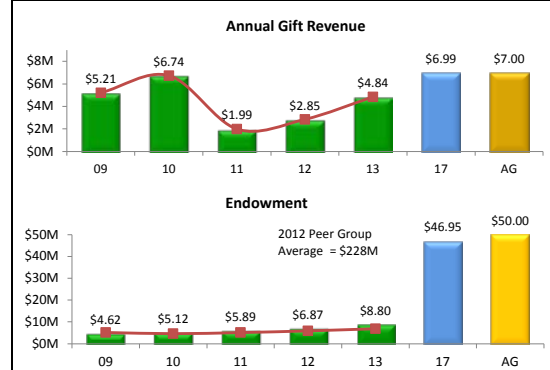
**Objective 8: Control administrative costs**

Measure: Exec/Admin/Managerial payroll & FTE as a % of total

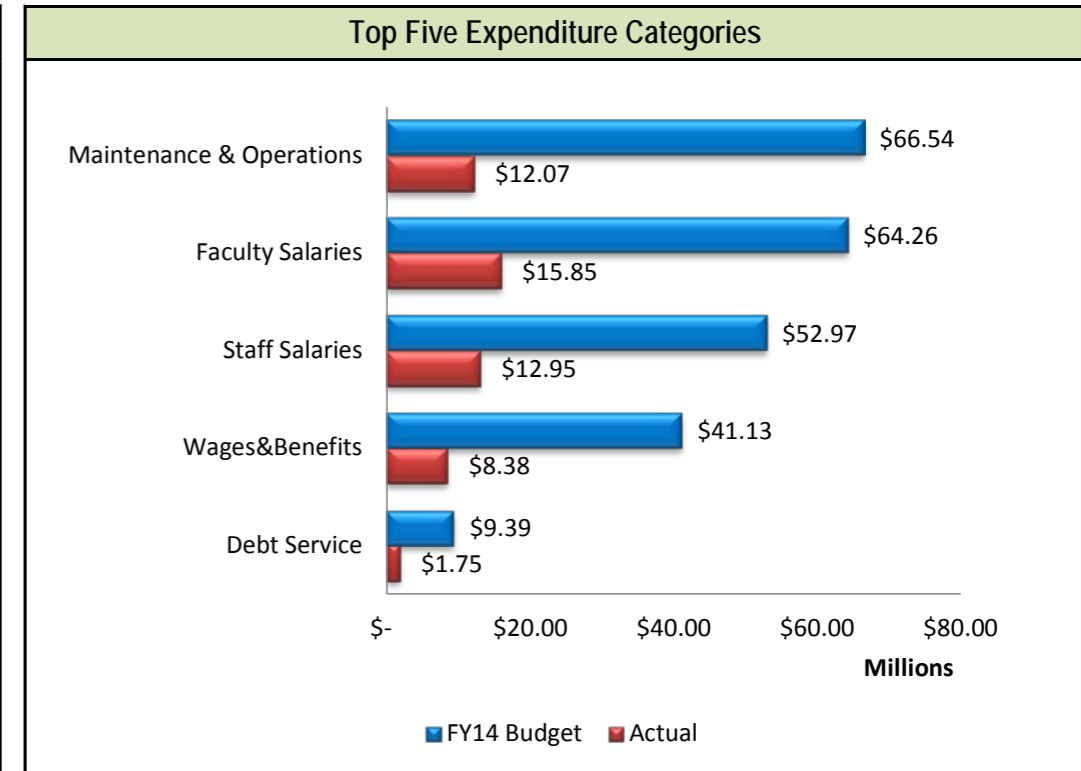
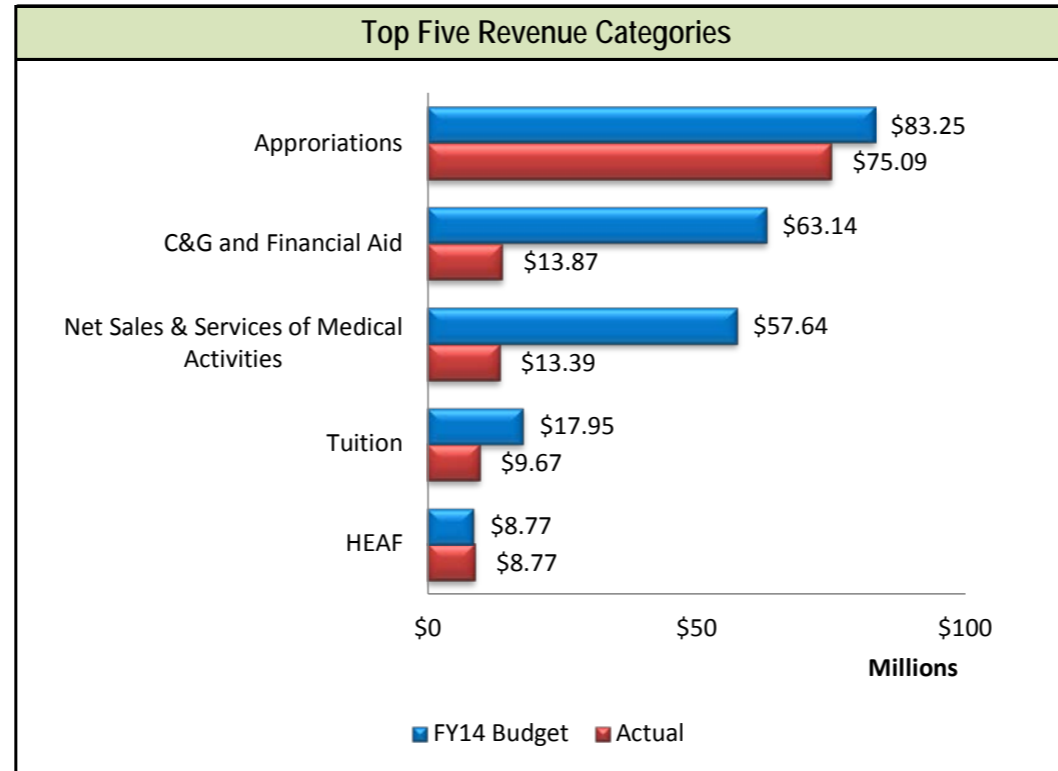
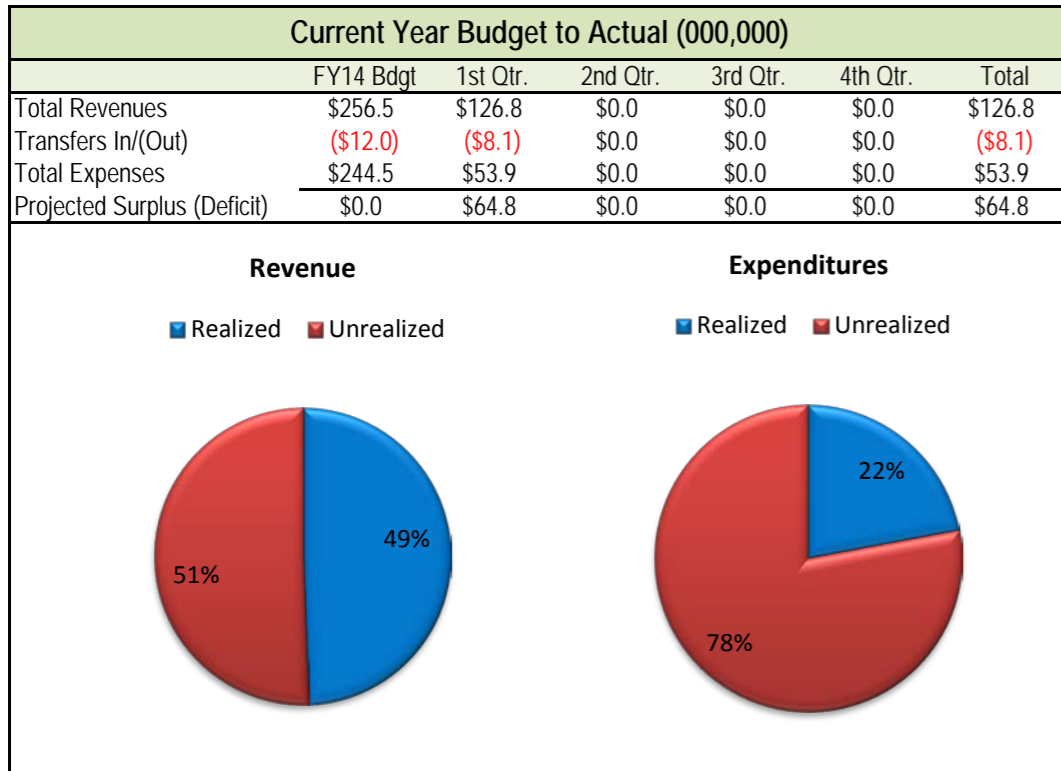


**Objective 9: Increase annual giving to \$7M and endowment to \$47M**

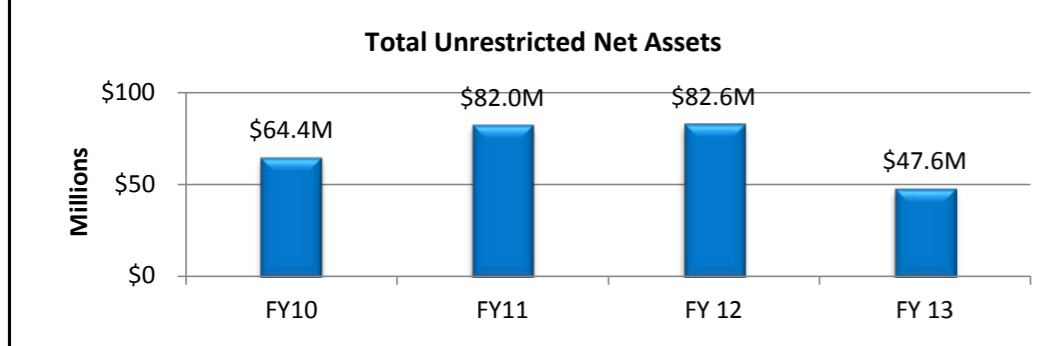
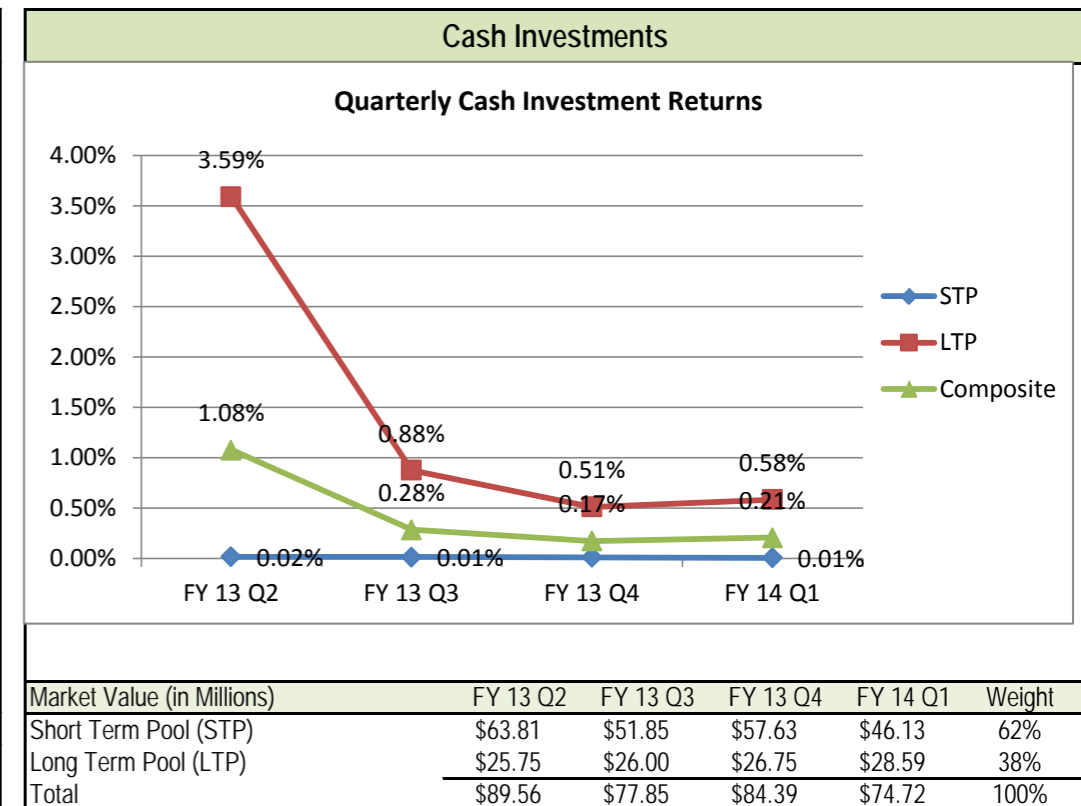
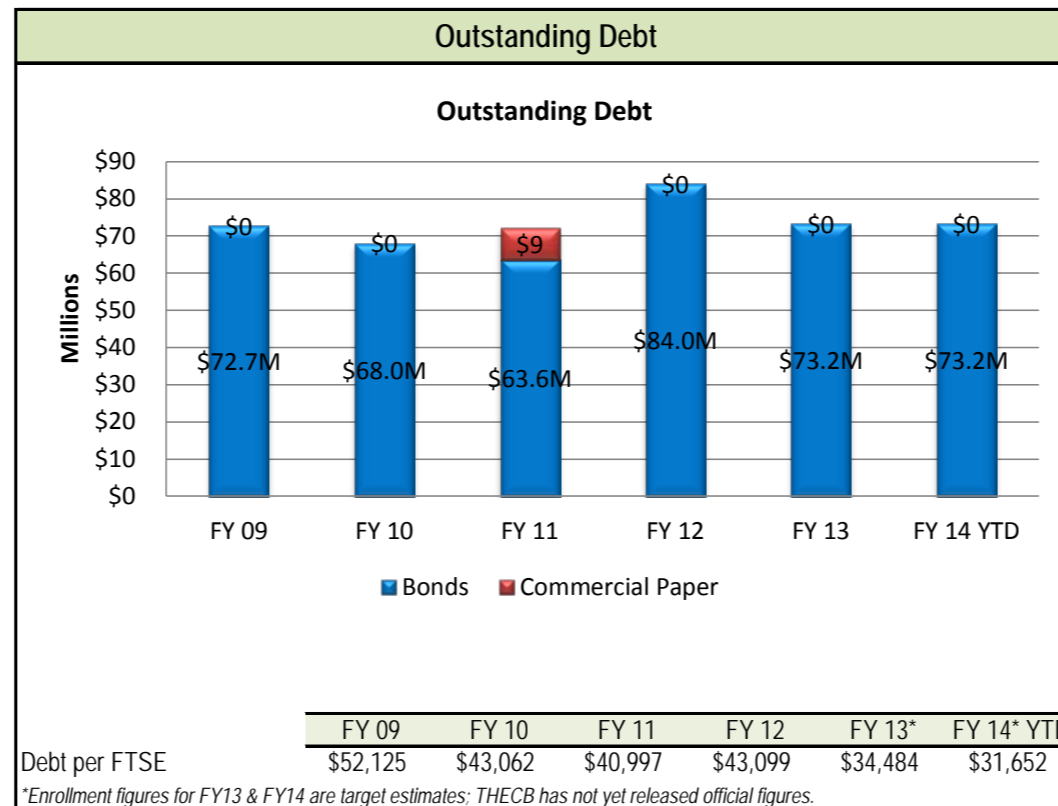
Measure: Annual gift revenue and endowment value



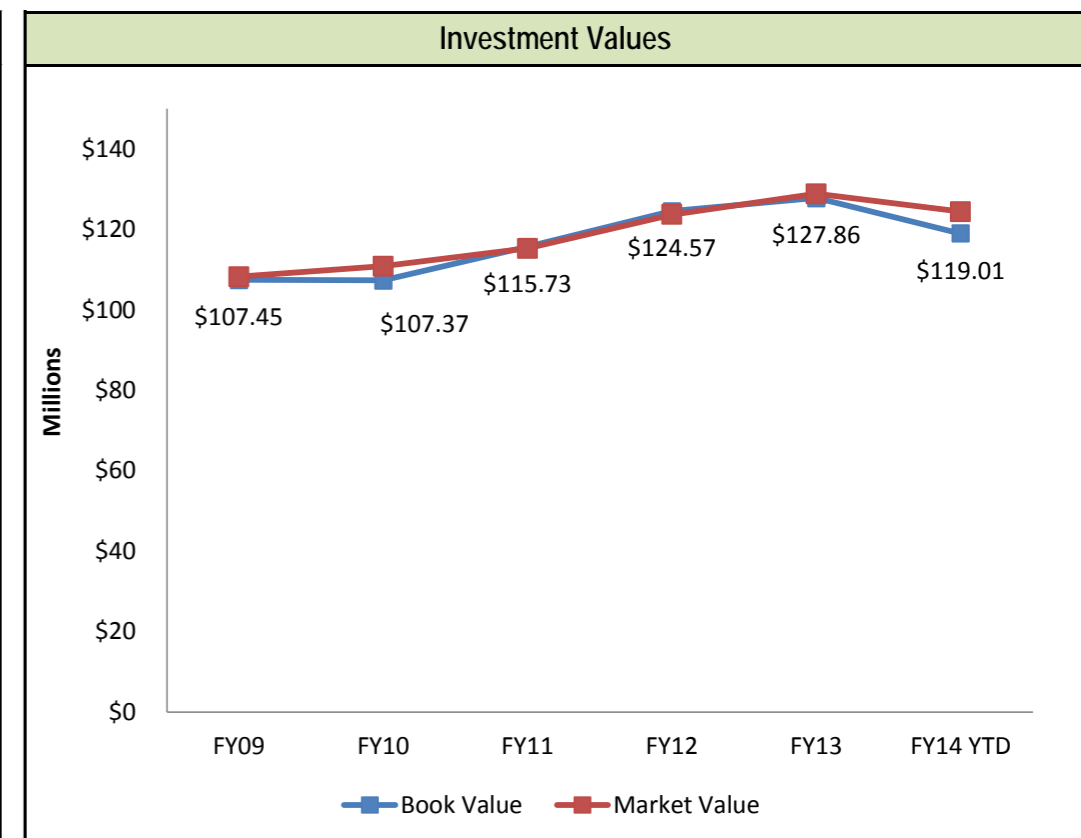
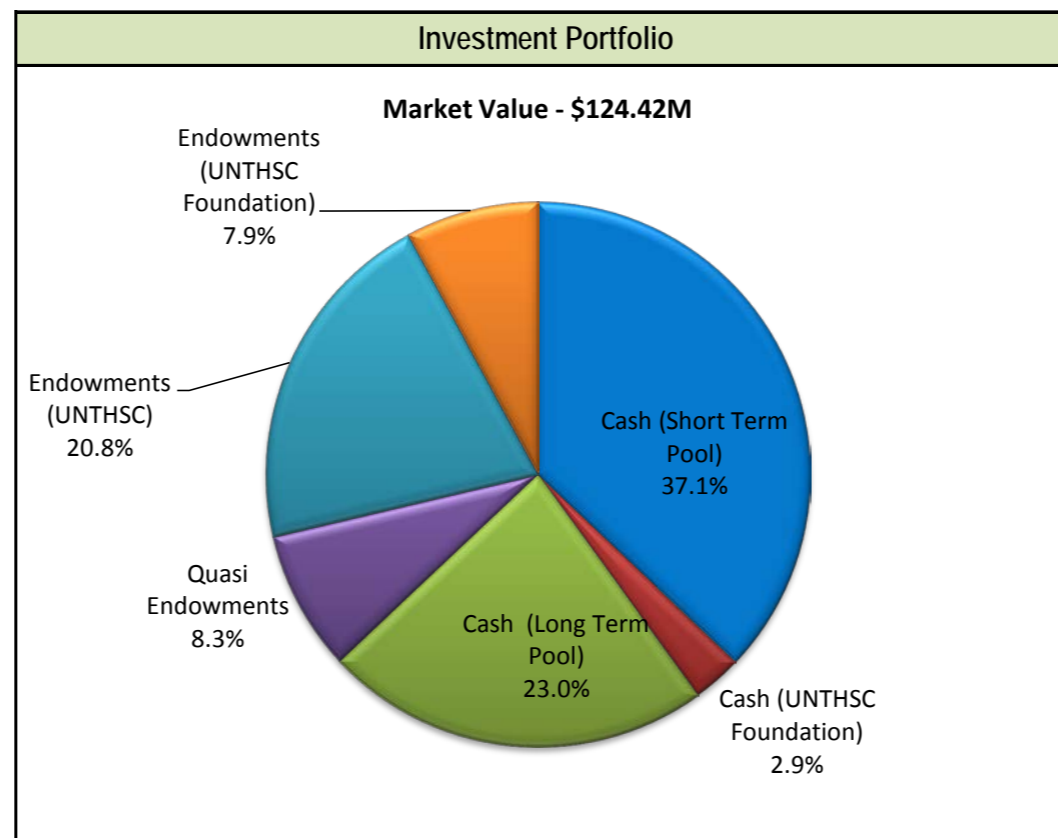
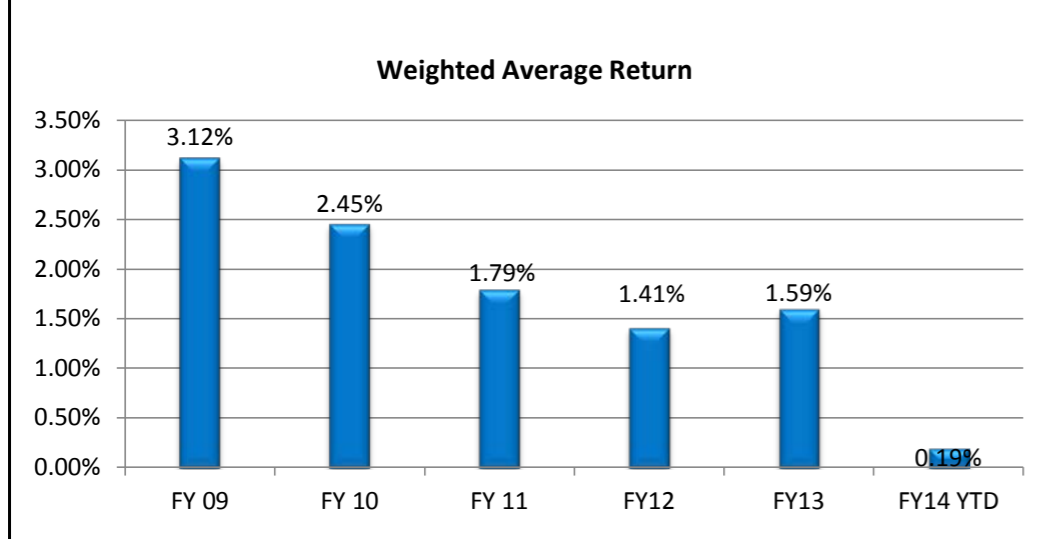
# INSTITUTIONS AT A GLANCE - OPERATIONS



Summary Income Statement and Balance Sheet (000,000)						
<b>Income Statement</b>						
	FY 10	FY 11	FY 12	FY 13	FY 13-12	FY 13-12
Revenues	\$211.9	\$231.0	\$224.3	\$220.6	(\$3.7)	-1.7%
Transfers	(\$0.4)	(\$2.3)	(\$2.6)	(\$2.7)	(\$0.1)	4.9%
Expenditures	\$196.9	\$214.3	\$224.6	\$227.1	\$2.4	1.1%
Surplus (Deficit)	\$14.7	\$14.4	(\$2.9)	(\$9.2)	(\$6.3)	217.2%
<b>Summary Balance Sheet</b>						
	FY 10	FY 11	FY 12	FY 13	FY 13-12	FY 13-12
Assets	\$276.2	\$300.2	\$306.2	\$292.7	(\$13.5)	-4.4%
Liabilities	\$113.1	\$122.7	\$131.7	\$127.3	(\$4.4)	-3.3%
Net Assets	\$163.0	\$177.4	\$174.5	\$165.4	(\$9.2)	-5.2%



Investment Earnings						
<b>Rate of Return</b>	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14 YTD
Cash (Short Term Pool)	2.01%	1.35%	1.23%	0.04%	0.05%	0.01%
Cash (Long Term Pool)	0.00%	0.00%	0.00%	1.62%	5.36%	0.58%
Quasi Endowments					5.65%	0.50%
Endowments (UNTHSC)	4.79%	4.76%	4.71%	4.33%	0.51%	0.20%
Endowments (Foundation)	17.95%	11.18%	-1.45%	5.85%	5.12%	0.22%
Weighted Average Return	3.12%	2.45%	1.79%	1.41%	1.59%	0.19%

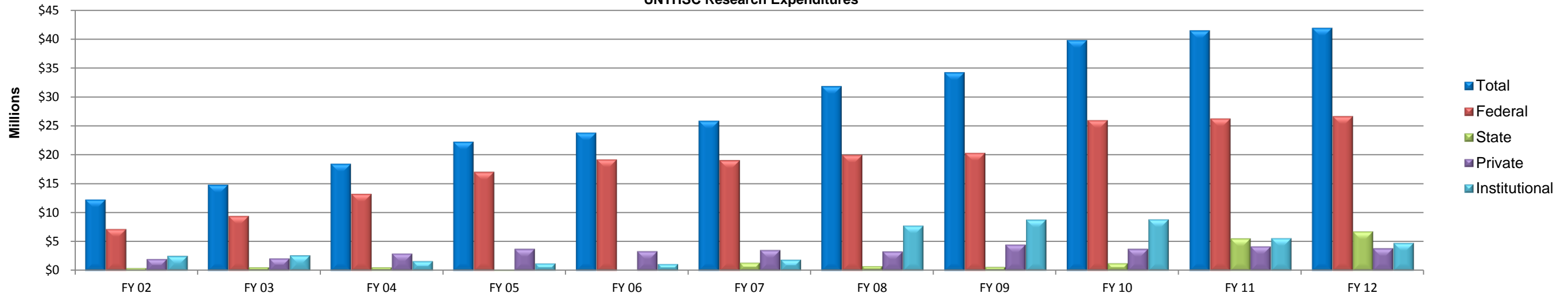


# INSTITUTIONS AT A GLANCE - RESEARCH FUNDING

UNTHSC Research Expenditures by Source (millions)

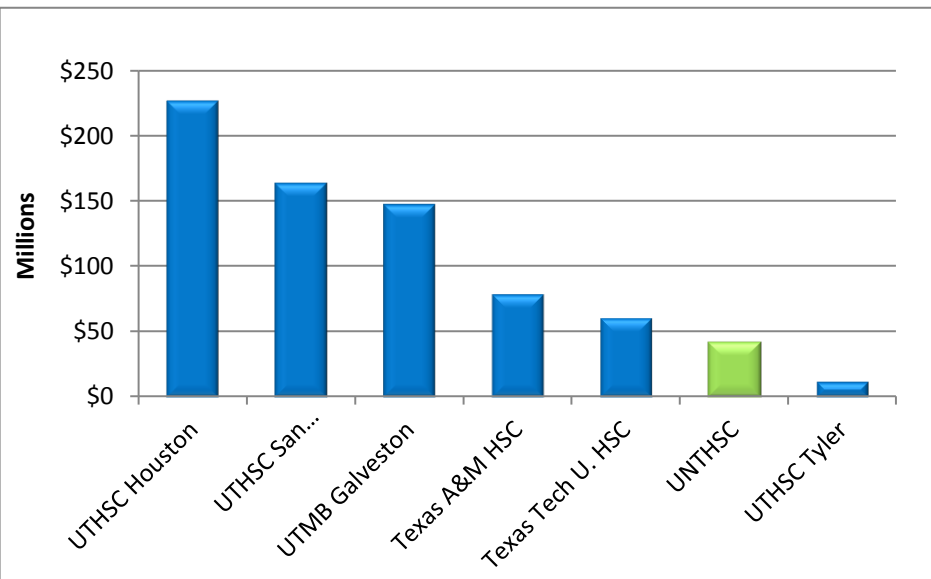
Metric	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Federal	\$7.22	\$9.45	\$13.26	\$17.04	\$19.18	\$19.05	\$19.98	\$20.34	\$25.94	\$26.24	\$26.63
State	\$0.48	\$0.63	\$0.61	\$0.23	\$0.10	\$1.38	\$0.80	\$0.65	\$1.32	\$5.49	\$6.67
Private	\$2.05	\$2.15	\$2.96	\$3.74	\$3.38	\$3.55	\$3.31	\$4.49	\$3.73	\$4.16	\$3.82
Institutional	\$2.59	\$2.67	\$1.70	\$1.31	\$1.21	\$1.94	\$7.80	\$8.84	\$8.87	\$5.66	\$4.83
Total	\$12.35	\$14.90	\$18.52	\$22.33	\$23.87	\$25.91	\$31.90	\$34.31	\$39.85	\$41.55	\$41.95

UNTHSC Research Expenditures

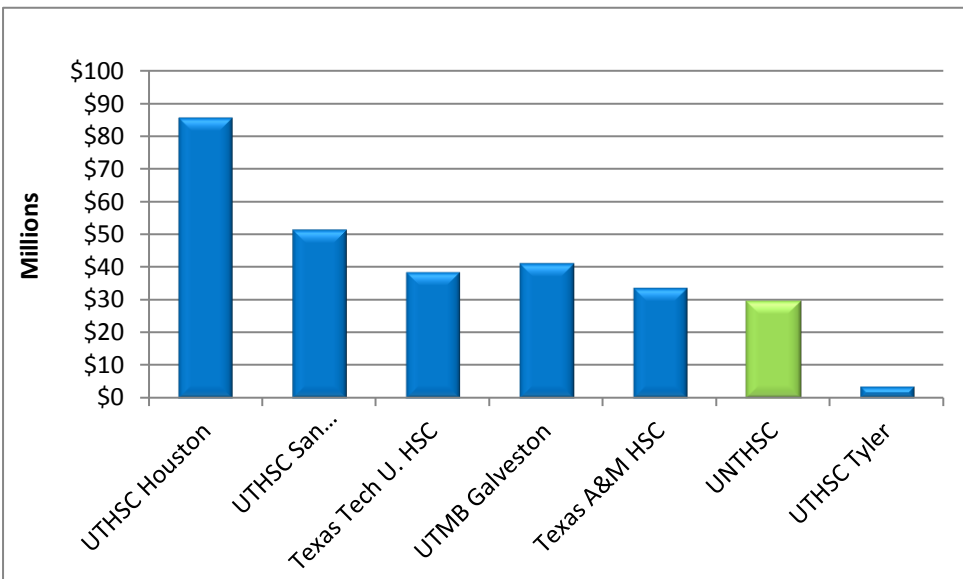


Research Expenditures- Peer Comparison

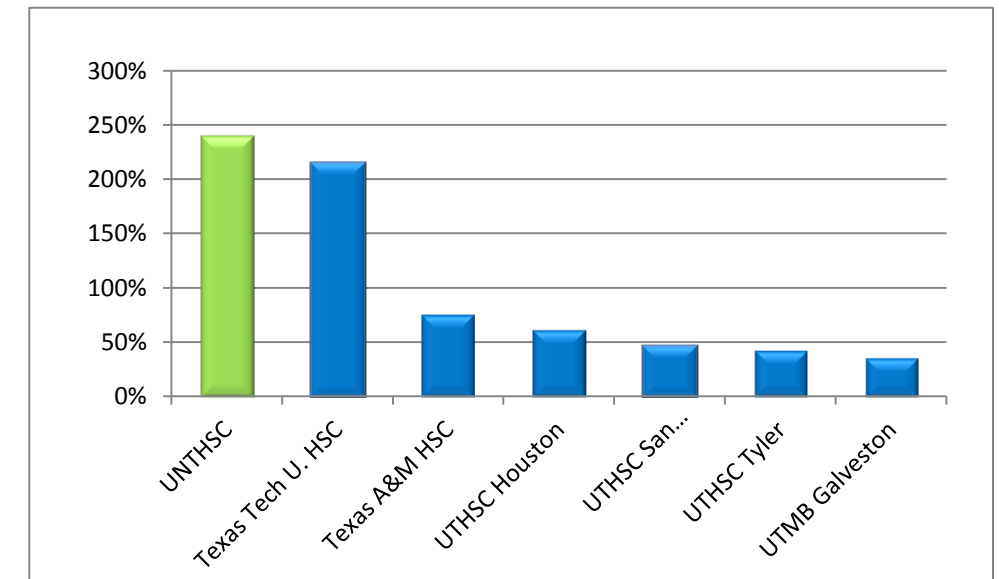
FY 2012 Total Research Expenditures- TX Public Health-Related Institutions



10-Yr (FY02-12) Dollar Amount Change in Total Research Expenditures- TX Public Health-Related Institutions

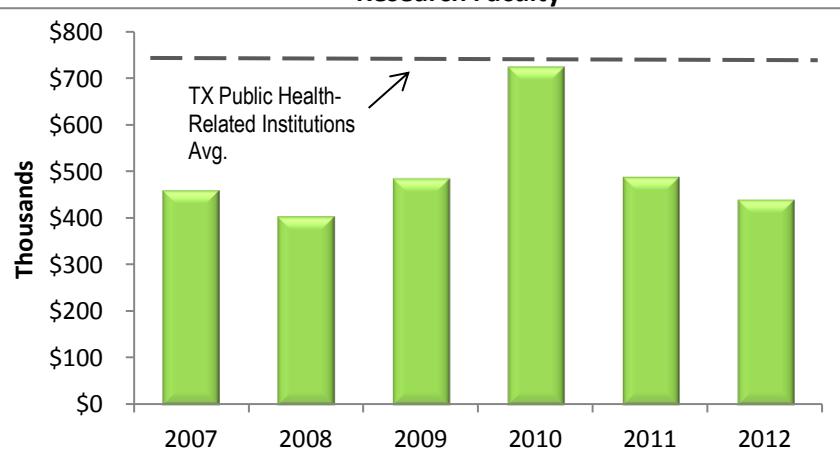


10-Yr (FY02-FY2012) Percent Change in Total Research Expenditures-TX Public Health-Related Institutions

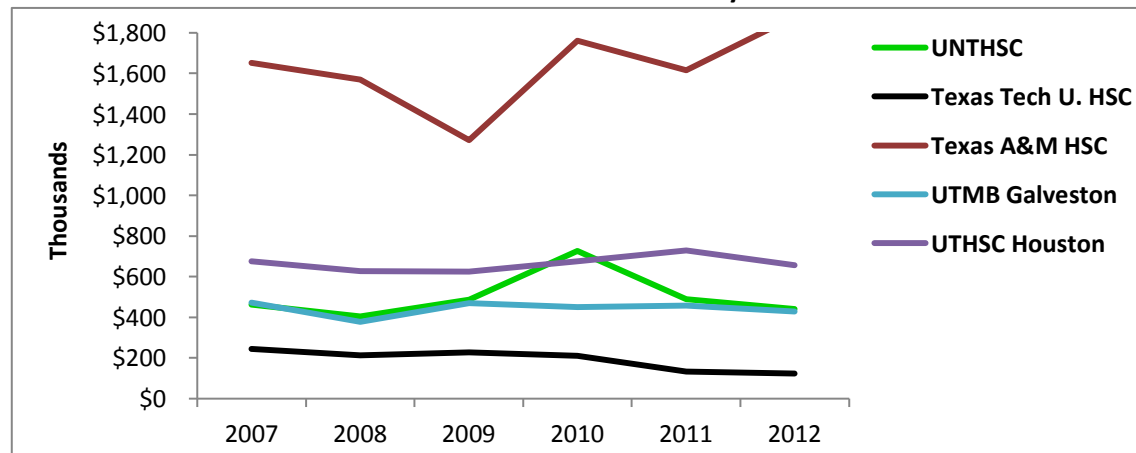


Sponsored Research Expenditures per FTE Research Faculty

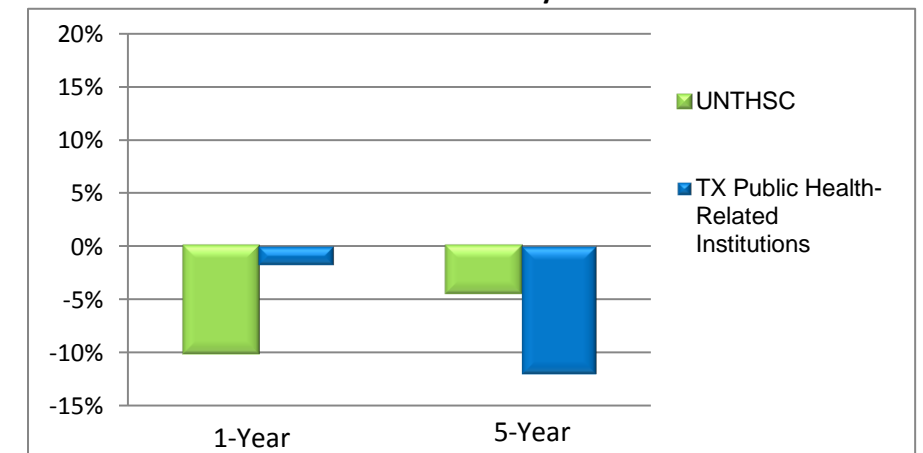
UNTHSC Sponsored Research Expenditures per FTE Research Faculty



TX Public Health-Related Institutions Sponsored Research Expenditures per FTE Research Faculty



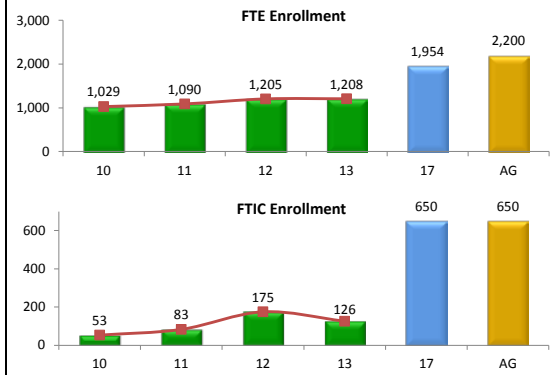
Rate of Change in Sponsored Research Expenditures per FTE Research Faculty



KEY MEASURES OF PROGRESS

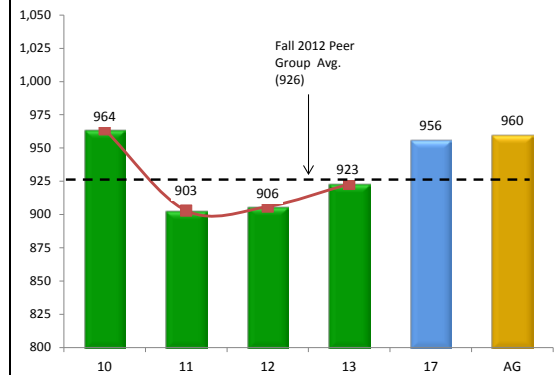
**Objective 1: Increase the full-time equivalent (FTE) enrollment to 1,954 and first-time-in-college (FTIC) enrollment to 650 by 2017.**

Measure: Student FTE and FTIC enrollment (Fall)



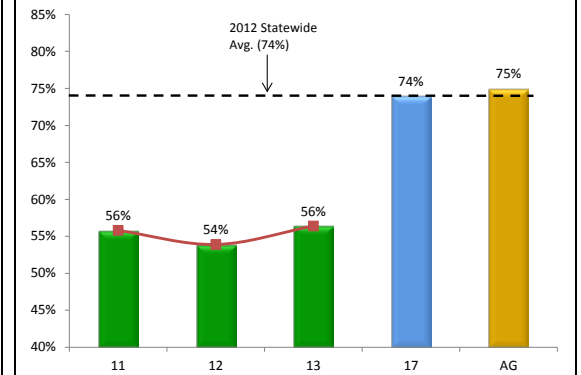
**Objective 2: Increase the mean SAT score of incoming freshmen to 956 by 2017.**

Measure: Average SAT score of freshman students (Fall)



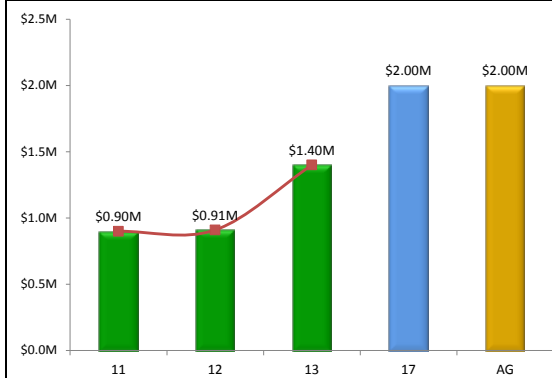
**Objective 3: Improve the FTIC one-year retention rate to meet or exceed the statewide average.**

Measure: One-year retention rate of FTIC students (Fall)



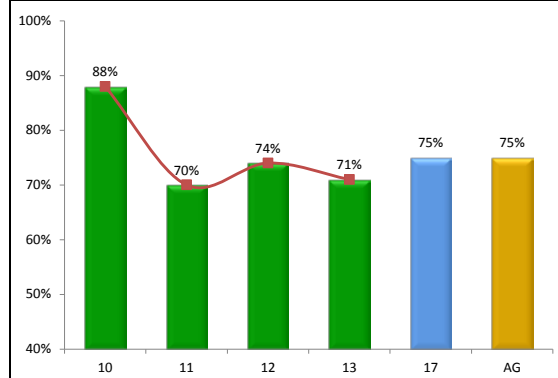
**Objective 4: Double the value of merit scholarships from 2012 to 2017.**

Measure: Annual value of merit scholarships



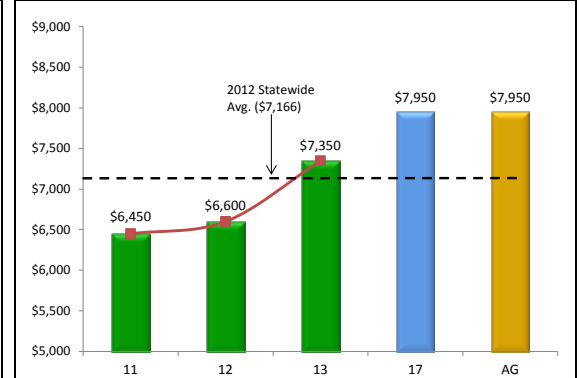
**Objective 5: Maintain quality of classroom instruction.**

Measure: % of UGL SCH taught by full-time faculty (Fall)



**Objective 6: Maintain tuition and fee structure below the state average.**

Measure: Average annual tuition and fees



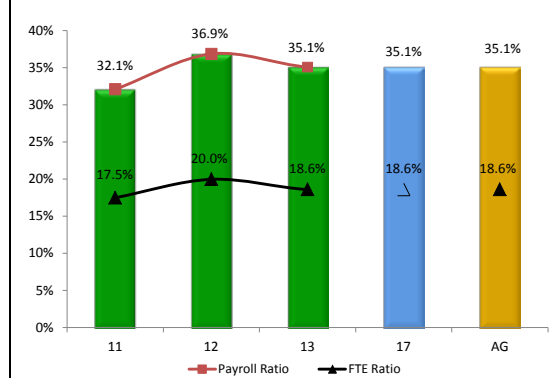
**Objective 7: Improve operating efficiency to be at or below \$16,000 per student FTE.**

Measure: Operating expenses per student FTE



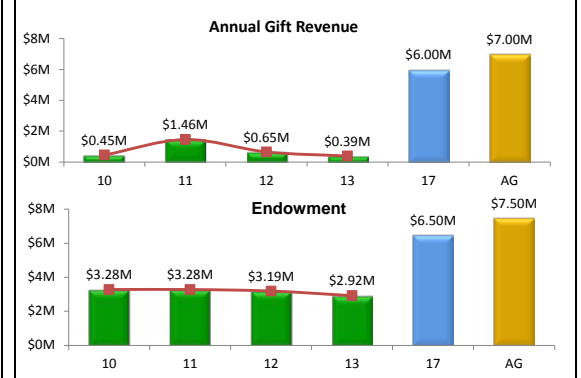
**Objective 8: Control administrative costs.**

Measure: Executive/Admin/Managerial payroll and FTE as a % of Total

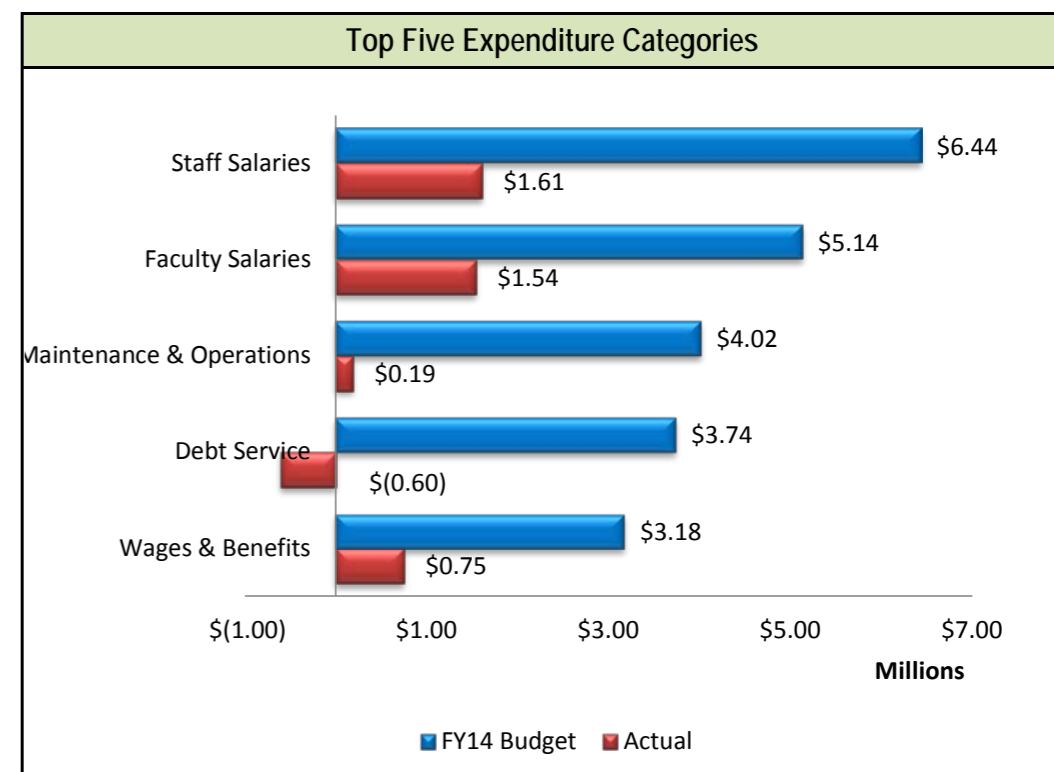
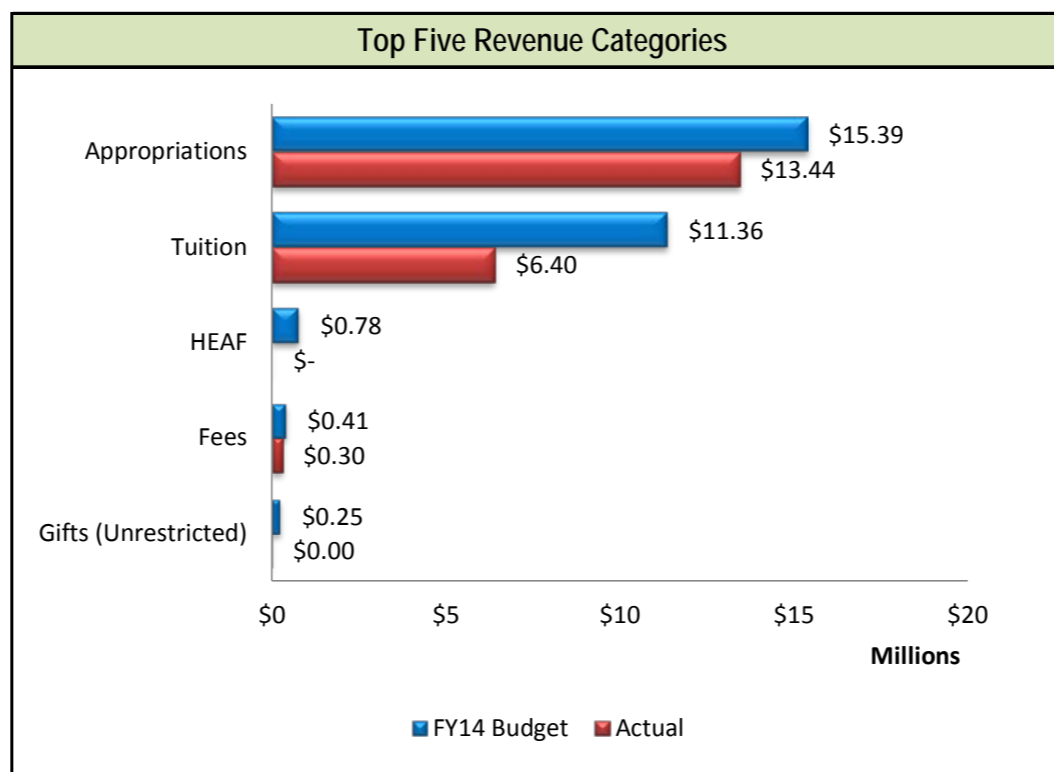
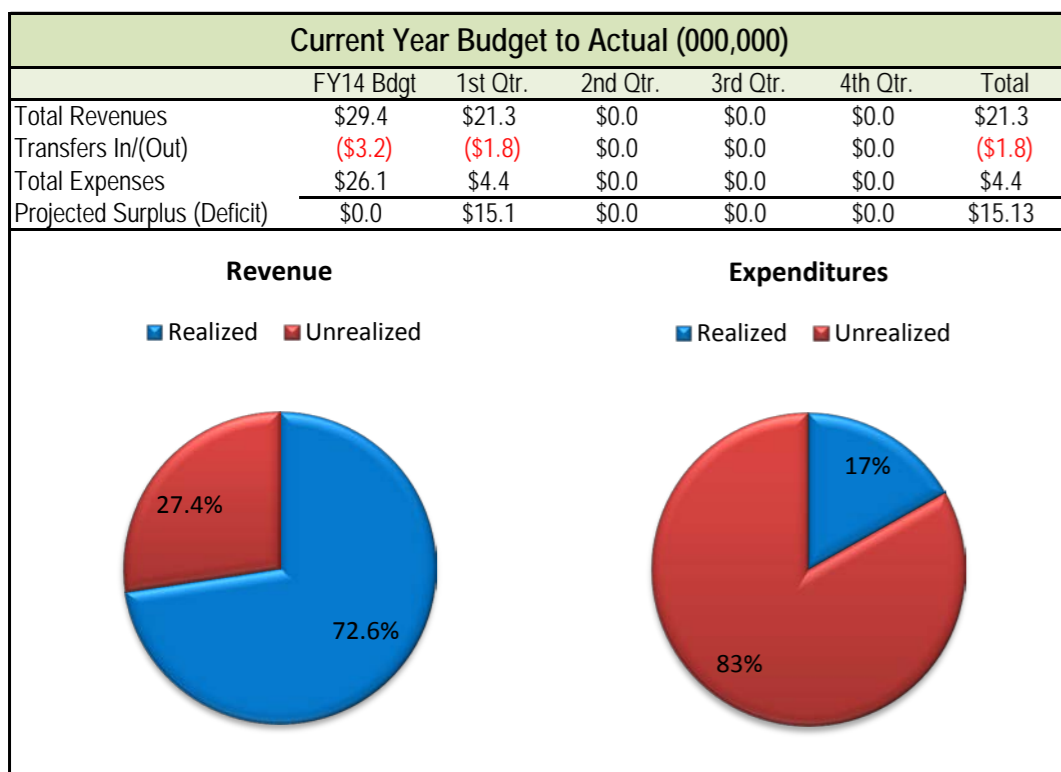


**Objective 9: Increase annual gift revenue and achieve endowment of 6.50M by 2017.**

Measure: Annual gift revenue and endowment value



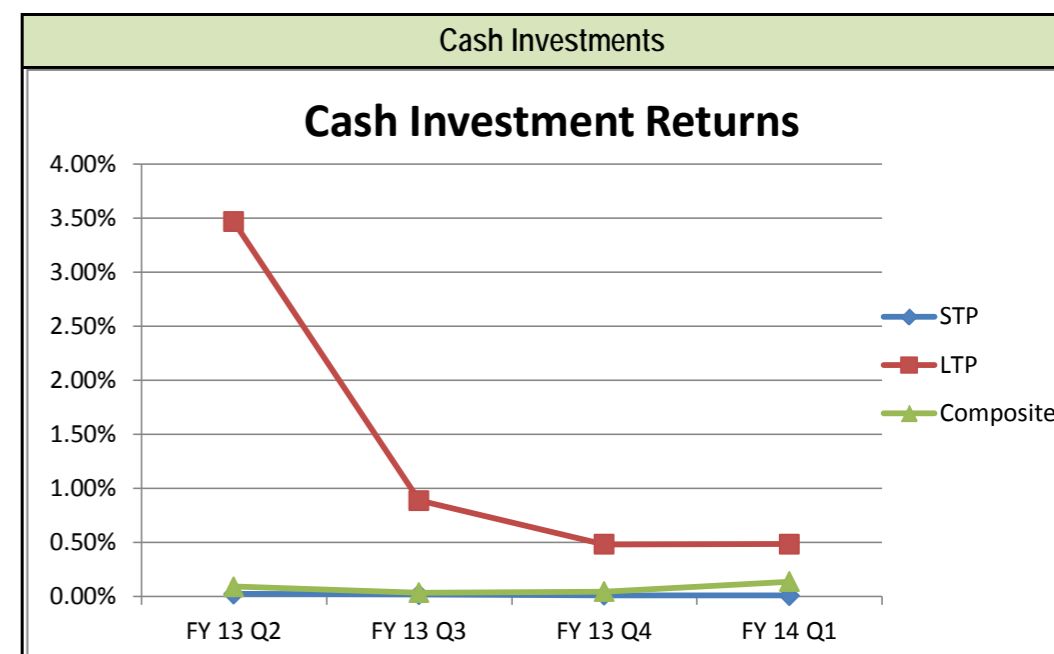
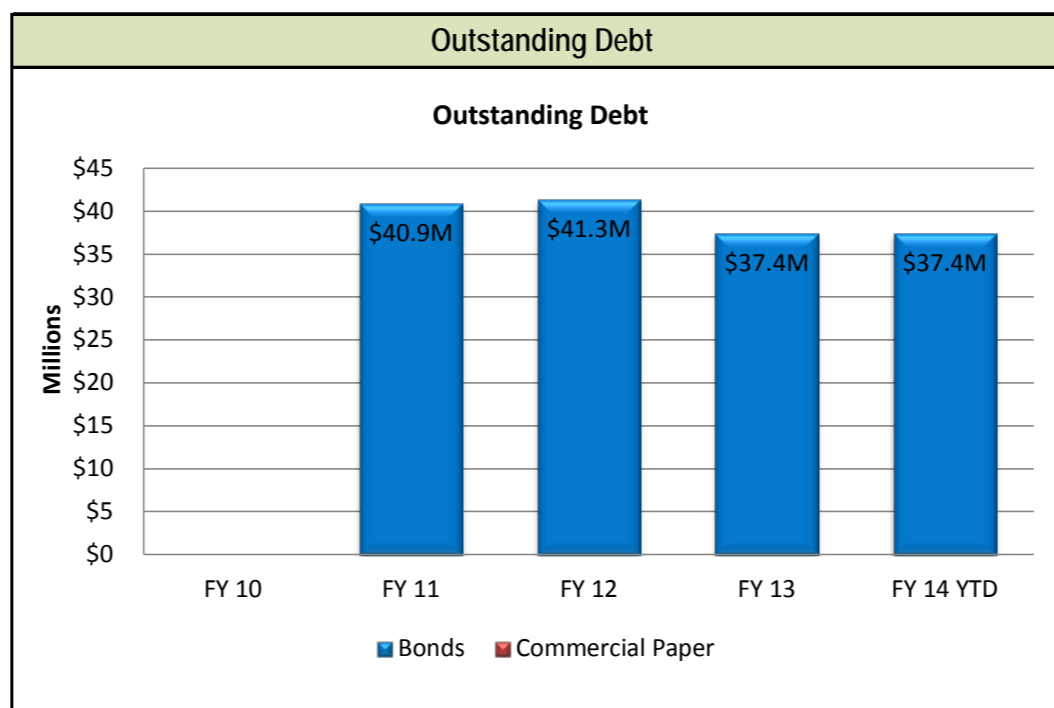
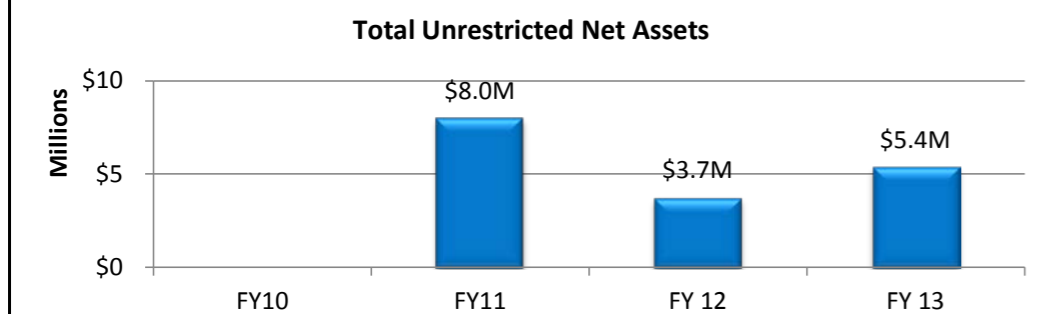
# INSTITUTIONS AT A GLANCE - OPERATIONS



### Summary Income Statement and Balance Sheet (000,000)

Income Statement	FY 10	FY 11	FY 12	FY 13	FY 13-12	FY 13-12
Revenues	\$0.0	\$9.6	\$26.1	\$24.7	(\$1.3)	-5.1%
Transfers	\$0.0	\$41.1	(\$2.8)	(\$1.4)	\$1.3	-47.8%
Expenditures	\$0.0	\$26.2	\$25.4	\$24.6	(\$0.8)	-3.0%
Surplus (Deficit)	\$0.0	\$24.5	(\$2.1)	(\$1.4)	\$0.7	-35.1%

Summary Balance Sheet	FY 10	FY 11	FY 12	FY 13	FY 13-12	FY 13-12
Assets	\$0.0	\$75.7	\$71.3	\$68.4	(\$2.9)	-4.1%
Liabilities	\$0.0	\$51.1	\$48.9	\$47.3	(\$1.6)	-3.2%
Net Assets	\$0.0	\$24.5	\$22.5	\$21.1	(\$1.4)	-6.0%



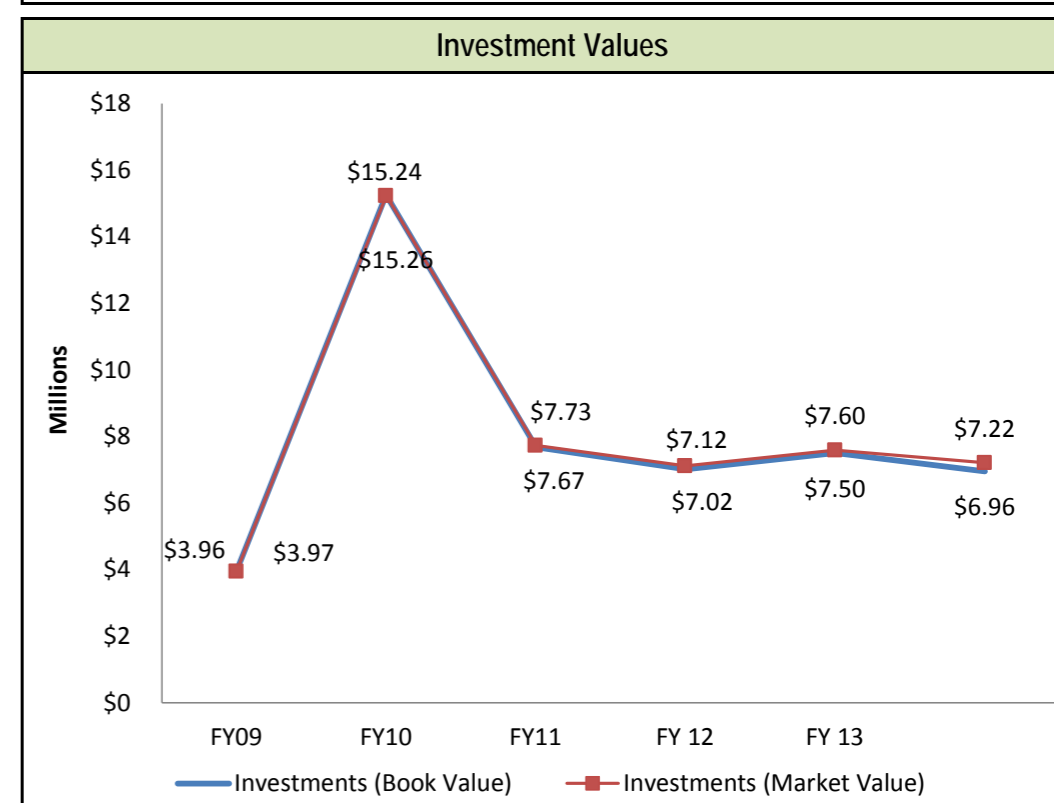
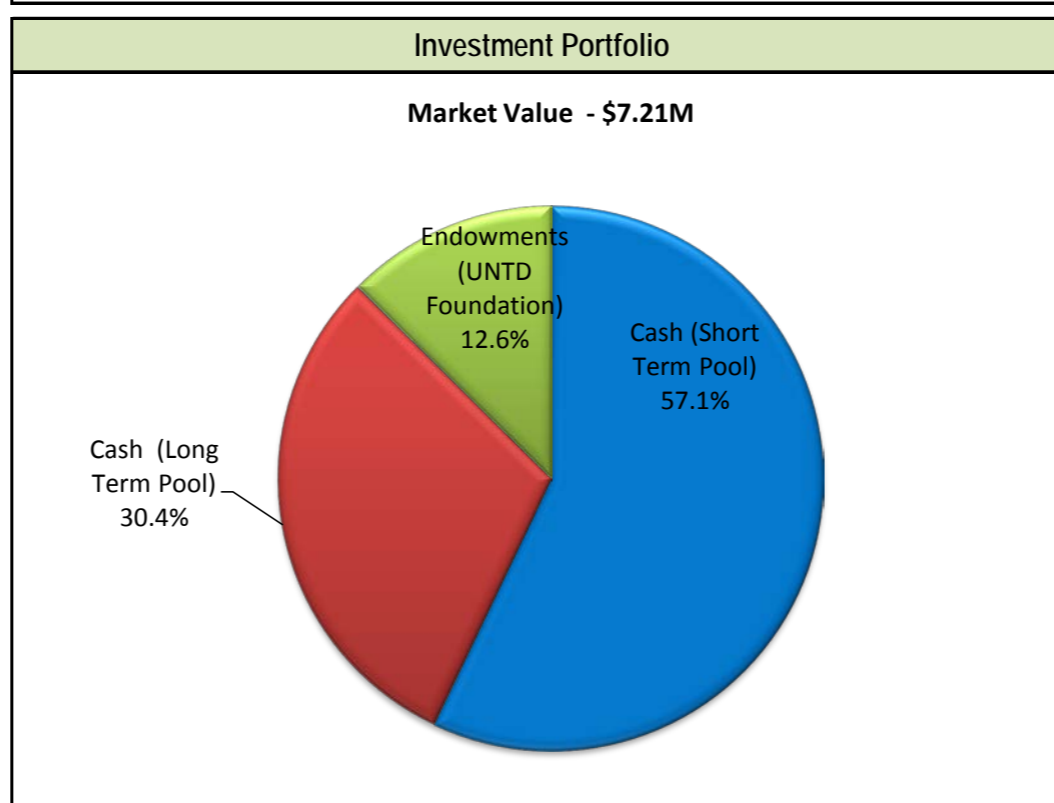
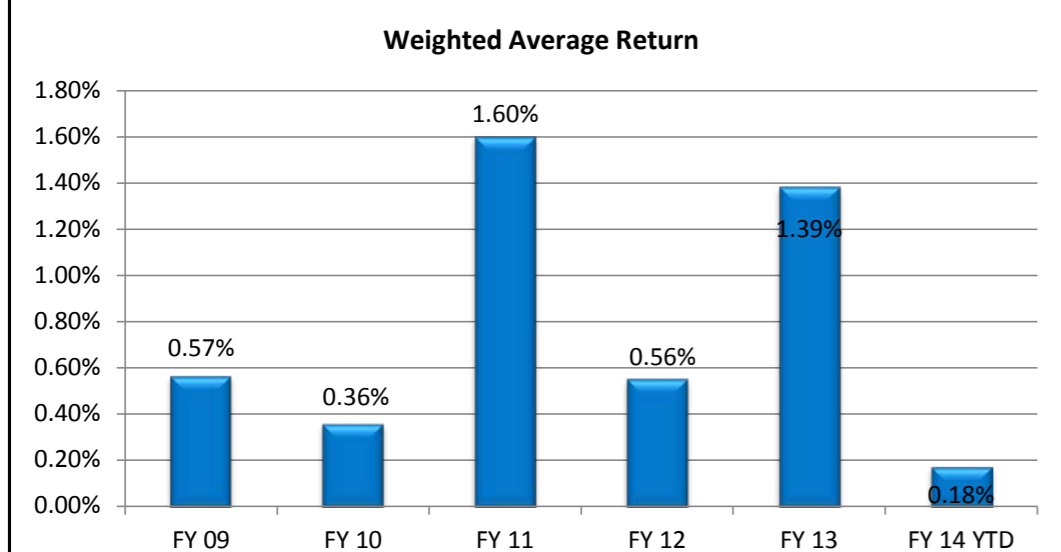
	FY 09	FY 10	FY 11	FY 12	FY 13*	FY 14* YTD
Debt per FTSE		\$37,518	\$34,166	\$25,446	\$22,263	

\*Enrollment figures for FY13 & FY14 are target estimates; THECB has not yet released official figures.

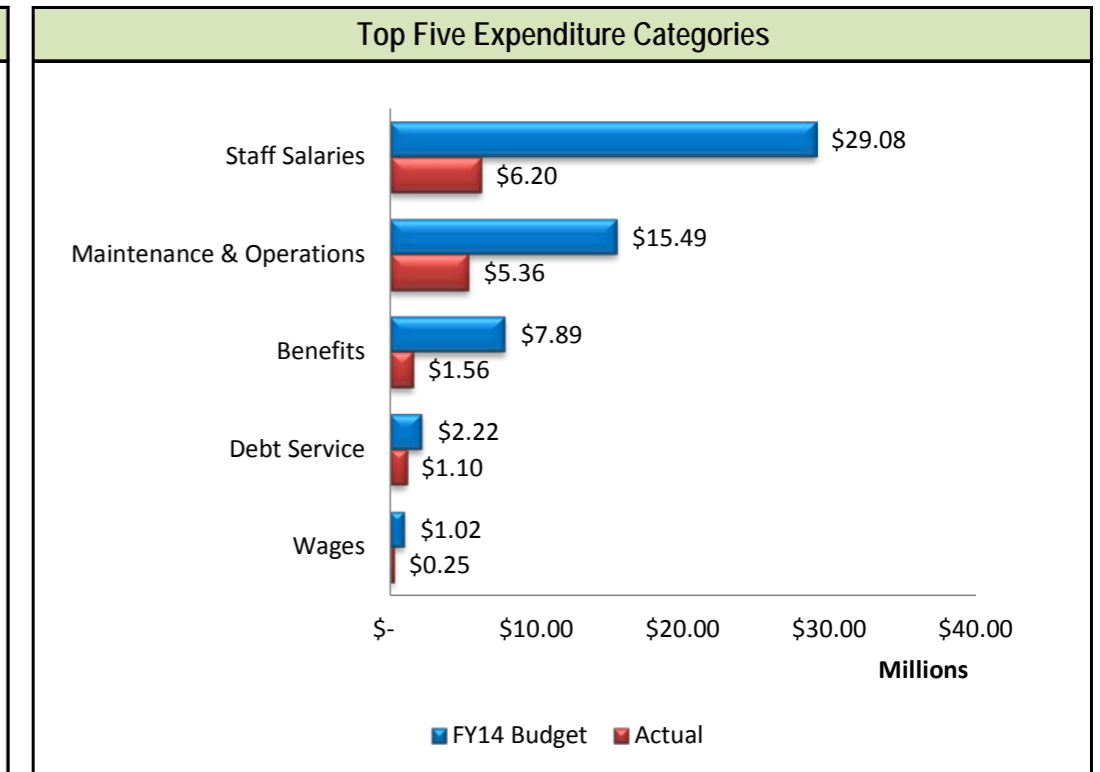
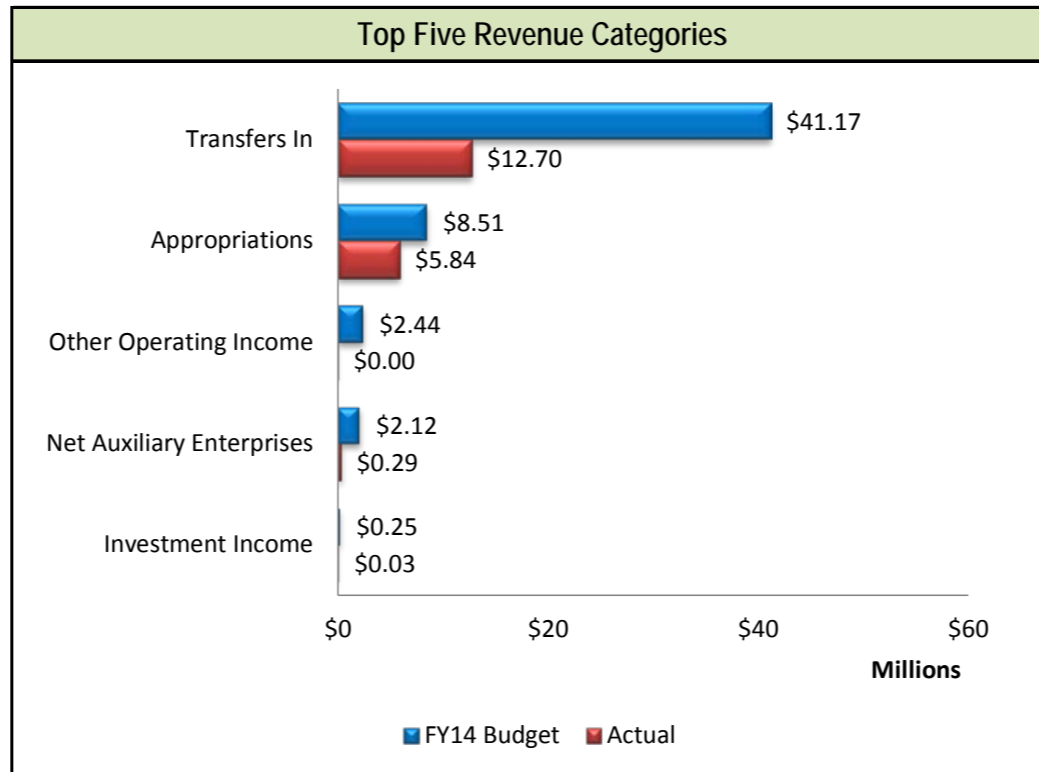
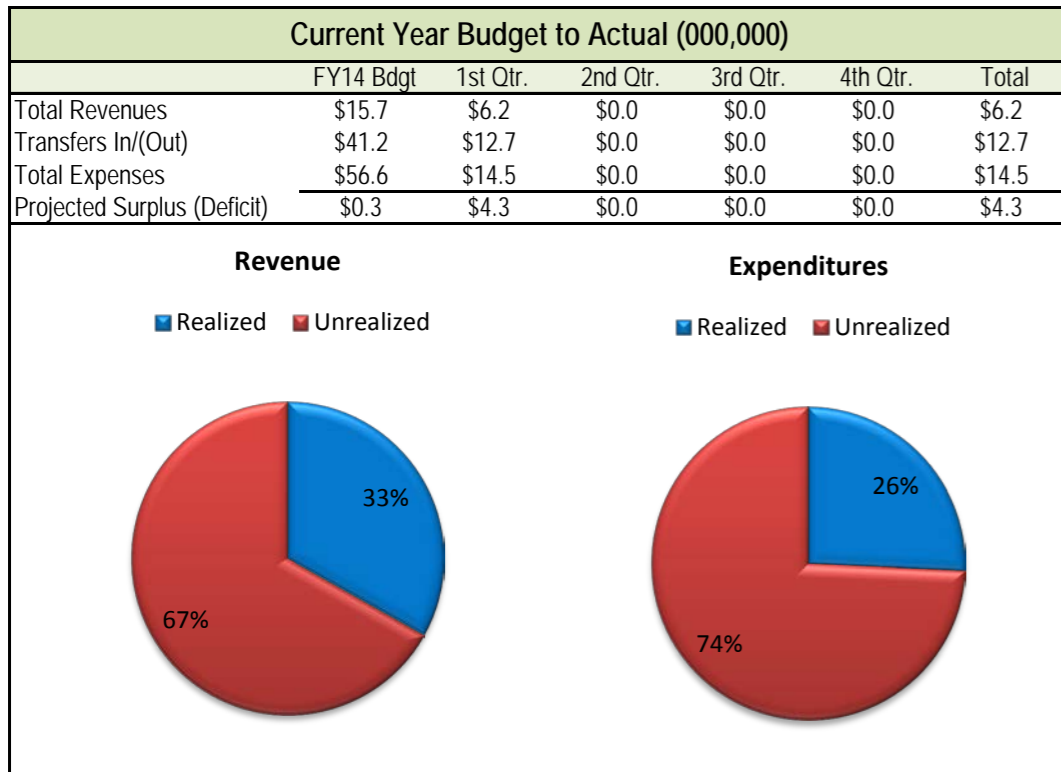
Market Value (in Millions)	FY 13 Q2	FY 13 Q3	FY 13 Q4	FY 14 Q1	Weight
Short Term Pool	\$5.57	\$4.21	\$5.66	\$4.12	65%
Long Term Pool	\$0.10	\$0.10	\$1.08	\$2.19	35%
Total	\$5.67	\$4.31	\$6.74	\$6.31	100%

### Investment Earnings

Rate of Return	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14 YTD
Cash (Short Term Pool)	0.86%	0.18%	0.13%	0.09%	0.07%	0.01%
Cash (Long Term Pool)	-	-	-	1.44%	5.23%	0.48%
Endowments (UNTD Found.)	-8.02%	7.64%	12.67%	3.50%	5.20%	0.20%
Weighted Average Return	0.57%	0.36%	1.60%	0.56%	1.39%	0.18%



# INSTITUTIONS AT A GLANCE - OPERATIONS

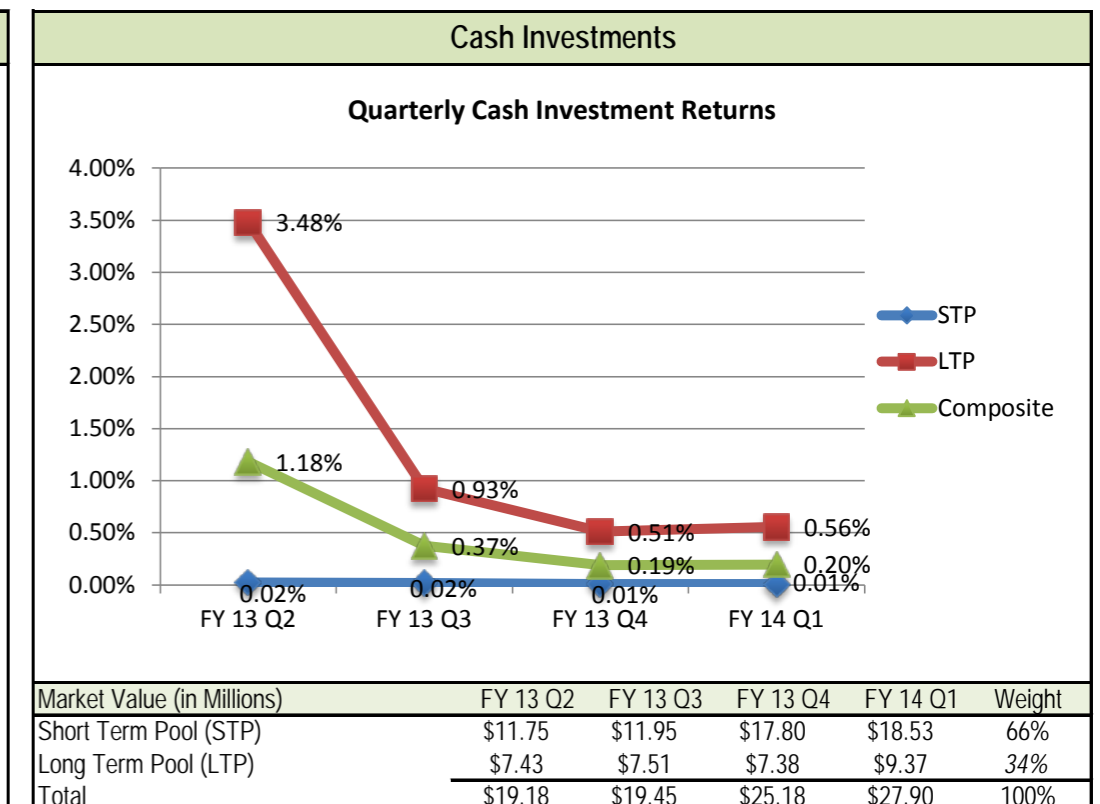
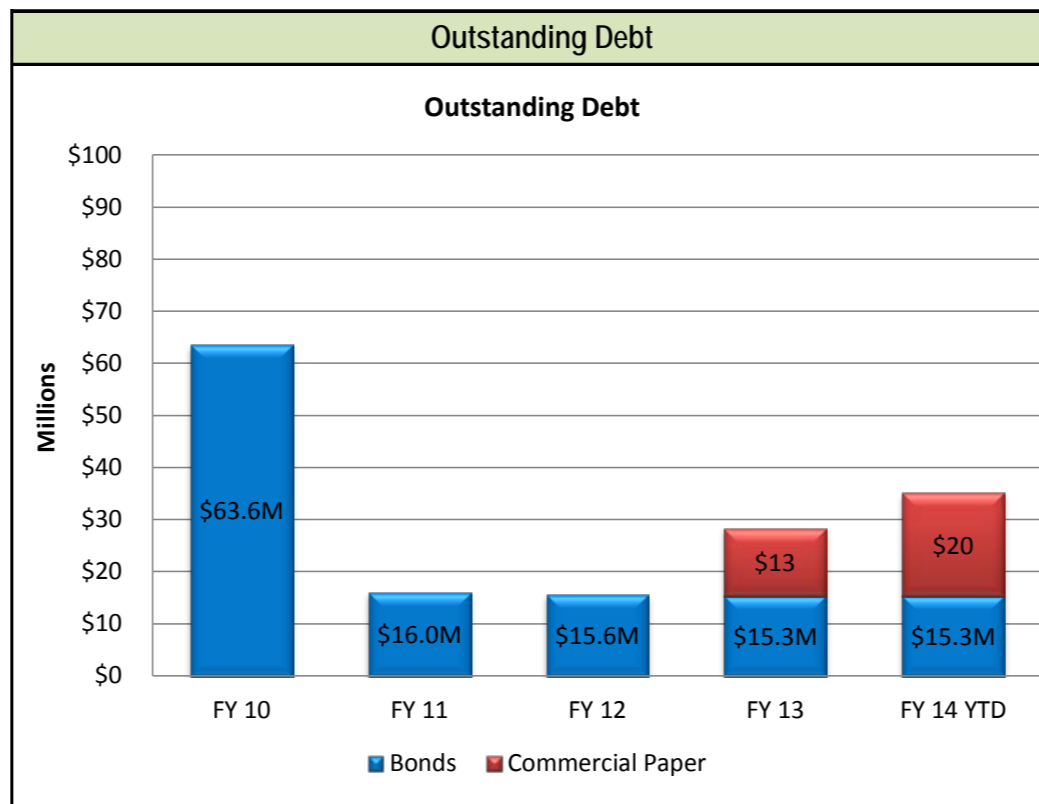


### Summary Income Statement and Balance Sheet (000,000)

Income Statement	FY 10	FY 11	FY 12	FY 13	FY 13-12	FY 13-12
Revenues	26.6	21.1	27.6	37.7	10.1	36.6%
Transfers	6.6	(24.1)	10.2	12.9	2.7	26.1%
Expenditures	28.0	9.5	31.5	43.3	11.8	37.3%
Surplus (Deficit)	5.3	(12.5)	6.3	7.3	1.0	15.9%

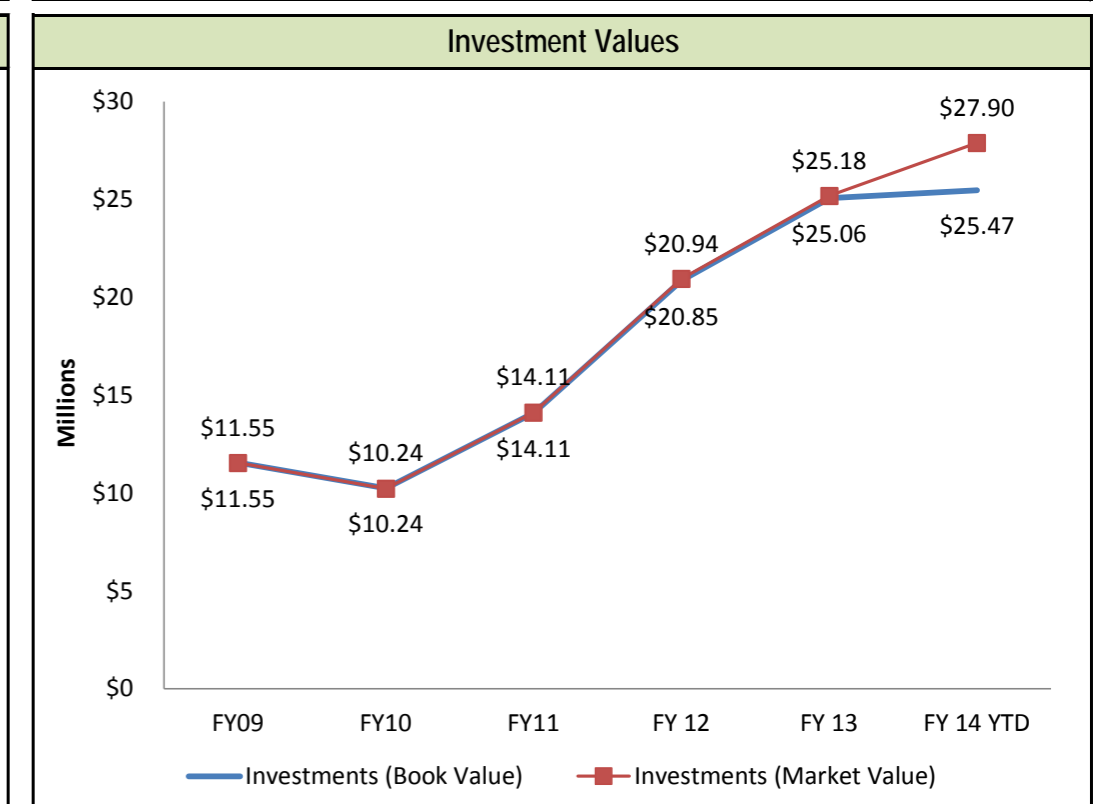
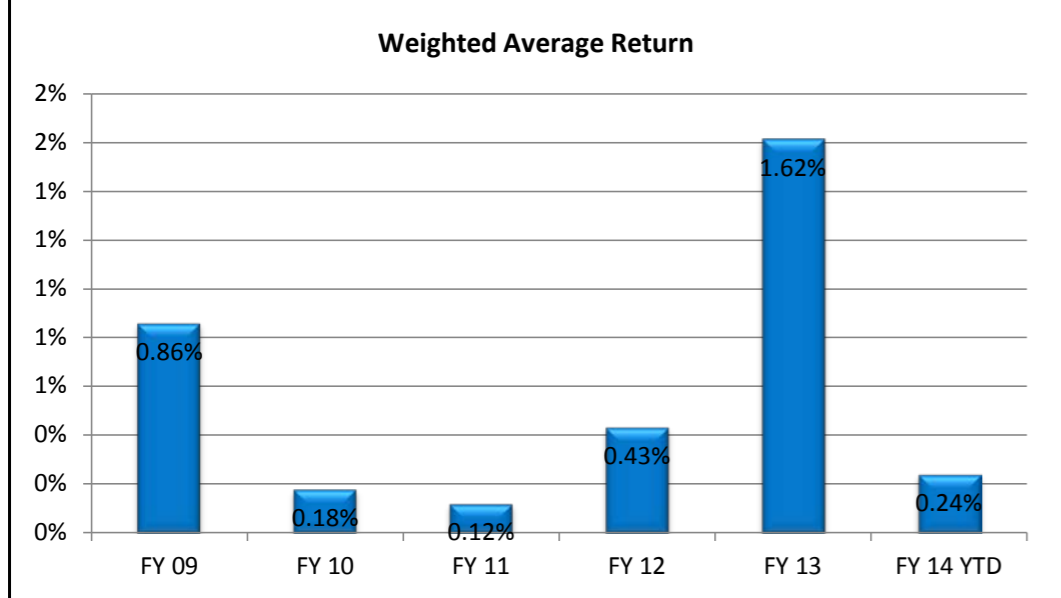
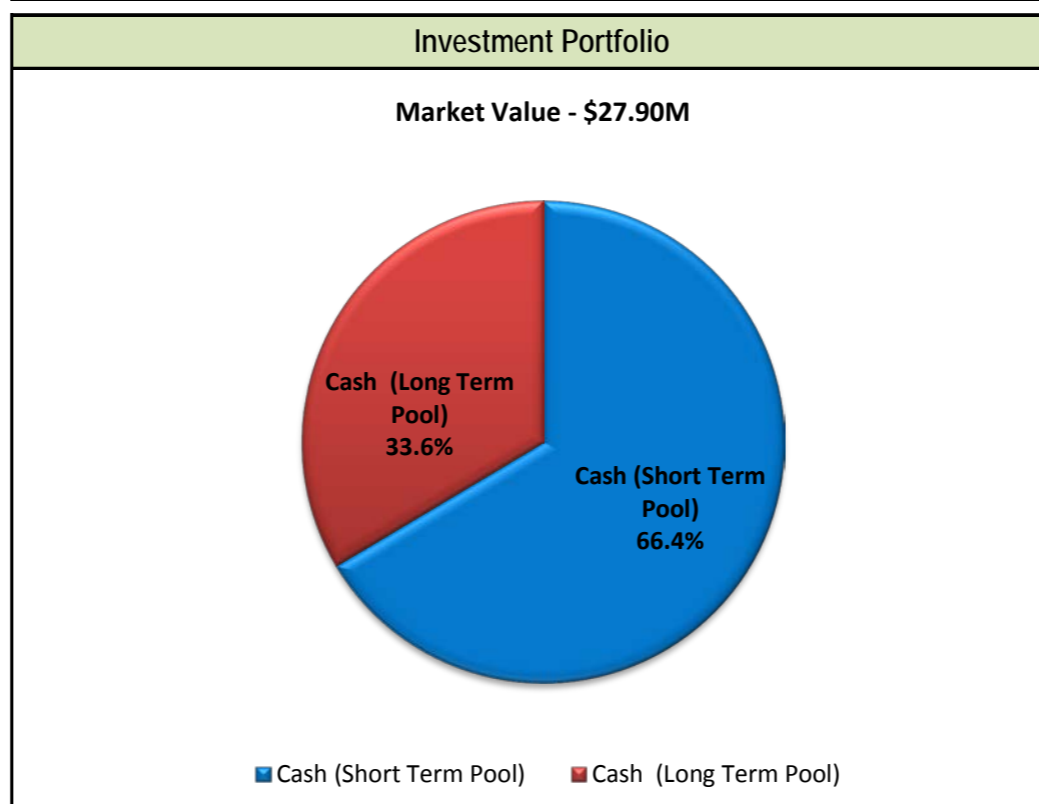
  

Summary Balance Sheet	FY 10	FY 11	FY 12	FY 13	FY 13-12	FY 13-12
Assets	\$104.3	\$32.7	\$44.4	\$63.0	\$18.6	42.0%
Liabilities	\$77.3	\$18.3	\$23.6	\$34.9	\$11.3	47.9%
Net Assets	\$27.0	\$14.5	\$20.8	\$28.1	\$7.3	35.2%



### Investment Earnings

Rate of Return	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14 YTD
Cash (Short Term Pool)	0.86%	0.18%	0.12%	0.10%	0.09%	0.08%
Cash (Long Term Pool)	-	-	-	1.60%	5.31%	0.56%
Weighted Average Return	0.86%	0.18%	0.12%	0.43%	1.62%	0.24%



# UNT | SYSTEM™



## **STRATEGIC MANAGEMENT REPORT**

### **FINANCIAL HIGHLIGHTS**

# FINANCIAL HIGHLIGHTS

## Budget to Actual Summary

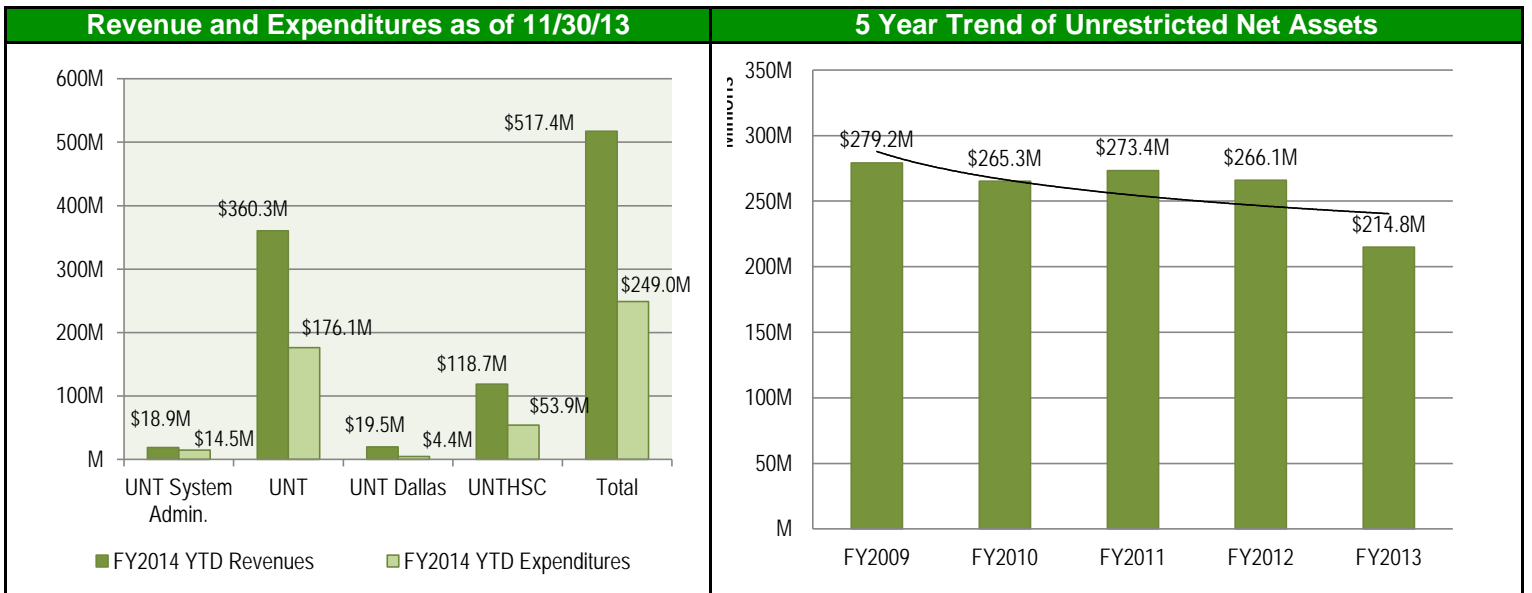
Revenue as of 11/30/13					
	UNT System Admin.	UNT	UNTHSC	UNT Dallas	Totals
1st Qtr. Revenue	\$18,861,937	\$360,299,186	\$118,656,506	\$19,536,592	\$517,354,221
2nd Qtr. Revenue					\$0
3rd Qtr. Revenue					\$0
4th Qtr. Revenue					\$0
<b>Total FY2014 Revenue</b>	<b>\$18,861,937</b>	<b>\$360,299,186</b>	<b>\$118,656,506</b>	<b>\$19,536,592</b>	<b>\$517,354,221</b>
<b>FY2014 Budget</b>	<b>\$56,901,427</b>	<b>\$545,482,608</b>	<b>\$244,457,385</b>	<b>\$26,135,672</b>	<b>\$872,977,092</b>

Expenditures as of 11/30/13					
	UNT System Admin.	UNT	UNTHSC	UNT Dallas	Totals
1st Qtr. Expenditures	\$14,546,333	\$176,147,886	\$53,874,861	\$4,401,988	\$248,971,068
2nd Qtr. Expenditures					\$0
3rd Qtr. Expenditures					\$0
4th Qtr. Expenditures					\$0
<b>Total FY2014 Expenditures</b>	<b>\$14,546,333</b>	<b>\$176,147,886</b>	<b>\$53,874,861</b>	<b>\$4,401,988</b>	<b>\$248,971,068</b>
<b>FY2014 Budget</b>	<b>\$56,637,667</b>	<b>\$545,482,608</b>	<b>\$244,457,385</b>	<b>\$26,135,672</b>	<b>\$872,713,332</b>

<b>FY2014 YTD Surplus (Deficit)</b>	<b><u>\$4,315,604</u></b>	<b><u>\$184,151,300</u></b>	<b><u>\$64,781,645</u></b>	<b><u>\$15,134,604</u></b>	<b><u>\$268,383,153</u></b>
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**Notes:**

1) Trend of Net Assets FY2009 - FY2013 per Consolidated Annual Financial Statements



# FINANCIAL HIGHLIGHTS

## Debt Profile

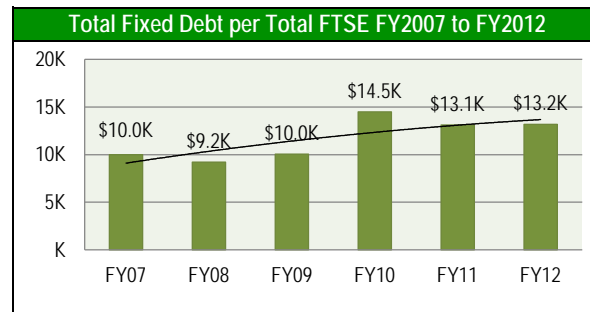
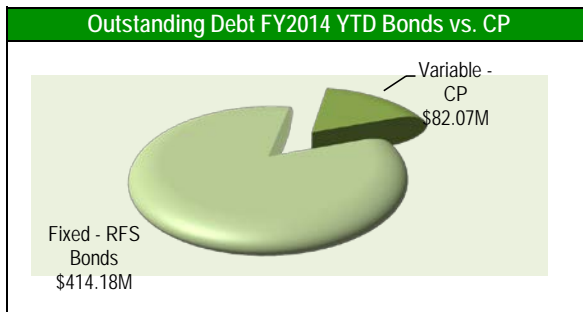
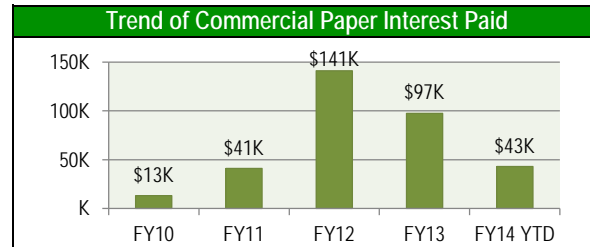
As of November 30, 2013, the total outstanding fixed debt for the University of North Texas System was \$414.18 million and Commercial Paper, or variable debt, outstanding was \$82.07 million.

### Commercial Paper Projects (millions):

Campus	Project	Issue Date*	FY2013 Ending Bal.	Issued FY2014 YTD	Retired FY2014 YTD	FY2014 YTD Outstanding
UNT	UNT Hotel (Radisson)	07/25/08	\$1.60		\$0.50	\$1.10
UNT	The ACES Building	08/19/10	\$0.80		\$0.80	\$0.00
UNT	Stadium - tax-exempt	06/28/11	\$17.96			\$17.96
UNT	Stadium - taxable	01/13/12	\$11.00		\$1.27	\$9.74
UNT	Shuttle Buses	08/23/12	\$2.11		\$1.40	\$0.71
System	System Building Renovation	04/02/13	\$13.06	\$6.75		\$19.81
UNT	Union Renovation - tax-exempt	08/21/13	\$10.00	\$14.00		\$24.00
UNT	Union Renovation - taxable	11/26/13		\$8.76		\$8.76
<b>Total</b>			<b>\$56.52</b>	<b>\$29.51</b>	<b>\$3.97</b>	<b>\$82.07</b>

\*Represents the first date any commercial paper was issued for the project. There may be, and often are, other issuances for each project.

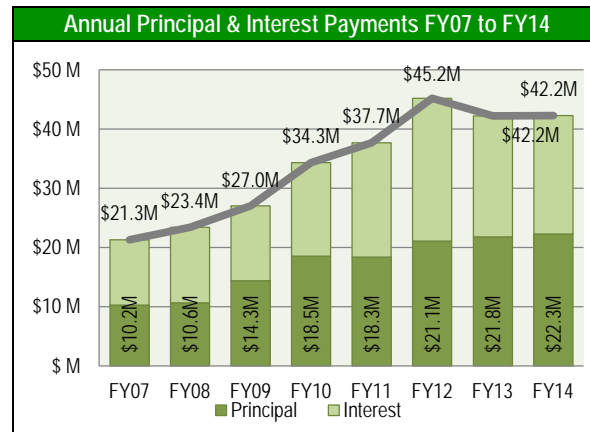
UNT System - State of Texas Bond Ratings		
	UNT System	State of Texas
<b>Moody's</b>	Aa2	Aaa
<b>S&amp;P</b>		AAA
<b>Fitch</b>	AA	AAA



Note: FTSE numbers combined for UNT, UNT at Dallas and UNTHSC per THECB.

Outstanding Fixed Debt by Institution FY2009 to FY2014 YTD (millions)						
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 YTD
UNT System Administration	\$16.67	\$16.34	\$16.00	\$15.64	\$15.27	\$15.27
UNT	\$174.62	\$304.06	\$278.10	\$302.13	\$288.32	\$288.32
UNT Health Science Center	\$72.72	\$70.10	\$63.63	\$79.00	\$73.21	\$73.21
UNT Dallas	\$18.32	\$49.96	\$45.26	\$39.18	\$37.38	\$37.38
<b>Total</b>	<b>\$282.32</b>	<b>\$440.46</b>	<b>\$402.98</b>	<b>\$435.95</b>	<b>\$414.18</b>	<b>\$414.18</b>
% Incr./(Decr.)	9.42%	56.01%	-8.51%	8.18%	-4.99%	0.00%

Outstanding Debt at November 30, 2013 (millions)		
Fiscal Year	Issue	Par Amount
2012	Series 2012A&B	\$77.52
2010	Series 2010	\$52.01
2009	Ref Bonds Series 2009B	\$12.22
2009	Series 2009A	\$142.56
2009	Series 2009	\$30.02
2007	Series 2007	\$49.51
2005	Ref & Imp Bds Series 2005	\$44.17
2003	Taxable Series 2003B	\$0.00
2003	Series 2003A	\$6.19
2003	Series 2003	\$0.00
<b>Totals</b>		<b>\$414.18</b>



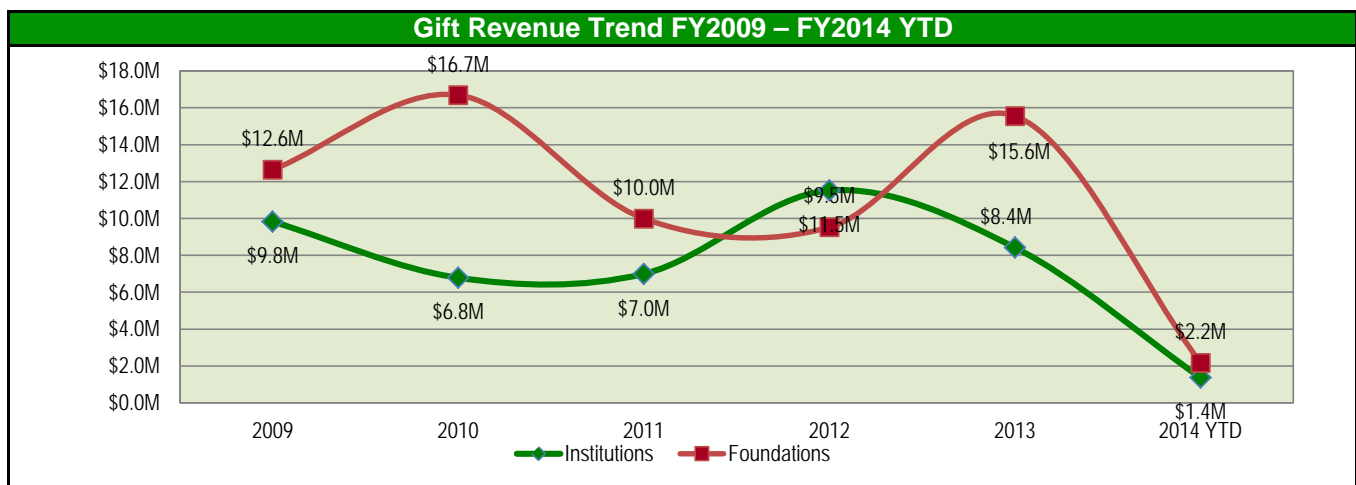
# FINANCIAL HIGHLIGHTS

## Gift Report

“Gifts” are voluntary, philanthropic transfers of assets received from individuals, corporations, foundations or other organizations. Gifts may be made through various vehicles, including but not limited to cash, stock, estates, trusts, in-kind and real estate. The terms “gift” and “grant” are often used synonymously.

Gift Revenue - FY2009 through FY2014 YTD (millions)						
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014YTD
<b>UNT System Administration</b>						
UNT System	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Gifts	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>University of North Texas</b>						
UNT	\$4.615	\$6.296	\$5.504	\$10.838	\$7.998	\$1.342
UNT Foundation	\$7.981	\$9.984	\$8.031	\$6.698	\$10.739	\$0.869
Total Gifts	\$12.596	\$16.280	\$13.536	\$17.536	\$18.737	\$2.211
<b>UNT Health Science Center</b>						
UNTHSC	\$0.556	\$0.033	\$0.031	\$0.024	\$0.029	\$0.000
UNTHSC Foundation	\$4.654	\$6.704	\$1.959	\$2.825	\$4.814	\$1.291
Total Gifts	\$5.210	\$6.738	\$1.990	\$2.849	\$4.843	\$1.291
<b>UNT Dallas</b>						
UNT Dallas	\$4.654	\$0.451	\$1.458	\$0.653	\$0.389	\$0.018
UNT Dallas Foundation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.003
Total Gifts	\$4.654	\$0.451	\$1.458	\$0.653	\$0.389	\$0.021
<b>University of North Texas System</b>						
Institutions	\$9.825	\$6.781	\$6.994	\$11.515	\$8.416	\$1.360
Foundations	\$12.635	\$16.688	\$9.991	\$9.522	\$15.552	\$2.164
<b>Total Gifts</b>	<b>\$22.460</b>	<b>\$23.469</b>	<b>\$16.984</b>	<b>\$21.038</b>	<b>\$23.968</b>	<b>\$3.523</b>

Gift Revenue by Type as of 11/30/13 (millions)						
Institutions Only	Endowments	Scholarship	Restricted	Unrestricted	Grants/Gifts-In	
					Kind	Total
UNT System Administration	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
UNT	\$0.678	\$0.295	(\$0.012)	\$0.380	\$0.000	\$1.342
UNT Foundation	\$0.313	\$0.000	\$0.557	\$0.000	\$0.000	\$0.869
UNTHSC	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
UNTHSC Foundation	\$0.000	\$0.027	\$0.014	\$1.250	\$0.000	\$1.291
UNT Dallas	\$0.003	\$0.010	\$0.000	\$0.003	\$0.005	\$0.021
<b>Total Gifts</b>	<b>\$0.993</b>	<b>\$0.332</b>	<b>\$0.559</b>	<b>\$1.634</b>	<b>\$0.005</b>	<b>\$3.523</b>



Source: Data provided by institutions and foundations may differ from Annual Financial Reports due to timing.

# FINANCIAL HIGHLIGHTS

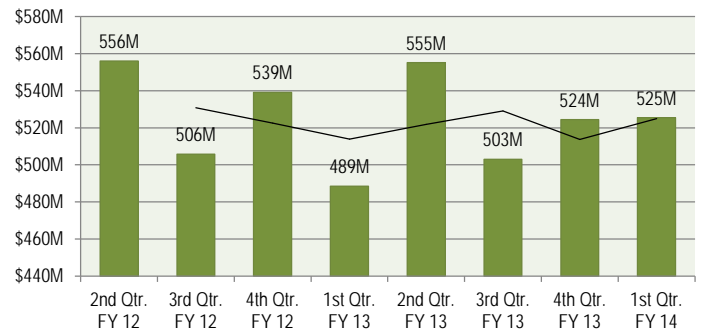
## Cash, Investments and Endowments

The investment funds for all member institutions, within the University of North Texas System, consist of cash, endowments, quasi-endowments, and other investments funds. As of November 30, 2013, the total *market value* of all assets was \$524.41 million, as outlined below:

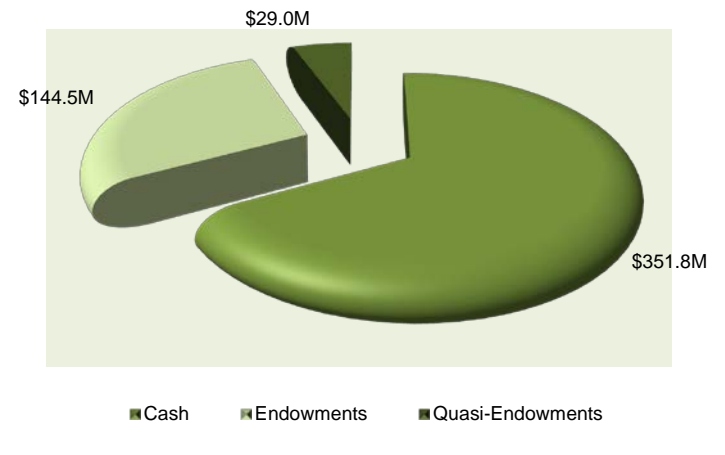
Summary of Market Values of Investments by Institution (millions)					
	11/30/13	8/31/13	8/31/12	8/31/11	8/31/10
<b>Cash</b>					
UNT System Admin.	\$27.90	\$25.18	\$20.94	\$14.11	\$10.24
UNT	\$229.65	\$230.37	\$267.13	\$300.48	\$391.94
UNT Foundation	\$9.58	\$9.58	\$6.52	\$9.39	\$10.29
UNTHSC	\$74.72	\$84.39	\$89.95	\$81.80	\$77.90
UNTHSC Foundation	\$3.67	\$1.12	\$3.44	\$3.38	\$4.79
UNT at Dallas	\$6.31	\$6.74	\$6.18	\$6.83	\$14.87
<b>Total</b>	<b>\$351.83</b>	<b>\$357.38</b>	<b>\$394.17</b>	<b>\$415.99</b>	<b>\$510.03</b>
<b>Endowments</b>					
UNT System Admin.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
UNT	\$23.13	\$21.52	\$19.78	\$17.31	\$15.82
UNT Foundation	\$84.83	\$84.83	\$79.44	\$76.89	\$61.50
UNTHSC	\$25.84	\$24.16	\$23.49	\$24.25	\$23.06
UNTHSC Foundation	\$9.84	\$9.21	\$6.87	\$5.89	\$5.12
UNT at Dallas	\$0.91	\$0.85	\$0.94	\$0.91	\$0.37
<b>Total</b>	<b>\$144.54</b>	<b>\$140.57</b>	<b>\$130.52</b>	<b>\$125.25</b>	<b>\$105.87</b>
<b>Quasi - Endowments</b>					
UNT System Admin.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
UNT	\$18.69	\$16.37	\$14.48	\$13.57	\$12.30
UNT Foundation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
UNTHSC	\$10.35	\$10.00	\$0.00	\$0.00	\$0.00
UNTHSC Foundation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
UNT at Dallas	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$29.04</b>	<b>\$26.37</b>	<b>\$14.48</b>	<b>\$13.57</b>	<b>\$12.30</b>
<b>Total by Institution</b>					
UNT System Admin.	\$27.90	\$25.18	\$20.94	\$14.11	\$10.24
UNT	\$271.47	\$268.25	\$301.39	\$331.35	\$420.06
UNT Foundation	\$94.41	\$94.41	\$85.97	\$86.28	\$71.79
UNTHSC	\$110.91	\$118.55	\$113.44	\$106.05	\$100.96
UNTHSC Foundation	\$13.51	\$10.33	\$10.31	\$9.27	\$9.91
UNT at Dallas	\$7.22	\$7.60	\$7.12	\$7.73	\$15.24
<b>Total UNT System</b>	<b>\$525.41</b>	<b>\$524.32</b>	<b>\$539.17</b>	<b>\$554.80</b>	<b>\$628.20</b>

UNT System Portfolio Summary (millions)				
All Institutions	11/30/13	8/31/13	Var \$	Var %
Book Value	\$492.80	\$505.40	(\$12.60)	-3%
Market Value	\$525.41	\$524.46	\$0.95	0%
Market to Book Value %	106.6%	103.8%	-7.5%	

### Market Value Trend for Last Eight (8) Quarters



### \$525.41M at November 30, 2013



Endowment Earnings	Quarter	1 Year	3 Year	5 Year	10 Year
UNT System Admin.	N/A	N/A	N/A	N/A	N/A
UNT	7.50%	12.70%	8.90%	11.80%	N/A
UNT Foundation*	7.50%	12.70%	8.90%	11.80%	N/A
UNTHSC	0.67%	0.62%	3.01%	3.76%	4.06%
UNTHSC Foundation	7.03%	13.69%	8.18%	10.70%	6.20%
UNT at Dallas	7.50%	12.70%	8.90%	11.80%	N/A

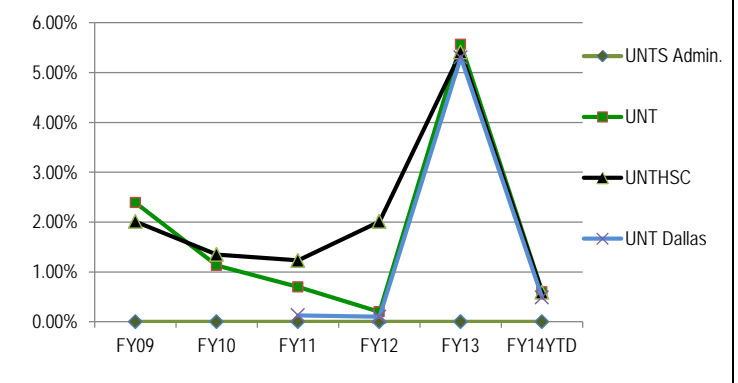
Note: Endowments and Quasi Endowments net of fees.

Cash Earnings	FY10	FY11	FY12	FY13	FY14 YTD
UNT System Admin.	0.18%	0.12%	0.30%	5.40%	0.56%
UNT	1.13%	0.70%	0.20%	5.57%	0.60%
UNTHSC	1.35%	1.23%	2.01%	5.41%	0.59%
UNT Dallas	N/A	0.13%	0.10%	5.30%	0.49%

### UNT System Endowment Market Values - 5 Year Trend



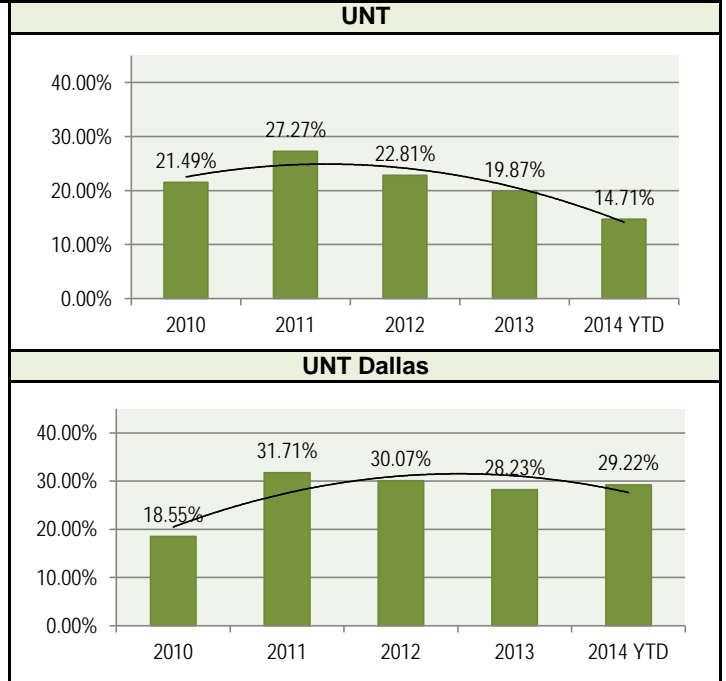
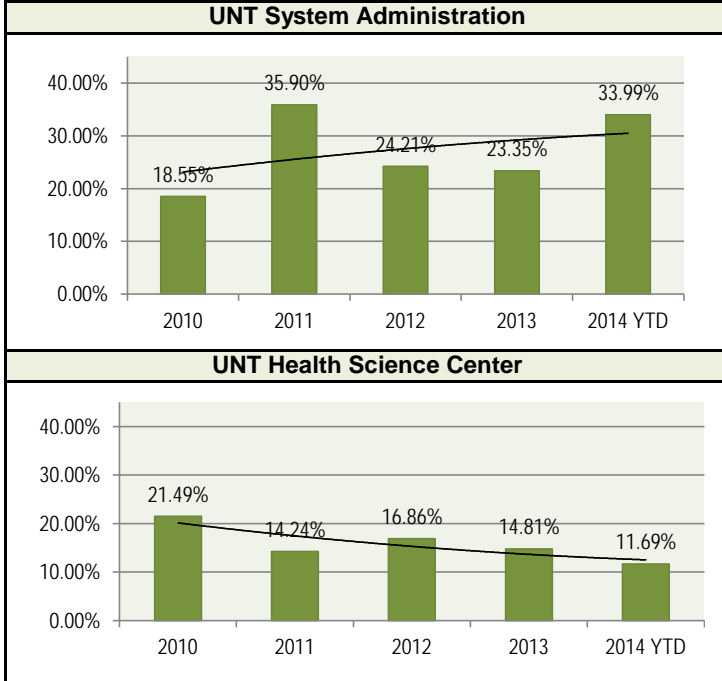
### Cash Earnings between FY2010 and FY2014 YTD



# FINANCIAL HIGHLIGHTS

## HUB and Minority Owned Businesses Report

### Trend of Payments to HUB and Minority Vendors



#### UNT Health Science Center

Year	Percentage
2010	21.49%
2011	14.24%
2012	16.86%
2013	14.81%
2014 YTD	11.69%

#### UNT Dallas

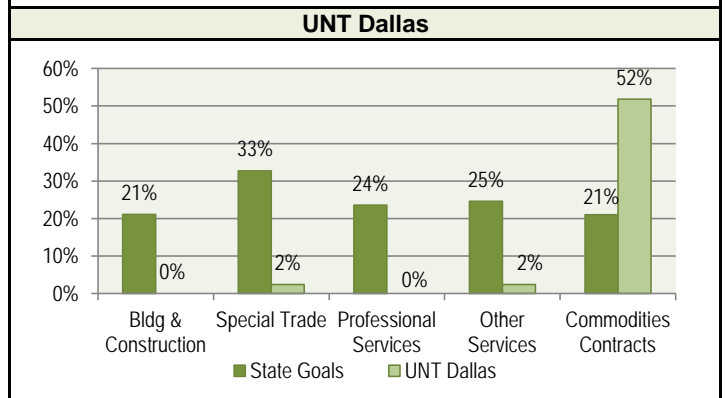
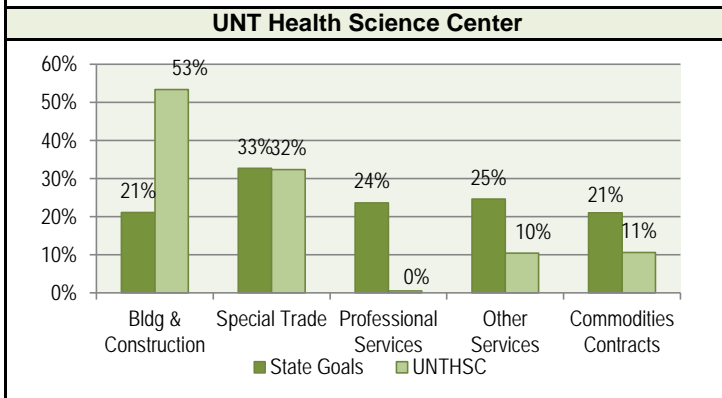
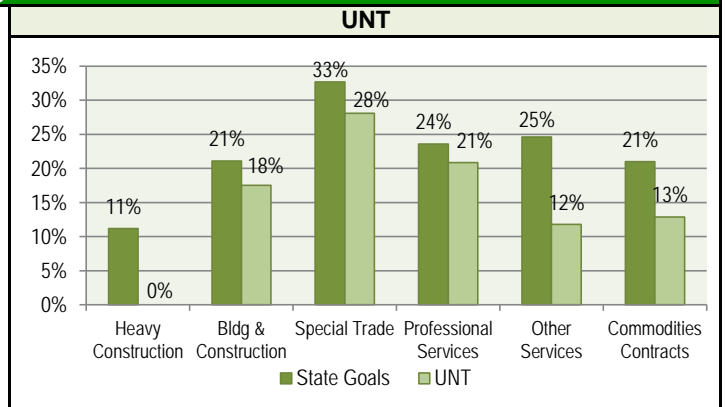
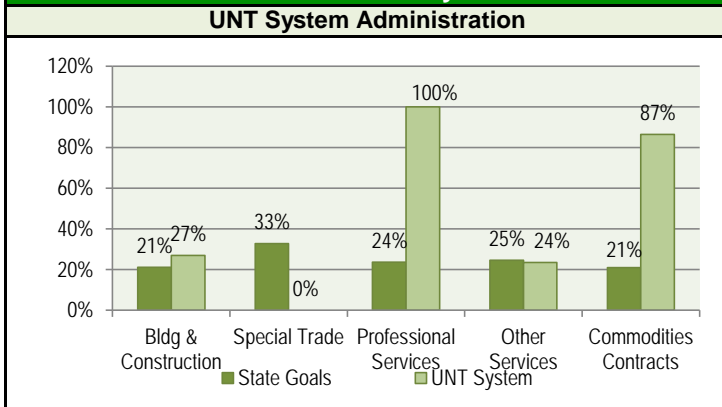
Year	Percentage
2010	18.55%
2011	31.71%
2012	30.07%
2013	28.23%
2014 YTD	29.22%

### Breakdown of Payments by Gender/Ethnicity and Vendors

	UNTS Admin.	UNT	UNTHSC	UNTD
Black	0.53%	2.78%	0.53%	18.00%
Hispanic	4.96%	3.67%	2.72%	1.54%
Asian	10.55%	0.79%	0.72%	
Native American	1.11%	1.51%		
Woman	16.76%	5.96%	7.71%	9.68%
Non-Minority	66.09%	85.29%	88.32%	70.78%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

	UNTS Admin.	UNT	UNTHSC	UNTD
HUB Certified	33.75%	13.45%	10.92%	22.38%
Certified Other	0.00%	0.00%	0.00%	0.00%
Minority	0.24%	1.26%	0.77%	6.84%
Non-Minority	66.01%	85.29%	88.31%	70.78%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Payments to HUB & Minority Vendors vs. State Goals



# UNT | SYSTEM™



## **STRATEGIC MANAGEMENT REPORT**

### **FINANCIAL HIGHLIGHTS - APPENDIX**

The attached reports represent the investment portfolio of the University of North Texas for the period ending November 30, 2013, and are in compliance with Chapter 2256 of the Public Funds Investment Act and the Investment Strategy expressed in the System's Investment Policy.

*L. M. Harris*

Andrew M. Harris  
Vice President for Finance and Administration

*14 JAN 14*

Date

*Jean R. Bush*

Jean R. Bush  
Senior Associate Vice President for Finance

*01/10/2014*

Date

*Carolyn M. Whitlock*

Carolyn M. Whitlock  
Manager, Treasury Services

*01/08/2014*

Date



# UNIVERSITY OF NORTH TEXAS

## INVESTMENT PORTFOLIO SUMMARY

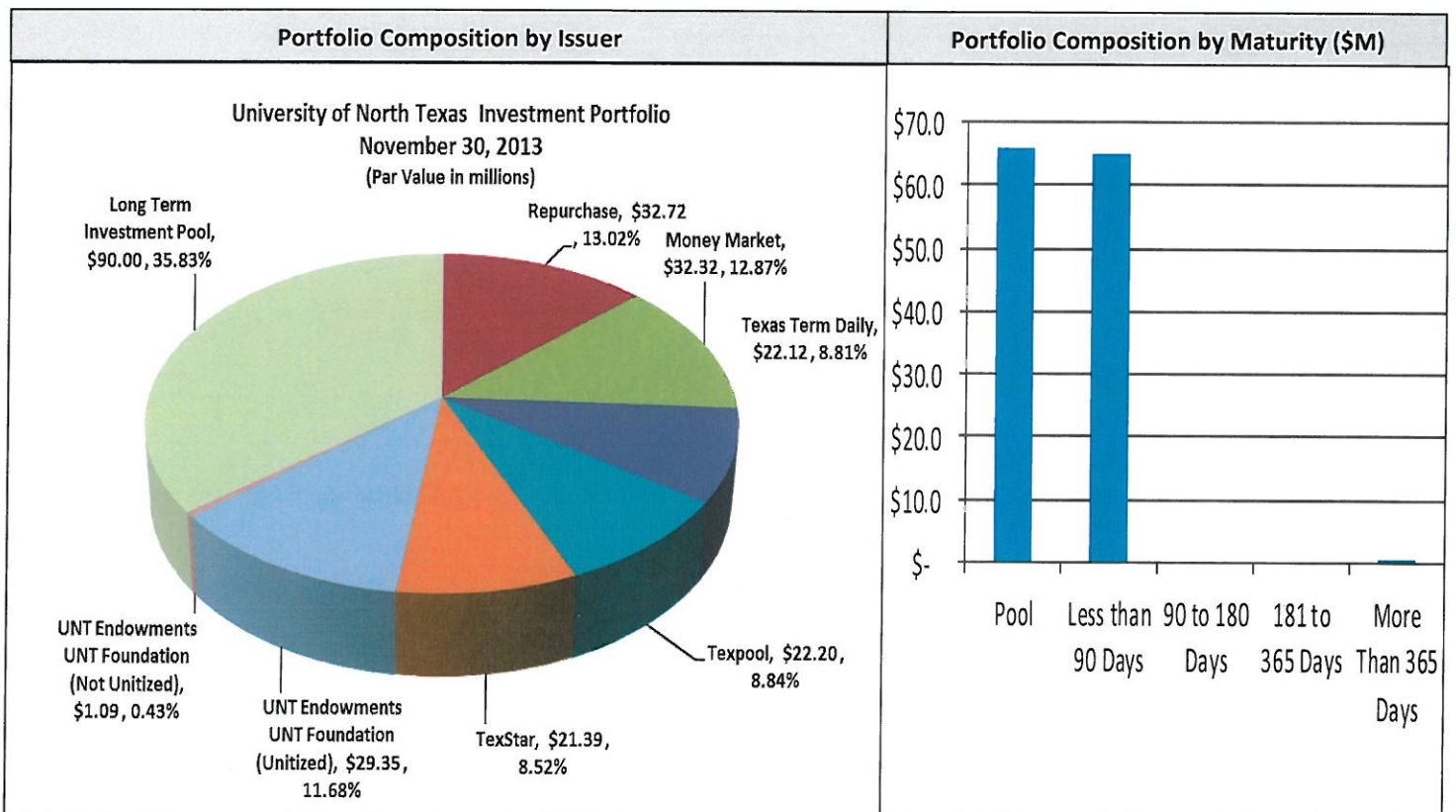
### For The Period Ending 11/30/13

These reports are prepared in accordance with the Texas Public Funds Investment Act, Government Code 2256. These reports are in full compliance with the Investment Policy and Strategy established for the University of North Texas and the Public Funds Investment Act.

As of November 30, 2013 the University's portfolio had a book value of \$251.2 million and a market value of \$271.5 million. Of this amount, \$65.7 million was held in local government investment pools, with \$22.2 million in TexPool, \$21.4 million in TexSTAR, and \$22.1 million in Texas Term. The Wells Fargo Repurchase Sweep account held \$32.7 million and the Wells Fargo Governmental Money Market held \$32.3 million. The remaining \$120.4 million was invested in SBA's (\$5 thousand), Long Term Investment Pool (\$90.0 million), Endowments at Foundation (\$30.4 million).

As of November 30, 2013 the short term portfolio had a weighted average maturity of 26 days and a weighted average yield to maturity of 0.05%. On an accrual basis the total portfolio earned \$318,336 during this month. The University's total portfolio average daily balance yield changed from .90% to 1.60%, an increase of 70 basis points. The tables below summarize the total portfolio as of November 30, 2013.

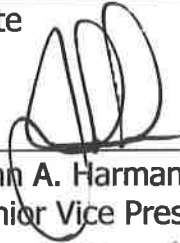
Total Portfolio Summary			
	Current Month 11/30/2013	Prior Month 10/31/2013	Change From Prior Month
Book Value	\$251,187,908	\$238,906,163	\$12,281,746
Market Value	\$271,470,811	\$259,654,862	\$11,815,949
Market Value %	108.07%	108.68%	-0.61%
Earned Income	\$318,336.41	\$127,179.96	\$191,156.45



The attached report represents the investment portfolio of the University of North Texas Health Science Center for the period ending November 30, 2013 and is in compliance with the Public Funds Investment Act and the investment strategy expressed in the University of North Texas Health Science Center's investment policy.

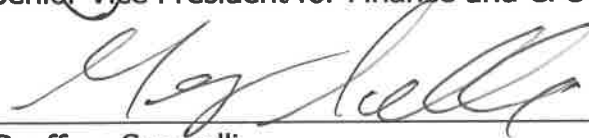
November 30, 2013

Date

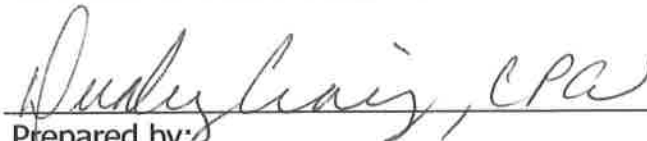


1/6/2014

John A. Harman, MBA, CPA, CGMA, CMPE  
Senior Vice President for Finance and CFO



Geoffrey Scarpelli  
Controller and Chief Budget Officer



Prepared by:  
Dudley Craig, CPA



**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER**  
**INVESTMENT PORTFOLIO SUMMARY**  
**For The Period Ending 11/30/2013**

This report is prepared in accordance with the Texas Public Funds Investment Act, Government Code 2256. This report is in full compliance with the Investment Policy and Strategy established for the University of North Texas Health Science Center and the Public Funds Investment Act.

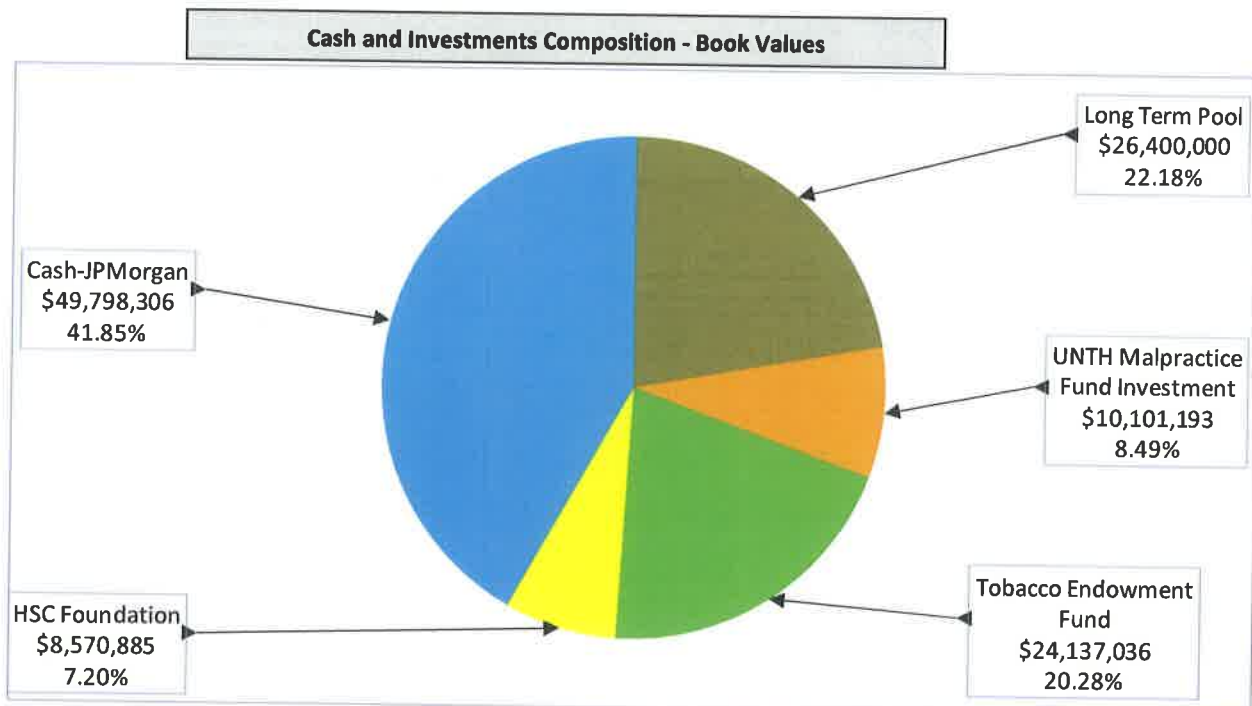
As of November 30, 2013, the Health Science Center's total portfolio had a book value of \$119.0M and market value of \$124.4M. HSC's portfolio is comprised of the following cash and investment vehicles:

Total Cash and Investments		
Vehicle	Book Value	Market Value
JPMorgan Chase (Cash)	\$ 40,957,830	\$ 40,957,830
JPMorgan High Yield Savings	8,840,476	8,840,476
Long Term Pool	26,400,000	28,590,840
HSC Foundation - Invested with J.P.Morgan	8,570,885	9,840,173
UNTH Malpractice Fund-Invested with J.P.Morgan	10,101,193	10,349,781
TEF-Invested with J.P.Morgan	24,137,036	25,840,163
<b>Total</b>	<b>\$ 119,007,420</b>	<b>\$ 124,419,263</b>

The annual yield of cash earnings to book value was 1.87% as of November 30, 2013. This is up from the 1.68% annual yield as of August 31, 2013.

The portfolio had cash earnings of \$242,791 for the quarter-ended November 2013. The table below summarizes the values of the portfolio as of November 30, 2013.

Total Portfolio Summary			
	Prior Quarter 08/31/2013	Current Quarter 11/30/2013	Change from the Prior Quarter
Book Value	\$127,863,720	\$119,007,420	(\$8,856,300)
Market Value	\$128,882,661	\$124,419,263	(\$4,463,398)
Market to Book Value %	100.80%	104.55%	3.75%
Cash Earnings	\$159,785	\$242,791	\$83,006





University of North Texas

University of North Texas  
Health Science Center at Fort Worth

University of North Texas Dallas

The attached reports represent the investment portfolio of the University of North Texas at Dallas for the period ending November 30, 2013, and are in compliance with Chapter 2256 of the Public Funds Investment Act and the Investment Strategy expressed in the System's Investment Policy.

J. Carlos  
Hernandez

Digitally signed by J. Carlos Hernandez  
DN: cn=J. Carlos Hernandez, o=VP for  
Finance and Administration, ou=VPFA/CFO,  
email=carlos.hernandez@unt.edu, c=US  
Date: 2014.01.15 09:42:01 -06'00'

Dr. J Carlos Hernandez  
CFO Finance & Administration

Date

*Carolyn M. Whitlock*

Carolyn M. Whitlock  
Manager, Treasury Services

*01/08/2014*

Date



**UNIVERSITY OF NORTH TEXAS AT DALLAS**  
**INVESTMENT PORTFOLIO SUMMARY**  
**For The Period Ending 11/30/13**

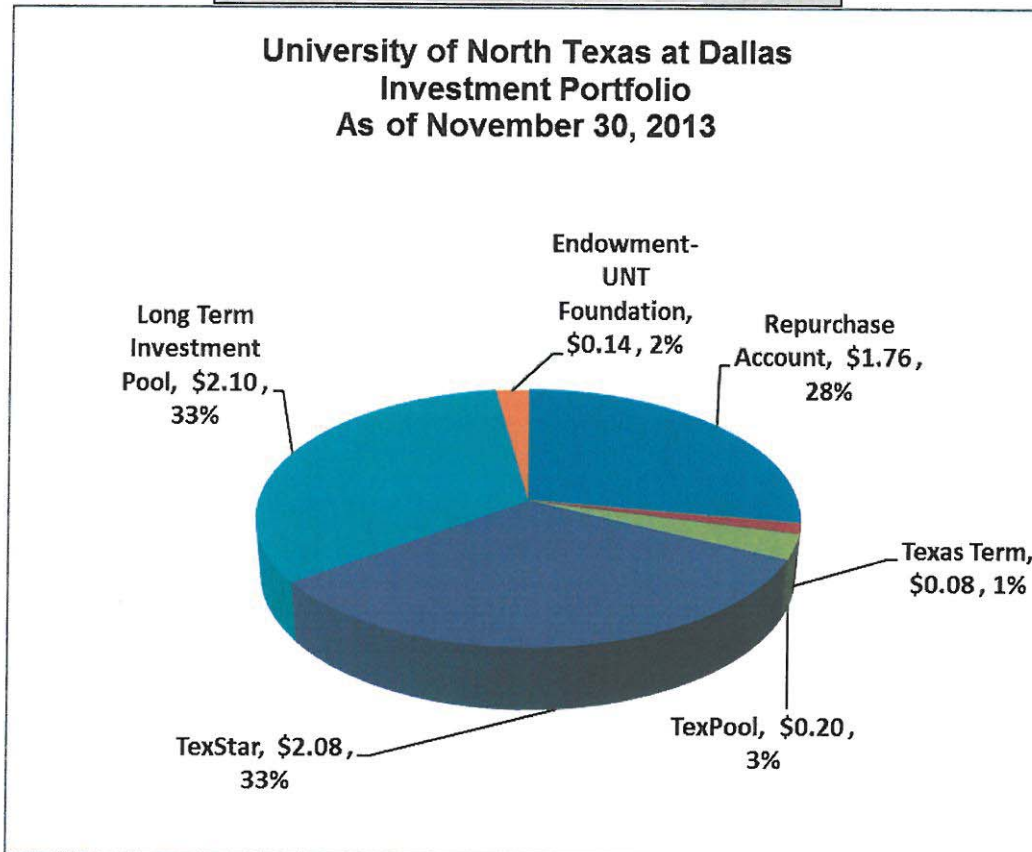
These reports are prepared in accordance with the Texas Public Funds Investment Act, Government Code 2256. These reports are in full compliance with the Investment Policy and Strategy established for the University of North Texas and the Public Funds Investment Act.

As of November 30, 2013 UNT at Dallas' portfolio had a book value of \$6.4 million and market value of \$6.5 million. Of this amount, \$2.4 million was held in local government investment pools, with \$0.20 million in TexPool, \$0.08 million in Texas Term and \$2.1 million in TexStar. The Wells Fargo Repurchase Sweep account held \$1.8 million and the Long Term Investment Pool held \$2.10 million.

As of November 30, 2013 the short term portfolio had a weighted average maturity of 30 days and a daily average yield to maturity of 0.03%. On an accrual basis the total portfolio earned \$1,127.18 during this month. UNT at Dallas' total portfolio yield changed from .49% to 1.20%, an increase of 71 basis points. The tables below summarize the total portfolio as of November 30, 2013.

Total Portfolio Summary			
	Current Month 11/30/2013	Prior Month 10/31/2013	Change From Prior
Book Value	\$6,361,548	\$7,500,684	(\$1,139,136)
Market Value	\$6,464,075	\$7,594,632	(\$1,130,557)
Market Value %	101.61%	101.25%	0.36%
Earned Income	\$1,127.18	\$1,018.07	\$109.11

**Portfolio Composition by Issuer**





University of North Texas

University of North Texas  
Health Science Center at Fort Worth

University of North Texas Dallas

The attached reports represent the investment portfolio of the University of North Texas System for the period ending November 30, 2013, and are in compliance with Chapter 2256 of the Public Funds Investment Act and the Investment Strategy expressed in the System's Investment Policy.

*Allen Clemson* 1/10/2014

Allen Clemson  
Vice Chancellor for Finance

Date

*Carolyn M. Whitlock*

Carolyn M. Whitlock  
Manager, Treasury Services

*01/08/2014*

Date



**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**INVESTMENT PORTFOLIO SUMMARY**  
**For The Period Ending 11/30/13**

These reports are prepared in accordance with the Texas Public Funds Investment Act, Government Code 2256. These reports are in full compliance with the Investment Policy and Strategy established for the University of North Texas and the Public Funds Investment Act.

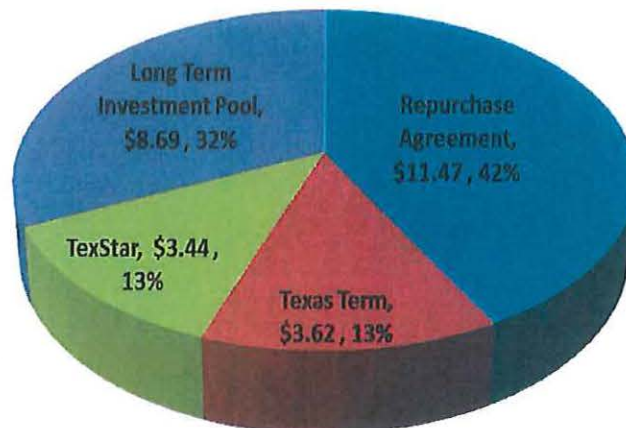
As of November 30, 2013 the System's portfolio had a book value of \$27.2 million and market value of \$27.9 million. Of this amount, \$3.4 million was held in TexStar, and \$3.6 million in Texas Term local government investment pools. The Wells Fargo Repurchase Sweep account held \$11.5 million. The Long Term Investment Pool held \$8.7 million.

As of November 30, 2013 the short term portfolio had a weighted average maturity of 20 days and a daily average yield to maturity of 0.03%. On an accrual basis the total portfolio earned \$21,128.86 during this month. The System's total portfolio yield changed from .49% to 1.20%, an increase of 71 basis points. The tables below summarize the total portfolio as of November 30, 2013.

Total Portfolio Summary			
	Current Month 11/30/2013	Prior Month 10/31/2013	Change From Prior
Book Value	\$27,224,419	\$23,712,696	\$3,511,723
Market Value	\$27,895,815	\$24,349,789	\$3,546,025
Market Value %	102.47%	102.69%	-0.22%
Earned Income	\$21,128.86	\$13,113.99	\$8,014.87

**Portfolio Composition by Issuer**

**University of North Texas System Investment Portfolio**  
**As of November 30, 2013**



# UNT | SYSTEM™



## **STRATEGIC MANAGEMENT REPORT**

### **SHARED SERVICES**

## SHARED SERVICES

**UNT System Business Service Center  
FY2014 Budget to Actual as of November 30, 2013**

	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2014 Actuals (a/o 11/30/13)	FY2014 Projected	% Variance (FY14 Proj-FY14 Bud)
<b>SOURCES OF INCOME</b>						
Transfers - Institution Assessments	\$7,889,104	\$7,889,105	\$7,879,105	\$3,134,266	\$6,548,583	-16.9%
Transfer to HR Shared Services		(\$689,655)	(\$1,330,522)	\$0	\$0	-100.0%
Miscellaneous Income	\$23,191	\$42,534	\$0	\$0	\$25,000	
<b>Total Income</b>	<b>\$7,912,295</b>	<b>\$7,241,984</b>	<b>\$6,548,583</b>	<b>\$3,134,266</b>	<b>\$6,573,583</b>	<b>0.4%</b>
<b>EXPENDITURES</b>						
Salaries and Wages	\$4,898,622	\$3,686,597	\$3,655,271	\$866,598	\$3,466,393	-5.2%
Payroll Related Costs	\$1,212,282	\$1,112,337	\$1,315,004	\$235,646	\$942,585	-28.3%
Merit/Awards/Equity	\$0	\$213,820	\$230,519	\$0	\$90,502	-60.7%
Professional Fees and Services	\$41,361	\$0	\$0	\$2,432	\$9,728	
Travel	\$36,802	\$66,111	\$41,188	\$6,831	\$27,323	-33.7%
Materials and Supplies	\$91,221	\$166,987	\$61,699	\$9,778	\$39,111	-36.6%
Communication	\$28,523	\$31,172	\$0	\$6,288	\$25,151	
Utilities	\$1,135	\$17,585	\$60,000	\$6,460	\$25,840	-56.9%
Repairs and Maintenance	\$22,642	\$40,176	\$32,500	\$2,003	\$8,010	-75.4%
Rentals and Leases	\$459,069	\$458,975	\$455,000	\$121,935	\$487,741	7.2%
Printing and Reproduction	\$6,935	\$20,936	\$1,000	\$2,022	\$8,088	708.8%
Shared Services Assessment Allocation	\$0	\$0	\$584,903	\$584,903	\$584,903	0.0%
Other Operating Expenses	\$43,443	\$142,352	\$111,500	\$13,210	\$52,839	-52.6%
Capital	\$0	\$0	\$0	\$0	\$0	
<b>Total Expenditures</b>	<b>\$6,842,034</b>	<b>\$5,957,049</b>	<b>\$6,548,583</b>	<b>\$1,858,105</b>	<b>\$5,768,215</b>	<b>-11.9%</b>
<b>Net Income (Loss)</b>	<b>\$1,070,261</b>	<b>\$1,284,935</b>	<b>\$0</b>	<b>\$1,276,161</b>	<b>\$805,368</b>	
<b>NET ASSETS</b>						
Beginning Balance	\$46,250	\$1,116,511	\$1,679,186	\$1,921,445	\$1,921,445	14%
Working capital held at Campus accounts	\$395,339	\$22,275	\$0	\$0	\$0	
Expenditures at Campus held accounts	(\$97,923)	(\$22,275)	(\$50,000)	(\$4,269)	(\$6,500)	-87%
Change in Fund Balance	\$1,070,261	\$1,284,935	\$0	\$1,276,161	\$805,368	
Dividends	(\$275,141)	(\$480,000)	(\$480,000)	(\$480,000)	(\$480,000)	0%
<b>Ending Net Assets</b>	<b>\$1,138,786</b>	<b>\$1,921,445</b>	<b>\$1,149,186</b>	<b>\$2,713,337</b>	<b>\$2,240,314</b>	<b>95%</b>

SHARED SERVICES

**UNT System Business Service Center  
Performance Scorecard**

Perspective	Strategic Goals	Performance Measures	Freq	Type	Q1 (9/1-11/30)	YTD FY 2014
<b>FINANCIAL</b>	<b>Improve Cost Effectiveness</b>	BSC Operating Budget per Budgeted System-wide Total FTE	A	Lag	\$1,164	\$1,164
		Year to Date (YTD) Budget Expended	Q	Lag	28.37%	28.37%
		BSC Operating Budget as a Percentage of System-wide Operating Budget	A	Lag	0.75%	0.75%
		BSC YTD Expenditures as a Percentage of System-wide Expenditures	Q	Lag	0.75%	0.75%
<b>CUSTOMER</b>	<b>Deliver Exceptional Customer Service</b>	% Satisfied with Knowledgebase Content	Q	Lead	99.20%	99.20%
<b>INTERNAL PROCESS</b>	<b>Leverage Information Technology</b>	Knowledgebase Volume	Q	Lead	14,703	14,703
		Number of Self-Service Applications	A	Lag	26	26
	<b>Leverage Our Size</b>	Contract Spend as a Percentage of Total Spend	Q	Lead	15.61%	15.61%
		Savings Through Contract Negotiations	A	Lag	\$12,252	\$12,252
	<b>Continually Improve Key Processes</b>	Number of Continuous Process Improvement Projects Completed	Q	Lead	22	22
		Savings Through Process Improvement Projects	A	Lag	\$398,834	\$398,834
<b>LEARNING AND GROWTH</b>	<b>Improve Employee Skills</b>	Training Hours Per Employee	Q	Lead	N/A Annual	N/A Annual
	<b>Maintain a Motivated Workforce</b>	Employee Retention Rate	Q	Lead	89.00%	89.00%
		Average Employee Tenure	A	Lag	N/A Annual	N/A Annual
		Employee Satisfaction Rate	A	Lag	N/A Annual	N/A Annual



SHARED SERVICES

**UNT System Information Technology Shared Services - ITSS  
FY2014 Budget to Actual as of November 30, 2013**

	FY2012 Actual (Dec 2011-Aug 2012)	FY2013 ITSS Actual	FY2014 ITSS Budget	FY2014 ITSS Actual (a/o 11/30/13)	FY2014 ITSS Projected	% Variance (FY14 Proj-FY14 Bud)
<b>SOURCES OF INCOME</b>						
Transfers - Institution Assessments	\$11,795,320	\$16,139,503	\$17,466,138	\$4,423,143	\$17,499,449	0.2%
Miscellaneous Income	\$0	\$29,236	\$0	\$0	\$0	
State Paid Benefits	\$1,068,285	\$2,807,958	\$2,855,836	\$722,971	\$2,771,533	-3.0%
<b>Total Income</b>	<b>\$12,863,605</b>	<b>\$18,976,697</b>	<b>\$20,321,974</b>	<b>\$5,146,114</b>	<b>\$20,270,982</b>	<b>-0.3%</b>
<b>EXPENDITURES</b>						
Salaries and Wages	8,346,089.73	11,779,468	\$12,866,012	\$3,014,405	12,057,618	-6.3%
Payroll Related Costs	\$2,136,000	\$2,843,625	\$3,302,431	\$731,813	\$2,927,252	-11.4%
Merit/Awards/Equity	\$0	\$414,112	\$365,168	\$0	\$242,265	-33.7%
Professional Fees and Services	\$9,350	\$317,733	\$350,000	\$58,000	\$332,000	-5.1%
Travel	\$6,312	\$41,600	\$70,000	\$9,486	\$70,000	0.0%
Materials and Supplies	\$22,650	\$60,455	\$110,310	\$12,276	\$99,106.00	-10.2%
Communication	\$368	\$65,688	\$25,000	\$20,222	\$80,887	223.5%
Utilities	\$0	\$0	\$0	\$0	\$0	
Repairs and Maintenance (Hardware & Software)	\$3,326	\$4,803,277	\$3,199,056	\$3,125,467	\$3,199,056	0.0%
Rentals and Leases	\$435	\$8,573	\$25,000	\$4,553	\$18,211	-27.2%
Printing and Reproduction	\$1,256	\$11,720	\$10,000	\$1,337	\$5,347	-46.5%
Other Operating Expenses	\$9,893	\$156,995	\$454,093	\$393,972	\$453,609	-0.1%
Capital	\$0	\$0	\$0	\$0	\$0	
<b>Total Expenditures</b>	<b>\$10,535,680</b>	<b>\$20,503,246</b>	<b>\$20,777,070</b>	<b>\$7,371,530</b>	<b>\$19,485,351</b>	<b>-6.2%</b>
<b>Net Income (Loss)</b>	<b>\$2,327,925</b>	<b>(\$1,526,549)</b>	<b>(\$455,096)</b>	<b>(\$2,225,416)</b>	<b>\$785,631</b>	<b>-272.6%</b>
<b>OTHER ITSS MANAGED ACCOUNTS</b>						
<u>Campus held accounts</u>						
UNT Capital Equipment - Beginning Balance	\$1,187,898	\$1,182,131	\$899,251	\$804,176	\$804,176	-10.6%
UNT Capital Equipment - Revenue	\$3,504,740	\$2,507,351	\$3,600,000	\$0	\$3,600,000	0.0%
UNT Capital Equipment - Expenditures	(\$3,510,507)	(\$2,885,307)	(\$4,499,251)	(\$394,908)	(\$4,404,176)	-2.1%
UNT Working Capital Expenditures	(\$12,620)	\$0	\$0	\$0	\$0	
UNTHSC HEAF funded - Beginning Balance	\$74,094	\$92,548	\$0	\$57,120	\$57,120	
UNTHSC HEAF funded - Revenue	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	0.0%
UNTHSC HEAF funded - Expenditures	(\$881,546)	(\$935,428)	(\$900,000)	(\$263,261)	(\$957,120)	6.3%
<b>Net Income (Loss)</b>	<b>\$1,262,059</b>	<b>\$861,296</b>	<b>\$0</b>	<b>\$1,103,127</b>	<b>\$0</b>	
<b>NET ASSETS</b>						
Beginning Balance	\$12,620	\$3,602,604	\$2,760,617	\$2,937,351	\$2,937,351	6%
Change in Fund Balance	\$3,589,984	(\$665,253)	(\$455,096)	(\$1,122,289)	\$785,631	-273%
<b>Ending Net Assets</b>	<b>\$3,602,604</b>	<b>\$2,937,351</b>	<b>\$2,305,521</b>	<b>\$1,815,062</b>	<b>\$3,722,982</b>	<b>61%</b>

SHARED SERVICES

**UNT System Information Technology Shared Services - Telecom  
FY2014 Budget to Actual as of November 30, 2013**

	FY2012 Actual <small>(Dec 2011-Aug 2012)</small>	FY2013 Telecom Actual	FY2014 Telecom Budget	FY2014 Telecom Actual <small>(a/o 11/30/13)</small>	FY2014 Telecom Projected	% Variance <small>(FY14 Proj-FY14 Bud)</small>	FY2015 Telecom Budget	% Variance <small>(FY15 Bud-FY14 Bud)</small>
<b>SOURCES OF INCOME</b>								
Transfers - Institution Assessments	\$0	\$0	\$0	\$0	\$0		\$0	
Telecom Revenue	\$710,023	\$3,377,821	\$3,550,594	564,168.56	\$3,550,594	0.0%	\$3,550,594	0.0%
State Paid Benefits	\$99,504	\$287,711	\$290,865	\$79,988	\$287,219	-1.3%	\$299,591	3.0%
<b>Total Income</b>	<b>\$809,527</b>	<b>\$3,665,532</b>	<b>\$3,841,459</b>	<b>\$644,156</b>	<b>\$3,837,813</b>	<b>-0.1%</b>	<b>\$3,850,185</b>	<b>0.2%</b>
<b>EXPENDITURES</b>								
Salaries and Wages	753,490	1,054,398	1,123,894.60	\$278,371	1,113,486	-0.9%	\$1,157,611	3.0%
Payroll Related Costs	\$99,506	\$288,497	\$350,893	\$80,067	320,270	-8.7%	\$361,420	3.0%
Merit/Awards/Equity	\$0	\$40,857	\$32,438	\$0	\$0	-100.0%	\$33,411	3.0%
Professional Fees and Services	\$0	\$220	\$0	\$0	\$0		\$0	
Travel	\$925	\$299	\$1,500	\$299	\$1,195	-20.3%	\$1,500	0.0%
Materials and Supplies	\$3,611	\$281,654	\$290,000	\$72,289	\$289,156	-0.3%	\$290,000	0.0%
Communication	\$0	\$1,596,224	\$1,846,486	\$405,956	\$1,623,826	-12.1%	\$1,846,486	0.0%
Utilities	\$0	\$56	\$0	\$0	\$0		\$0	
Repairs and Maintenance (Hardware & Software)	\$0	\$56,857	\$60,000	\$265	\$56,060	-6.6%	\$60,000	0.0%
Rentals and Leases	\$0	\$2,955	\$500	\$0	\$500	0.0%	\$500	0.0%
Printing and Reproduction	\$0	\$0	\$0	\$0	\$0		\$0	
Other Operating Expenses	\$0	\$20,862	\$25,000	\$8,450	\$33,801	35.2%	\$25,000	0.0%
Capital	\$0	\$0	\$0	\$14,104	\$14,104		\$15,000	
<b>Total Expenditures</b>	<b>\$857,532</b>	<b>\$3,342,879</b>	<b>3,730,712</b>	<b>\$859,802</b>	<b>\$3,452,398</b>	<b>-7.5%</b>	<b>\$3,790,928</b>	<b>1.6%</b>
<b>Net Income (Loss)</b>	<b>(\$48,005)</b>	<b>\$322,652</b>	<b>\$110,748</b>	<b>(\$215,646)</b>	<b>\$385,415</b>	<b>248.0%</b>	<b>\$59,257</b>	<b>-46.5%</b>
<b>OTHER ITSS MANAGED ACCOUNTS</b>								
<u>Campus held accounts</u>								
Telecom - Revenue	\$1,914,991							
Telecom - Expenditures	(\$1,914,991)							
<b>Net Income (Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	
<b>NET ASSETS</b>								
Beginning Balance	\$0	(\$48,005)	(\$110,748)	(\$48,005)	\$274,647	-348%	\$660,062	-696.0%
Change in Fund Balance	(\$48,005)	\$322,652	\$110,748	(\$215,646)	\$385,415	248%	\$59,257	-46.5%
<b>Ending Net Assets</b>	<b>(\$48,005)</b>	<b>\$274,647</b>	<b>(\$0)</b>	<b>(\$263,651)</b>	<b>\$660,062</b>		<b>\$719,319</b>	

SHARED SERVICES

**UNT System IT Shared Services  
Performance Scorecard**

Perspective	Strategic Goals	Performance Measures	Freq	Type	Q1 (9/1-11/30)	YTD FY 2014
FINANCIAL	Improve Cost Effectiveness	IT Operating Cost per System-wide Total FTE	A	Lag	\$4,356	\$4,356
		IT Operating Budget as a Percentage of UNT System-wide Operating Budget	A	Lag	2.81%	2.81%
CUSTOMER	Deliver Exceptional Customer Service	Percent of Problem Inquiries Successfully Resolved within SLA	Q	Lead	100.00%	100.00%
		Customer Satisfaction Rating	A	Lag		
INTERNAL PROCESS	Consolidate Services and Facilities	Cumulative Savings Generated through Services Consolidation	Q	Lag		
		Cumulative Savings Generated through Facility Consolidation	A	Lag		
	Leverage Existing Technology	Number of Intrusions and Spam Blocked	Q	Lead	280.2M	280.2M
		Virtualized Servers as a Percentage of Total Servers	Q	Lag	66.50%	66.50%
	Leverage Shared Contracts	Savings Generated Through Shared Contracts	A	Lag	\$1220K	\$1220K
	Continually Improve Key Processes	Percent of Projects Completed on Time on Budget (As Planned)	Q	Lead	59.82%	59.82%
		Percent of Employees Involved in Process Improvement Teams	Q	Lead	30.20%	30.20%
	Improve Performance and Quality	Percent of Service Levels Met or Exceeded	Q	Lag	86.80%	86.80%
		Mission Critical Application Availability	Q	Lead	99.84%	99.84%
	LEARNING AND GROWTH	Maintain and Improve Employee Skills	Percent of Planned Training Completed	Q	Lead	97%
Percent of Employees with a Personal Development Plan			A	Lag	55%	55%
Maintain a Motivated Workforce		Employee Retention Rate	Q	Lead	97.39%	97.39%
		Average Absences Per FTE in hours	A	Lag	22.3	22.3
		Employee Engagement Rate	A	Lag		

SHARED SERVICES

**UNT System Human Resources Shared Services  
FY2014 Budget to Actual as of November 30, 2013**

	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2014 Actual (a/o 11/30/13)	FY2014 Projected	% Variance (FY14 Proj-FY14 Bud)
<b>SOURCES OF INCOME</b>						
Transfers - Institution Assessments	\$648,684	\$2,463,098	\$3,113,098	\$2,422,919	\$4,443,620	42.7%
Transfer from BSC Shared Services		\$689,655	\$1,330,522			-100.0%
State Paid Benefits		\$307,741	\$452,238	\$106,890	\$355,071	-21.5%
<b>Total Income</b>	<b>\$648,684</b>	<b>\$3,460,494</b>	<b>\$4,895,858</b>	<b>\$2,529,809</b>	<b>\$4,798,691</b>	<b>-2.0%</b>
<b>EXPENDITURES</b>						
Salaries and Wages	\$316,944	\$1,792,968	\$3,168,858	\$584,936	\$2,339,744	-26.2%
Payroll Related Costs		\$405,609	\$870,225	\$144,089	\$576,356	-33.8%
Merit/Awards/Equity		\$42,959	\$93,349	\$0	\$59,352	-36.4%
Professional Fees and Services	\$38,750	\$2,750	\$5,000	\$0	\$5,000	0.0%
Travel	\$1,963	\$24,891	\$75,000	\$5,880	\$23,521	-68.6%
Materials and Supplies	\$1,316	\$39,948	\$169,960	\$84,653	\$338,611	99.2%
Communication		\$34,893	\$25,600	\$3,458	\$13,832	-46.0%
Utilities		\$0	\$0	\$0	\$0	
Repairs and Maintenance		\$1,836	\$2,500	\$92	\$2,500	0.0%
Rentals and Leases		\$16,262	\$76,690	\$929	\$76,690	0.0%
Printing and Reproduction		\$5,947	\$7,500	\$3,400	\$13,600	81.3%
Other Operating Expenses	\$26,905	\$390,102	\$405,136	\$342,812	\$575,316	42.0%
Capital		\$0	\$0	\$0	\$0	
<b>Total Expenditures</b>	<b>\$385,877</b>	<b>\$2,758,165</b>	<b>\$4,899,819</b>	<b>\$1,170,249</b>	<b>\$4,024,522</b>	<b>-17.9%</b>
<b>Net Income (Loss)</b>	<b>\$262,807</b>	<b>\$702,328</b>	<b>(\$3,961)</b>	<b>\$1,359,560</b>	<b>\$774,169</b>	<b>-19645.3%</b>
<b>NET ASSETS</b>						
Beginning Balance	\$0	\$262,807	\$1,091,210	\$965,135	\$965,135	-12%
Change in Fund Balance	\$262,807	\$702,328	(\$3,961)	\$1,359,560	\$774,169	-19645%
<b>Ending Net Assets</b>	<b>\$262,807</b>	<b>\$965,135</b>	<b>\$1,087,249</b>	<b>\$2,324,695</b>	<b>\$1,739,304</b>	<b>60%</b>



## Background Report

**Committee:** Finance

**Date Filed:** February 7, 2014

**Title:** FY14 Strategic Budget Forecast

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### Background:

The UNT System Strategic Budget Comparison report serves to provide the Board with FY14 Quarter 1 operating results as a comparison to the approved FY14 budget.

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### Financial Analysis/History:

This is a report item only.

**James Maguire** Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for Administrative Services,  
ou=UNT System, email=james.maguire@untsystem.edu, c=US  
Date: 2014.02.10 16:24:55 -0500  
VC for Facilities/Interim VC for Finance

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### Legal Review:

This item has been reviewed by General Counsel.

\_\_\_\_\_  
Vice Chancellor/General Counsel

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### Schedule: N/A

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No action required. Information only. Submitted by:

Allen Clemson

\_\_\_\_\_  
Interim Vice Chancellor for Finance

**Lee Jackson** Digitally signed by Lee Jackson  
DN: cn=Lee Jackson, o=UNT  
System, ou=Chancellor's Office,  
email=chancellor@unt.edu, c=US  
Date: 2014.02.19 11:06:28 -06'00'

---

Chancellor

Attachments Filed Electronically:

- UNT Strategic Budget – FY14 Quarter 1
- UNTD Strategic Budget – FY 14 Quarter 1
- UNTHSC Strategic Budget – FY14 Quarter 1
- UNTS Strategic Budget – FY 14 Quarter 1

# UNT<sup>TM</sup>

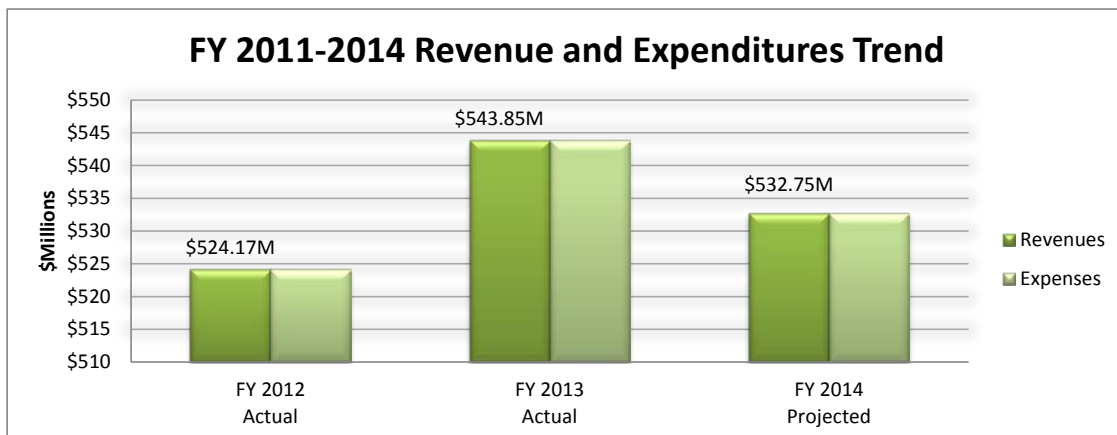
## ***FY14 Strategic Budget Forecast***

REVENUE AND EXPENDITURE TREND  
SUMMARY  
NOTES - FY2013 AND FY2014 VARIANCES  
REVENUE ANALYSIS  
EXPENDITURE ANALYSIS  
EXPENDITURE BUDGET BY FUNCTIONAL AREA  
FACULTY AND STAFF FTE ANALYSIS



## REVENUE AND EXPENDITURE TREND

	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected
<b>REVENUE</b>			
State Appropriations -General Revenue	\$123,769,550	\$118,928,750	\$126,369,597
Tuition and Fees	\$205,566,562	\$218,446,557	\$238,588,002
Contracts and Grants	\$44,224,581	\$43,661,269	\$33,000,000
Financial Aid Programs	\$64,050,894	\$72,439,478	\$71,794,501
HEAF	\$27,846,476	\$27,066,476	\$27,066,476
Gift Income	\$15,998,604	\$7,135,443	\$7,532,000
Net Sales and Services of Educational Activities	\$1,543,907	\$2,523,582	\$562,521
Net Sales and Services of Medical Activities	\$0	\$0	\$0
Net Auxiliary Enterprises	\$58,716,926	\$58,663,756	\$62,502,219
Net Inter-collegiate Athletics	\$7,867,626	\$8,042,528	\$9,314,969
Net Investment/Interest Income	\$940,369	\$6,805,922	\$2,595,000
Other Operating Income	\$126,459	\$12,395,313	\$1,772,850
Reserves and Fund Balances	\$13,643,905	\$15,031,144	\$2,816,100
Transfers	(\$40,121,091)	(\$47,294,773)	(\$51,165,461)
<b>Total Revenue</b>	<b>\$524,174,767</b>	<b>\$543,845,445</b>	<b>\$532,748,774</b>
<b>EXPENDITURES</b>			
Faculty Salaries	\$115,842,688	\$111,507,556	\$112,058,724
Staff Salaries	\$112,722,364	\$124,875,102	\$102,139,085
Wages	\$26,616,917	\$27,575,484	\$20,786,390
Benefits	\$63,222,751	\$66,300,022	\$57,450,711
Scholarships and Financial Aid (net of discounts)	\$54,984,048	\$67,108,324	\$73,714,501
Maintenance and Operations	\$93,820,670	\$95,505,790	\$123,477,443
Utilities	\$11,004,189	\$6,196,760	\$6,765,156
Capital Outlay	\$17,318,157	\$16,800,727	\$7,578,682
Debt Service	\$28,642,983	\$27,975,679	\$28,811,916
<b>Total Expenditures</b>	<b>\$524,174,767</b>	<b>\$543,845,445</b>	<b>\$532,782,608</b>
<b>Surplus (Deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$33,834)</b>





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## SUMMARY

	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (FY14 Proj-FY14 Bud)	% Variance	Note #1
<b>REVENUE</b>							
State Appropriations -General Revenue	\$123,769,550	\$118,928,750	\$139,369,597	\$126,369,597	(\$13,000,000)	(9.3%)	1
Tuition and Fees	\$205,566,562	\$218,446,557	\$238,588,002	\$238,588,002	\$0	0.0%	
Contracts and Grants	\$44,224,581	\$43,661,269	\$33,000,000	\$33,000,000	\$0	0.0%	
Financial Aid Programs	\$64,050,894	\$72,439,478	\$71,794,501	\$71,794,501	(\$0)	(0.0%)	
HEAF	\$27,846,476	\$27,066,476	\$27,066,476	\$27,066,476	\$0	0.0%	
Gift Income	\$15,998,604	\$7,135,443	\$7,532,000	\$7,532,000	\$0	0.0%	
Net Sales and Services of Educational Activities	\$1,543,907	\$2,523,582	\$562,521	\$562,521	\$0	0.0%	
Net Sales and Services of Medical Activities	\$0	\$0	\$0	\$0	\$0		
Net Auxiliary Enterprises	\$58,716,926	\$58,663,756	\$62,502,219	\$62,502,219	\$0	0.0%	
Net Inter-collegiate Athletics	\$7,867,626	\$8,042,528	\$9,314,969	\$9,314,969	\$0	0.0%	
Net Investment/Interest Income	\$940,369	\$6,805,922	\$2,295,000	\$2,595,000	\$300,000	13.1%	2
Other Operating Income	\$126,459	\$12,395,313	\$1,772,850	\$1,772,850	\$0	0.0%	
Reserves and Fund Balances	\$13,643,905	\$15,031,144	\$2,816,100	\$2,816,100	\$0	0.0%	
Transfers	(\$40,121,091)	(\$47,294,773)	(\$51,131,627)	(\$51,165,461)	(\$33,834)	0.1%	
<b>Total Revenue</b>	<b>\$524,174,767</b>	<b>\$543,845,445</b>	<b>\$545,482,608</b>	<b>\$532,748,774</b>	<b>(\$12,733,834)</b>	<b>(2.3%)</b>	
<b>EXPENDITURES</b>							
Faculty Salaries	\$115,842,688	\$111,507,556	\$112,058,724	\$112,058,724	\$0	0.0%	
Staff Salaries	\$112,722,364	\$124,875,102	\$107,999,561	\$102,139,085	(\$5,860,476)	(5.4%)	3
Wages	\$26,616,917	\$27,575,484	\$20,786,390	\$20,786,390	\$0	0.0%	
Benefits	\$63,222,751	\$66,300,022	\$61,225,711	\$57,450,711	(\$3,775,000)	(6.2%)	5
Scholarships and Financial Aid (net of discounts)	\$54,984,048	\$67,108,324	\$73,714,501	\$73,714,501	\$0	0.0%	
Maintenance and Operations	\$93,820,670	\$95,505,790	\$126,541,967	\$123,477,443	(\$3,064,524)	(2.4%)	6
Utilities	\$11,004,189	\$6,196,760	\$6,765,156	\$6,765,156	\$0	0%	
Capital Outlay	\$17,318,157	\$16,800,727	\$7,578,682	\$7,578,682	\$0	0.0%	
Debt Service	\$28,642,983	\$27,975,679	\$28,811,916	\$28,811,916	\$0	0.0%	
<b>Total Expenditures</b>	<b>\$524,174,767</b>	<b>\$543,845,445</b>	<b>\$545,482,608</b>	<b>\$532,782,608</b>	<b>(\$12,700,000)</b>	<b>(2.3%)</b>	
<b>Surplus (Deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$33,834)</b>	<b>(\$33,834)</b>		
<b>FTE's - Faculty and Staff</b>							
Faculty	1,120.39	1,023.64	1,026.89				
Administrative and Professional	318.29	303.12	235.60				
Classified	2,020.49	1,898.20	2,027.00				
Other							
<b>Total Approved FTE's</b>	<b>3,459.17</b>	<b>3,224.96</b>	<b>3,289.49</b>				



## NOTES - FY2014 AND FY2015 VARIANCES

Explanations of FY2014 Variances		
#	Item	Notes
1-	State Appropriations -General Revenue	GR for state benefits will be lower than budgeted
2-	Net Investment/Interest Income	Revenue adjustment due to reduction in budgeted state benefits revenue
3-	Staff Salaries	Spending adjustment due to reduction in budgeted state benefits revenue
4-	Benefits	Spending adjustment due to reduction in budgeted state benefits revenue
5-	Maintenance and Operations	Spending adjustment due to reduction in budgeted state benefits revenue
6-		
7-		
8-		
9-		
10-		
11-		
12-		
13-		

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## REVENUE ANALYSIS

Method of Financing	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj-Budget)	% Variance
<b>State Appropriations -General Revenue</b>						
State Appropriations - Basic State Funding	\$95,956,315	\$95,317,804	\$102,347,161	\$102,347,161	\$0	0.0%
State Appropriations - State Paid Benefits	\$27,813,235	\$23,610,946	\$37,022,436	\$24,022,436	(\$13,000,000)	(35.1%)
State Appropriations - Reductions	\$0		\$0		\$0	
<b>Subtotal, State Appropriations -General Revenue</b>	<b>\$123,769,550</b>	<b>\$118,928,750</b>	<b>\$139,369,597</b>	<b>\$126,369,597</b>	<b>(\$13,000,000)</b>	<b>(9.3%)</b>
<b>Tuition and Fees</b>						
Tuition - Statutory	\$53,112,969	\$48,627,926	\$48,430,606	\$48,430,606	\$0	0.0%
Tuition - Designated	\$134,904,509	\$145,527,906	\$162,088,790	\$162,088,790	\$0	0.0%
Discounts and Allowances - Tuition	(\$43,689,349)	(\$51,520,747)	(\$48,918,087)	(\$48,918,087)	\$0	0.0%
Fees	\$79,775,826	\$98,296,163	\$100,291,217	\$100,291,217	\$0	0.0%
Discounts and Allowances - Fees	(\$18,537,393)	(\$22,484,691)	(\$23,304,525)	(\$23,304,525)	\$0	0.0%
<b>Subtotal, Tuition and Fees</b>	<b>\$205,566,562</b>	<b>\$218,446,557</b>	<b>\$238,588,002</b>	<b>\$238,588,002</b>	<b>\$0</b>	<b>0.0%</b>
<b>Contracts and Grants</b>						
Federal	\$29,124,867	\$30,922,498	\$23,000,000	\$23,000,000	\$0	0.0%
State	\$7,166,924	\$4,451,690	\$2,000,000	\$2,000,000	\$0	0.0%
Private	\$7,932,790	\$8,287,081	\$8,000,000	\$8,000,000	\$0	0.0%
<b>Subtotal, Contracts and Grants</b>	<b>\$44,224,581</b>	<b>\$43,661,269</b>	<b>\$33,000,000</b>	<b>\$33,000,000</b>	<b>\$0</b>	<b>0.0%</b>
<b>Financial Aid Programs</b>	<b>\$64,050,894</b>	<b>\$72,439,478</b>	<b>\$71,794,501</b>	<b>\$71,794,501</b>	<b>(\$0)</b>	<b>(0.0%)</b>
HEAF	\$27,846,476	\$27,066,476	\$27,066,476	\$27,066,476	\$0	0.0%
Gift Income	\$15,998,604	\$7,135,443	\$7,532,000	\$7,532,000	\$0	0.0%
Net Sales and Services of Educational Activities	\$1,543,907	\$2,523,582	\$562,521	\$562,521	\$0	0.0%
Net Sales and Services of Medical Activities					\$0	
Net Auxilliary Enterprises	\$58,716,926	\$58,663,756	\$62,502,219	\$62,502,219	\$0	0.0%
Net Inter-collegiate Athletics	\$7,867,626	\$8,042,528	\$9,314,969	\$9,314,969	\$0	0.0%
Net Investment/Interest Income	\$940,369	\$6,805,922	\$2,295,000	\$2,595,000	\$300,000	13.1%
Other Operating Revenues	\$126,459	\$12,395,313	\$1,772,850	\$1,772,850	\$0	0.0%
Reserves and Fund Balances	\$13,643,905	\$15,031,144	\$2,816,100	\$2,816,100	\$0	0.0%
<b>Transfers</b>						<b>0%</b>
Intrasystem Transfers In/(Out)	(\$19,007,316)	(\$26,180,998)	(\$30,017,852)	(\$30,051,686)	(\$33,834)	0.1%
Transfer to Plant Funds for Capital Projects	(\$21,113,775)	(\$21,113,775)	(\$21,113,775)	(\$21,113,775)	\$0	0.0%
<b>Subtotal, Transfers</b>	<b>(\$40,121,091)</b>	<b>(\$47,294,773)</b>	<b>(\$51,131,627)</b>	<b>(\$51,165,461)</b>	<b>(\$33,834)</b>	<b>0.1%</b>
<b>Total Revenue</b>	<b>\$524,174,767</b>	<b>\$543,845,445</b>	<b>\$545,482,608</b>	<b>\$532,748,774</b>	<b>(\$12,733,834)</b>	<b>(2.3%)</b>

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## EXPENDITURE ANALYSIS

Expenditures	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj-Budget)	% Variance
Faculty Salaries	\$115,842,688	\$111,507,556	\$112,058,724	\$112,058,724	\$0	0.0%
Staff Salaries	\$112,722,364	\$124,875,102	\$107,999,561	\$102,139,085	(\$5,860,476)	(5.4%)
Wages	\$26,616,917	\$27,575,484	\$20,786,390	\$20,786,390	\$0	0.0%
Benefits	\$63,222,751	\$66,300,022	\$61,225,711	\$57,450,711	(\$3,775,000)	(6.2%)
Scholarships and Financial Aid (net of discounts)	\$54,984,048	\$67,108,324	\$73,714,501	\$73,714,501	\$0	0.0%
Maintenance and Operations	\$93,820,670	\$95,505,790	\$126,541,967	\$123,477,443	(\$3,064,524)	(2.4%)
Utilities	\$11,004,189	\$6,196,760	\$6,765,156	\$6,765,156	\$0	0.0%
Capital Outlay	\$17,318,157	\$16,800,727	\$7,578,682	\$7,578,682	\$0	0.0%
Debt Service	\$28,642,983	\$27,975,679	\$28,811,916	\$28,811,916	\$0	0.0%
<b>Total Expenditures</b>	<b>\$524,174,767</b>	<b>\$543,845,445</b>	<b>\$545,482,608</b>	<b>\$534,572,956</b>	<b>(\$12,700,000)</b>	<b>(2.3%)</b>



## Expenditure Budget by Functional Area

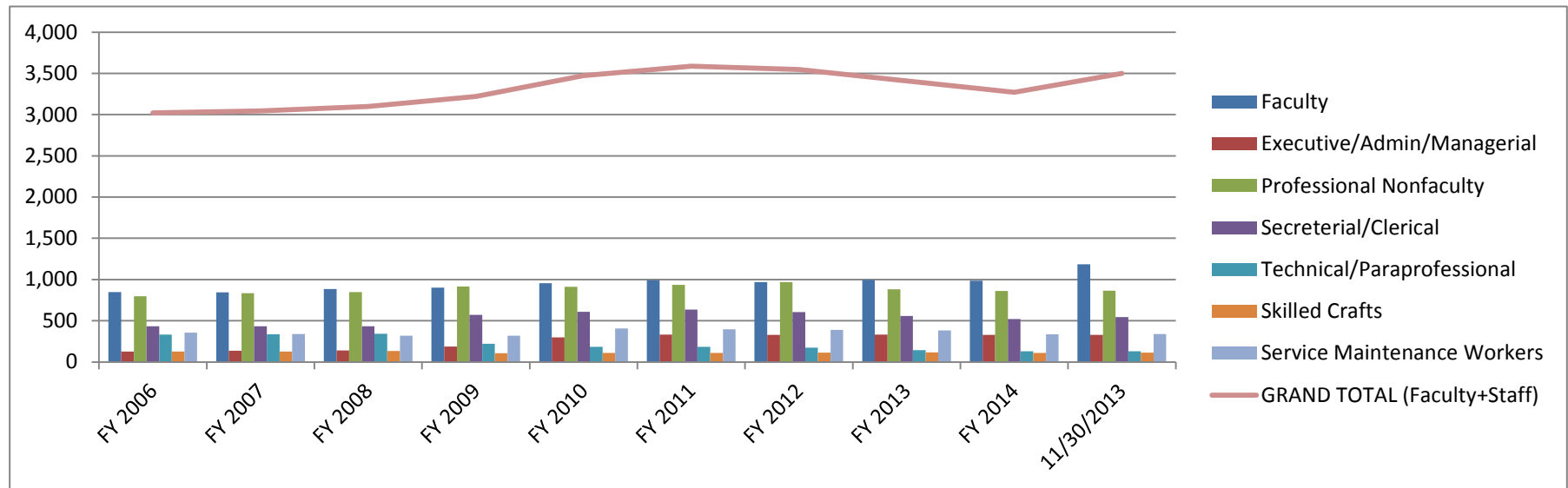
Operating Expenditures	FY 2012 Actual	FY2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj-Budget)	% Variance
Office of the President	\$2,655,671	\$2,582,742	\$1,891,443	\$2,496,507	605,064	32.0%
Athletics	16,510,542	18,570,481	22,415,318	17,950,427	(4,464,891)	(19.9%)
VP Equity & Diversity	1,060,311	1,154,559	1,056,818	1,116,009	59,192	5.6%
VP University Communications & Marketing	7,791,330	8,864,493	3,312,577	8,568,514	5,255,937	158.7%
VP Finance & Administration	1,044,004	2,111,107	2,500,595	2,040,618	(459,977)	(18.4%)
SR AVP for Finance	61,835,870	64,155,115	63,563,220	62,013,025	(1,550,195)	(2.4%)
SR AVP for Administration	32,801,095	31,065,329	28,194,629	30,028,081	1,833,452	6.5%
Provost & VP Academic Affairs	36,000,083	37,038,440	41,812,068	35,801,755	(6,010,312)	(14.4%)
Honors College	585,063	611,023	682,529	590,621	(91,908)	(13.5%)
Graduate School	1,750,898	1,419,314	1,533,904	1,371,924	(161,979)	(10.6%)
College of Arts & Sciences	65,210,672	67,943,747	55,589,353	65,675,157	10,085,804	18.1%
College of Visual Arts & Design	8,120,981	8,192,278	6,917,179	7,918,744	1,001,565	14.5%
School of Journalism	3,234,558	3,406,300	3,364,322	3,292,566	(71,755)	(2.1%)
College of Information	8,650,026	7,973,775	4,092,089	7,707,537	3,615,448	88.4%
College of Business	21,240,116	21,055,477	18,544,610	20,352,451	1,807,841	9.7%
College of Education	17,384,837	17,306,310	15,206,246	16,728,465	1,522,219	10.0%
College of Merchandising, Hospitality, & Tourism	3,799,636	3,807,948	3,292,742	3,680,804	388,062	11.8%
College of Music	15,894,774	15,712,449	13,274,102	15,187,823	1,913,721	14.4%
College of Public Affairs & Communication	12,593,331	13,437,168	8,342,740	12,988,511	4,645,772	55.7%
College of Engineering	15,298,811	18,116,369	13,463,462	17,511,478	4,048,016	30.1%
VP Research & Economic Development	4,099,721	4,860,757	3,570,387	4,698,460	1,128,074	31.6%
VP Development	4,564,164	4,553,225	4,401,069	4,401,196	127	0.0%
VP Student Affairs	55,559,521	55,513,386	53,630,737	53,659,836	29,100	0.1%
VP Info Tech/Chief Info Officer	11,563,958	7,907,489	3,787,583	7,643,464	3,855,881	101.8%
FY2014 Raise Pool & Operating Budget Reserves			4,582,157		(4,582,157)	(100.0%)
Reserve for FY2013 raises/FY2014 PS Upgrade			2,816,100		(2,816,100)	(100.0%)
UNT System Support			30,017,852		(30,017,852)	(100.0%)
Scholarships & Financial Aid	54,984,048	67,108,324	71,794,501	70,987,065	(807,437)	(1.1%)
Federal, State & Private Grants & Contracts	31,297,765	31,402,160	33,000,000	31,350,000	(1,650,000)	(5.0%)
Debt Service (not included above)	28,642,983	27,975,679	28,832,277	28,811,916	(20,361)	(0.1%)
<b>Total</b>	<b>\$524,174,767</b>	<b>\$543,845,445</b>	<b>\$545,482,608</b>	<b>\$534,572,956</b>	<b>(10,909,652)</b>	<b>(2.0%)</b>



## Faculty and Staff FTE Analysis

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	11/30/2013
Faculty	847	844	884	901	956	991	969	997	986	1,184
Executive/Admin/Managerial	128	135	139	186	297	333	327	332	329	328
Professional Nonfaculty	798	835	848	916	912	935	968	881	861	865
Secreterial/Clerical	433	432	434	571	609	637	605	558	522	543
Technical/Paraprofessional	332	334	341	222	182	185	175	142	129	131
Skilled Crafts	127	127	133	106	110	111	112	117	111	113
Service Maintenance Workers	356	337	318	318	408	395	389	382	335	338
<b>GRAND TOTAL (Faculty+Staff)</b>	<b>3,021</b>	<b>3,044</b>	<b>3,097</b>	<b>3,220</b>	<b>3,473</b>	<b>3,586</b>	<b>3,546</b>	<b>3,408</b>	<b>3,272</b>	<b>3,500</b>

\*FTE data as of September 1st of each fiscal year.



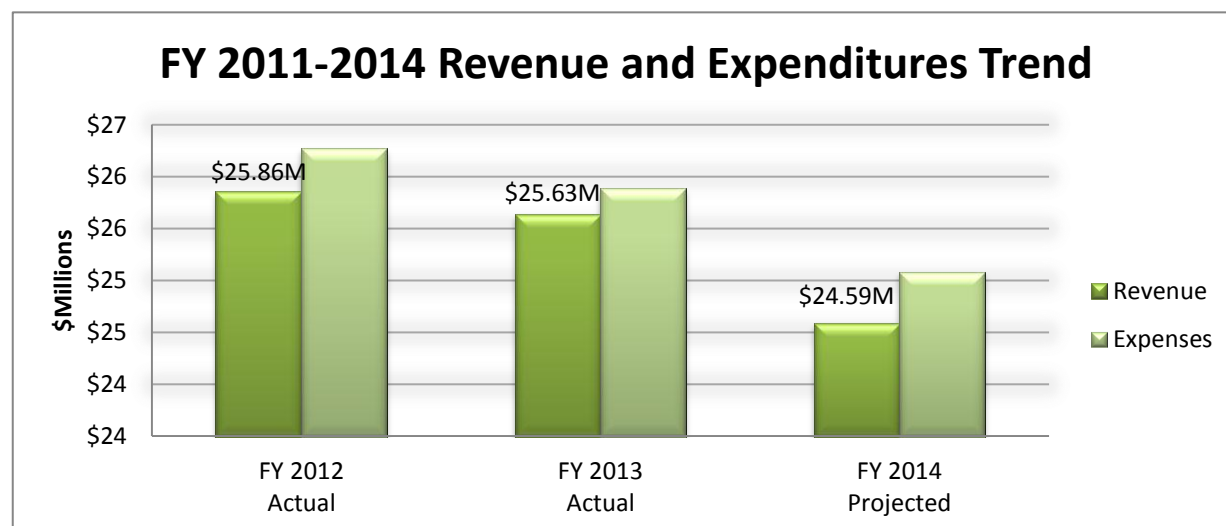


# ***FY14 Strategic Budget Forecast***

REVENUE AND EXPENDITURE TREND  
SUMMARY  
NOTES - FY2014 VARIANCES  
REVENUE ANALYSIS  
EXPENDITURE ANALYSIS  
EXPENDITURE BUDGET BY FUNCTIONAL AREA  
FACULTY AND STAFF FTE ANALYSIS

**REVENUE AND EXPENDITURE TREND**

	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected
<b>REVENUE</b>			
State Appropriations - General Revenue	\$16,676,077	\$15,774,554	\$15,392,925
Tuition and Fees	\$8,956,837	\$10,576,061	\$10,580,000
Contracts and Grants	\$1,239,435	\$1,191,140	\$637,420
Financial Aid Programs	\$0	\$0	\$0
HEAF	\$780,000	\$780,000	\$780,000
Gift Income	\$533,996	\$0	\$25,000
Net Sales and Services of Educational Activities	\$81,430	\$61,502	\$70,000
Net Sales and Services of Medical Activities	\$0	\$0	\$0
Net Auxiliary Enterprises	\$97,213	\$112,038	\$194,030
Net Inter-collegiate Athletics	\$0	\$0	\$0
Net Investment/Interest Income	\$8,086	\$9,940	\$100,000
Other Operating Income	\$125,097	\$126,349	\$40,000
Reserves	\$0	\$0	\$165,375
Intrasystem Transfers	(\$2,641,665)	(\$3,000,381)	(\$3,396,864)
<b>Total Revenue</b>	<b>\$25,856,506</b>	<b>\$25,631,203</b>	<b>\$24,587,886</b>
<b>EXPENDITURES</b>			
Faculty Salaries	\$4,706,819	\$5,026,466	\$4,905,000
Staff Salaries	\$5,792,325	\$6,267,430	\$6,228,000
Wages	\$549,226	\$380,970	\$425,655
Benefits	\$2,218,732	\$2,311,483	\$2,753,291
Scholarships & Financial Aid (net of discounts)	\$1,659,930	\$2,062,479	\$3,145,983
Maintenance & Operations	\$7,203,429	\$5,635,139	\$3,507,000
Utilities	\$395,234	\$456,204	\$375,000
Capital Outlay	\$0	\$0	\$0
Debt Service	\$3,742,050	\$3,741,300	\$3,741,300
<b>Total Expenditures</b>	<b>\$26,267,745</b>	<b>\$25,881,471</b>	<b>\$25,081,229</b>
<b>Surplus (Deficit)</b>	<b>(\$411,239)</b>	<b>(\$250,268)</b>	<b>(\$493,343)</b>





**SUMMARY**

	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (FY14 Proj - FY14 Bud)	% Variance	Note #1
<b>REVENUE</b>							
State Appropriations - General Revenue	\$16,676,077	\$15,774,554	\$15,392,925	\$15,392,925	\$0	0.0%	
Tuition and Fees	\$8,956,837	\$10,576,061	\$11,773,811	\$10,580,000	(\$1,193,811)	(10.1%)	1
Contracts and Grants	\$1,239,435	\$1,191,140	\$563,420	\$637,420	\$74,000	13.1%	
Financial Aid Programs	\$0	\$0	\$0	\$0	\$0		
HEAF	\$780,000	\$780,000	\$780,000	\$780,000	\$0	0.0%	
Gift Income	\$533,996	\$0	\$250,000	\$25,000	(\$225,000)		2
Net Sales and Services of Educational Activities	\$81,430	\$61,502	\$120,655	\$70,000	(\$50,655)	(42.0%)	
Net Sales and Services of Medical Activities	\$0	\$0	\$0	\$0	\$0		
Net Auxiliary Enterprises	\$97,213	\$112,038	\$194,030	\$194,030	\$0	0.0%	
Net Inter-collegiate Athletics	\$0	\$0	\$0	\$0	\$0		
Net Investment/Interest Income	\$8,086	\$9,940	\$20,000	\$100,000	\$80,000	400.0%	
Other Operating Income	\$125,097	\$126,349	\$90,000	\$40,000	(\$50,000)	(55.6%)	
Reserves	\$0	\$0	\$165,375	\$165,375	\$0		
Transfers	(\$2,641,665)	(\$3,000,381)	(\$3,214,544)	(\$3,396,864)	(\$182,320)	5.7%	
<b>Total Revenue</b>	<b>\$25,856,506</b>	<b>\$25,631,203</b>	<b>\$26,135,672</b>	<b>\$24,587,886</b>	<b>(\$1,547,787)</b>	<b>(5.9%)</b>	
<b>EXPENDITURES</b>							
Faculty Salaries	\$4,706,819	\$5,026,466	\$5,136,003	\$4,905,000	(\$231,003)	(4.5%)	3
Staff Salaries	\$5,792,325	\$6,267,430	\$6,439,440	\$6,228,000	(\$211,440)	(3.3%)	4
Wages	\$549,226	\$380,970	\$425,655	\$425,655	\$0	0.0%	
Benefits	\$2,218,732	\$2,311,483	\$2,753,291	\$2,753,291	\$0	0.0%	
Scholarships & Financial Aid (net of discounts)	\$1,659,930	\$2,062,479	\$3,245,983	\$3,145,983	(\$100,000)	(3.1%)	5
Maintenance & Operations	\$7,203,429	\$5,635,139	\$4,019,000	\$3,507,000	(\$512,000)	(12.7%)	6
Utilities	\$395,234	\$456,204	\$375,000	\$375,000	\$0	0.0%	
Capital Outlay	\$0	\$0	\$0	\$0	\$0		
Debt Service	\$3,742,050	\$3,741,300	\$3,741,300	\$3,741,300	\$0	0.0%	
<b>Total Expenditures</b>	<b>\$26,267,745</b>	<b>\$25,881,471</b>	<b>\$26,135,672</b>	<b>\$25,081,229</b>	<b>(\$1,054,444)</b>	<b>(4.0%)</b>	
<b>Surplus (Deficit)</b>	<b>(\$411,239)</b>	<b>(\$250,268)</b>	<b>\$0</b>	<b>(\$493,343)</b>	<b>(\$493,343)</b>	<b>100.0%</b>	
<b>FTE's - Faculty and Staff</b>							
Faculty	53.00	54.00	61.00				
Administrative and Professional	9.00	9.00	10.00				
Classified	81.75	92.25	101.95				
Other							
<b>Total Approved FTE's</b>	<b>143.75</b>	<b>155.25</b>	<b>172.95</b>				


  
 UNIVERSITY OF NORTH TEXAS AT DALLAS
   
**NOTES - FY2014 VARIANCES**

Explanations of FY2014 Variances	
# Item	Notes
1- Tuition and Fees	Budget included enrollment increase assumptions that did not materialize. Fall enrollment was essentially flat and we anticipate the same for Spring.
2- Gift Income	Gift income was budgeted aggressively as a stretch goal. Early results do not support it's achievability.
3- Faculty Salaries	Adjunct faculty salaries will incur significant savings due to the aforementioned enrollment declines. These savings will be captured to mitigate impact of the budgeted revenue shortfall.
4- Staff Salaries	Administrative vacancies will be held, where possible, through the end of the year in an effort to generate salary savings to mitigate impact of the budgeted revenue shortfall.
5- M & O	Budgeted salary increase amounts coupled with recapture of budgeted reserves will be recaptured to mitigate impact of the budgeted revenue shortfall.
6 Scholarships and Fellowships	Decline in tuition revenue estimate will reduce the total amount of statutory set-aside requirements.

**REVENUE ANALYSIS**

Method of Financing	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj-Budget)	% Variance
<b>State Appropriations - General Revenue</b>						
State Appropriations - Basic State Funding	\$15,009,801	\$14,089,057	\$13,435,560	\$13,435,560	\$0	0.0%
State Appropriations - State Paid Benefits	\$1,666,276	\$1,685,497	\$1,957,365	\$1,957,365	\$0	0.0%
State Appropriations - Reductions	\$0	\$0	\$0	\$0	\$0	
<b>Subtotal, State Appropriations - General Revenue</b>	<b>\$16,676,077</b>	<b>\$15,774,554</b>	<b>\$15,392,925</b>	<b>\$15,392,925</b>	<b>\$0</b>	<b>0.0%</b>
<b>Tuition and Fees</b>						
Tuition - Statutory	\$2,177,731	\$2,195,826	\$2,564,093	\$2,350,000	(\$214,093)	(8.3%)
Tuition - Designated	\$6,389,635	\$7,959,058	\$8,798,695	\$7,850,000	(\$948,695)	(10.8%)
Discounts and Allowances - Tuition	\$0	\$0	\$0	\$0	\$0	
Fees	\$389,471	\$421,177	\$411,023	\$380,000	(\$31,023)	(7.5%)
Discounts and Allowances - Fees	\$0	\$0	\$0	\$0	\$0	
<b>Subtotal, Tuition and Fees</b>	<b>\$8,956,837</b>	<b>\$10,576,061</b>	<b>\$11,773,811</b>	<b>\$10,580,000</b>	<b>(\$1,193,811)</b>	<b>(10.1%)</b>
<b>Contracts and Grants</b>						
Federal	\$467,837	\$472,206	\$506,065	\$506,065	\$0	0.0%
State	\$332,598	\$265,042	\$0	\$74,000	\$74,000	
Private	\$439,000	\$453,892	\$57,355	\$57,355	\$0	0.0%
<b>Subtotal, Contracts and Grants</b>	<b>\$1,239,435</b>	<b>\$1,191,140</b>	<b>\$563,420</b>	<b>\$637,420</b>	<b>\$74,000</b>	<b>13.1%</b>
<b>Financial Aid Programs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>			
HEAF	\$780,000	\$780,000	\$780,000	\$780,000	\$0	0.0%
Gift Income	\$533,996	\$0	\$250,000	\$25,000	(\$225,000)	(90.0%)
Net Sales and Services of Educational Activities	\$81,430	\$61,502	\$120,655	\$70,000	(\$50,655)	(42.0%)
Net Sales and Services of Medical Activities	\$0	\$0	\$0	\$0	\$0	
Net Auxiliary Enterprises	\$97,213	\$112,038	\$194,030	\$194,030	\$0	0.0%
Net Inter-collegiate Athletics	\$0	\$0	\$0	\$0	\$0	
Net Investment/Interest Income	\$8,086	\$9,940	\$20,000	\$100,000	\$80,000	400.0%
Other Operating Income	\$125,097	\$126,349	\$90,000	\$40,000	(\$50,000)	(55.6%)
Reserves	\$0	\$0	\$165,375	\$165,375	\$0	0.0%
<b>Transfers</b>						
Intrasystem Transfers In/(Out)	(\$2,641,665)	(\$3,000,381)	(\$3,214,544)	(\$3,396,864)	(\$182,320)	5.7%
Transfer to Plant Funds for Capital Projects	\$0	\$0	\$0	\$0	\$0	
<b>Subtotal, Transfers</b>	<b>(\$2,641,665)</b>	<b>(\$3,000,381)</b>	<b>(\$3,214,544)</b>	<b>(\$3,396,864)</b>	<b>(\$182,320)</b>	<b>5.7%</b>
<b>Total Revenue</b>	<b>\$25,856,506</b>	<b>\$25,631,203</b>	<b>\$26,135,672</b>	<b>\$24,587,886</b>	<b>(\$1,547,787)</b>	<b>(5.9%)</b>

**UNT | DALLAS**  
UNIVERSITY OF NORTH TEXAS AT DALLAS  
**EXPENDITURE ANALYSIS**

Expenditures	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj-Budget)	% Variance
<b>Faculty Salaries</b>	\$4,706,819	\$5,026,466	\$5,136,003	\$4,905,000	(\$231,003)	(4.5%)
<b>Staff Salaries</b>	\$5,792,325	\$6,267,430	\$6,439,440	\$6,228,000	(\$211,440)	(3.3%)
<b>Wages</b>	\$549,226	\$380,970	\$425,655	\$425,655	\$0	0.0%
<b>Benefits</b>	\$2,218,732	\$2,311,483	\$2,753,291	\$2,753,291	\$0	0.0%
<b>Scholarships &amp; Financial Aid (net of discounts)</b>	\$1,659,930	\$2,062,479	\$3,245,983	\$3,145,983	(\$100,000)	(3.1%)
<b>Maintenance &amp; Operations</b>	\$7,203,429	\$5,635,139	\$4,019,000	\$3,507,000	(\$512,000)	(12.7%)
<b>Utilities</b>	\$395,234	\$456,204	\$375,000	\$375,000	\$0	0.0%
<b>Capital Outlay</b>	\$0	\$0	\$0	\$0	\$0	
<b>Debt Service</b>	\$3,742,050	\$3,741,300	\$3,741,300	\$3,741,300	\$0	0.0%
<b>Total Expenditures</b>	<b>\$26,267,745</b>	<b>\$25,881,471</b>	<b>\$26,135,672</b>	<b>\$25,081,229</b>	<b>(\$1,054,443)</b>	<b>(4.0%)</b>



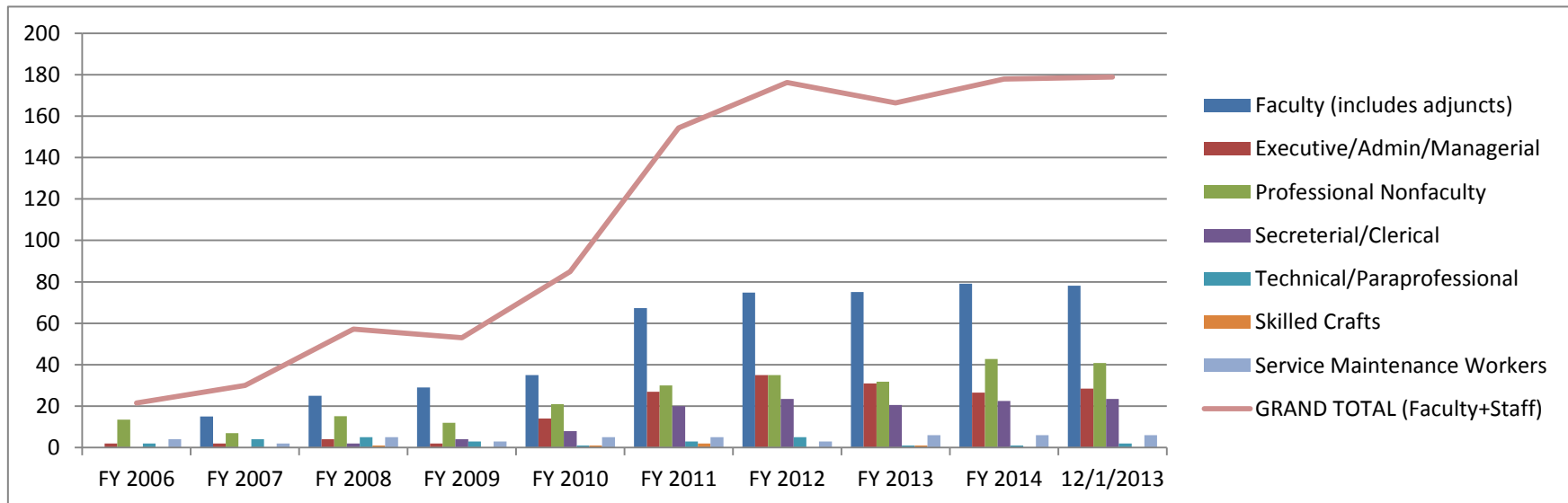
## Expenditure Budget by Functional Area

Operating Expenditures	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj-Budget)	% Variance
<b>President</b>	\$558,680	\$627,280	\$733,094	\$733,094	\$0	0.0%
<b>VP University Advancement</b>	\$935,293	\$736,777	\$794,491	\$794,491	\$0	0.0%
<b>VP Academic Excellence &amp; Student Success and Provost (Academics)</b>	\$1,338,355	\$1,332,458	\$1,750,824	\$1,594,821	(\$156,003)	(8.9%)
<b>VP Academic Excellence &amp; Student Success and Provost (Student Success)</b>	\$3,267,003	\$2,230,513	\$2,502,404	\$2,377,404	(\$125,000)	(5.0%)
<b>Business &amp; Public Leadership</b>	\$1,269,896	\$1,492,105	\$1,828,578	\$1,803,578	(\$25,000)	(1.4%)
<b>Education &amp; Human Services</b>	\$1,637,333	\$2,133,141	\$2,181,227	\$2,156,227	(\$25,000)	(1.1%)
<b>Liberal Arts &amp; Life Sciences</b>	\$1,530,256	\$2,033,243	\$2,167,839	\$2,142,399	(\$25,440)	(1.2%)
<b>Assoc Provost for Institutional Effectiveness</b>	\$270,371	\$232,895	\$231,329	\$231,329	\$0	0.0%
<b>VP Finance &amp; Administration/CFO</b>	\$7,469,716	\$5,716,279	\$4,170,781	\$3,572,781	(\$598,000)	(14.3%)
<b>Scholarships &amp; Financial Aid</b>	\$584,098	\$2,062,479	\$3,016,633	\$2,916,633	(\$100,000)	(3.3%)
<b>Benefits</b>	\$2,218,732	\$2,300,135	\$2,407,137	\$2,407,137	\$0	0.0%
<b>Debt Service</b>	\$3,742,050	\$3,741,300	\$3,741,300	\$3,741,300	\$0	0.0%
<b>Federal, State &amp; Private Grants &amp; Contracts</b>	\$1,445,962	\$1,242,866	\$610,035	\$610,035	\$0	0.0%
<b>Total</b>	<b>\$26,267,745</b>	<b>\$25,881,471</b>	<b>\$26,135,672</b>	<b>\$25,081,229</b>	<b>(\$1,054,444)</b>	<b>(4.0%)</b>

## Faculty and Staff FTE Analysis

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	12/1/2013
<b>Faculty (includes adjuncts)</b>	0	15	25	29	35	67	75	75	79	78
<b>Executive/Admin/Managerial</b>	2	2	4	2	14	27	35	31	27	29
<b>Professional Nonfaculty</b>	14	7	15	12	21	30	35	32	43	41
<b>Secreterial/Clerical</b>	0	0	2	4	8	20	24	21	23	24
<b>Technical/Paraprofessional</b>	2	4	5	3	1	3	5	1	1	2
<b>Skilled Crafts</b>	0	0	1	0	1	2	0	1	0	0
<b>Service Maintenance Workers</b>	4	2	5	3	5	5	3	6	6	6
<b>GRAND TOTAL (Faculty+Staff)</b>	<b>22</b>	<b>30</b>	<b>57</b>	<b>53</b>	<b>85</b>	<b>154</b>	<b>176</b>	<b>166</b>	<b>178</b>	<b>179</b>

\*FTE data as of September 1st of each fiscal year.



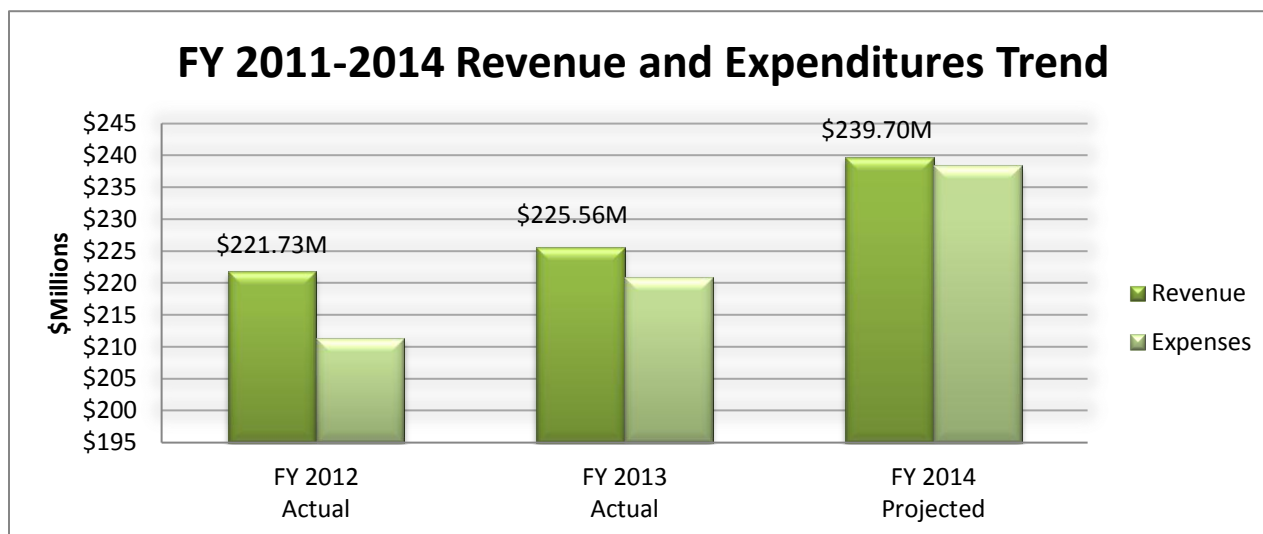


# ***FY14 Strategic Budget Forecast***

REVENUE AND EXPENDITURE TREND  
SUMMARY  
NOTES - FY2014 VARIANCES  
REVENUE ANALYSIS  
EXPENDITURE ANALYSIS  
EXPENDITURE BUDGET BY FUNCTIONAL AREA  
FACULTY AND STAFF FTE ANALYSIS

**REVENUE AND EXPENDITURE TREND**

	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected
<b>REVENUE</b>			
State Appropriations - General Revenue	\$68,640,290	\$63,674,794	\$83,245,759
Tuition and Fees	\$21,385,346	\$23,424,121	\$24,254,971
Contracts and Grants	\$66,583,653	\$72,349,264	\$62,562,720
Financial Aid Programs	\$488,509	\$499,586	\$408,487
HEAF	\$8,771,265	\$8,771,265	\$8,771,265
Gift Income	\$207,867	\$906,445	\$443,068
Net Sales and Services of Educational Activities	\$2,428,553	\$1,675,694	\$1,676,792
Net Sales and Services of Medical Activities	\$52,608,052	\$50,317,832	\$54,421,207
Net Auxiliary Enterprises	\$443,260	\$427,710	\$418,536
Net Inter-collegiate Athletics	\$0	\$0	\$0
Net Investment/Interest Income	\$2,875,060	\$3,544,892	\$4,523,941
Other Operating Income	\$540,936	\$2,396,118	\$10,040,817
Reserves	\$8,300,229	\$8,815,672	\$1,291,030
Transfers	(\$11,545,163)	(\$11,245,890)	(\$12,358,214)
<b>Total Revenue</b>	<b>\$221,727,857</b>	<b>\$225,557,503</b>	<b>\$239,700,379</b>
<b>EXPENDITURES</b>			
Faculty Salaries	\$57,895,864	\$60,909,846	\$65,697,886
Staff Salaries	\$48,223,485	\$50,121,193	\$53,745,962
Wages	\$11,693,946	\$11,683,800	\$9,833,121
Benefits	\$23,937,659	\$25,592,267	\$27,935,350
Scholarships & Financial Aid (net of discounts)	\$2,203,717	\$2,956,990	\$3,252,689
Maintenance & Operations	\$52,703,139	\$54,467,817	\$60,938,541
Utilities	\$2,106,439	\$2,222,046	\$2,066,562
Capital Outlay	\$5,242,024	\$3,600,290	\$5,587,075
Debt Service	\$7,302,663	\$9,394,587	\$9,394,113
<b>Total Expenditures</b>	<b>\$211,308,936</b>	<b>\$220,948,833</b>	<b>\$238,451,299</b>
<b>Surplus (Deficit)</b>	<b>\$10,418,921</b>	<b>\$4,608,670</b>	<b>\$1,249,080</b>







### SUMMARY

	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (FY14 Proj - FY14 Bud)	% Variance	Note #1
<b>REVENUE</b>							
State Appropriations - General Revenue	\$68,640,290	\$63,674,794	\$83,245,759	\$83,245,759	\$0	0.0%	
Tuition and Fees	\$21,385,346	\$23,424,121	\$24,193,420	\$24,254,971	\$61,551	0.3%	
Contracts and Grants	\$66,583,653	\$72,349,264	\$62,700,665	\$62,562,720	(\$137,945)	(0.2%)	
Financial Aid Programs	\$488,509	\$499,586	\$435,892	\$408,487	(\$27,405)	(6.3%)	
HEAF	\$8,771,265	\$8,771,265	\$8,771,265	\$8,771,265	\$0	0.0%	
Gift Income	\$207,867	\$906,445	\$443,068	\$443,068	\$0	0.0%	
Net Sales and Services of Educational Activities	\$2,428,553	\$1,675,694	\$1,803,003	\$1,676,792	(\$126,211)	(7.0%)	
Net Sales and Services of Medical Activities	\$52,608,052	\$50,317,832	\$57,643,866	\$54,421,207	(\$3,222,659)	(5.6%)	
Net Auxiliary Enterprises	\$443,260	\$427,710	\$376,184	\$418,536	\$42,352	11.3%	
Net Inter-collegiate Athletics	\$0	\$0	\$0	\$0	\$0		
Net Investment/Interest Income	\$2,875,060	\$3,544,892	\$4,523,941	\$4,523,941	\$0	0.0%	
Other Operating Income	\$540,936	\$2,396,118	\$10,919,929	\$10,040,817	(\$879,112)	(8.1%)	
Reserves	\$8,300,229	\$8,815,672	\$1,418,715	\$1,291,030	(\$127,685)	(9.0%)	
Transfers	(\$11,545,163)	(\$11,245,890)	(\$12,018,322)	(\$12,358,214)	(\$339,892)	2.8%	
<b>Total Revenue</b>	<b>\$221,727,857</b>	<b>\$225,557,503</b>	<b>\$244,457,385</b>	<b>\$239,700,379</b>	<b>(\$4,757,006)</b>	<b>(1.9%)</b>	
<b>EXPENDITURES</b>							
Faculty Salaries	\$57,895,864	\$60,909,846	\$64,258,231	\$65,697,886	\$1,439,655	2.2%	
Staff Salaries	\$48,223,485	\$50,121,193	\$52,968,371	\$53,745,962	\$777,591	1.5%	
Wages	\$11,693,946	\$11,683,800	\$13,710,281	\$9,833,121	(\$3,877,160)	(28.3%)	1
Benefits	\$23,937,659	\$25,592,267	\$27,416,784	\$27,935,350	\$518,566	1.9%	
Scholarships & Financial Aid (net of discounts)	\$2,203,717	\$2,956,990	\$2,781,539	\$3,252,689	\$471,150	16.9%	2
Maintenance & Operations	\$52,703,139	\$54,467,817	\$66,539,326	\$60,938,541	(\$5,600,785)	(8.4%)	
Utilities	\$2,106,439	\$2,222,046	\$2,026,042	\$2,066,562	\$40,520	2.0%	
Capital Outlay	\$5,242,024	\$3,600,290	\$5,362,698	\$5,587,075	\$224,377	4.2%	
Debt Service	\$7,302,663	\$9,394,587	\$9,394,113	\$9,394,113	\$0	0.0%	
<b>Total Expenditures</b>	<b>\$211,308,936</b>	<b>\$220,948,833</b>	<b>\$244,457,385</b>	<b>\$238,451,299</b>	<b>(\$6,006,086)</b>	<b>(2.5%)</b>	
<b>Surplus (Deficit)</b>	<b>\$10,418,921</b>	<b>\$4,608,670</b>	<b>\$0</b>	<b>\$1,249,080</b>	<b>\$1,249,080</b>	<b>27.1%</b>	
<b>Budgeted FTE's - Faculty and Staff</b>							
Faculty	418.35	441.81	480.05				
Administrative and Professional	355.00	369.89	405.34				
Classified	833.73	782.08	826.25				
Other	2.00	2.00	0.25				
<b>Total Approved Budgeted FTE's</b>	<b>1,609.08</b>	<b>1,595.78</b>	<b>1,711.89</b>				

**UNT | HEALTH**  
**SCIENCE CENTER**  
**NOTES - FY2014 VARIANCES**

Explanations of FY2014 Variances		
#	Item	Notes
1-	Wages	During the budget process last fiscal year, the institution planned to provide merit increases for its employees. However, the results of the Towers Watson Survey led to a change in how the compensation pool was to be utilized. Based on these results, senior leadership has made the decision to reinvest these funds to address pay disparities and update our compensation plan.
2-	Scholarships & Financial Aid (net of discounts)	The distribution of student financial support was greater than what had been provided historically.

**REVENUE ANALYSIS**

Method of Financing	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj-Budget)	% Variance
<b>State Appropriations - General Revenue</b>						
State Appropriations - Basic State Funding	\$59,235,376	\$53,886,456	\$73,020,139	\$73,020,139	\$0	0.0%
State Appropriations - State Paid Benefits	\$9,404,914	\$9,788,338	\$10,225,620	\$10,225,620	\$0	0.0%
State Appropriations - Reductions	\$0				\$0	-
<b>Subtotal, State Appropriations - General Revenue</b>	<b>\$68,640,290</b>	<b>\$63,674,794</b>	<b>\$83,245,759</b>	<b>\$83,245,759</b>	<b>\$0</b>	<b>0.0%</b>
<b>Tuition and Fees</b>						
Tuition - Statutory	\$9,548,860	\$10,655,216	\$10,349,752	\$10,483,383	\$133,631	1.3%
Tuition - Designated	\$7,150,800	\$8,586,004	\$9,762,441	\$9,917,294	\$154,853	1.6%
Discounts and Allowances - Tuition	(\$1,405,321)	(\$1,855,318)	(\$2,162,193)	(\$2,244,074)	(\$81,881)	3.8%
Fees	\$6,205,610	\$6,096,788	\$6,348,860	\$6,222,824	(\$126,036)	(2.0%)
Discounts and Allowances - Fees	(\$114,603)	(\$58,569)	(\$105,440)	(\$124,456)	(\$19,016)	18.0%
<b>Subtotal, Tuition and Fees</b>	<b>\$21,385,346</b>	<b>\$23,424,121</b>	<b>\$24,193,420</b>	<b>\$24,254,971</b>	<b>\$61,551</b>	<b>0.3%</b>
<b>Contracts and Grants</b>						
Federal	\$47,222,331	\$50,880,302	\$44,191,992	\$42,861,621	(\$1,330,371)	(3.0%)
State	\$2,727,461	\$2,489,654	\$3,451,365	\$3,779,740	\$328,375	9.5%
Private	\$16,633,861	\$18,979,308	\$15,057,308	\$15,921,359	\$864,051	5.7%
<b>Subtotal, Contracts and Grants</b>	<b>\$66,583,653</b>	<b>\$72,349,264</b>	<b>\$62,700,665</b>	<b>\$62,562,720</b>	<b>(\$137,945)</b>	<b>(0.2%)</b>
<b>Financial Aid Programs</b>	<b>\$488,509</b>	<b>\$499,586</b>	<b>\$435,892</b>	<b>\$408,487</b>	<b>(\$27,405)</b>	<b>(6.3%)</b>
<b>HEAF</b>	<b>\$8,771,265</b>	<b>\$8,771,265</b>	<b>\$8,771,265</b>	<b>\$8,771,265</b>	<b>\$0</b>	<b>0.0%</b>
<b>Gift Income</b>	<b>\$207,867</b>	<b>\$906,445</b>	<b>\$443,068</b>	<b>\$443,068</b>	<b>\$0</b>	<b>0.0%</b>
<b>Net Sales and Services of Educational Activities</b>	<b>\$2,428,553</b>	<b>\$1,675,694</b>	<b>\$1,803,003</b>	<b>\$1,676,792</b>	<b>(\$126,211)</b>	<b>(7.0%)</b>
<b>Net Sales and Services of Medical Activities</b>	<b>\$52,608,052</b>	<b>\$50,317,832</b>	<b>\$57,643,866</b>	<b>\$54,421,207</b>	<b>(\$3,222,659)</b>	<b>(5.6%)</b>
<b>Net Auxiliary Enterprises</b>	<b>\$443,260</b>	<b>\$427,710</b>	<b>\$376,184</b>	<b>\$418,536</b>	<b>\$42,352</b>	<b>11.3%</b>
<b>Net Inter-collegiate Athletics</b>					<b>\$0</b>	
<b>Net Investment/Interest Income</b>	<b>\$2,875,060</b>	<b>\$3,544,892</b>	<b>\$4,523,941</b>	<b>\$4,523,941</b>	<b>\$0</b>	<b>0.0%</b>
<b>Other Operating Income</b>	<b>\$540,936</b>	<b>\$2,396,118</b>	<b>\$10,919,929</b>	<b>\$10,040,817</b>	<b>(\$879,112)</b>	<b>(8.1%)</b>
<b>Reserves</b>	<b>\$8,300,229</b>	<b>\$8,815,672</b>	<b>\$1,418,715</b>	<b>\$1,291,030</b>	<b>(\$127,685)</b>	<b>(9.0%)</b>
<b>Transfers</b>						
Intrasystem Transfers In/Out	(\$5,393,171)	(\$7,743,848)	(\$7,938,722)	(\$7,963,234)	(\$24,512)	0.3%
Transfer to Plant Funds for Capital Projects	(\$6,151,992)	(\$3,502,042)	(\$4,079,600)	(\$4,394,980)	(\$315,380)	7.7%
<b>Subtotal, Transfers</b>	<b>(\$11,545,163)</b>	<b>(\$11,245,890)</b>	<b>(\$12,018,322)</b>	<b>(\$12,358,214)</b>	<b>(\$339,892)</b>	<b>2.8%</b>
<b>Total Revenue</b>	<b>\$221,727,857</b>	<b>\$225,557,503</b>	<b>\$244,457,385</b>	<b>\$239,700,379</b>	<b>(\$4,757,006)</b>	<b>(1.9%)</b>



## EXPENDITURE ANALYSIS

Expenditures	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj-Budget)	% Variance
Faculty Salaries	\$57,895,864	\$60,909,846	\$64,258,231	\$65,697,886	\$1,439,655	2.2%
Staff Salaries	\$48,223,485	\$50,121,193	\$52,968,371	\$53,745,962	\$777,591	1.5%
Wages	\$11,693,946	\$11,683,800	\$13,710,281	\$9,833,121	(\$3,877,160)	(28.3%)
Benefits	\$23,937,659	\$25,592,267	\$27,416,784	\$27,935,350	\$518,566	1.9%
Scholarships & Financial Aid (net of discounts)	\$2,203,717	\$2,956,990	\$2,781,539	\$3,252,689	\$471,150	16.9%
Maintenance & Operations	\$52,703,139	\$54,467,817	\$66,539,326	\$60,938,541	(\$5,600,785)	(8.4%)
Utilities	\$2,106,439	\$2,222,046	\$2,026,042	\$2,066,562	\$40,520	2.0%
Capital Outlay	\$5,242,024	\$3,600,290	\$5,362,698	\$5,587,075	\$224,377	4.2%
Debt Service	\$7,302,663	\$9,394,587	\$9,394,113	\$9,394,113	\$0	0.0%
<b>Total Expenditures</b>	<b>\$211,308,936</b>	<b>\$220,948,833</b>	<b>\$244,457,385</b>	<b>\$238,451,299</b>	<b>(\$6,006,086)</b>	<b>(2.5%)</b>



## Expenditure Budget by Functional Area

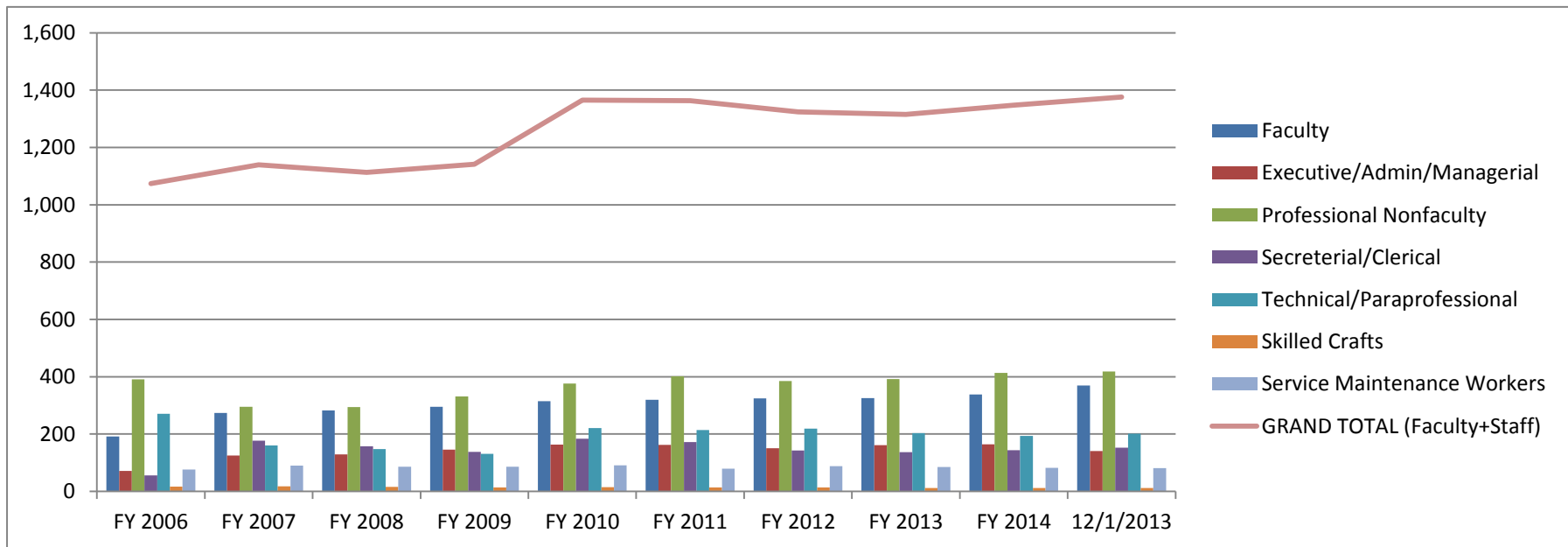
Operating Expenditures	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj-Budget)	% Variance
Texas College of Osteopathic Medicine	\$25,008,552	\$25,897,744	\$31,860,278	\$30,369,469	(\$1,490,809)	(4.7%)
Graduate School of Biomedical Sciences	\$33,471,914	\$31,946,184	\$34,251,921	\$32,792,558	(\$1,459,363)	(4.3%)
School of Public Health	\$7,982,119	\$10,752,456	\$10,973,274	\$13,477,330	\$2,504,056	22.8%
School of Health Professions	\$3,100,788	\$3,076,416	\$3,344,222	\$3,571,463	\$227,241	6.8%
College of Pharmacy	\$673,629	\$2,638,471	\$6,791,750	\$3,703,944	(\$3,087,806)	(45.5%)
EVP Academic Affairs & Provost	\$22,842,303	\$21,728,581	\$22,721,846	\$23,192,309	\$470,463	2.1%
VP for Administration	\$2,733,214	\$1,875,451	\$2,026,209	\$2,371,487	\$345,278	17.0%
VP for Finance, CFO	\$2,570,041	\$2,602,121	\$2,784,613	\$3,133,474	\$348,861	12.5%
VP for Operations	\$5,694,976	\$6,879,555	\$6,527,404	\$7,188,145	\$660,741	10.1%
EVP for Clinical Affairs, CEO UNT Health	\$77,847,958	\$78,817,211	\$82,693,229	\$81,189,097	(\$1,504,132)	(1.8%)
VP for Research & Biotechnology	\$2,801,502	\$2,998,748	\$3,321,645	\$2,614,616	(\$707,029)	(21.3%)
SVP for Community Engagement	\$2,726,754	\$3,296,485	\$3,774,612	\$4,570,008	\$795,396	21.1%
VP for Strategy & Measurement	\$801,306	\$852,676	\$855,456	\$883,638	\$28,182	3.3%
Financial Planning & Budget	\$22,273,083	\$26,045,761	\$31,632,685	\$27,595,630	(\$4,037,055)	(12.8%)
UNTS Shared Services/AVC Government Relations	\$780,797	\$1,540,975	\$898,241	\$1,798,131	\$899,890	100.2%
<b>Total</b>	<b>\$211,308,936</b>	<b>\$220,948,833</b>	<b>\$244,457,385</b>	<b>\$238,451,299</b>	<b>(\$6,006,086)</b>	<b>(2.5%)</b>

# UNT HEALTH SCIENCE CENTER

## Faculty and Staff FTE Analysis

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	12/1/2013
<b>Faculty</b>	192	274	282	295	315	320	325	325	338	370
<b>Executive/Admin/Managerial</b>	71	125	130	146	163	163	151	161	165	141
<b>Professional Nonfaculty</b>	391	295	294	331	376	402	385	392	413	418
<b>Secreterial/Clerical</b>	56	177	158	138	184	172	143	137	144	153
<b>Technical/Paraprofessional</b>	271	160	147	131	221	214	219	203	193	201
<b>Skilled Crafts</b>	17	18	16	14	15	14	14	12	12	12
<b>Service Maintenance Workers</b>	76	90	86	86	91	80	88	85	82	81
<b>GRAND TOTAL (Faculty+Staff)</b>	<b>1,074</b>	<b>1,139</b>	<b>1,113</b>	<b>1,142</b>	<b>1,365</b>	<b>1,363</b>	<b>1,324</b>	<b>1,315</b>	<b>1,348</b>	<b>1,376</b>

\*FTE data as of September 1st of each fiscal year.





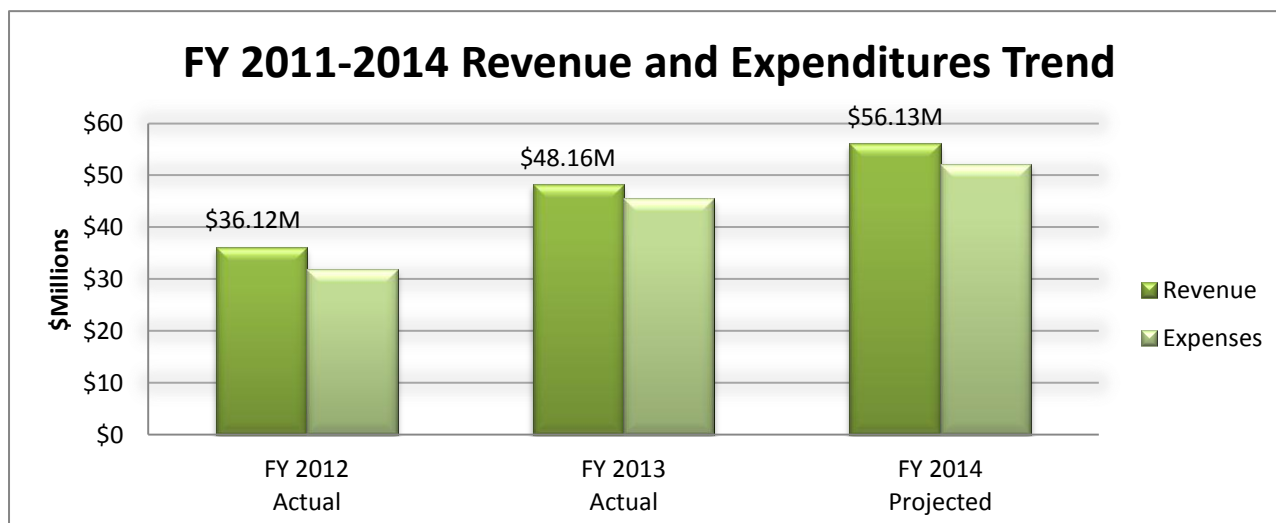
# ***FY14 Strategic Budget Forecast***

REVENUE AND EXPENDITURE TREND  
SUMMARY  
NOTES - FY2014 VARIANCES  
REVENUE ANALYSIS  
EXPENDITURE ANALYSIS  
EXPENDITURE BUDGET BY FUNCTIONAL AREA  
FACULTY AND STAFF FTE ANALYSIS

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## REVENUE AND EXPENDITURE TREND

	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected
<b>REVENUE</b>			
State Appropriations - General Revenue	\$6,003,702	\$7,676,165	\$7,927,367
Tuition and Fees	\$0	\$0	\$0
Contracts and Grants	\$0	\$0	\$0
Financial Aid Programs	\$0	\$0	\$0
HEAF	\$0	\$0	\$0
Gift Income	\$0	\$0	\$0
Net Sales and Services of Educational Activities	\$0	\$0	\$0
Net Sales and Services of Medical Activities	\$0	\$0	\$0
Net Auxiliary Enterprises	\$2,132,812	\$2,161,220	\$2,119,952
Net Inter-collegiate Athletics	\$0	\$0	\$0
Net Investment/Interest Income	\$86,426	\$384,939	\$250,000
Other Operating Income	\$852,791	\$1,699,368	\$2,460,809
Reserves	\$0	\$657,026	\$1,956,724
Transfers	\$27,042,152	\$35,580,678	\$41,411,784
<b>Total Revenue</b>	<b>\$36,117,883</b>	<b>\$48,159,396</b>	<b>\$56,126,636</b>
<b>EXPENDITURES</b>			
Faculty Salaries	\$0	\$0	\$175,000
Staff Salaries	\$21,062,552	\$24,171,803	\$25,868,122
Wages	\$967,047	\$1,171,187	\$1,018,730
Benefits	\$4,661,160	\$5,985,620	\$6,296,879
Scholarships & Financial Aid (net of discounts)	\$0	\$0	\$0
Maintenance & Operations	\$3,922,498	\$12,717,578	\$16,201,133
Utilities	\$212,228	\$264,270	\$285,893
Capital Outlay	\$0	\$0	\$609,613
Debt Service	\$1,102,738	\$1,103,538	\$1,699,794
<b>Total Expenditures</b>	<b>\$31,928,223</b>	<b>\$45,413,996</b>	<b>\$52,155,164</b>
<b>Surplus (Deficit)</b>	<b>\$4,189,660</b>	<b>\$2,745,400</b>	<b>\$3,971,473</b>





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## SUMMARY

	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj - Bud)	% Variance	Note #1
<b>REVENUE</b>							
State Appropriations - General Revenue	\$6,003,702	\$7,676,165	\$8,509,267	\$7,927,367	(\$581,900)	(7.3%)	
Tuition and Fees	\$0	\$0	\$0	\$0	\$0		
Contracts and Grants	\$0	\$0	\$0	\$0	\$0		
Financial Aid Programs	\$0	\$0	\$0	\$0	\$0		
HEAF	\$0	\$0	\$0	\$0	\$0		
Gift Income	\$0	\$0	\$0	\$0	\$0		
Net Sales and Services of Educational Activities	\$0	\$0	\$0	\$0	\$0		
Net Sales and Services of Medical Activities	\$0	\$0	\$0	\$0	\$0		
Net Auxiliary Enterprises	\$2,132,812	\$2,161,220	\$2,119,952	\$2,119,952	\$0	0.0%	
Net Inter-collegiate Athletics	\$0	\$0	\$0	\$0	\$0		
Net Investment/Interest Income	\$86,426	\$384,939	\$250,000	\$250,000	\$0	0.0%	
Other Operating Income	\$852,791	\$1,699,368	\$2,435,309	\$2,460,809	\$25,500	1.0%	
Reserves	\$0	\$657,026	\$2,415,781	\$1,956,724	(\$459,057)	(23.5%)	1
Transfers	\$27,042,152	\$35,580,678	\$41,171,118	\$41,411,784	\$240,666	0.6%	
<b>Total Revenue</b>	<b>\$36,117,883</b>	<b>\$48,159,396</b>	<b>\$56,901,427</b>	<b>\$56,126,636</b>	<b>(\$774,791)</b>	<b>(1.4%)</b>	
<b>EXPENDITURES</b>							
Faculty Salaries	\$0	\$0	\$82,500	\$175,000	\$92,500	52.86%	
Staff Salaries	\$21,062,552	\$24,171,803	\$29,080,925	\$25,868,122	(\$3,212,803)	(12.4%)	2
Wages	\$967,047	\$1,171,187	\$1,017,205	\$1,018,730	\$1,526	0.1%	
Benefits	\$4,661,160	\$5,985,620	\$7,885,418	\$6,296,879	(\$1,588,539)	(25.2%)	3
Scholarships & Financial Aid (net of discounts)	\$0	\$0	\$0	\$0	\$0		
Maintenance & Operations	\$3,922,498	\$12,717,578	\$15,491,281	\$16,201,133	\$709,851	4.4%	
Utilities	\$212,228	\$264,270	\$260,600	\$285,893	\$25,293	8.8%	
Capital Outlay	\$0	\$0	\$600,000	\$609,613	\$9,613	1.6%	
Debt Service	\$1,102,738	\$1,103,538	\$2,219,738	\$1,699,794	(\$519,944)	(30.6%)	4
<b>Total Expenditures</b>	<b>\$31,928,223</b>	<b>\$45,413,996</b>	<b>\$56,637,667</b>	<b>\$52,155,164</b>	<b>(\$4,482,503)</b>	<b>(8.6%)</b>	
<b>Surplus (Deficit)</b>	<b>\$4,189,660</b>	<b>\$2,745,400</b>	<b>\$263,760</b>	<b>\$3,971,473</b>	<b>\$3,707,713</b>	<b>93.36%</b>	
<b>FTE's - Faculty and Staff</b>							
Faculty			1.83				
Administrative and Professional	31.00	50.00	57.92				
Classified	181.60	391.23	392.15				
Other							
<b>Total Approved FTE's</b>	<b>212.60</b>	<b>441.23</b>	<b>451.90</b>				

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## NOTES - FY2014 VARIANCES

Explanations of FY2014 Variances	
# Item	Notes
1- Reserves	ITSS Telecom and HR Shared Services is estimated to not require reserves to cover current year expenditures.
2- Staff Salaries	Salary savings primarily from Shared Services areas.
3- Benefits	Decrease due to related vacant and/or eliminated positions.
4- Debt Service	System Building/Law School renovation debt service payment estimated for mid-year versus the budgeted full year.

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## REVENUE ANALYSIS

Method of Financing	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj-Budget)	% Variance
<b>State Appropriations - General Revenue</b>						
State Appropriations - Basic State Funding	\$3,366,113	\$3,366,113	\$3,366,113	\$3,366,113	\$0	0%
State Appropriations - State Paid Benefits	\$2,637,589	\$4,310,052	\$5,143,154	\$4,561,254	(\$581,900)	(11%)
State Appropriations - Reductions	\$0	\$0	\$0	\$0	\$0	-
<b>Subtotal, State Appropriations - General Revenue</b>	<b>\$6,003,702</b>	<b>\$7,676,165</b>	<b>\$8,509,267</b>	<b>\$7,927,367</b>	<b>(\$581,900)</b>	<b>(7%)</b>
<b>Tuition and Fees</b>						
Tuition - Statutory	\$0	\$0	\$0	\$0	\$0	
Tuition - Designated	\$0	\$0	\$0	\$0	\$0	
Discounts and Allowances - Tuition	\$0	\$0	\$0	\$0	\$0	
Fees	\$0	\$0	\$0	\$0	\$0	
Discounts and Allowances - Fees	\$0	\$0	\$0	\$0	\$0	-
<b>Subtotal, Tuition and Fees</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Contracts and Grants</b>						
Federal	\$0	\$0	\$0	\$0	\$0	
State	\$0	\$0	\$0	\$0	\$0	
Private	\$0	\$0	\$0	\$0	\$0	
<b>Subtotal, Contracts and Grants</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Financial Aid Programs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
HEAF	\$0	\$0	\$0	\$0	\$0	
Gift Income	\$0	\$0	\$0	\$0	\$0	
Net Sales and Services of Educational Activities	\$0	\$0	\$0	\$0	\$0	
Net Sales and Services of Medical Activities	\$0	\$0	\$0	\$0	\$0	
Net Auxiliary Enterprises	\$2,132,812	\$2,161,220	\$2,119,952	\$2,119,952	\$0	0%
Net Inter-collegiate Athletics	\$0	\$0	\$0	\$0	\$0	
Net Investment/Interest Income	\$86,426	\$384,939	\$250,000	\$250,000	\$0	0%
Other Operating Income	\$852,791	\$1,699,368	\$2,435,309	\$2,460,809	\$25,500	1%
Reserves	\$0	\$657,026	\$2,415,781	\$1,956,724	(\$459,057)	(19%)
<b>Transfers</b>						
Intrasystem Transfers In/(Out)	\$27,042,152	\$36,925,227	\$41,171,118	\$41,411,784	\$240,666	1%
Transfer to Plant Funds for Capital Projects		(\$1,344,549)	\$0	\$0	\$0	
<b>Subtotal, Transfers</b>	<b>\$27,042,152</b>	<b>\$35,580,678</b>	<b>\$41,171,118</b>	<b>\$41,411,784</b>	<b>\$240,666</b>	<b>1%</b>
<b>Total Revenue</b>	<b>\$36,117,883</b>	<b>\$48,159,396</b>	<b>\$56,901,427</b>	<b>\$56,126,636</b>	<b>(\$774,791)</b>	<b>(1%)</b>

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## EXPENDITURE ANALYSIS

Expenditures	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj-Budget)	% Variance
Faculty Salaries	\$0	\$0	\$82,500	175,000.00	\$92,500	112%
Staff Salaries	\$21,062,552	\$24,171,803	\$29,080,925	25,868,121.72	(\$3,212,803)	(11%)
Wages	\$967,047	\$1,171,187	\$1,017,205	1,018,730.44	\$1,526	0%
Benefits	\$4,661,160	\$5,985,620	\$7,885,418	6,296,879.28	(\$1,588,539)	(20%)
Scholarships & Financial Aid (net of discounts)	\$0	\$0	\$0	-	\$0	
Maintenance & Operations	\$3,922,498	\$12,717,578	\$15,491,281	16,201,132.76	\$709,851	5%
Utilities	\$212,228	\$264,270	\$260,600	285,893.40	\$25,293	10%
Capital Outlay	\$0	\$0	\$600,000	609,612.76	\$9,613	2%
Debt Service	\$1,102,738	\$1,103,538	\$2,219,738	1,699,793.56	(\$519,944)	(23%)
<b>Total Expenditures</b>	<b>\$31,928,223</b>	<b>\$45,413,996</b>	<b>\$56,637,667</b>	<b>52,155,163.92</b>	<b>(\$4,482,503)</b>	<b>(8%)</b>

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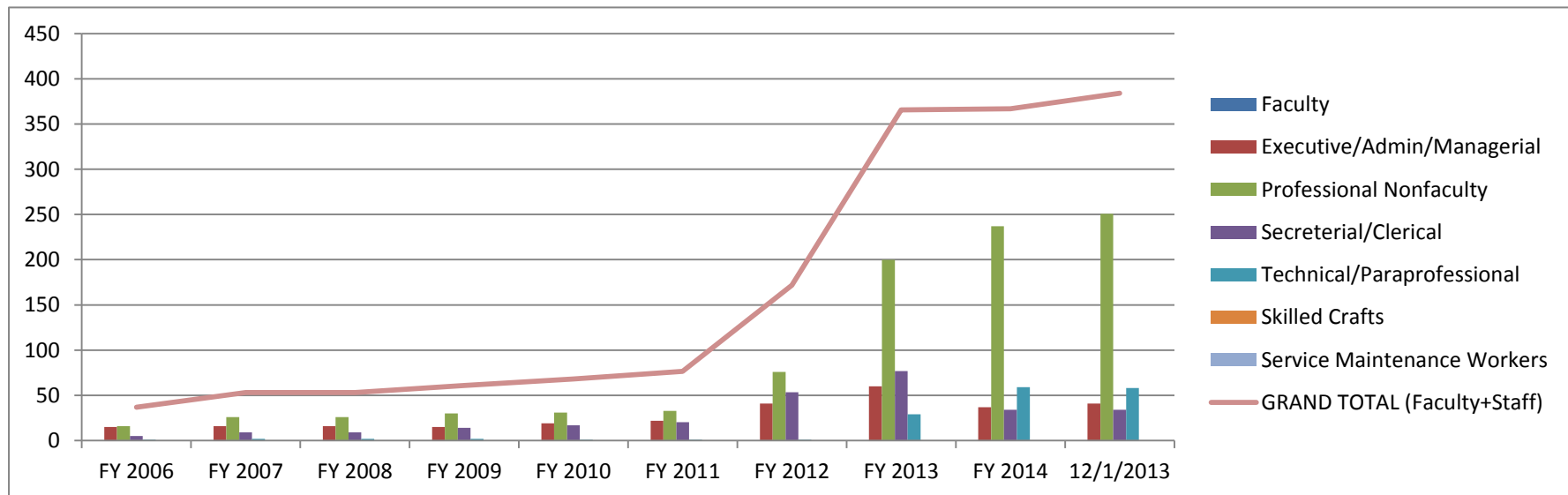
## Expenditure Budget by Functional Area

Operating Expenditures	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	\$ Variance (Proj - Budget)	% Variance
Board of Regents	\$120,512	\$127,854	\$138,600	\$130,544	(\$8,056)	(5.8%)
Chancellor	\$1,195,728	\$1,443,087	\$1,536,529	\$1,484,617	(\$51,912)	(3.4%)
Vice Chancellor for Administration/Chief of Staff	\$0	\$306,013	\$449,532	\$350,726	(\$98,806)	(22.0%)
Vice Chancellor for Academic Affairs	\$492,114	\$349,008	\$351,386	\$339,633	(\$11,753)	(3.3%)
Vice Chancellor and General Counsel	\$1,697,923	\$1,880,701	\$1,575,722	\$1,730,242	\$154,520	9.8%
Vice Chancellor for Governmental Relations	\$626,155	\$662,857	\$735,928	\$663,033	(\$72,895)	(9.9%)
Vice Chancellor for Finance	\$492,279	\$394,179	\$577,691	\$359,352	(\$218,339)	(37.8%)
Vice Chancellor for Facilities Planning & Construction	\$1,762,550	\$1,574,130	\$2,282,296	\$1,867,179	(\$415,117)	(18.2%)
Vice Chancellor for Strategic Partnerships	\$234,025	\$0	\$0	\$0	\$0	
Internal Audit	\$1,128,058	\$1,088,773	\$1,312,429	\$1,196,701	(\$115,728)	(8.8%)
UNTD College of Law	\$7,011	\$413,248	\$2,326,964	\$2,391,644	\$64,680	2.8%
UNT System Operations	\$90,591	\$37,780	\$99,521	\$44,734	(\$54,787)	(55.1%)
Building Operations - 1901 Main St.	\$400,936	\$490,829	\$855,190	\$855,190	\$0	0.0%
Building Operations - Majestic Lofts	\$1,342,924	\$1,326,624	\$1,350,000	\$1,350,000	\$0	0.0%
Capital/1901 Main St. Acquisition (Debt Service)	\$1,102,738	\$1,103,538	\$1,103,738	\$1,103,738	\$0	0.0%
Capital/1901 Main St. Construction (Debt Service)	\$0	\$0	\$1,116,000	\$596,056	(\$519,944)	(46.6%)
Benefits Expense - Non-State	\$2,173,532	\$369,065	\$178,939	\$211,914	\$32,975	18.4%
Benefits Expense - State Paid	\$2,637,589	\$4,310,052	\$5,143,154	\$4,561,254	(\$581,900)	(11.3%)
Reserve for Merit		\$0	\$152,105	\$91,815	(\$60,290)	(39.6%)
Information Technology Shared Services	\$9,211,295	\$20,750,457	\$24,674,680	\$23,493,658	(\$1,181,022)	(4.8%)
Business Service Center Shared Services	\$6,866,384	\$5,957,049	\$5,963,680	\$5,641,245	(\$322,435)	(5.4%)
Human Resources Shared Services	\$345,877	\$2,592,675	\$4,182,270	\$3,691,890	(\$490,380)	(11.7%)
Strategic Initiatives	\$0	\$0	\$531,313	\$0	(\$531,313)	(100.0%)
UNTD and HSC Presidential Search	\$0	\$236,077	\$0	\$0	\$0	
<i>Universities Center Dallas/Federation</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
<b>Total</b>	<b>\$31,928,223</b>	<b>\$45,413,996</b>	<b>\$56,637,667</b>	<b>\$52,155,164</b>	<b>(\$4,482,503)</b>	<b>(7.9%)</b>

# UNT | SYSTEM™

## Faculty and Staff FTE Analysis

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	12/1/2013
Faculty	0	0	0	0	0	0	0	0	0	0
Executive/Admin/Managerial	15	16	16	15	19	22	41	60	37	41
Professional Nonfaculty	16	26	26	30	31	33	76	200	237	251
Secreterial/Clerical	5	9	9	14	17	21	54	77	34	34
Technical/Paraprofessional	1	2	2	2	1	1	1	29	59	58
Skilled Crafts	0	0	0	0	0	0	0	0	0	0
Service Maintenance Workers	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL (Faculty+Staff)</b>	<b>37</b>	<b>53</b>	<b>53</b>	<b>61</b>	<b>68</b>	<b>77</b>	<b>172</b>	<b>366</b>	<b>367</b>	<b>384</b>





## Background Report

**Committee:** Facilities

**Date Filed:** January 15, 2014

**Title:** UNT Capital Projects Plan Update

### Background:

At the Board of Regents meeting on February 12, 2004, a background report was presented regarding the development of a UNT Capital Project Plan. The plan provided for the development of a Capital Funding Schedule. This schedule identifies capital projects that have been approved, have been committed, or are planned. Projects are not included in the schedule unless they have an identified funding source.

Specific fund sources are identified for each project listed on the plan. Fund types are selected based upon the identified end use of the facility or property and the availability of funds to complete the project.

The plan has been updated to reflect changes in funding and planned expenditures occurring since the December 2013 version.

In the Revenues Section of the UNT Capital Projects Plan a reallocation is made in 2014 between "Revenue Bonds" and "Revenue Bonds Proposed".

The "Revenue Bonds" line item amount changes from \$45.85M in December 2013 Plan to \$3.3M in this version with corresponding change in "Total" column.

The "Revenue Bonds Proposed" line item amount changes from \$41.52M in December 2013 Plan to \$84.07M in this version with corresponding change in "Total" column.

The total for 2014 Revenue remains unchanged from December 2013 at \$137.88.

### Financial Analysis/History:

This is a report item only.

**Andrew M.  
Harris**

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Institution Chief Financial Officer

**James Maguire**

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VC for Facilities/Interim VC for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

**Nancy S. Footer** Digitally signed by Nancy S. Footer  
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Vice Chancellor/General Counsel

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**Schedule:**

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No action required. Information only. Submitted by:

David L. Reynolds, P.E.

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Associate Vice President for Facilities

**Neal Smatresk** Digitally signed by Neal Smatresk  
DN: cn=Neal Smatresk, o=University of  
North Texas, ou=President,  
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President

**James Maguire** Digitally signed by James Maguire  
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Vice Chancellor

**Lee  
Jackson** Digitally signed by Lee Jackson  
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Chancellor

Attachments Filed Electronically:

- UNT Capital Projects Schedule and Development Program, February 2014



**University of North Texas  
Capital Projects Schedule**

(in \$millions)  
February 2014

Revenues:	2014	2015	2016	2017	2018	Total
HEAF UNT	21.11	21.11	21.11	21.11	21.11	105.55
HEAF Carryforward & Other Sources	15.18					15.18
Commercial Paper						0.00
Revenue Bonds	3.30					3.30
Revenue Bonds Proposed	84.07	85.33	35.14	2.84		207.38
Auxiliary Reserves	10.86					10.86
Grants						0.00
Student Fees - Union		8.00				8.00
Annual Budget, Operating and Capital	3.36	2.97	1.47	1.47	1.47	10.74
<b>Total</b>	<b>137.88</b>	<b>117.41</b>	<b>57.72</b>	<b>25.42</b>	<b>22.58</b>	<b>361.01</b>

Proj. No.	Expenditures:	Funding DeptID	Prior Year Costs	2014	2015	2016	2017	2018	5-Year Total	Total Project
1.00	<b>New Construction:</b>									
1.03	Gateway Park - HEAF	84500			1.00				1.00	2.00
1.06	Student Residence Hall - RB Proposed	Proposed	1.24	11.13	21.77	2.97			35.87	37.11
1.13	Research Facilities - RB Proposed	Proposed		4.20	24.88	24.88	2.84		56.80	59.12
1.17	Union Addition - RB/Aux Res/HEAF/Private	Proposed	4.12	29.96	19.88	2.84			52.68	137.10
1.17.1	Union Renovation - RB/Aux Res/HEAF/Private	Proposed	4.12	38.84	25.06	3.58			67.48	
1.17.2	Scouler/Stovall Relocations - RB/Aux Res/HEAF/Private	Proposed	1.15	4.94	1.74	0.87			7.55	
1.18	Greek Life Center - Aux Reserves	F80048	0.29	2.31					2.31	2.60
1.19	CEng Material Testing Lab - HEAF	F84542	0.26	1.74					1.74	3.95
1.19a	CEng Material Testing Lab - Annual Budget	F80076	0.12	1.83					1.83	
2.00	<b>Renovation:</b>									
2.01	Administration Building - HEAF	84500		1.00	3.00				4.00	4.00
2.04	Fire Alarms - HEAF	84505		0.20	0.20	0.20	0.25	0.25	1.10	
2.08	Music Building MEP - HEAF	F84505	2.95	3.05					3.05	6.00
2.14	Science Research Building - HEAF	F84517	1.06	7.94					7.94	12.00
2.14a	Science Research Building - RFS Series 2009A Dallas	F82843	0.47	2.53					2.53	
2.16	Campus Lighting - HEAF	84563	2.10	0.50	0.50	0.50	0.50	0.50	2.50	
2.18	Energy Management Control System - HEAF	84500		0.75	0.75	0.75	0.75		3.00	3.00
2.20	Matthews Hall MEP - HEAF	84500		0.40	2.00	1.80			4.20	4.20
2.21	Wooten Hall MEP - HEAF	84500		1.75	1.50	1.20			4.45	4.45
2.22	Sage Bldg MEP Renovation - HEAF	F84602	0.96	2.88					2.88	3.84
2.24	Elevator Modernization - HEAF	F84534	0.50	0.50	0.25	0.25			1.00	1.50
2.25	GAB MEP - HEAF	84500			0.50	3.20	1.00		4.70	4.70
2.26	West Hall Renovation - Auxiliary Reserves	Pending		1.50					1.50	1.50
2.28	Electrical Substation Expansion - HEAF	84500		0.00	0.75	1.75			2.50	2.50
2.31	Marquis Hall MEP - HEAF	84500		1.00	1.75	1.75			4.50	7.00
2.31.1	Marquis Hall Renov for International Programs - HEAF	84500		0.50	0.50				1.00	
2.31.1a	Marquis Hall Renov for International Programs - Int'l \$				1.50				1.50	
2.32	Terrill Hall MEP - HEAF	84500			0.25	2.20			2.45	2.45
2.33	Willis Library MEP - HEAF	84500		0.75		3.50	0.50		4.75	4.75
2.34	Hickory Hall MEP - HEAF	84500		2.00	1.00	0.00			3.00	3.00
2.35	Curry Hall MEP - HEAF	84500			0.00	0.00	0.75	2.75	3.50	3.50
2.36	Energy Efficiency Building Issues - HEAF	84500	1.00	0.50	0.50				1.00	2.00
2.40	Academic Space Renovation - Annual Budget	69500			1.47	1.47	1.47	1.47	5.88	
2.43	Bruce Hall Dining Addition - Aux Reserves	F80049	0.57	2.05					2.05	2.62
2.45	Science Research Bldg Envelope - HEAF	84500				2.50			2.50	2.50
2.47a	CEng MSE Lab Renovation - RFS Series 2009A	F82736		0.77					0.77	1.33
2.47b	CEng MSE Lab Renovation - HEAF	F84539		0.50					0.50	
2.47c	CEng MSE Lab Renovation - Annual Budget	62328		0.06					0.06	
2.48	RTFP Large Classroom Renovation - Annual Budget	69500		1.47					1.47	1.47
2.49	Central Irrigation Controls - HEAF	84500		0.40	0.40	0.40			1.20	1.20
2.50	Life Science Lab Exhaust System - HEAF	84500					1.20		1.20	1.20
2.51	Coliseum MEP - HEAF	84500				0.50	5.00		5.50	5.50
2.52	Underground Utilities Repairs - HEAF	84500				0.25	1.25		1.50	1.50
2.53	PAC Foundation Repairs - HEAF	84500				0.25	1.25		1.50	1.50
3.00	<b>Purchase of Property:</b>									
3.01	Land Purchases - HEAF	84500		0.73	0.73	0.73	0.73	0.73	3.65	
3.01.2	1100 Dallas Drive Bond Repayment - HEAF	84500	1.00	1.00	1.00	1.00	1.00	1.00	5.00	
4.00	<b>Facilities Maintenance - HEAF</b>	84500		4.50	4.75	5.00	5.25	5.50	25.00	
4.01	Energy Project Debt Retirement - HEAF	84500	0.50	0.50	0.50	0.50	0.50	0.50	2.50	
5.00	<b>Master Plan Improvements - HEAF</b>	84500		2.08	0.30	0.30	0.30	0.30	3.28	
7.00	<b>Future Projects &amp; Cost Increases-HEAF</b>	84500		1.12	0.23	0.23	0.48	1.08	3.14	
	<b>Total</b>			<b>137.88</b>	<b>117.41</b>	<b>57.72</b>	<b>25.42</b>	<b>22.58</b>	<b>361.01</b>	

Approved

**Neal Smatresk**

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## **UNT CAPITAL PROJECTS DEVELOPMENT PROGRAM**

The Capital Projects Development Program is used in overall planning and forecasting of future commitments. When appropriate, this list will be used for submission of information to the Coordinating Board and other agencies for planning purposes. It is also a source of preliminary discussion, planning, fundraising, and initial design and study of projects for ultimate inclusion in the Capital Funding Schedule. These projects with merit, not included in the Capital Funding Schedule, have a high priority and may be included in the Capital Projects Development Program list.

- 1 CVAD Building - Potential TRB Project
- 2 Business Services Warehouse
- 3 Sorority Housing (Phase 3)
- 4 Discovery Park Development
- 5 Music Building
- 6 Commercial Property Renovation
- 7 Discovery Park Mezzanine Expansion and Build Out
- 8 Eagle Student Services Building Envelope
- 9 Discovery Park Greenhouse Addition 2
- 10 Discovery Park Biomedical Engineering



## Background Report

**Committee:** Facilities

**Date Filed:** January 21, 2014

**Title:** UNT Health Science Center Capital Projects Plan Update

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### Background:

The UNT campus implemented the Capital Projects Plan in 2004 and the UNT Health Science Center (UNTHSC) implemented in 2008. The initial report for the UNTHSC was presented at the February 7, 2008 Board of Regents meeting. This report updates and is presented quarterly to the Board of Regents.

The Plan provides for the development of a Capital Funding Schedule. This schedule identifies capital projects that have been approved, have been committed, or are planned. Projects are not included in the schedule unless they have an identified funding source.

The plan has been updated to reflect changes in funding and planned expenditures occurring since the November 2013 version.

FY2014 includes three (3) renovation project priorities: Research & Education Mechanical Infrastructure Upgrades to increase exhaust capacity, provide system redundancy, improve air quality controls, and improve energy efficiencies; Medical Professional Building Levels 1 & 2 renovations to repurpose existing tenant lease space into space to support growth and consolidation of Student Affairs, Student Development and Admissions; and Patient Care Center Levels 1 & 2 renovations to improve space utilization efficiencies, increase physician productivity and to modernize the existing spaces.

Line 2.90 for the Medical Professional Building Levels 1 & 2 indicates a change from \$3.5M to \$5M total project budget based on the final program being completed and establishing the final scope of work.

Two (2) projects have been added to the Development Program: Renovate Everett (EAD) Level 2, and Renovate Research and Education (RES) Level 4.

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### Financial Analysis/History:

This is a report item only.

**John A.  
Harman**

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Institution Chief Financial Officer

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VC for Facilities/Interim VC for Finance

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## Legal Review:

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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## Schedule:

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No action required. Information only. Submitted by:

Stephen D. Barrett

Vice President for Operations

**Michael R. Williams** Digitally signed by Michael R. Williams  
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President

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Vice Chancellor

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Chancellor

Attachments Filed Electronically (List each item):

- UNTHSC Capital Projects Schedule and Development Program

**University of North Texas Health Science Center**  
**Capital Projects Schedule**  
(in \$millions)  
January 2014

		Prior Year Revenue	2014	2015	2016	2017	2018	Total		
<b>Revenues:</b>										
	HEAF UNTHSC	1.30	1.48	1.50	1.50	1.50	1.50	7.48		
	HEAF Carryforward		2.00					2.00		
	Commercial Paper							0.00		
	Parking Fees							0.00		
	Revenue Bonds							0.00		
	Tuition Revenue Bonds							0.00		
	Foundation							0.00		
	University Resources/External Funds							0.00		
	Institutional Funds - Local	3.57	9.65	4.00	4.00			17.65		
	Institutional Funds - Local Carryforward		3.35					3.35		
	Board Designated Tuition	4.80						0.00		
	<b>Total</b>	9.67	16.48	5.50	5.50	1.50	1.50	30.48		
Proj. No.	Expenditures:	Funding DeptID	Prior Year Costs	2014	2015	2016	2017	2018	Total	Total Project \$
1.00	<b>New Construction:</b>									
1.30	Library Courtyard - Campus Beautification	80465	3.80						0.00	3.80
1.40	Campus Center Design Development	80236	1.00						0.00	1.00
									0.00	-
									0.00	-
									0.00	-
									0.00	-
									0.00	-
									0.00	-
									0.00	-
									0.00	-
2.00	<b>Renovation:</b>									
2.50	Research & Education Level 1 - Instructional Teaching Lab	80893	1.00						0.00	1.00
2.60	Research & Education Level 3 - Research Labs & Offices	80892	1.92						0.00	1.92
2.70	Research & Education - Mechanical Infrastructure Upgrade	80894		6.00					6.00	6.00
2.80	Everett Level 8 - Offices & Furniture	81033	0.65						0.00	0.65
2.90	Medical Professional Building Levels 1 & 2 - Student Affairs	81048		5.00					5.00	5.00
2.91	Patient Care Center Levels 1 & 2			4.00					4.00	4.00
2.92	Patient Care Center Levels 3 & 4				4.00				4.00	4.00
2.93	Patient Care Center Levels 5 & 6					4.00			4.00	4.00
									0.00	-
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3.00	<b>Purchase of Property:</b>									
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									0.00	-
4.00	Facilities Maintenance - HEAF		1.30	1.48	1.50	1.50	1.50	1.50	7.48	
5.00	Master Plan Improvements - HEAF								0.00	
6.00	LAN Upgrade - Operating Funds								0.00	
7.00	Future Projects & Cost Increases-HEAF								0.00	
	<b>Total</b>		9.67	16.48	5.50	5.50	1.50	1.50	30.48	

\* Contingent upon receipt of matching gift funds

Approval:

**Michael R.  
Williams**

Digitally signed by Michael R. Williams  
DN: cn=Michael R. Williams, o=UNTHSC,  
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\_\_\_\_\_  
President

## **UNTHSC CAPITAL PROJECTS DEVELOPMENT PROGRAM**

The Capital Projects Development Program is used in overall planning and forecasting of future commitments. When appropriate, this list will be used for submission of information to the Coordinating Board and other agencies for planning purposes. It is also a source of preliminary discussion, planning, fundraising, and initial design and study of projects for ultimate inclusion in the Capital Funding Schedule. These projects with merit, not included in the Capital Funding Schedule, have a high priority and may be included in the Capital Projects Development Program list.

- 1 Renovate Everett (EAD) Level 2
- 2 Renovate Research and Education (RES) Level 4
- 3 Research Building "H"
- 4 UNT Health - Clinic Sites
- 5 Parking Garage
- 6 Campus Beautification - Landscaping
- 7 Campus Center Building "B"



## Background Report

**Committee:** Facilities

**Date Filed:** January 21, 2014

**Title:** UNT System Construction and Major Renovation Projects Status Report

### Background:

This information item reports the current status of construction and renovation projects at the UNT System.

### Financial Analysis/History:

This is a report item only.

**James Maguire**

Digitally signed by James Maguire  
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VC for Facilities/Interim VC for Finance

### Legal Review:

This item has been reviewed by General Counsel.

**Nancy S. Footer**

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Vice Chancellor/General Counsel

**Schedule:** See attached status report.

No action required. Information only. Submitted by:

Raynard O. Kearbey

Assoc. VC for System Facilities

**James Maguire**

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Vice Chancellor

**Lee Jackson**

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Chancellor

Attachments Filed Electronically:

- UNT System Construction and Major Renovation Projects Status Report

UNT SYSTEM CONSTRUCTION AND MAJOR RENOVATION PROJECTS STATUS REPORT-HSC CAMPUS  
Projects In Planning

**HSC Professional Building Renovation**

<b>Architect/Engineer Contractor</b>	Dewberry Architects, Inc. TBD		
<b>Project Description</b>	Complete interior renovation of the 28,662 square foot Professional Building. The renovated facility will centralize administrative and student services functions and provide a “one-stop-shop” to both future and currently enrolled students for admissions and most of Student Affairs offices.		
<b>Project Cost</b>	\$5,000,000	<b>Design Start</b>	January 2014
<b>Construction Cost</b>	\$3,050,000	<b>Expected Design Complete</b>	March 2014
<b>HUB Participation</b>	TBD	<b>Expected Construction Start</b>	Spring 2014
		<b>Expected Construction Complete</b>	September 2014
		<b>% Construction Complete</b>	0%
		<b>Status</b>	On Schedule
<b>Funding</b>	Institutional - Local	<b>Budget Status</b>	TBD
<b>Remarks</b>	Programming is now complete and design is now underway. The project budget has been established and is being presented at the Board of Regents February 2014 meeting. Construction is expected to be complete in September 2014.		



UNT SYSTEM CONSTRUCTION AND MAJOR RENOVATION PROJECTS STATUS REPORT-Denton CAMPUS  
Projects In Design

**UNT Residence Hall**

<b>Architect/Engineer</b>	Randall Scott Architects		
<b>Contractor</b>	Vaughn Construction (Pending)		
<b>Project Description</b>	Construct a new residence hall on the UNT campus.		
<b>Project Cost</b>	\$37,100,000	<b>Design Start</b>	October 2013
<b>Construction Cost</b>	\$26,357,442	<b>Expected Design Complete</b>	July 2014
<b>HUB Participation</b>	A/E	<b>Expected Construction Start</b>	April 2014
	25%	<b>Expected Construction Complete</b>	July 2015
		<b>% Construction Complete</b>	0%
<b>Funding</b>	Housing Fees	<b>Status</b>	On Schedule
		<b>Budget Status</b>	TBD
<b>Remarks</b>	Programming was completed in September 2013 and design began in October. Construction is anticipated to begin in the spring of 2014. Site acquisition activities are in progress. Budget status will be known after receipt of construction manager's schematic design cost estimate on January 24, 2014.		

UNT SYSTEM CONSTRUCTION AND MAJOR RENOVATION PROJECTS STATUS REPORT – DENTON CAMPUS

Projects in Design

**Science Research Building**

<b>Architect/Engineer</b>	Jennings Hackler & Partners			
<b>Contractor</b>	Turner Construction			
<b>Project Description</b>	Renovation of the first floor of the Science Research Building. Major HVAC, plumbing and electrical systems for the entire building will also be replaced.			
<b>Project Cost</b>	\$12,000,000	<b>Design Start</b>	September 2011	
<b>Construction Cost</b>	\$8,650,000	<b>Design Complete</b>	April 2012	
<b>HUB Participation</b>	A/E	37.0%	<b>Expected Construction Start</b>	TBD
	Contractor	29.6%	<b>Expected Construction Complete</b>	TBD
<b>Funding</b>	HEAF and Bond		<b>% Construction Complete</b>	0%
			<b>Status</b>	N/A
			<b>Budget Status</b>	N/A
<b>Remarks</b>	Project on hold pending re-evaluation from UNT Campus.			

UNT SYSTEM CONSTRUCTION AND MAJOR RENOVATION PROJECTS STATUS REPORT-DENTON CAMPUS  
Projects In Construction

**University Union Renovation and Expansion**

**Programmer** Facility Programming  
**Architect/Engineer** Perkins+Will  
**Contractor** Beck/Warrior, A Joint Venture

**Project Description** This project is a renovation and addition to the existing University Union. It is programmed to provide 308,400 gsf of space for the campus. The existing building is approximately 200,000 gsf. The new space will include an atrium, lounge with study space, expanded food court, entertainment venue, a ballroom, a 500 seat lyceum, expanded retail options, a larger book store and administrative suites for student groups, student services and Union administration. Also included in the project scope is the temporary relocation of Union functions. UNT System, UNT Office of Space Management and Union end users have developed a temporary relocation plan for the current occupants of the Union. Food service will be housed in a 6,000 sf temporary facility on the west side of Sage Hall. Campus Life and Student Activity Center for Leadership Service and Student Affairs, Dean of Students and Center for Rights and Responsibilities, IT, Multicultural Center, Student Government Association, Graduate Student Council, Greek Life, Student Legal and Development, Union Administration, Event Scheduling, Orientation and Transition, Design Works, Eagle Images, Mail Services, the Bank and University Programs will move in to Stovall Hall. The Bookstore will be housed in a temporary facility at the northwest corner of Chestnut and Avenue C.

<b>Project Cost</b>	\$128,400,000	<b>Design Start</b>	November 2011
<b>Construction Cost</b>	\$ 87,339,070	<b>Design Complete</b>	May 2013
		<b>Construction Start</b>	June 2013
		<b>Expected Construction Complete</b>	August 2015
		<b>% Construction Complete</b>	10%
<b>HUB Participation</b>	A/E	<b>Status</b>	On Schedule
	Contractor	<b>Budget Status</b>	Within Budget
	29%		
	44%		

**Funding** Phase I  
Pre-Referendum: Auxiliary Services  
Phase II  
Student Fees, Auxiliary Reserves, and  
Private Funding

**Remarks** Site mobilization began August 5th. The Union remained open until the first week of October. On October 7th access to the Union was closed. All remaining occupants of existing Union structure were relocated by October 9, 2013. On October 14, the contractor took possession of the building and began abatement and demolition activities which will continue through January of 2014.

UNT SYSTEM CONSTRUCTION AND MAJOR RENOVATION PROJECTS STATUS REPORT – DENTON CAMPUS  
Projects in Construction

**Stovall and Scoular Halls Relocation**

<b>Programmer</b>	Facility Programming			
<b>Architect/Engineer</b>	Jacobs			
<b>Contractor</b>	Beck/Warrior, A Joint Venture			
<b>Project Description</b>	Relocation of the occupants currently housed in Stovall and Scoular Halls. This will include 62,800 sf of new facilities.			
<b>Project Cost</b>	\$8,700,000		<b>Programming Start</b>	June 2012
<b>Construction Cost</b>	\$2,237,600 (modular components were purchased by UNTS through co-op Contract)		<b>Programming Complete</b>	September 2012
			<b>Design Start</b>	September 2012
			<b>Design Complete</b>	January 2013
			<b>Component Buildings Ordered</b>	March 2013
			<b>Construction Start</b>	April 2013
<b>HUB Participation</b>	A/E	0% ( <i>HSP indicates self-performing</i> )	<b>Substantial Completion</b>	July 2013
	Contractor	33.73%	<b>% Construction Complete</b>	99%
<b>Funding</b>	Student Fees, HEAF, Auxiliary Reserve and private funding		<b>Status</b>	On Schedule
			<b>Budget Status</b>	Completed
<b>Remarks</b>	Relocation plan and moves have been completed and groups and departments are utilizing the facilities.			

UNT SYSTEM CONSTRUCTION AND MAJOR RENOVATION PROJECTS STATUS REPORT – DENTON CAMPUS  
Projects in Construction

**Bruce Hall Expansion**

<b>Architect/Engineer</b>	Nelson + Morgan		
<b>Contractor</b>	Lee Lewis Construction, Inc.		
<b>Project Description</b>	4,000 square foot addition to the southwest corner of the existing Bruce Hall Dining facility to increase seating capacity by 232 seats. An outdoor portico/patio will also be included as part of the expansion. Included are the renovation of existing adjacent restrooms and the creation of a new main entry into Bruce Hall.		
<b>Project Cost</b>	\$2,615,000	<b>Design Start</b>	July 2012
<b>Construction Cost</b>	\$1,882,830	<b>Design Complete</b>	January 2013
<b>HUB Participation</b>	A/E	<b>Construction Start</b>	April 2013
	Contractor	<b>Expected Construction Complete</b>	January 2014
	27%	<b>% Construction Complete</b>	95%
	25.73%	<b>Status</b>	Schedule extended one month to resolve cost issues and two months due to completing the 3-way agreement.
<b>Funding</b>	Auxiliary Revenues		<b>Budget Status</b>
			Within Budget
<b>Remarks</b>	Construction is near complete. The project is behind schedule primarily due to completing a three-way construction utility tie-in agreement with the City of Denton in order for public improvements to be completed and the contractor experiencing a delay in receiving a concrete fire equipment vault.		

UNT SYSTEM CONSTRUCTION AND MAJOR RENOVATION PROJECTS STATUS REPORT – DENTON CAMPUS  
Projects in Construction

**Greek Life Center**

<b>Architect/Engineer Contractor</b>	Hahnfeld Hoffer Stanford Pogue Construction		
<b>Project Description</b>	The new 6,000 square foot center will house all staff of the Greek Life organization and provide facilities for their meetings and functions.		
<b>Project Cost</b>	\$2,600,000		
<b>Construction Cost</b>	\$1,875,862		
<b>HUB Participation</b>	A/E	23.8%	
	Contractor	13.95%	
			<b>Design Start</b> April 2012 <b>Design Complete</b> May 2013 <b>Construction Start</b> July 2013 <b>Expected Construction Complete</b> April 2014 <b>% Construction Complete</b> 43% <b>Status</b> Scheduled completion has been extended by one month due to delays by the contractor in receiving some of the materials.
<b>Funding</b>	Auxiliary Services, Fundraising		<b>Budget Status</b> Within Budget
<b>Remarks</b>	Construction is proceeding.		

UNT SYSTEM CONSTRUCTION AND MAJOR RENOVATION PROJECTS STATUS REPORT-DISCOVERY PARK CAMPUS  
Projects in Construction

**Discovery Park – Engineering Testing Lab Facility**

<b>Architect/Engineer</b>	Jacobs (Concept Design only)		
<b>Contractor</b>	Vaughn/WHR (Design/Build Team)		
<b>Project Description</b>	A 16,000 square foot expansion to the existing Discovery Park facility which will house a manufacturing testing lab for the College of Engineering Department of Mechanical and Energy Engineering. The expansion will also serve to relocate the existing Nucon Steel Lab and associated research equipment for the College of Engineering Department of Engineering Technologies which is currently located in the existing D-Wing. Relocation of these activities and equipment will allow space to be transformed in the future into research space for newly hired researchers.		
<b>Project Cost</b>	\$3,931,000	<b>Conceptual Design Process</b>	May 2012 – August 2012
<b>Construction Cost</b>	\$2,690,167	<b>Design Start</b>	December 2012
<b>HUB Participation</b>	A/E Contractor	HSP indicates Self Performing 28.5%	<b>Design Complete</b> May 2013
<b>Funding</b>	HEAF		<b>Construction Start</b> July 2013
<b>Remarks</b>	Construction is proceeding.		<b>Expected Construction Complete</b> January 2014
			<b>% Construction Complete</b> 30%
			<b>Status</b> On Schedule
			<b>Budget Status</b> Within Budget

UNT SYSTEM CONSTRUCTION AND MAJOR RENOVATION PROJECTS STATUS REPORT – DISCOVERY PARK CAMPUS  
Projects in Construction

**Discovery Park – Laboratory Build Out**

<b>Architect/Engineer</b>	Freese and Nichols		<b>Design Start</b>	July 2012
<b>Contractor</b>	Vaughn Construction		<b>Design Complete</b>	January 2013
<b>Project Description</b>	Build-out of approximately 15,000 square feet of the D-Wing at Discovery Park for the College of Engineering Departments of Mechanical and Energy Engineering and Materials Science. Includes a mixture of wet lab, dry lab, support space and space for graduate student research space.			
<b>Project Cost</b>	\$6,020,000		<b>Construction Start</b>	April 2013
<b>Construction Cost</b>	\$2,993,320		<b>Construction Complete</b>	September 2013
<b>HUB Participation</b>	A/E	50%	<b>% Construction Complete</b>	99%
	Contractor	29%	<b>Status</b>	Completed
<b>Funding</b>	HEAF and Bond		<b>Budget Status</b>	Within Budget
<b>Remarks</b>	The project is complete.			



UNT SYSTEM CONSTRUCTION AND MAJOR RENOVATION PROJECTS STATUS REPORT – DISCOVERY PARK CAMPUS  
Projects in Construction

**Discovery Park – Center for Advanced Research and Technology (CART)**

<b>Architect/Engineer</b>	Freese and Nichols		
<b>Contractor</b>	Imperial Construction		
<b>Project Description</b>	Design and construction of approximately 5,200 square feet of dry labs, offices, shared administrative and collaborative support and research space.		
<b>Project Cost</b>	\$2,310,000	<b>Design Start</b>	April 2011
<b>Construction Cost</b>	\$1,467,583	<b>Design Complete</b>	January 2012
<b>HUB Participation</b>	A/E	<b>Construction Start</b>	December 2012
	Contractor	<b>Construction Complete</b>	April 2013
	51.7%	<b>% Construction Complete</b>	100%
	46%	<b>Status</b>	Complete
<b>Funding</b>	Grant funds	<b>Budget Status</b>	Within Budget
	University Resources		
<b>Remarks</b>	The project was complete as of April 2013 and the end users occupied the space as of July 2013. NSF reporting services for the grant to CART will be provided until December 2013.		

UNT SYSTEM CONSTRUCTION AND MAJOR RENOVATION PROJECTS STATUS REPORT-HEALTH SCIENCE CENTER  
Projects In Construction

**HSC Library Courtyard**

<b>Architect/Engineer</b>	GSBS Architects		
<b>Contractor</b>	Scott Tucker Construction		
<b>Project Description</b>	Open space re-development between the UNTHSC Gibson D. Lewis Library and Montgomery Street, extending from the Everett Education and Administration Building, north to the patient care center. Project will enhance the open space in this area, improve pedestrian traffic, provide Wi-Fi access, create shared gathering/collaborative space(s), and improve the community image of exterior spaces. Project to include water feature, improved site lighting, and upgrade the main entrance into the library for ADA accessibility.		
<b>Project Cost</b>	\$3,800,000	<b>Design Start</b>	March 2012
<b>Construction Cost</b>	\$2,549,810	<b>Design Complete</b>	August 2012
<b>HUB Participation</b>	A/E	<b>Construction Start</b>	October 2012
	Contractor	<b>Construction Complete</b>	November 2013
	27.9%	<b>% Construction Complete</b>	99%
	53.05%	<b>Status</b>	Complete
<b>Funding</b>	Cash	<b>Budget Status</b>	Within Budget
<b>Remarks</b>	This project is complete and under warranty.		

UNT SYSTEM CONSTRUCTION AND MAJOR RENOVATION PROJECTS STATUS REPORT – System Building  
Projects in Construction

**Renovate 1901 Main Street**

<b>Architect/Engineer</b>	Freese and Nichols		
<b>Contractor</b>	Beck/Warrior, A Joint Venture		
<b>Project Description</b>	Total building infrastructure improvements with the renovation and finish-out of levels 5, 6 and 7. The UNT Dallas College of Law will primarily occupy levels 5 and 6. Level 7 will serve as UNT System offices.		
<b>Project Cost</b>	\$29,645,624	<b>Design Start</b>	June 2010
<b>Construction Cost</b>	\$18,800,812	<b>Design Complete</b>	September 2012
<b>HUB Participation</b>	A/E	<b>Construction Start</b>	February 2012
	Contractor	<b>Substantial Completion</b>	November 2013
	33.3%	<b>% Construction Complete</b>	99%
	24.5%	<b>Status</b>	Complete. Punch list ongoing.
<b>Funding</b>	Revenue Financing System /Debt		<b>Budget Status</b>
			Within Budget
<b>Remarks</b>	The project includes renovation work in portions of the basement and levels 1 through 8. Level 7 was complete in August 2013; the remaining balance of the work was deemed substantially complete in November 2013.		



# UNT | SYSTEM™

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## Background Report

**Committee:** Audit

**Date Filed:** January 21, 2014

**Title:** UNT System Consolidated Quarterly Compliance Report September 2013 through November 2013

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### Background:

This report represents the quarterly compliance actions for the University of North Texas System, University of North Texas, University of North Texas Health Science Center and the University of North Texas at Dallas from September 1, 2013 through November 30, 2013. Regular reporting of compliance actions to the UNT System Board of Regents is required by the United States Sentencing Commission's Federal Guidelines §8B2.1(b)(2)(A).

This quarterly report has been consolidated to reflect the compliance actions for all UNT System components. This report reflects the actions that management and each compliance function has taken to manage their highest risks.

### Financial Analysis/History:

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This is a report item only.

James Maguire

Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for Administrative Services, ou=UNT System,  
email=James.Maguire@untsystem.edu, c=US  
Date: 2014.02.19 16:27:50 -0600

VC for Facilities/Interim VC for Finance

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### Legal Review:

This item has been reviewed by General Counsel.

\_\_\_\_\_  
Vice Chancellor/General Counsel

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**Schedule:** N/A

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No action required. Information only. Submitted by:

Steven A. Hill I

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UNT System Compliance Officer

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Chief Internal Auditor

**Lee Jackson** Digitally signed by Lee Jackson  
DN: cn=Lee Jackson, o=UNT  
System, ou=Chancellor's Office,  
email=chancellor@unt.edu, c=US  
Date: 2014.02.19 12:46:32 -06'00'

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Chancellor

Attachments Filed Electronically (List each item):

- UNT System Consolidated Quarterly Compliance Report  
September 2013 through November 2013

**FY 2014, 1<sup>st</sup> Quarter, UNT System  
Consolidated Compliance Report**

**Audit Committee**

**Board of Regents Meeting**

**February 20, 2014**

## UNT System /Institutional Compliance Staff

Steven A. Hill I, M.B.A., CCEP  
Director & UNT System Compliance Officer  
Designated UNT System Records Management Officer

Anissa Breaux-Schropp, Ph.D., CCEP  
UNT Compliance Officer  
Chief Records Management Officer  
UNT HIPAA Compliance Officer

Judy Sternberg  
Chief Records Management Representative  
Assistant to UNT HIPAA Compliance Officer  
Office Manager & Administrative Coordinator

## UNT System / Institutional Compliance

- Directing this voluntary compliance program so as to assist in preventing violations of law and applicable regulatory requirements.
- Our Compliance programs are designed to satisfy the elements of the U.S. Federal Sentencing Commission's Guidelines for the Sentencing of Organizations (Chapter 8, Part B - §8B2.1.).
- At the employee level, it can be as simple as each employee knowing and doing what is right in conducting business. However, it can become complex, as each campus accurately identifies its highest-risks and ensures that its resources are allocated so that they provide reasonable assurance that these risks are adequately controlled.



## UNT System / Institutional Compliance

- Works to resolve substantiated non-compliance without material sanctions by any federal, state, or local oversight agency.
- Collaborates to implement effective escalation protocols to resolve findings identified during routine inspections, reviews, and evaluations (etc.).
- Assisting Internal Audit in centralizing the Annual UNT System-wide Risk Assessment by enhancing the factors that determine risk priority.
- Assisting Internal Audit in centralizing the confidential reporting process system-wide, expedite resolutions, and formalize situations that will be reported through the appropriate Committee to the Board.

## UNT System / Institutional Compliance

- Working to formalize and enhance the compliance investigation process.
- Maintains a University-Wide Compliance Committee at UNT.
- Provides oversight for the UNT HIPAA Compliance Program.
- Maintains a state of the art records management/retention program for UNT System, UNT, and UNT Dallas. Consolidated the Records Retention Schedules into an electronic resource which includes the UNTHSC.
- Assists Financial Aid with ensuring compliance with Department of Education's Program Participation Agreement at UNT.

## UNT System Compliance Report

- **Management Risk #1: Finalizing the transition of UNT Dallas as an independent institution**
  - > **A Post-Accreditation Transition Task Force consisting of relevant administrators and functional team members from UNT and UNT Dallas and facilitated by UNT System Academic Affairs was formed and began meeting to define working groups to address remaining issues around the separation of UNT Dallas from UNT.**
- **Confidential and other Complaint Reporting for UNT System**
- **An analysis of the *three* reports received by the hotline reveals:**
  - > ***Alleged inappropriate use of university time - (Internal Audit is handling this issue)***
  - > ***Alleged inappropriate termination of employment - (IC is handling this issue)***
  - > ***One report tracking number was used for testing purposes***

## UNT Compliance Report

- **Management Risk #3: Continuing to refine our enrollment modeling and predictability to manage changes in enrollment numbers and student quality**
  - > State-of-the-art modeling and predictability has been developed. The title of this risk has been revised.
  - > Continue to validate the accuracy of our models by comparing prediction to actual performance.
- **Compliance Risk #1: Fire and Life Safety**
  - > Based on corrective actions and scheduled renovation projects, the SFM's office is closing its file on a fire safety re-inspection.

## UNT Compliance Report

- **Compliance Risk #2: Laboratory Inspections and Follow-up**
  - > Risk Management Services along with appropriate University and System officials are responding to a complaint made to the Texas Department of State Health Services, Radiation Control Program, regarding Radiation Safety Program non-compliance.
  - > System Compliance is investigating these reports to ensure compliance with Radiation Safety regulatory requirements.
  - > Risk Management Services now monitors all seventeen (17) RCRA metal thresholds that have very low Environmental Protection Agency established limits. Continued monitoring of all laboratory waste water is necessary to assure UNT is not fined for exceeding the thresholds.

## UNT Compliance Report

- Confidential and other Complaint Reporting for UNT
- An analysis of the *seven* reports (3 via hotline, 2 via OGC, 1 via phone call, and 1 via walk-in revealed the following breakdown of complaints:
  - > *One alleged flex-time issue - (Complainant asked to contact HR or IC)*
  - > *One alleged nepotism issue - (HR is handling this issue)*
  - > *One report tracking number was used for testing purposes*
  - > *One alleged export control issue - (OGC resolved this issue)*
  - > *One alleged loss of funds issue - (UNT Police resolved this issue)*
  - > *One alleged equal opportunity issue - (IC is handling this issue)*
  - > *One alleged student affairs issue - (Dean of Students is handling this issue)*

## UNT Dallas Compliance Report

- **Management Risk #2: Finalizing the sustaining the transition of UNT Dallas as an independent institution**
  - > **A Post-Accreditation Transition team has been organized to coordinate transition to independent status for UNT Dallas. The team, coordinated by UNT System Vice Chancellor for Academic Affairs, includes UNT and UNT Dallas representation from all affected areas (academic and operations). Transition should be completed by fall 2015.**
- **Confidential and other Complaint Reporting for UNT System**
- **There were no reports received during this quarter for UNT Dallas by Institutional Compliance.**

## Actions Taken to Protect Minors at UNT System Institutions

- **Training and Inventory of Camps, Programs, and Activities**
  - Training that complies with applicable State of Texas law continues to be available to applicable personnel at all UNT System institutions and applicable 3<sup>rd</sup> parties.
  - Updated the inventory list of camps, programs, and activities that involve minors on or off UNT System campuses, so as to enhance required training completion, proof of insurability, and an appropriate level of criminal history background checks are completed for applicable personnel.
- **Policies**
  - OGC is crafting a model policy that incorporates Regents Rule 04.1100 into it, to be adopted by each campus as institutional policy. System and Institutional Compliance continues to partner with the campuses to finalize existing policy revisions so that they reflect the appropriate language associated with the Regents Rule.



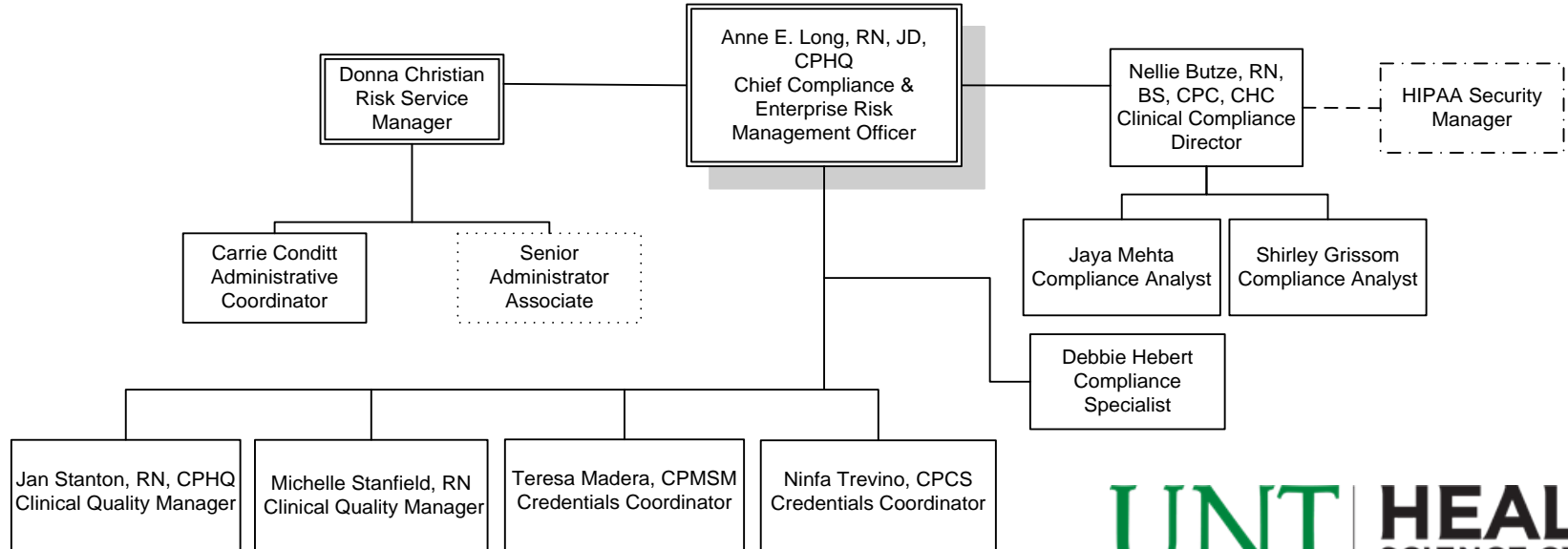
**UNTHSC Institutional Compliance  
FY 2014, First Quarter Compliance Report  
February 20, 2014**

Anne E. Long, RN, JD, CPHQ

Chief Compliance and Enterprise Risk Management Officer

# UNTHSC Institutional Compliance

*Institutional Compliance, Quality and  
Risk Management  
FY 2014 Organizational Chart*



## UNTHSC Institutional Compliance

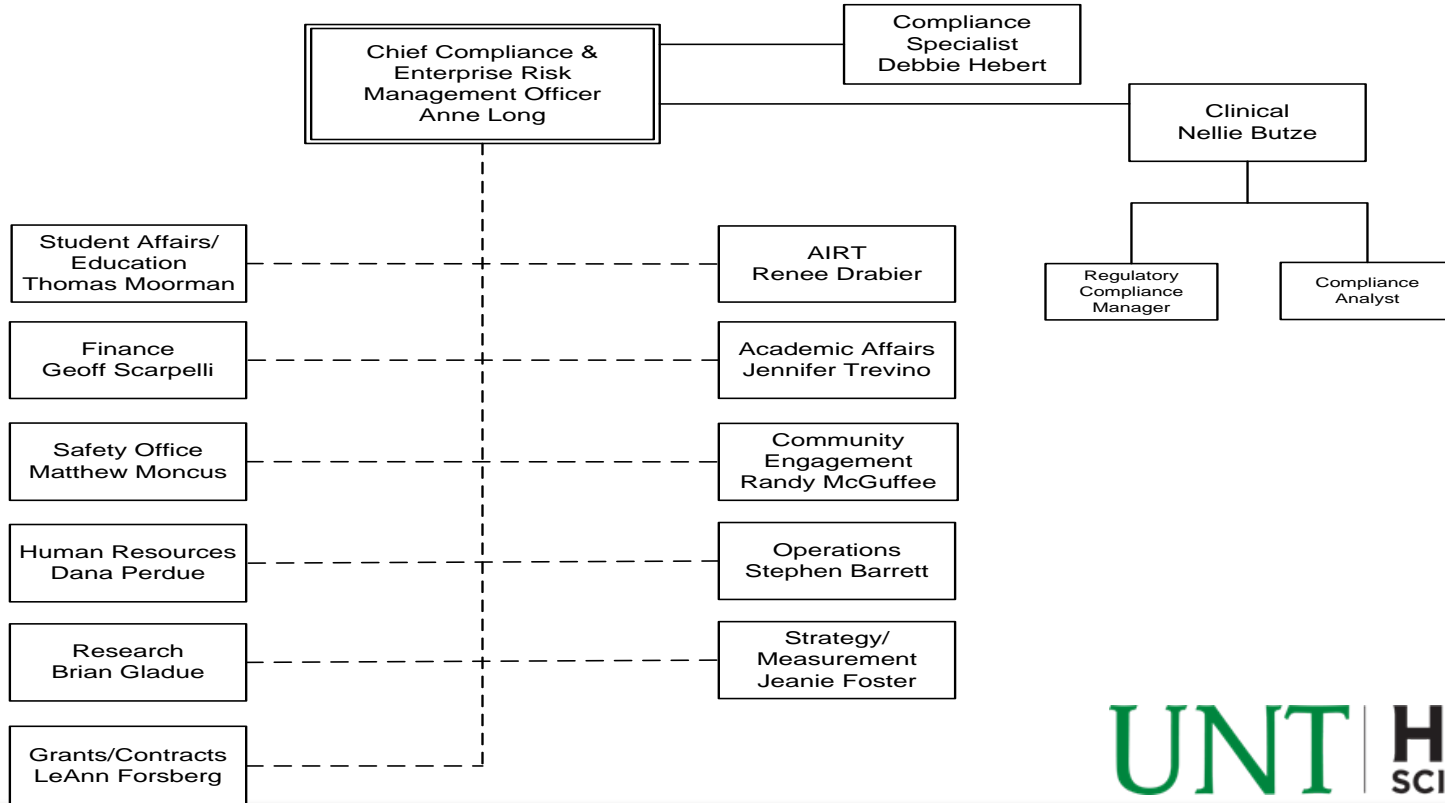
### Foundation of program:

- Federal Sentencing Guidelines for Organizations
- Office of Inspector General compliance program guidance documents
- UNTHSC Policy – “Employee Ethics and Standards of Conduct”
- Risk assessment (Team approach with Internal Audit)

### Key elements:

- Written policies and procedures
- Appropriate oversight
- Train and educate
- Process to receive complaints/concerns
- Report and Response Protocol (includes addressing illegal activities/sanctioned individuals)
- Audit/monitor
- Investigate/remediate systemic issues

## UNTHSC Institutional Compliance



## UNTHSC Institutional Compliance Program

### Chief Compliance and Enterprise Risk Management Officer

- Responsible for overall program
- Works collaboratively with Division Compliance Officers to provide support and guidance and to monitor and enforce compliance with program

### Institutional Compliance Committee

- Chaired by Chief Compliance and ERM Officer
- Members - Division Compliance Officers
- Advisory Committee

## UNTHSC First Quarter Highlights

### Management Risks:

- Minors on Campus policy - drafted
- Reporting Abuse and Neglect policy – completed
- Employee Code of Ethics/Standards of Conduct training - 100%

### Compliance Risks:

- Clinical Risks - UNTHHealth
- Notice of Privacy Practices – Training
- New Hazard Communication training - Implemented
- Business Continuity Coordinator – Identified

## First Quarter Highlights

### Hotline/Compliance Investigations

Total = 11

Hotline = 5

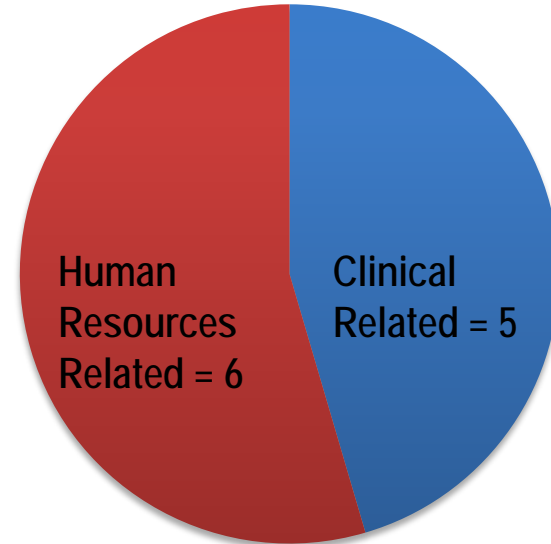
Compliance = 6

(email, phone call, monitoring, etc.)

All resolved

Average number of days to resolve = 34

Action - Manager terminated for retaliation



## UNTHSC Institutional Compliance

### Focus Areas

- Finalize “Minors on Campus” policy
- Risk Assessment – partner with Internal Audit
- Meet monthly with Chief Internal Auditor
- Update Institutional Compliance Plan
- Centralize required training
- Revise policy and procedure process
- Review UNTHSC UNTHHealth agreements – (confirm FMV, etc.)





Questions?

No action required. Information only. Submitted by:

Steven A. Hill I

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UNT System Compliance Officer

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Chief Internal Auditor

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Chancellor

Attachments Filed Electronically (List each item):

- UNT System Consolidated Quarterly Compliance Report  
September 2013 through November 2013

# UNT System Consolidated Quarterly Compliance Report September 2013 through November 2013



## **Section I. Organizational Actions**

This section reflects organizational actions for this reporting period:

The actions taken by UNT System Executive Management to address the UNT System Management Risks identified during the Fiscal Year (FY) 2014 risk assessment are reported below.

### **Management Risk #1: Finalizing the transition of UNT Dallas as an independent institution**

#### ***Action Taken by Executive Management:***

A Post-Accreditation Transition Task Force consisting of relevant administrators and functional team members from UNT and UNT Dallas and facilitated by UNT System Academic Affairs was formed and began meeting to define working groups to address remaining issues around the separation of UNT Dallas from UNT.

### **Management Risk #2: Law School start-up not meeting milestones for funding and operations**

#### ***Action Taken by Executive Management:***

- The Board of Regents approved the UNT Dallas College of Law tuition rates for 2014-2015.
- Edward T. Hart was appointed as Assistant Dean and Director of the Law Library.
- UNT Dallas College of Law began accepting applications for Fall 2014.
- UNT Dallas College of Law occupied its new space on the first, fifth and sixth floors of 1901 Main System building.

### **Management Risk #3: Ineffective implementation of shared services strategy for Information Technology Shared Services (ITSS) and Business Services Center (BSC)**

#### ***Action Taken by Executive Management:***

- ITSS has developed top priority projects and activities to address key customer perceptions.
- All students are now using Office 365 including the Office Suite Products. The final part of the solution was implemented in November 2013.
- UNT is pursuing, with ITSS assistance, selection of a new Constituent Relationship Management (CRM) system. This process will take until fiscal year end to complete.
- The BSC continues to identify efficiency opportunities for business process standardizations and improvements.

## **Management Risk #4: Ineffective implementation of Human Resources services**

### ***Action Taken by Executive Management:***

- The System HR Team developed customer-focused Vision and Mission statements and initiated development of a values-based culture to ensure alignment to customer needs.
- Continued intensive recruitment effort for multiple positions to support the new HR Service Delivery Model; six positions are now open – four original and two replacements.
- The System HR team held workshops with Towers Watson and re-designed seven processes.
- System HR Leadership team instituted weekly huddles to facilitate communication and encourage team work.
- In partnership with Tower's Watson, Project Manager, UNTHSC Campus HR and Total Rewards Center of Excellence (COE) continued to work on the Global Grading project for the Health Science Center's compensation and classification program.
- In partnership with Tower's Watson, Project Manager, UNT Campus HR and Total Rewards COE began planning Global Grading project for the Denton campus compensation and classification program.
- Project Manager began seeking governance approval for tools – The Work Number and Front Range Help Desk Expert Automation Tool (HEAT) – to help the System HR Support Center operate more efficiently and increase customer satisfaction.

## **Management Risk #5: Having policies, procedures, and/or practices in place that may not provide comprehensive protection of minors participating in UNT System related activities**

### ***Action Taken by Executive Management:***

- The Office of General Counsel (OGC) is crafting a model policy to be adopted by each campus as institutional policy. The model policy being crafted by OGC will include language that clearly states that in the event of a conflict with institutional policies being revised to reference/comply with the Regents Rule 04.1100, the model policy governs.
- System and Institutional Compliance revised all applicable system policies so that they reflect the applicable language associated with Regents Rule 04.1100 and is working with the Office of General Counsel to finalize these revisions.
- Any UNT System personnel required to take the state required training will continue to complete the third party sexual abuse and child molestation awareness training (by Abuse Prevention Systems) until the state approved training developed by UNT is ready to replace this training.

## **Section II. Compliance Risks**

### **High-Risk #1: Electronic Information Handling (Information Technology Shared Services - ITSS)**

#### ***Action Taken by Management:***

- The ITSS information security office submits security reports each month to the Texas Department of Information Resources (DIR) in fulfillment of Texas Administrative Code

(TAC) 202.76. Reports include instances of security violations involving UNT System component resources. Three required monthly reports were submitted to DIR this quarter.

- ITSS conducted a table-top disaster recovery exercise test on November 19, 2013. The exercise was completed in fulfillment of Texas Administrative Code (TAC) 202.74(a)(4)(D). The exercise examined recoverability of critical databases and exercised the ITSS Incident Communications Plan.
- Texas Administrative Code 202.77e requires institutions of higher education to use new employee orientation to introduce information security awareness and inform new employees of information security policies and procedures. This material is presented to new employees as part of the online onboarding process. Security awareness training was provided to thirty-two (32) new employees as part of onboarding via the online security awareness training course.
- IT support is provided to UNT System through Information Technology Shared Services.

**Action Taken by System and/or Institutional Compliance:**

- System and Institutional Compliance continues to partner with ITSS to identify opportunities to enhance the processes and procedures associated with Information Security and Electronic Information Handling.

**Section III. Compliance Training**

- UNT System and Institutional Compliance are working to complete the final editing of a general compliance/ethics awareness training draft, which is being designed for UNT System, UNT, and UNT Dallas employees.

**Section IV. Confidential and Other Complaint Reporting for UNT System**

- UNT System maintains a web-based Compliance Hotline that allows anonymous or confidential reporting as required by the U.S. Federal Sentencing Guidelines.
- An analysis of the **three (3) reports (via hotline)** received by UNT System Compliance during this quarter reveals the following breakdown of the complaints:
  - **Alleged inappropriate use of university time** is being handled by Internal Audit.
  - **Alleged inappropriate termination of employment**, Institutional Compliance is in communication with the complainant to clarify the issue.
  - **One report tracking number was used for testing purposes.**



## **Section I. Organizational Actions**

This section reflects organizational actions for this reporting period:

The actions taken by UNT Executive Management to address the UNT Management Risks identified during the Fiscal Year (FY) 2014 risk assessment are reported below.

### **Management Risk #1: Pace of progress towards Tier 1, and its associated funding, is tied directly to Bold Goal Two**

#### ***Action Taken by Executive Management:***

- Continue to add and then retain, extraordinary faculty who can enhance our external reputation in key areas of research and student instruction.
- Continue to monitor program mix, eliminating or adding programs as warranted, especially at graduate level.
- Initiating an *Opportunities* hire program and have identified and are recruiting diverse faculty who will enhance our external funding reputation, and assists in progression towards Tier 1.
- Broadening the research portfolio of UNT in terms of diversifying the federal grant agencies the university is submitting proposals to in order to increase funding and broaden research initiatives.
- Enhancing international research initiatives for which Memorandum of Agreements are being established with international research foundations and organizations.
- Developing procedures and processes for university-wide access to high-end instruments and implementation of a transparent process for accessing university user facilities.
- Pursuing the goals of targeting large multi-investigator interdisciplinary federal funding opportunities.

### **Management Risk #2: The transition to shared services is still underway and the impact/benefit to the campus is still developing**

#### ***Action Taken by Executive Management:***

- ITSS is working with UNT to develop top priority projects and activities to address key customer perceptions.
- UNT continues to participate in the IT Governance Council (ITGC).
- All students are now using Office 365 including the Office Suite Products. The final part of the solution was implemented in November.
- UNT is pursuing, with ITSS assistance, selection of a new Constituent Relationship Management (CRM) system. This process will take until the end of FY 2014 to complete.

- The BSC continues to identify efficiency opportunities for business process standardizations and improvements for UNT System components.
- The System HR Team developed customer-focused Vision and Mission statements and initiated development of a values-based culture to ensure alignment to customer needs.
- In partnership with Tower's Watson, Project Manager, UNT Campus HR and Total Rewards Center of Excellence began planning the Global Grading project for the UNT compensation and classification program.

**Management Risk #3: Continuing to refine our enrollment modeling and predictability to manage changes in enrollment numbers and student quality**

***Action Taken by Executive Management:***

- State-of-the-art modeling and predictability has been developed. The title of this risk was revised.
- Continue to validate the accuracy of our models by comparing prediction to actual performance.

**Management Risk #4: Having policies, procedures, and/or practices in place that may not provide comprehensive protection of minors participating in UNT related activities**

***Action Taken by Executive Management:***

- The Office of General Counsel (OGC) is crafting a model policy to be adopted by each campus as institutional policy. The model policy being crafted by OGC will include language that clearly states that in the event of a conflict with institutional policies being revised to reference/comply with the Regents Rule 04.1100, the model policy governs.
- System and Institutional Compliance updated the inventory list of camps, programs, and activities that involve minors on and off the UNT campus, so as to start a process of recommending enhancements that continue to ensure that all applicable personnel involved in these activities complete the training required by the state, demonstrate proof of insurability, and appropriate criminal history background checks are completed.
- Any UNT personnel required to take the state required training will continue to complete the third party sexual abuse and child molestation awareness training (by Abuse Prevention Systems) until the state approved training developed by UNT is ready to replace this training.

**Section II. Compliance Risks**

**High-Risk #1: Fire and Life Safety (Risk Management Services - RMS and Facilities)**

***Action Taken by Management:***

- The State Fire Marshal's office completed a fire safety re-inspection of UNT's academic buildings on September 24, 2013. Based on the corrective actions taken by Risk Management Services and the scheduled renovation projects, the State Fire Marshal's Office is closing this file.
- Risk Management Services reported conducting a total of seven (7) semi-annual life safety code inspections of Education and General Buildings (E&G) and Residence Halls with no significant impairments reported. Risk Management Services reported

conducting three (3) monthly Child Development Center life safety inspections with no significant impairments reported.

- UNT Facilities reported that all fire alarms and wet based systems were inspected or tested, and all systems passed. UNT Facilities also reported completing all scheduled fire extinguisher inspections with no impairments reported.
- There were no fire suppression systems due for semi-annual or annual inspections or tests due this quarter.

**Action Taken by Institutional Compliance:**

- Institutional Compliance continues to partner with Risk Management Services and UNT Facilities to assist in resolving any impairment identified during inspections or tests as quickly as possible and identifying opportunities to enhance Fire and Life Safety processes and procedures.

**High-Risk #2: Laboratory Inspections and Follow-up (Risk Management Services - RMS)**

**Action Taken by Management:**

- Risk Management Services along with appropriate University and System officials are responding to a complaint made to the Texas Department of State Health Services, Radiation Control Program, regarding Radiation Safety Program compliance.
- Of the 224 laboratories inspected this quarter, seven (7) laboratories required re-inspection, with three (3) of these laboratories not involving any significant findings and four (4) laboratories involving significant findings via re-inspection. There is one laboratory where RMS met with the Chair and Dean to discuss whether specific equipment is needed to resolve the significant findings identified during the inspection.
- Within RMS, Environmental Services now monitors all seventeen (17) RCRA metals that have very low Environmental Protection Agency established threshold limits. Continual monitoring of all laboratory waste water is necessary to assure UNT is not fined for exceeding the thresholds.
- The Assistant Director for Environmental Services assisted Institutional Compliance in identifying laboratories that will be reviewed during the laboratory inspection and follow-up operations review.

**Action Taken by Institutional Compliance:**

- System Compliance is investigating these reports to ensure compliance with Radiation Safety regulatory requirements.
- Institutional Compliance continues to partner with Risk Management Services and other applicable UNT units to assist in resolving impairments identified during inspections as quickly as possible and identifying opportunities to enhance laboratory inspections and follow-up processes and procedures.
- Institutional Compliance (IC) is following-up with RMS to confirm the type of research that is being conducted in the lab to determine exactly what equipment is required in resolving the significant findings identified during the inspection. IC will determine if it's necessary to meet with the Dean or use the escalation process to resolve this issue.
- Institutional Compliance continues to partner with Risk Management Services and other applicable UNT units to assist in successfully responding to any notices of violations.



- Institutional Compliance along with RMS identified the laboratories that will be reviewed during its review of laboratory inspection and follow-up operations. This review will be completed with feedback provided to the RMS Director and Environmental Services as soon as possible.

### **High-Risk #3: Chemicals of Interest (Risk Management Services - RMS)**

#### ***Action Taken by Management:***

- RMS continued to closely monitor purchase and inventory levels of forty (40) specific chemicals on the Department of Homeland Security (DHS) Chemicals of Interest (COI) list to ensure that none of the inventory quantities exceed the maximum threshold limits set by DHS.

#### ***Action Taken by Institutional Compliance:***

- Institutional Compliance continues to partner with Risk Management Services to identify opportunities to enhance Chemicals of Interest processes and procedures.

### **High-Risk #4: Emergency Planning & Preparedness and Business Continuity (Risk Management Services - RMS)**

#### ***Action Taken by Management:***

#### **Emergency Planning & Preparedness**

- RMS Emergency Management is continuing to partner with the City of Denton in preparing for the FY 2014 full scale active shooter exercise. The exercise is scheduled to take place in May and the primary location will be Discovery Park. RMS Emergency Management, UNT Police (UNTPD), and the City of Denton Emergency Manager continue to develop objectives.
- RMS Emergency Management continues to work with UNTPD, Facilities Management, and the Office of the Provost in conducting a campus-wide building safety assessment. The assessment is scheduled to be completed in the early fall of 2014 and will provide a basis for mitigation and planning efforts. To date, 17 of approximately 100 buildings have been assessed.

#### **International Risk Management**

- UNT International and RMS Emergency Management continue to address risk management oversight for international travel. International travel includes study abroad programs, faculty led programs, and individual faculty and staff travel.
- The primary concerns are the ability to track all travelers, providing increased levels of safety, health, and security for personnel traveling abroad, and ensuring plans are in place in the event of a crisis or emergency situation. Other than study abroad and faculty led programs, there is no mechanism in place that requires individual faculty and staff to notify the University of proposed international travel.
- RMS Emergency Management met with the VP of Finance and Administration and the Office of the Provost to address current levels of risk and exposure related to international travel. Risk Management will work with UNT partners to develop a streamlined process that will assist in tracking all international travelers, provide additional oversight, and maintain an acceptable level of risk.

## **Safety Coordinator Program**

- Emergency Management continues to work with building representatives and safety coordinators across the university in developing building specific response plans and procedures. Over the last quarter, emergency management worked with representatives from the following buildings:
- Newly constructed modular buildings
  - Welch Street Complex 1 & 2
  - Dance and Theater
  - Temporary Food Court
- Sage Hall
- Gateway
- Eagle Student Services Center
- Barnes and Noble Book Store
- Business Service Center
- Evacuation and shelter plans are being completed for the above locations. Floor plans depicting evacuation routes, shelter locations, and automated external defibrillator (AED) locations are currently under development.

## **Business Continuity**

- In a letter to all State agencies, the State Office of Risk Management (SORM) provided additional guidance regarding business continuity planning; consistent with existing legislation and rules. The letter recommends minimum standards for business continuity planning and provides a timeline for specific tasks to be completed. Deadlines include the identification of a Continuity Coordinator for each agency, plan submission, plan reviews, annual exercise and testing, and a training program that supports the continuity plan.
- UNT has designated Brad Scott as the Continuity Coordinator (CC) for UNT, UNT System, and UNT Dallas. The CC is developing a template that will provide a standardized approach for planning purposes for UNT, which is scheduled to be completed next quarter. Future meetings will be scheduled to incorporate UNT System and UNT Dallas in the planning process.

### ***Action Taken by Institutional Compliance:***

- Institutional Compliance continues to partner with Risk Management Services to identify opportunities to enhance Emergency Planning & Preparedness and Business Continuity processes and procedures.

## **High-Risk #5: Research Conflict of Interest (Office of Research Integrity & Compliance – ORI&C)**

### ***Action Taken by Management:***

- In October 2013, Research Integrity & Compliance initiated the process of requesting FY 2014 financial conflict of interest disclosures by Principal Investigators, Co-Investigators, and others classified as "Investigators" with proposed or awarded external funding for research projects at both UNT and UNT Dallas.
- The online questionnaire directs a different set of questions to Investigators depending on whether or not funding from the U.S. Public Health Service (PHS) is involved, due to extensive changes to the PHS conflict of interest regulations which became effective in 2012.

**Action Taken by Institutional Compliance:**

- Institutional Compliance continues to partner with the Office of Research Integrity & Compliance and the Office of Research Services to identify opportunities to enhance Research Conflict of Interest processes and procedures.
- Institutional Compliance continues to communicate with the Office of Research Integrity & Compliance and the Office of Research Services to establish how the newly implemented online disclosure submission process contributes to reducing the time it takes applicable research personnel to complete and submit their disclosure information.

**High-Risk #6: Time and Effort Reporting (Office of Research Services - ORS)****Action Taken by Management:**

- The Office of Research Services continues to work with the Office of Grants and Contract Management at the UNT Health Science Center, Information Technology Shared Services (ITSS), and the Financial Information Systems Team (FIST) programmers to continue finalizing the development of the next generation of UNT and UNTHSC effort reports and reports that assist in managing committed effort.
- Latest ITSS progress report dated November 26<sup>th</sup>, estimates the time and effort report project at 81% complete.
- User acceptance testing (UAT) will begin in January 2014. Based on the results of UAT, ITSS estimates a go live date in February 2014. Training sessions will be provided for all three campus locations in February 2014. Fall effort reports are scheduled to be distributed using the new online system in late February 2014.

**Action Taken by Institutional Compliance:**

- Institutional Compliance continues to partner with the Office of Research Services to identify opportunities to enhance UNT's Time and Effort processes and procedures and assist in any way with the development of the in-house time and effort reporting system.

**High-Risk #7: Export Controls (Office of Research Integrity & Compliance – ORI&C)****Action Taken by Management:**

- During this reporting period, at the request of UNT-International, the Director of Research Integrity & Compliance conducted four (4) reviews of petitions for proposed H-1B beneficiaries to determine whether or not an export control license would be needed for the release of any controlled technology or technical data by UNT to each H-1B beneficiary. The review procedure includes obtaining a completed checklist from each beneficiary as well as a statement from the department Chair. No licenses were needed as a result of these reviews and no issues related to this review process were noted.
- On October 3, 2013, the Assistant General Counsel from the UNT System Office of General Counsel (OGC) and the Director of Research Integrity & Compliance presented an Export Controls Basics workshop to faculty members and graduate students.

**Action Taken by Institutional Compliance:**

- Institutional Compliance continues to partner with the Office of Research Integrity & Compliance and OGC to identify opportunities to enhance UNT's Export Controls processes and procedures.

## **High-Risk #8: Electronic Information Handling (Information Technology Shared Services - ITSS)**

### ***Action Taken by Management:***

- The ITSS information security office submits security reports each month to the Texas Department of Information Resources in fulfillment of Texas Administrative Code (TAC) 202.76. Reports include instances of security violations involving UNT System component resources. Three required monthly reports were submitted to DIR this quarter.
- Texas Administrative Code 202.77e requires institutions of higher education to use new employee orientation to introduce information security awareness and inform new employees of information security policies and procedures. This material is presented to new employees as part of the online onboarding process. Security awareness training was provided to eight hundred sixteen (816) new employees as part of onboarding via the online security awareness training course.
- IT support is provided to UNT through University Information Technology.

### ***Action Taken by System and/or Institutional Compliance:***

- System and Institutional Compliance continues to partner with University Information Technology and ITSS to identify opportunities to enhance the processes and procedures associated with Information Security and Electronic Information Handling.

## **High-Risk #9: Health Insurance Portability and Accountability Act (HIPAA) Compliance (Office of Institutional Compliance)**

### ***Action Taken by Management:***

- Institutional Compliance has worked with the UNT System Office of General Counsel to revise UNT's current HIPAA policies, practices, and processes, to ensure compliance with modified HIPAA Rules.
- Institutional Compliance coordinated with the UNT System Office of General Counsel to complete a survey that was designed to assist in identifying UNT units that should be designated as a health care provider in accordance with applicable HIPAA and Health Information Technology for Economic and Clinical Health (HITECH) Act requirements.

### ***Action Taken by Institutional Compliance:***

- Institutional Compliance and the UNT System Office of General Counsel have used survey results to identify some units that will be identified as health care providers and reviewing remaining survey results to determine any additional units needing to be designated as health care providers.

## **High-Risk #10: Individual Conflict of Interest (Office of Institutional Compliance)**

### ***Action Taken by Management:***

- Institutional Compliance has identified key elements of other higher education non-research conflict of interests programs.

### ***Action Taken by Institutional Compliance:***

- Institutional Compliance will discuss the key elements of other higher education non-research conflict of interest programs with the Office of General Counsel and then UNT executive management to establish an ongoing priority for this risk.

## High-Risk #11: Records Management and Retention (Office of Institutional Compliance)

### **Action Taken by Management:**

- The UNT Compliance Officer and Office Manager are coordinating with the state to finalize approval of the joint consolidated records retention schedule.
- The implementation of steps three and four of the six step records management process (establishing records management plans for each UNT System, UNT, and UNT Dallas unit) continues.

### **Action Taken by Institutional Compliance:**

- The duties and responsibilities associated with the vacant Director of Institutional Records Management program continue to be satisfied by the UNT Compliance Officer and the Office Manager for Institutional Compliance.

## **Section III. Compliance Training**

- UNT System and Institutional Compliance are working to complete the final editing of a general compliance/ethics awareness training draft, which is being designed for UNT System, UNT, and UNT Dallas employees.

## **Section IV. Confidential and Other Complaint Reporting for UNT**

- UNT maintains a web-based Compliance Hotline that allows anonymous or confidential reporting as required by the U.S. Federal Sentencing Guidelines.
- An analysis of the **seven (7) reports (3-hotline, 2 informed by OGC, 1 report via phone call and 1 report via walk-in)** received by UNT Institutional Compliance (IC) during this quarter reveals the following breakdown of complaints:
  - **Three hotline complaints – 1 report pertaining to an alleged flex-time issue, 1 report pertaining to an alleged nepotism issue, and 1 test report** were received. IC asked complainant to contact HR or IC for resolution of the flex-time issue. HR is handling the nepotism issue. One report tracking number was used for testing purposes.
  - **Two reports were received by OGC – 1 pertaining to an alleged export control issue and 1 pertaining to an alleged loss of funds issue.** The export control issue was resolved by OGC. The loss of funds issue was resolved by UNT Police.
  - **One report was received pertaining to an alleged Office of Equal Opportunity issue.** IC is handling this issue. **(phone call)**
  - **One report was received pertaining to an alleged Student Affairs issue.** The Dean of Students is handling this issue. **(Walk-in)**

## **Section I. Organizational Actions**

This section reflects organizational actions for this reporting period:

The actions taken by the UNT Health Science Center (UNTHSC) Executive Management to address the UNTHSC Management Risks identified during the Fiscal Year (FY) 2014 risk assessment are reported below.

### **Management Risk #1: Reduction in state funding from lack of support for tuition revenue bond for a new building to support labs and other necessary space requirements**

#### ***Action Taken by Executive Management:***

- (a) Reviewed program prioritization, including the financial impact of dollars invested, and made recommendations that improved efficiency and effectiveness for mission-centric areas; (b) Set revenue expectations for clinical practice and extramural research; (c) Set enrollment expectations for student enrollment for the four schools; and (d) Offered a Voluntary Separation Program for Tenured faculty.

### **Management Risk #2: Reduction in research funding from: (i) Loss/inability to reach institutional goal for extramural research funding; (ii) Minimal current clinical and translational research capability**

#### ***Action Taken by Executive Management:***

- (a) Set revenue expectations for extramural research, mentored existing faculty, and recruited new faculty with funding; (b) Continued to review ability to establish Phase 1 clinical trial capability and implement a plan to incentivize clinical research; (c) Vice President for Research reviewed activities and developed a strategic plan for enhancing research; and (d) Conducted grant writing workshops for specific groups of faculty that established one-on-one grantsmanship activities with internal and external consultants.

### **Management Risk #3: Reduction in clinical revenues from: (i) Reduction in rate of clinical reimbursement from Center for Medicare and Medicaid Services (CMS) and other insurance providers or clinical contracts; (ii) Reduction in clinical volume**

#### ***Action Taken by Executive Management:***

- (a) Monitored developments in Congress and developed financial models that outline impact of potential reimbursement reductions; (b) Reviewed marketing plans and physician metrics; (c) Reviewed faculty clinical performance to budget with Department Chairs to reinforce performance expectations; and (d) Reviewed Patient Revenue Cycle functions to improve efficiencies, reduce costs and evaluate opportunities for improvement relative to charge capture, claims submission and follow-up.

### **Management Risk #4: Clinical education: (i) Increased costs of supporting student clinical rotations; (ii) Inadequate funding of residency positions (GME) may limit growth of medical school positions (seats)**

#### ***Action Taken by Executive Management:***

- (a) Planned growth through secured contracts for near term; (b) Planned for FY 2013 budget to account for increased clinical rotation costs; and (c) Monitored residency position developments at federal and state levels.

**Management Risk #5: Failure to reach shared services agreements to define and implement: (i) service goals of reducing administrative costs and addressing utilization of resources; and (ii) service goals of maintaining or improving service quality and complying with state and federal regulations**

***Action Taken by Executive Management:***

- (a) Assisted the Business Services Center (BSC) Implementation Team to develop a high performing culture that reflects stakeholder input, accountability, and efficient high quality services at a reduced cost to the UNTHSC; (b) Worked with the BSC to expressly recognize the strategic importance of maintaining high quality purchasing services for research and clinical care; (c) Supported and participated in BSC Partner meetings; (d) Kept the lines of communication open between UNTHSC and BSC counterparts at the executive and director/management level; and (e) Participated on Shared Governance Council to facilitate collaborative peer driven decision making structure.

**Management Risk #6: Failure to follow the compliance program including: (i) Non-compliance with significant state and federal regulations with an emphasis on health care and grant recipient regulations; (ii) Non-compliance with accrediting requirements (including failure to maintain regional and program-specific accreditation); (iii) Inadequate accountability for non-compliance; (iv) Inadequate compliance training**

***Action Taken by Executive Management:***

- (a) Supported the development of robust institutional and clinical compliance programs; (b) Supported a continuous improvement plan that followed accreditation standards; (c) Added a separate section for compliance issues in faculty and staff evaluations; (d) Supported efforts to promote programs that provide specific compliance training of the UNTHSC employees; (e) Strengthened the UNTHSC non-retaliation policy; (f) Created greater awareness of Compliance program through in-person Enterprise Risk Assessment Meetings; and (g) The Student Learning Outcomes Review Group submitted a recommendation to the Council of Deans in May 2013 to create the Academic Program Assessment Review Team (APART), to be appointed by the deans and provost. The purpose of the APART is to conduct annual reviews of the assessment results and plans for all UNTHSC degree and certificate programs. To date, the APART had conducted reviews of the TCOM, SHP, SCP, and SPH degree programs and feedback has been provided to the respective deans to share with their faculty. The APART will review the GSBS degree programs in mid-December and conduct reviews of UNTHSC certificate programs in 2014; (h) Implemented a revised Employee Code of Ethics training platform and successfully launched annual training campus-wide.

**Management Risk #7: Threats to health and safety of faculty, staff, students and general public**

***Action Taken by Executive Management:***

- (a) Supported safety programs, policies, procedures, educational programs, inventories and inspections; (b) The Emergency Operations Committee (EOC) conducted a meeting to discuss and refine communication protocols during severe weather situations; (c) The EOC conducted the Emergency Management Annual Exercise; and (d) The UNTHSC Institutional Compliance Office completed a Safety and Security Audit required by the State of Texas in accordance with Texas Education Code section 51.217.

**Management Risk #8: Inability to obtain accurate and reliable data and information to support optimal decision-making and reporting requirements**

**Action Taken by Executive Management:**

- (a) Supported multiple approaches to ensure accuracy and reliability of data received from academic and non-academic units, which included communicating with key stakeholders including Executive Team members; and (b) utilizing secured data storage online and with secured tape backups.

**Management Risk #9: Reputational risk: (i) From not obtaining MD Program approval including risk from solicitation burnout and failure to maintain excitement about institutional vision**

**Action Taken by Executive Management:**

- (a) Hired a skilled Raiser's Edge software professional who has made and continues to make vast improvements in database management; (b) Continued discussions with key legislators of the Tarrant County Delegation and legislative leadership; and (c) Revisited all donors and listed supporters concerning their continued support of the MD Program.

**Management Risk #10: Having policies, procedures, and/or practices in place that may not provide comprehensive protection of minors participating in UNT Health Science Center related activities**

**Action Taken by Executive Management:**

- (a) Reviewed programs to identify individuals who routinely worked with visiting minors; (b) Implemented general training about reporting child abuse for all students and employees; (c) Reviewed UNTHSC policies for compliance with Regents Rule 04.1100; (d) Drafted a policy on minors in sponsored programs.

**Management Risk #11: Failure of 1115 waiver projects to meet required CMS milestone targets to receive CMS matching funds, and meet other CMS program requirements; and optimize institutional funds cash flow**

**Action Taken by Executive Management:**

- (a) Created 1115 Waiver Steering Committee to mitigate institutional risk related to all 1115 Waiver projects; (b) the Steering Committee and the Cabinet have been kept informed about the implementation and progress of the 1115 Waiver projects; (c) OSM staff meet on a bi-weekly basis with project PIs and their teams to ensure appropriate progress towards milestones and operational issues such as contract negotiations with partners. This approach has resulted in all milestones being met for all reporting periods during the first two fiscal years (10/1/11-9/30/13). UNTHSC received payments for the first fiscal year and second fiscal mid-year milestones. Final payment for the second fiscal year is pending CMS approval of completed milestones.

**Section II. Risk Assessment Monitoring Activities Conducted by Individual Compliance Divisions**

**High-Risk #1: Physicians at Teaching Hospitals (PATH) (Clinical Division)**

*Definition: Review of sample medical records of Medicare and Medicaid patients to confirm that the attending physician has documented his/her presence and participation when a resident is involved in the care of a patient.*



**Action Taken by Management:**

- The following clinical departments were audited for PATH compliance:
  - Family Medicine:
    - Evaluation and Management Services: 2% occurrence rate
    - Attestation Statement incomplete or not documented
    - Procedures: 100% Compliance
  - Internal Medicine:
    - Evaluation and Management Services: 100% Compliance
    - Procedures: 100% Compliance
  - Osteopathic Manipulative Medicine:
    - Evaluation and Management Services: 100% Compliance
    - Procedures: 100% Compliance
  - Orthopedics:
    - Evaluation and Management Services: 100% Compliance
    - Procedures: 100% Compliance
  - Psychiatry:
    - Evaluation and Management Services: 1% occurrence rate
    - Attestation Statement incomplete or not documented
    - Procedures: 100% Compliance
- Annual training is required for all providers. Targeted education is required for any provider who does not achieve 100% compliance on a PATH audit.

(Refunds are processed when overpayments are identified.)

**Action Taken by Compliance:**

- The Clinical Division Compliance Officer reports to the Chief Compliance and Enterprise Risk Management Officer.

**High-Risk #2: Procedures – for inpatient and outpatient (Clinical Division)**

*Definition: Review of sample medical records of Medicare and Medicaid patients to confirm that the physician's documentation supports the procedures performed and billing requirements.*

**Action Taken by Management:**

- The following clinical departments were audited for inpatient and outpatient procedures:
  - Family Medicine:
    - Missed Billed procedures: 1% occurrence rate
    - No Documentation: 3% occurrence rate

- Internal Medicine:
  - Missed Billed Procedures: 1% occurrence rate
  - No Documentation: 1% occurrence rate
- OMM:
  - 100% Compliance
- Orthopedics:
  - Missed Billed Procedures: 1% occurrence rate
- Psychiatry:
  - No Documentation: 15% occurrence rate
  - No Reference to Time for Time Based Codes: 24% occurrence rate
- Annual training is required for all providers. Targeted education is required for any provider who does not achieve 95% compliance on a procedures audit.

(Refunds are processed when overpayments are identified.)

**Action Taken by Compliance:**

- The Clinical Division Compliance Officer reports to the Chief Compliance and Enterprise Risk Management Officer.

**High-Risk #3: Evaluation and Management Codes (E&M): inpatient and outpatient (Clinical Division)**

*Definition: Review of sample medical records of Medicare and Medicaid patients to confirm that the physician's documentation supports the E&M code(s) billed.*

**Action Taken by Management:**

- The following clinical departments were audited for E&M Codes:
  - Family Medicine:
    - Over-coded two or more levels: 3% occurrence rate
    - Incorrect EM Category: 2% occurrence rate
    - No Reference to Time for Time Based Codes: 1% occurrence rate
  - Internal Medicine:
    - Over-coded two or more levels: 4% occurrence rate
    - No documentation: 2% occurrence rate
    - Incorrect EM Category: 1% occurrence rate
  - OMM:
    - No Documentation: 3% occurrence rate
  - Orthopedics:

- Over-coded two or more levels: 2% occurrence rate
- Psychiatry:
  - Over-coded two or more levels: 3% occurrence rate
  - No Reference to Time for Time Based Codes: 2% occurrence rate
  - Wrong Date of Service: 1% occurrence rate
  - No Documentation: 1% occurrence rate
- Annual training is required for all providers. Targeted education is required for any provider who over codes an E&M code by 2 or more levels, and for any provider who does not achieve 95% on an E&M Codes audit.

(Refunds are processed when overpayments are identified.)

**Action Taken by Compliance:**

- The Clinical Division Compliance Officer reports to the Chief Compliance and Enterprise Risk Management Officer.

**High-Risk #4: Billing versus Performing Provider (Clinical Division)**

*Definition: Review of sample medical records of Medicare and Medicaid patients to confirm that the physician who billed for the service is the same physician who actually performed the billed service.*

**Action Taken by Management:**

- Next Scheduled Review is FY 2014 Quarter 2

**Action Taken by Compliance:**

- The Clinical Division Compliance Officer reports to the Chief Compliance and Enterprise Risk Management Officer.

**High-Risk #5: Notice of Privacy Practices (Clinical Division)**

*Definition: The Notice of Privacy Practices is a document outlining UNTHSC use of protected health information and the individual rights pertaining to their protected health information. A review of this document is done to assess if the form was signed by the patient, witnessed and placed within the electronic medical record.*

**Action Taken by Management:**

- An audit of patients' medical records was conducted. The common findings across all departments were as follows:
  - No signature from the patient;
  - No witness signature by clinical staff; and
  - Not found in the medical record
- Clinical Supervisors provided training to staff on the Notice of Privacy Practices (NPP) process of obtaining patient signature, signing as a witness to patient signature and placement of NPP within Electronic Medical Record (EMR).

**Action Taken by Compliance:**

- The Clinical Division Compliance Officer reports to the Chief Compliance and Enterprise Risk Management Officer.

**High Risk #6: Risk Management Program for Texas State Agencies – Life Safety, Workers Compensation (Safety Division)**

**Action Taken By Management:**

- Conducted a monthly safety briefing to the Facilities Maintenance personnel.
- Consulted with Risk Management Services regarding implementing a return to work program for employees on leave with injuries.
- Identified a Business Continuity Coordinator as required by the State.
- Implemented a new Hazard Communication training as required by the State.

**Action Taken by Compliance:**

- The Institutional Compliance Office worked closely with the Safety Officer to confirm that all risk management guidelines are being met for UNTHSC.

**Section III. Compliance Training**

- Code of Ethics/Standard of Conduct Training was given to seventy-one (71) new employees.
- A new Code of Ethics/Standard of Conduct Training platform was launched during this quarter for the UNTHSC Annual Code of Ethics/Standard of Conduct requirement. 1,802 employees completed the training. The Institutional Compliance Office obtained 100% employee compliance on this required training.
- Code of Ethics training is conducted, monitored, and maintained by the Institutional Compliance Office.

**Section IV. Compliance Complaints**

UNTHSC maintains a Compliance Hotline reporting system that allows for anonymity or confidentiality as required by the U.S. Sentencing Guidelines:

- An analysis of the **eleven (11) reports** received by UNTHSC during this quarter reveals the following breakdown of concerns or complaints:
  - **One Human Resources** complaint was received and is ongoing. **(1- Hotline)**
  - **Six Clinical** complaints were received and resolved. **(1 – Hotline, 5 - Email)**
  - **Four Institutional Compliance** complaints were received and resolved. **(3-Hotline, 1 – Other)**
- The Compliance Hotline process is managed by the Institutional Compliance Office

## **Section I. Organizational Actions**

This section reflects organizational actions for this reporting period.

The actions taken by UNT Dallas Executive Management to address the UNT Dallas Management Risks identified during the Fiscal Year (FY) 2014 risk assessment are reported below.

### **Management Risk #1: Inadequate budget resources to balance enrollment growth, ensure student success, and achieve the goals of the University's Strategic Plan**

#### ***Action Taken by Executive Management:***

- Identify and implement strategies that increase student enrollment, persistence, and success. These include, but are not limited to, articulation agreements with community colleges, cohort experience for incoming freshmen, and adding academic programs.
- FY 2014 budget reflects strategic reallocation of resources to increase institutional investment in instructional activities. Institution will continue to identify additional opportunities for resource reallocation by streamlining support services and reducing their related cost.
- Engage in proactive monitoring of budgetary goals for revenue and expenses to allow for timely adjustments as needed.
- Obtained approval for two new degree programs: Psychology and Childhood Development and Family Studies.
- Internal approval achieved for Masters of Science in Public Leadership (Public Safety is initial focus).
- Developed an accelerated format for currently existing degree: Masters of Science in Counseling.
- Developed 14 online courses for Spring 2014.
- Working with Dallas ISD to provide graduate courses for their Alternative Certification Program certification.
- Articulated new agreement with Dallas ISD for providing graduate courses.
- Working with El Centro Community College, Mountain View College, Cedar Valley College, and North Lake Community College to articulate a variety of Community College programs into UNTD programs in Bachelor of Arts of Applied Science, Criminal Justice, and Education.
- Making curricular changes to accommodate community college transfer student needs.
- Redesigned transfer plans for students in different degrees and at different community colleges so that their entire baccalaureate path is clearly set out.

**Management Risk #2: Finalizing and sustaining the transition of UNT Dallas as an independent institution**

***Action Taken by Executive Management:***

- Post accreditation transition team has been organized to coordinate transition to independent status for UNT Dallas. The team, coordinated by UNT System Vice Chancellor for Academic Affairs, includes UNT and UNTD representation from all affected areas (academic and operations). Transition should be completed by Fall 2015.

**Management Risk #3: Lack of experienced leadership and high staff turnover in key functional areas**

***Action Taken by Executive Management:***

- Hired a Director of Advising and Tutoring.
- Reorganized Academic Affairs to eliminate one Vice Provost and enable the hiring of a Vice President for Enrollment Management that will advance enrollment growth targets.
- All executive leadership vacancies have been filled with highly prepared and capable candidates.
- Support and assist in the successful implementation of a Unified Controllershship at UNT System. Campus support levels for accounting and business services are expected to increase as a result of this effort.

**Management Risk #4: How the transition of the Controller function from UNT effects the support UNT Dallas requires from UNT and appropriately addressing external audit recommendations**

***Action Taken by Executive Management:***

- Excellent cooperative effort continues to exist between UNT Dallas and UNT's financial teams. UNT Dallas and UNT accounting staff have successfully completed transition of accounting responsibilities.
- The UNT Dallas VP for Finance and Administration and Chief Financial Officer has agreed to serve as UNT System Controller to support and coordinate FY 2013 financial reporting activities, ongoing efforts of the UNT System Accounting Principles Council, assist with BSC efforts in BOR reporting and Controller centralization projects, and support other system-wide efforts as needed.
- UNT System implementation of unified controllership will transfer accounting responsibilities and oversight from campus level to centrally controlled function by 8/31/2014.

**Management Risk #5: Having policies, procedures, and/or practices in place that may not protect minors participating in UNT Dallas related activities**

***Action Taken by Executive Management:***

- The Office of General Counsel (OGC) is crafting a model policy to be adopted by each campus as institutional policy. The model policy being crafted by OGC will include language that clearly states that in the event of a conflict with institutional policies being revised to reference/comply with the Regents Rule 04.1100, the model policy governs.

- System and Institutional Compliance updated the inventory list of camps, programs, and activities that involve minors on and off the UNT Dallas campus, so as to start a process of recommending enhancements that continue to ensure that all applicable personnel involved in these activities complete the training required by the state, demonstrate proof of insurability, and appropriate criminal history background checks are completed.
- Any UNT Dallas personnel required to take the state required training will continue to complete the third party sexual abuse and child molestation awareness training (by Abuse Prevention Systems) until the state approved training developed by UNT is ready to replace this training.

## **Section II. Compliance Risks**

### **High-Risk #1: Emergency Planning & Preparedness and Business Continuity (UNT Dallas Police Chief and UNT Risk Management Services, as applicable)**

#### ***Action Taken by Management:***

- UNT Dallas conducted a fire drill during the reporting quarter and will conduct a tornado/severe weather drill during the spring semester.
- The Campus Emergency Response Team (CERT) received training on the campus' life safety equipment during this reporting quarter and will receive similar training again this spring.
- The Campus Emergency Management and Recovery Team (CEMART) received "role" training during this reporting quarter.
- The UNT Dallas Emergency Coordinator is working with UNT System Risk/Emergency Management Team to develop the mandatory Business Continuity Plan.

#### ***Action Taken by System and/or Institutional Compliance:***

- System and Institutional Compliance continue to partner with the UNT Dallas Police Chief and UNT Risk Management Services as applicable to identify opportunities to enhance emergency planning & preparedness and business continuity processes and procedures at UNT Dallas.

### **High-Risk #2: Electronic Information Handling (Information Technology Shared Services - ITSS)**

#### ***Action Taken by Management:***

- The ITSS information security office submits security reports each month to the Texas Department of Information Resources in fulfillment of Texas Administrative Code (TAC) 202.76. Reports include instances of security violations involving UNT System component resources. Three required monthly reports were submitted to DIR this quarter.
- Texas Administrative Code 202.77e requires institutions of higher education to use new employee orientation to introduce information security awareness and inform new employees of information security policies and procedures. This material is presented to new employees as part of the online onboarding process. Security awareness training was provided to twenty-eight (28) new employees as part of onboarding via the online security awareness training course.

- IT support is provided to UNT Dallas through Campus Technology Support Services.

**Action Taken by System and/or Institutional Compliance:**

- System and Institutional Compliance continues to partner with Campus Technology Support Services and ITSS to identify opportunities to enhance the processes and procedures associated with Information Security and Electronic Information Handling.

**High-Risk #3: Grants Management (Co-Principal Investigators on Mountain View Grant)**

**Action Taken by Management:**

- In the process of hiring a Grants Director.
- Provost named Co-PI on Mountain View grant to assure compliance.

**Action Taken by System and/or Institutional Compliance:**

- System and Institutional Compliance is partnering with UNT Dallas Co-Principal Investigators and UNT's Office of Research Services to assist in implementing audit recommendations agreed to by UNT System Internal Audit and UNT Dallas executive management.

**Section III. Compliance Training**

- UNT System and Institutional Compliance are working to complete the final editing of a general compliance/ethics awareness training draft, which is being designed for UNT System, UNT, and UNT Dallas employees.

**Section IV. Confidential and Other Complaint Reporting for UNT Dallas**

- UNT Dallas maintains a Compliance Hotline reporting system that allows anonymous or confidential reporting as required by the U.S. Federal Sentencing Guidelines.
- There were no reports received during this quarter by the UNT Dallas hotline.





## Background Report

**Committee:** Audit

**Date Filed:** January 21, 2014

**Title:** UNT System Internal Audit Quarterly Report

### Background:

Internal Audit reports quarterly to the Board of Regents on the activities of the department. This report highlights the activities of the department for the period of November 21, 2013 through February 7, 2014.

### Financial Analysis/History:

This is a report item only.

**James Maguire**  
Digitally signed by James Maguire  
DN: cn=James Maguire, o=Vice Chancellor for Administrative Services,  
ou=UNT System, email=james.maguire@untsystem.edu, c=US  
Date: 2014.02.19 16:38:01 -0600

VC for Facilities/Interim VC for Finance

### Legal Review:

This item has been reviewed by General Counsel.

**Nancy S. Footer**  
Digitally signed by Nancy S. Footer  
DN: cn=Nancy S. Footer, o=UNT System, ou=OGC,  
email=nancy.footer@untsystem.edu, c=US  
Date: 2014.02.19 08:47:06 -0600

Vice Chancellor/General Counsel

### Schedule: N/A

No action required. Information only. Submitted by:

Michelle Finley, CIA

Chief Internal Auditor

**Lee Jackson**  
Digitally signed by Lee Jackson  
DN: cn=Lee Jackson, o=UNT  
System, ou=Chancellor's Office,  
email=chancellor@unt.edu, c=US  
Date: 2014.02.19 12:47:13 -0600

Chancellor

Attachments:

- UNT System Internal Audit Quarterly Report

**Internal Audit  
Quarterly Report  
February 2014**

Michelle Finley, Chief Internal Auditor

## Quarterly Report of Projects

### UNT

- 13-016 – UNT Endowment Review
- 13-027 – UNT Kristin Farmer Autism Audit
- 14-001 – NCAA Agreed-Upon Procedures

### HSC

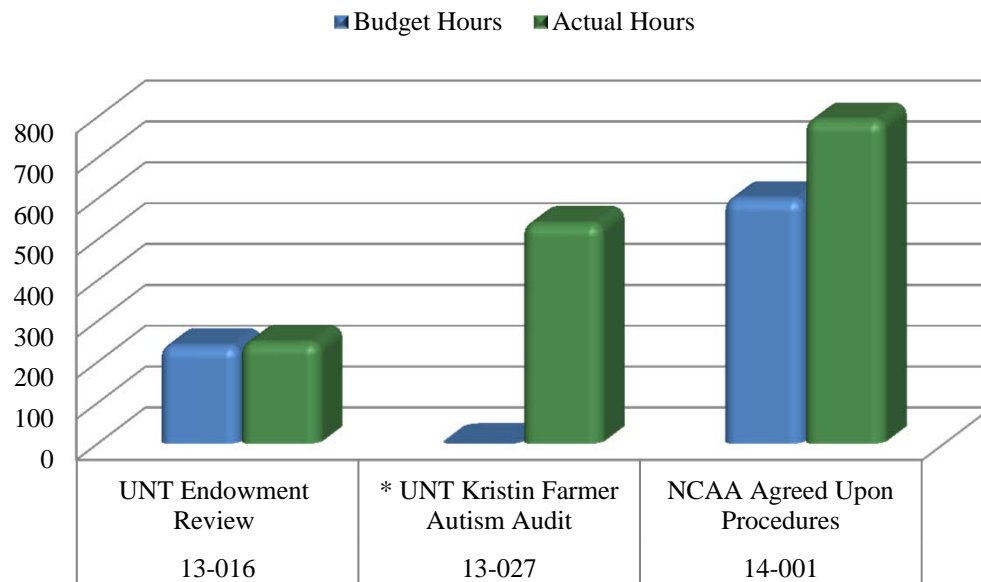
- 13-007 – School of Health Professions Review
- 14-001 – Family Medicine Residency Program
- 14-002 – Fiscal Year 2013 Investments Review

### SYS

- 14-002 – Fiscal Year 2013 Investments Review

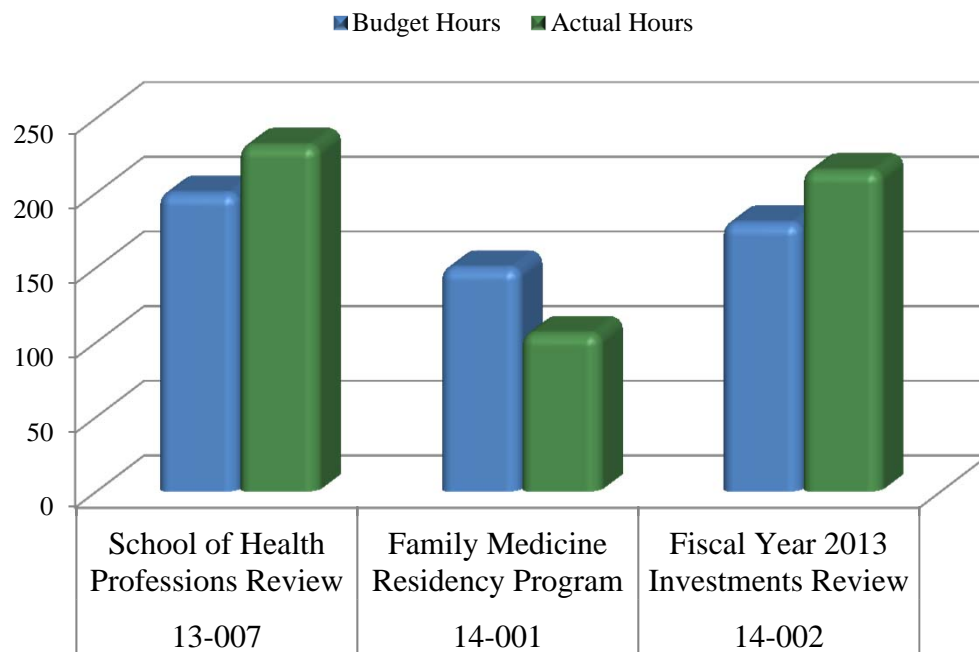
Note: Project listing represents reports issued during the time period of November 21, 2013 through February 7, 2014.

## Comparison of Budget Hours to Actual Hours UNT

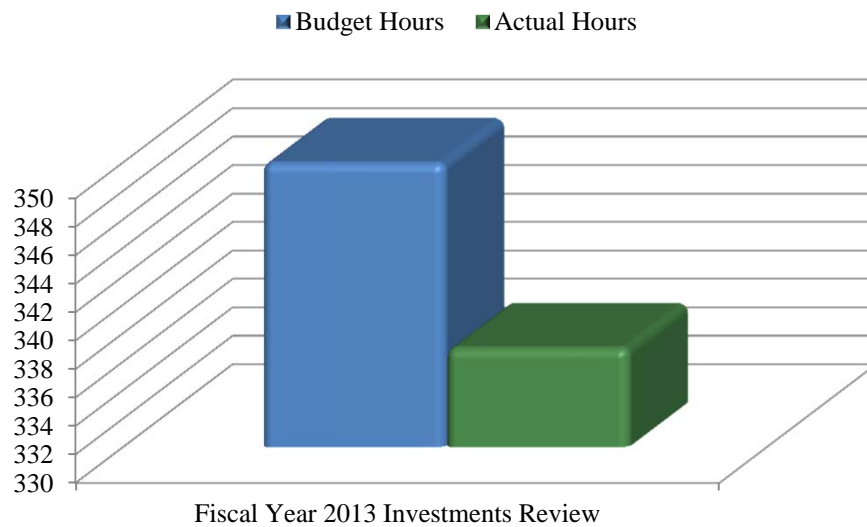


\*Budget hours for special reviews or investigations are taken from contingency allowance in the annual audit plan.

## Comparison of Budget Hours to Actual Hours UNTHSC

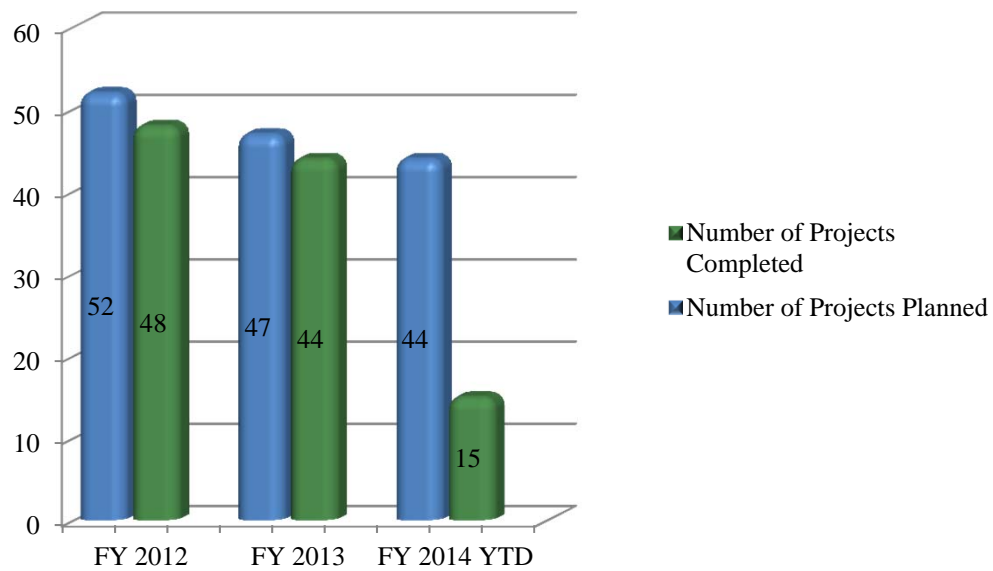


## Comparison of Budget Hours to Actual Hours UNT Dallas & UNT System



14-002 SYS

## Projects Completed Versus Planned FY 2012 – FY 2014



**Other Activities/Initiatives**

Co-sourcing with Deloitte for Audit-Readiness Advisory Services

Recruiting for an IT Audit Director

Recruiting for Senior Audit Director for UNTHSC, UNT Dallas and UNT System

Completing Risk Assessment

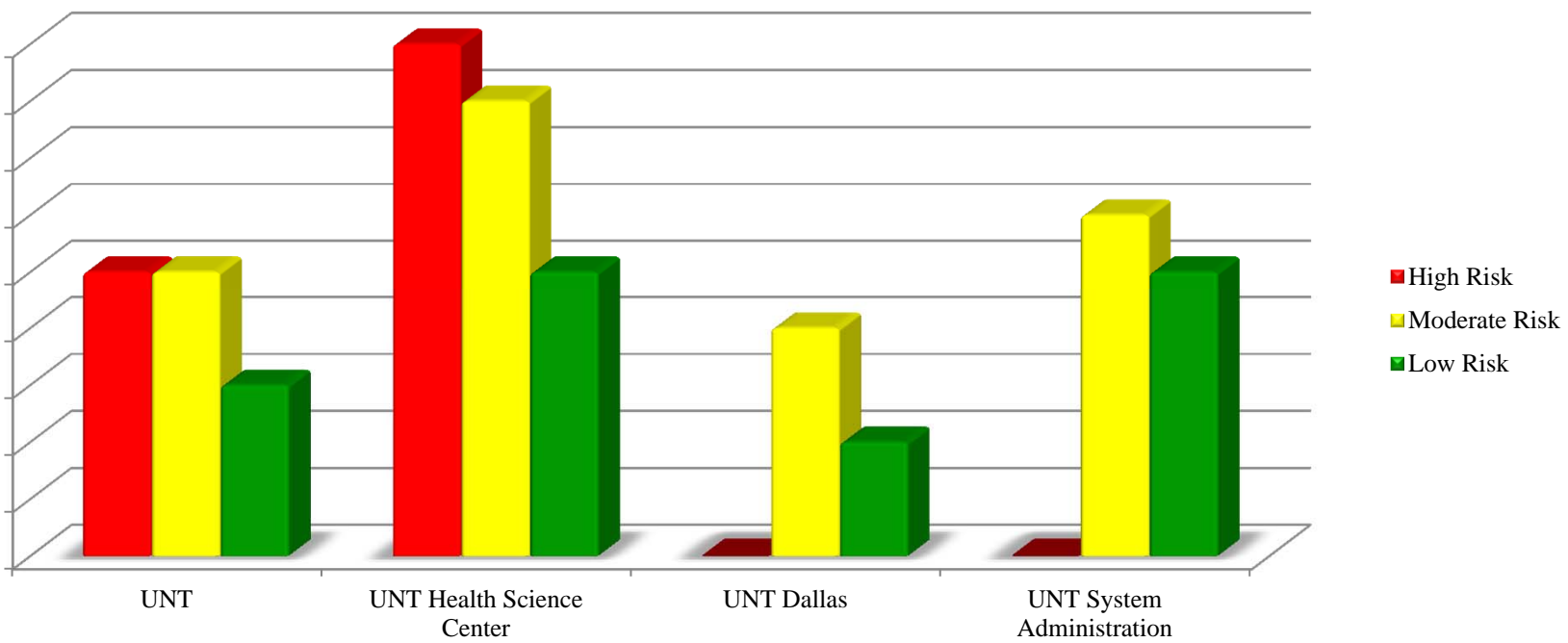
Coordinating Evaluation of Hotline Process

Formulating an Internal Audit Charter

Participating in two sections of UNT Internal Audit Course for the spring semester



## Suggested Actions Past Due



**Internal Audit  
Quarterly Report  
February 2014**

Michelle Finley, Chief Internal Auditor

## Quarterly Report of Projects

### UNT

- 13-016 – UNT Endowment Review
- 13-027 – UNT Kristin Farmer Autism Audit
- 14-001 – NCAA Agreed-Upon Procedures

### HSC

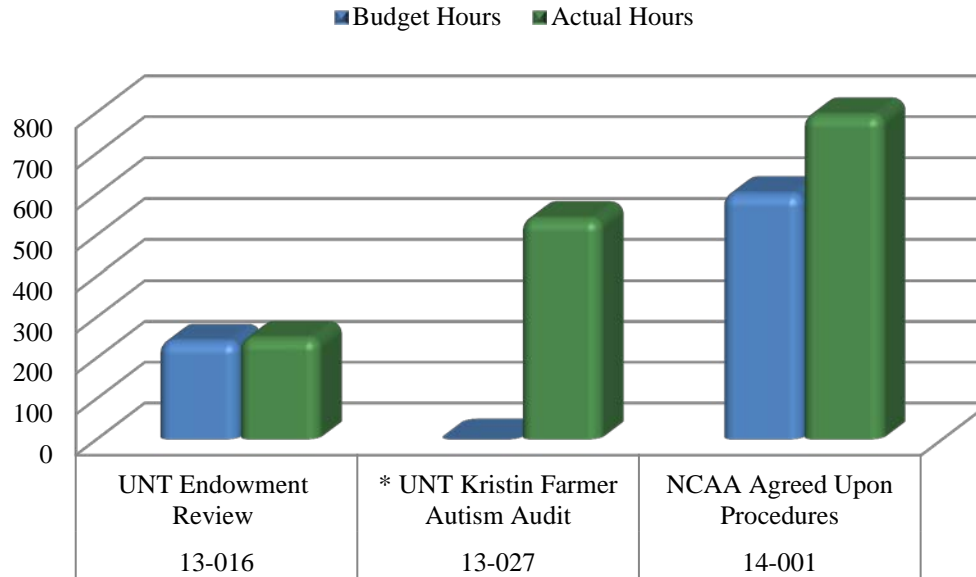
- 13-007 – School of Health Professions Review
- 14-001 – Family Medicine Residency Program
- 14-002 – Fiscal Year 2013 Investments Review

### SYS

- 14-002 – Fiscal Year 2013 Investments Review

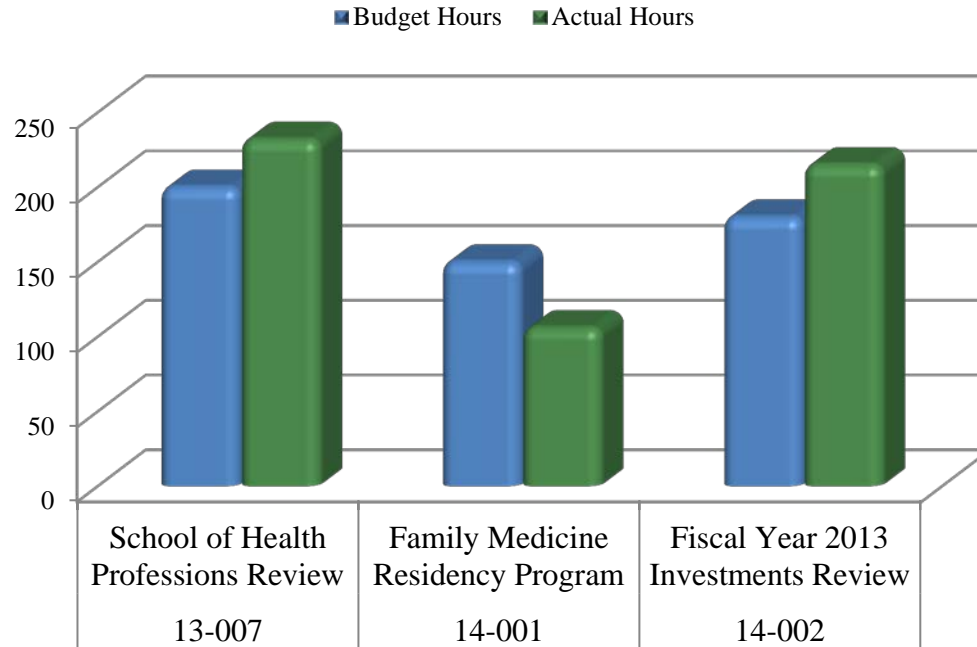
Note: Project listing represents reports issued during the time period of November 21, 2013 through February 7, 2014.

## Comparison of Budget Hours to Actual Hours UNT

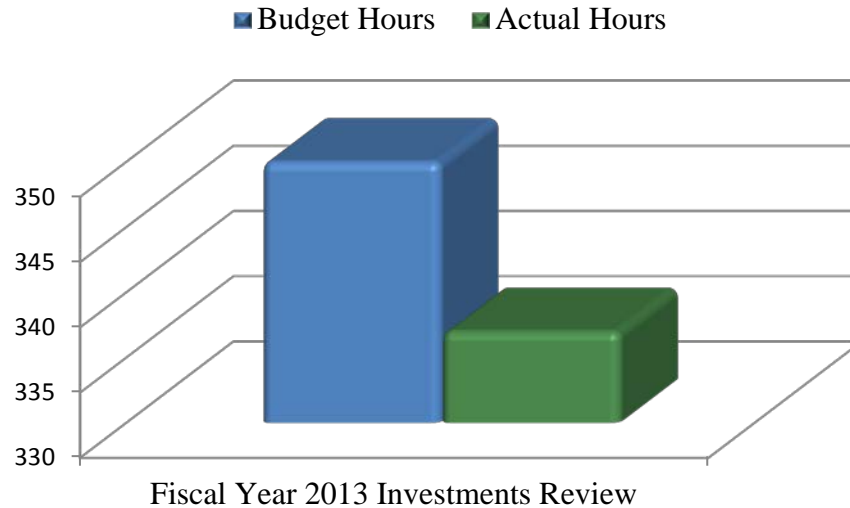


\*Budget hours for special reviews or investigations are taken from contingency allowance in the annual audit plan.

## Comparison of Budget Hours to Actual Hours UNTHSC

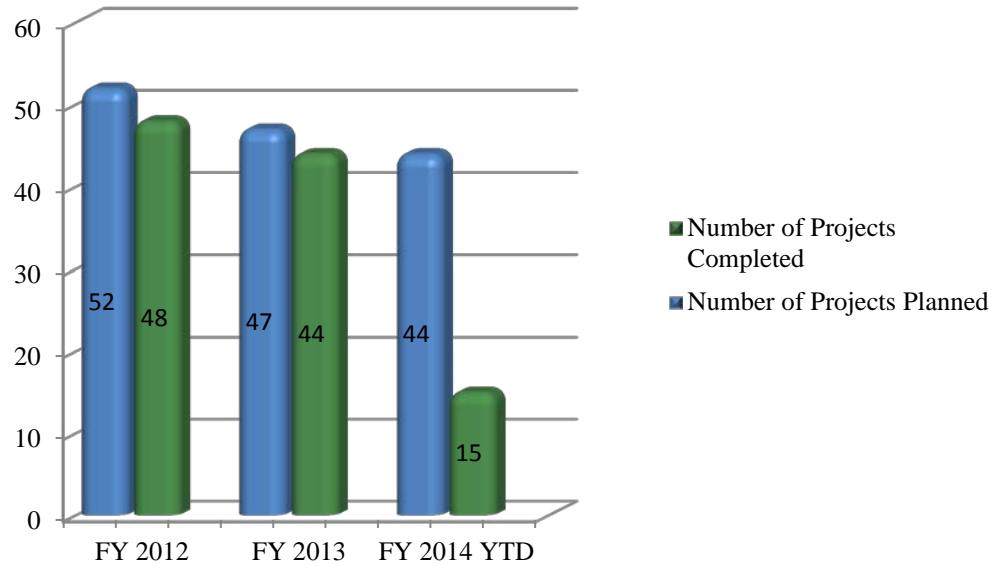


## Comparison of Budget Hours to Actual Hours UNT Dallas & UNT System



14-002 SYS

## Projects Completed Versus Planned FY 2012 – FY 2014

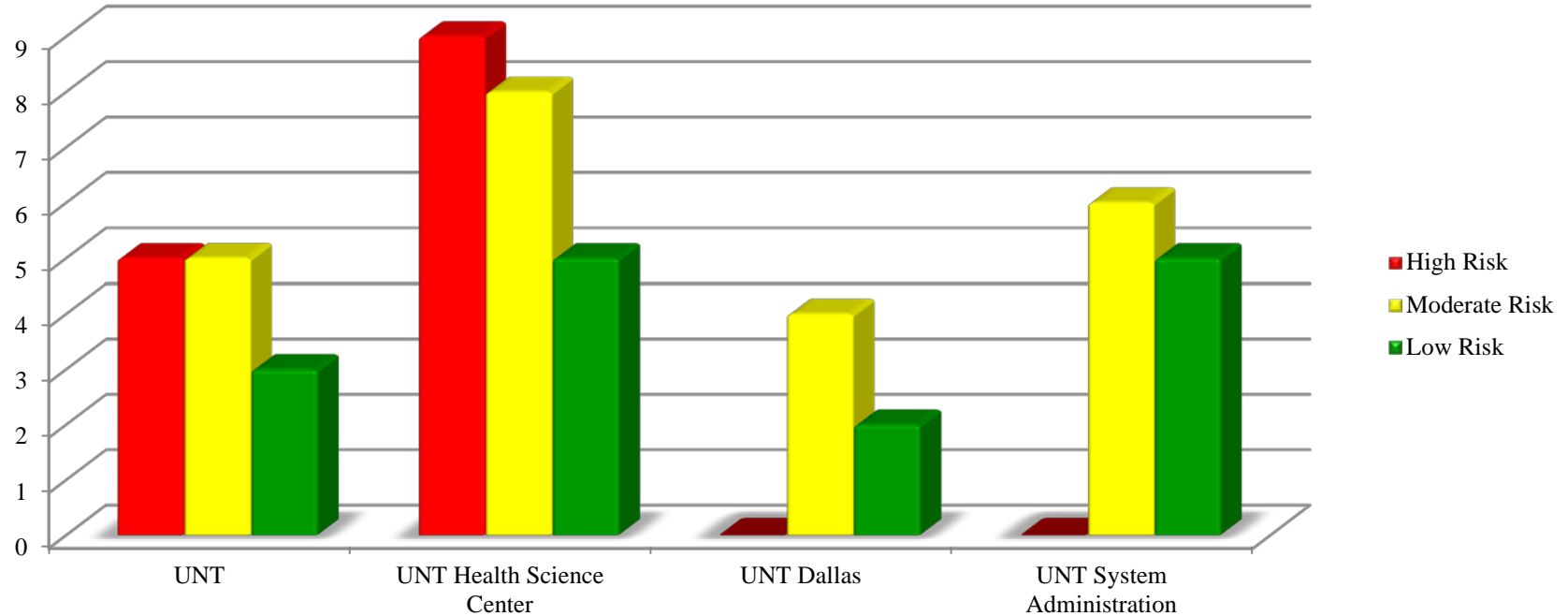


## Other Activities/Initiatives

- Co-sourcing with Deloitte for Audit-Readiness Advisory Services
- Recruiting for an IT Audit Director
- Recruiting for Senior Audit Director for UNTHSC, UNT Dallas and UNT System
- Completing Risk Assessment
- Coordinating Evaluation of Hotline Process
- Formulating an Internal Audit Charter
- Participating in two sections of UNT Internal Audit Course for the spring semester



## Suggested Actions Past Due



# Suggested Actions Past Due as of February 7, 2014

## University of North Texas

Report No	Report Name	Suggested Actions Past Due	Number of Months Past Due	Expected Implementation Date
<b>High</b>				
11-015	Research Continuity Planning	4	16	December 31, 2014
13-017	Parking Services Review	1	1	March 2014
<b>Moderate</b>				
09-017	Effort Reporting Review	1	28	March 2014
13-005	Student-Managed Investment Fund	1	6	Spring Semester 2014
12-021	Employment Waiver Review	1	5	March 1, 2014
13-005	Student-Managed Investment Fund	1	5	Spring Semester 2014
13-017	Parking Services Review	1	3	April 30, 2014
<b>Low</b>				
12-024	Student Worker Review	2	4	May 31, 2014
13-012	Space Planning Review	1	1	June 1, 2014

# Suggested Actions Past Due as of February 7, 2014

## UNT Health Science Center

Report No	Report Name	Suggested Actions Past Due	Number of Months Past Due	Expected Implementation Date
<b>High</b>				
13-005	UNT Health Revenue Cycle Back Office Review	2	5	March 31, 2014
13-005	UNT Health Revenue Cycle Back Office Review	1	2	March 31, 2014
13-005	UNT Health Revenue Cycle Back Office Review	6	1	March 31, 2014
<b>Moderate</b>				
11-011	Sub-Recipient Follow-Up	2	19	August 31, 2014
10-010	Time and Effort Reporting System Review	1	17	March 31, 2014
10-010	Time and Effort Reporting System Review	5	17	August 31, 2014
<b>Low</b>				
12-001	Advanced Research-Advanced Technology Programs Review	1	20	May 31, 2014
10-010	Time and Effort Reporting System Review	1	17	August 31, 2014
09-011	Advancement Office Follow-Up Review	2	14	March 31, 2014
13-005	UNT Health Revenue Cycle Back Office Review	1	2	March 31, 2014

# Suggested Actions Past Due as of February 7, 2014

## UNT Dallas

Report No	Report Name	Suggested Actions Past Due	Number of Months Past Due	Expected Implementation Date
<b>Moderate</b>				
12-027	UNT Dallas Gift Review	3	11	May 31, 2014
13-003	UNT Dallas Purchasing Card Review	1	5	March 31, 2014
<b>Low</b>				
12-027	UNT Dallas Gift Review	2	11	May 31, 2014

# Suggested Actions Past Due as of February 7, 2014

## System Administration

Report No	Report Name	Suggested Actions Past Due	Number of Months Past Due	Expected Implementation Date
<b>Moderate</b>				
11-012	Task Payment Review	6	31	May 31, 2014
<b>Low</b>				
11-012	Task Payment Review	5	31	May 31, 2014

# University of North Texas

## Management Action Status Summary

# Post Audit Review Status Report

## University of North Texas

### As of February 7, 2014

11-015

4/9/2012 **Research Continuity Planning**

High Level Objective: The objective of the review was to determine what planning has been done in non-classroom research labs to protect, recover, and continue the research if catastrophic events occur.

Observations and Suggestions:

***The University has no policy which requires researchers and research labs that are engaged in non-classroom research to develop and maintain a research continuity plan to protect research, to recover lab resources, and to continue in business in the event of a catastrophe.***

1. Establish a University policy which requires research continuity plans to protect lab research, to recover lab resources, and to continue in business in the event of a catastrophe.
2. Consider utilizing *UNT Ready* or another comparable guide to aid in the design, development, and implementation of a research continuity plan(s).
3. Perform periodic tests of the plan(s) to monitor effectiveness.
4. Evaluate changes in research and lab protocols and make appropriate adjustments to the research continuity plan.

Impact

Implementation will ensure that UNT research dollars are adequately protected, research accomplishments are appropriately safeguarded, the interests of granting entities are secured, and Tier 1 status is not adversely impacted.

Response

The Office of Research and Economic Development is partnering with the Office of the Provost and Vice President for Academic Affairs to develop a coordinated set of procedures to (1) identify the facilities that should be covered by such plans (whether such facilities be individual rooms, sets of rooms, organized centers, or even entire buildings or departments); (2) identify the appropriate administrative level from which the continuity planning should be coordinated for each identified facility; (3) set a timeframe for the charged administrators to develop continuity plans appropriate to the particular facilities and to specify how the plans would be tested and monitored/adjusted over time.

*Expected Implementation Date:* The task force has already begun meeting. Within the month of March, 2012, we expect the task force will work with deans to design a method of identifying relevant facilities (task #1 from above). Within 30-60 days of having developed a finalized list of identified facilities, the administrator charged to develop and maintain the continuity plan for each facility will be identified (task #2 from above). Depending upon the experience of each of the administrators with continuity planning, training may be required. Thus, the duration between charging the administrators and the completion of all plans (task #3 from above) cannot be projected at this time; however, we anticipate it will be a matter of several months.

**Person responsible for implementation:** Geoff Gamble, Vice President for Research and Economic Development

**Planned Implementation Date:** September 2012

Implementation

The Office of Research Services mobilized a task force to address suggested management actions as outlined in the Internal Audit Observations Report. According to the task force, the following actions will be taken by the stated dates to address Internal Audit's suggested management actions.

1. Identify the facilities that should be covered by continuity plans (whether such facilities be individual rooms, sets of rooms, organized centers, or even entire buildings or departments) – December 31, 2012 – Complete
2. Identify the appropriate administrative level from which the continuity planning should be coordinated for each identified facility. – December 31, 2012 – Complete
3. Set a timeframe for the charged administrators to develop continuity plans appropriate to the particular facilities and to specify how the plans would be tested and monitored/adjusted over time. – May 31, 2013

Expected implementation date: December 31, 2014

Risk Level:

High

Months Past Due

16

High Level Objective: The objective was to review UNT parking operations with an emphasis on the Highland Street Garage. The period reviewed was fiscal year 2012.

## Observations and Suggestions:

Parking operations does not have adequate controls over parking meter receipts. Under current procedures employee theft could occur and remain undetected. Reported Receipts from meter parking for fiscal year 2012 were \$448,884.

2. Reconcile revenue recorded in the Meter Manager system to deposit bank receipts.

## Impact

Implementation will ensure that cash meter revenues are appropriately accounted for and deposited.

## Response

1. *Agreed. Individuals collecting each meters locked storage container do not have access to the container. Once the coinage is dumped into the larger locked collection container via a mechanical process the meter coinage collection container is returned to the meter. The locked collection container is then returned to the Parking Office when collections are complete. The individuals collecting the coinage do not have access to the locked collection container.*

2. *Agreed. Revenue will be recorded and entered in the Meter Manager System. Upon receiving the bank deposit receipts they will be used to reconcile the revenue recorded in the Meter Manager system.*

**Person responsible for implementation:** Geary L. Robinson, Ph.D., CAPP, Director, Parking and Transportation Services

**Planned Implementation Date:**

1. Already implemented prior to completion of audit.
2. Implementation will be completed December 31, 2013.

## Implementation

Partially Implemented. Additional steps need to be performed to complete the reconciliation process.

Anticipated Implementation Date: February 28, 2014

Follow-up scheduled for March 2014.

Risk Level:

High

Months Past Due

1

High Level Objective: The objective of the review was to evaluate management's internal control environment in place for effort reporting on sponsored projects.

## Observations and Suggestions:

**The Office of Research Integrity & Compliance does not provide mandatory effort training to principal investigators.**

10. Provide refresher effort training to principal investigators annually.

## Impact

Implementation will provide assurance that the principal investigators are knowledgeable regarding their responsibilities and duties.

## Response

*Principal Investigators and the support staff are trained on a one-to-one basis as needed. Step-by-step instructions are transmitted to the faculty member with each certification. ORIC does agree that refresher training is needed. We are exploring using web based software for training of faculty and support staff. Training will be required before effort reports may be certified and periodically thereafter. Training participation will be tracked.*

**Person responsible for Implementation:** Kristi Lemmon, Senior Director of Research Services

**Planned Implementation Date:** September 2011

## Implementation

Implementation has been delayed.

Expected implementation date for the effort reporting system is February 28, 2014.

Additional follow-up scheduled for March 2014.

Risk Level:

Moderate

Months Past Due

28



High Level Objective: The objective was to evaluate compliance with the donor agreement. This review was part of the approved annual audit plan for 2013.

Observations and Suggestions:

**Quarterly reports contained inaccuracies related to expenses and revenues and were not completed timely.**

7. Establish an audit committee to assist in preparing and reviewing the reports.

Impact

Implementation will provide assurance that quarterly reports are completed timely and accurately.

Response

*The Chair of FIREL will continue to remind SIG leaders prior to the due dates of the reports. Reports will be signed by the preparer and one SIG officer. Implementation and compliance rests ultimately with the members of the SIG.*

**Person responsible for implementation:** Marcia Staff, Chair of Finance, Insurance, Real Estate and Law.

**Planned Implementation Date:** July 2013

Implementation

A new faculty member has been appointed to the SIG Advisory Council and will be charged with establishing an audit committee.

Expected Implementation Date: May 31, 2014

Risk Level: Moderate

Months Past Due 6

High Level Objective: The objective was to review the process for awarding Employment Waivers.

Observations and Suggestions:

**There is not sufficient, independent review and approval of Employment Waivers prior to processing.**

5. Either comply with UNT Policy 2.2.10 by requiring approval by the dean of the graduate school or revise the policy to reflect the actual process for awarding Employment Waivers.

Impact

Implementation will provide assurance that Employment Waivers receive proper review, are awarded in accordance with TEC 54.212.

Response

*Change wording of the Section 2.2.10 of the UNT Policy Manual to reflect the Employment Waiver must be signed by dean of the graduate school or "her or his designee."*

*Change Employment Waiver form to include three questions to help programs determine eligibility.*

*Change Employment Waiver form to include graduate dean's signature.*

*Change processing procedure to require graduate dean's signature prior to final approval by Student Accounting*

**Person responsible for implementation:** Mark Wardell, Dean, The Toulouse Graduate School

**Planned Implementation Date:** August 1, 2013

Implementation

The policy is currently in the process of being revised. Anticipated implementation date is March 2014.

Risk Level: Moderate

Months Past Due 5

High Level Objective: The objective was to evaluate compliance with the donor agreement. This review was part of the approved annual audit plan for 2013.

Observations and Suggestions:

**The Student Investment Group did not ensure that an annual audit was performed by UNT accounting majors as required by the donor agreement.**

1. Establish an audit committee and ensure an annual audit is performed.

Impact

Implementation will provide assurance that the annual audit will be performed and achieve compliance with the donor agreement.

Response

*Chair of FIREL will meet with the chair of the Department of Accounting to discuss means of encouraging participation in SIG and the audit function by accounting majors. Implementation and compliance rests ultimately with the members of the SIG.*

**Person responsible for implementation:** Marcia Staff, Chair of Finance, Insurance, Real Estate and Law.

**Planned Implementation Date:** August 2013

Implementation

A new faculty member has been appointed to the SIG Advisory Council and will be charged with establishing an audit committee. Additionally, the students from Accounting 5450, Seminar in Internal Auditing, will perform the annual audit in the spring 2014 semester.

Expected Implementation Date: May 31, 2014

Risk Level: Moderate

Months Past Due 5

13-017

7/30/2013 Parking Services Review

High Level Objective: The objective was to review UNT parking operations with an emphasis on the Highland Street Garage. The period reviewed was fiscal year 2012.

## Observations and Suggestions:

Parking Office credit card receipts are not being reconciled to source transaction activity recorded in the T-2 and Scan-Net systems.

8. Reconcile Parking Office credit card receipts to original source transaction activity.

## Impact

Implementation will ensure that credit card revenues are recorded and reconciled to transaction source documentation.

## Response

8. *Agreed. PTS will reconcile Parking Office credit card receipts to original source transaction activity.*

**Person responsible for implementation:** Geary L. Robinson, Ph.D., CAPP, Director, Parking and Transportation Services

**Planned Implementation Date:** October 31, 2013

## Implementation

Partially Implemented. Additional steps are still needed to finalize a working reconciliation process.

Anticipated Implementation date: April 30, 2014.

Follow-up schedule for May 2014.

Risk Level:

Moderate

Months Past Due

3

12-024

10/3/2012 Student Worker Review

High Level Objective: The objectives were to:

1. Review positions which require student enrollment and test positions held in Fall 2011 to ensure that employees were enrolled in classes, and
2. Review student's class and work schedules in the Federal Work Study (FWS) program to determine if students worked during scheduled class times which is prohibited by FWS guidelines.

## Observations and Suggestions:

**Internal Audit identified five UNT policies related to student employment that require enrollment; however, not all policies contain the same enrollment requirements.**

2. The UNT Career Center, Provost's Office, and UNT Human Resources should evaluate and modify UNT policies related to student employment so enrollment requirements are as consistent as possible.

3. The UNT Career Center, Provost's Office, and UNT Human Resources should develop supplemental procedures to assist University departments in determining the correct job code.

## Impact

Maintaining the least and most consistent policies related to student employment could reduce the confusion for individuals processing payroll documents and subsequently lead to fewer errors in processing and employment.

## Response

*Write a new overarching policy for student employment positions, as well as, develop operational procedures for the various job codes connected to the new overarching policy.*

**Person responsible for implementation:**

Yolanda Niemann, Senior Vice Provost  
Dan Naegeli, Executive Director, Career & Leadership Development  
Valerie (Robertson) Hodges, Assistant Director, Finance & Administration  
Marci Bailey, Director, UNT Human Resources

**Planned Implementation Date:** September 1, 2013

## Implementation

Policy Changes are currently in process.

Estimated implementation date is May 31, 2014.

Risk Level:

Low

Months Past Due

4

High Level Objective: The objective was to review processes and controls related to the assignment of physical space, in particular to review the information contained within the data base.

## Observations and Suggestions:

**OSMP does not have detailed operational written procedures addressing the assignment and re-assignment of University space.**

3. Develop detailed written departmental procedures, outlining the OSMP operational processes and controls.

## Impact

Implementation will ensure that OSM&P processes and controls are in compliance with established departmental written procedures.

## Response

*Agreed at time of observation however certain written procedures have since been written.*

*1. OSMP now has written procedures for communications and processes concerning the Space Assessment Committee and Administration approval/non-approval of such requests.  
2. Detailed written procedures have been completed for the Space Inventory Survey process and were published online in April, 2013.*

*Additional written OSMP operational procedures have been identified and are being developed at this time.*

**Person responsible for implementation:** Jessica Shumate, Office Manager

**Planned Implementation Date:** December 2013

## Implementation

Partially Implemented. All procedures have not been documented.

Management has indicated that written procedures are currently being developed. Additionally, management has updated UNT Policy 10.16, Space Assignment and Management, which is currently pending review by the Office of General Counsel. Written procedures will be finalized and implemented once the policy is approved.

Expected Implementation Date: June 1, 2014

Risk Level:

Low

Months Past Due

1

High Level Objective: The objective was to review the accounts payable process for compliance with UNT System policies, and evaluate transactions for compliance with Texas Government Code 2251 related to prompt payment.

## Observations and Suggestions:

**UNT Dining Services is not scanning its Retail Dining Service invoices and supporting documentation as required by the Delegated Voucher Payable Agreement with the UNT System Business Service Center.**

2. Develop a procedure to scan Retail Dining Service invoices.

## Impact

Implementation will provide assurance that UNT Dining Services is in compliance with the Delegated Voucher Payable Agreement.

## Response

*We are committed to completing the suggested electronic/scan Retail invoices as requested. We will be contacting our Retail Vendors and discussing the changes that are required by the University with regards to electronic/scanned invoicing and how we can streamline a process that will work for both parties.*

**Person responsible for implementation:** Susan Cruz, Business Manager

**Planned Implementation Date:** September 1, 2014

## Implementation

Follow-up scheduled for September 2014.

Risk Level:

Low

Months Past Due

0

# Health Science Center

## Management Action Status Summary

# Post Audit Review Status Report

## University of North Texas Health Science Center

### As of February 7, 2014

13-005      7/22/2013      **UNT Health Revenue Cycle Back Office Review**

High Level Objective:      The objective was to evaluate back office billing functions including accounts receivable, unapplied payments, credit balances, adjustments, and denials.

Observations and Suggestions:

**Charge entry, payment posting, deposit preparation (including cash receipt reconciliation), and patient account setup responsibilities are not segregated.**

8. Redistribute job responsibilities to provide for separation of recording, access to assets, and reconciliation functions.

9. In conjunction with a system administrator, modify user access controls so that no individual employee handles charges, payment posting, deposit preparation, and patient account setup.

Impact

Implementation will provide assurance that internal controls are in place.

Response

*Management agrees and will implement the following:*

1. Access to the Payment Entry module has been removed for the Senior Business Office Account Representative.
2. Access to Charge Entry module will be removed from the payment posters. Charges needed for payment posters will be entered by the May St. charge entry staff.
3. The Patient Services and Insurance Follow-up Supervisors require access to the Payment Entry module in order to view EOB Batch numbers and additional payment details. They are not able to view without complete access. In order to mitigate the encroachment of separation of duties, a monthly Nextgen report will be generated to detail all payment activity by user name. The Assistant Director, Patient Accounts will monitor the activity by user name to ensure only appropriate individuals are entering payment activity.

**Individual Responsible for Implementation:** Barbara Tucker, Director, Patient Accounts

**Expected Implementation Date:** Monitoring report will be completed by August 31, 2013. Access to Charge Entry module for Payment Posters will be removed by August 31, 2013.

Implementation

In Process

Modifications to the system access were made as noted in the management actions above.

Generation of a financial activity report by username was provided; however, there was no evidence that the report was being reviewed monthly as stated. The Back Office is currently working with a NextGen Consultant on additional reporting tools that should replace the financial activity report. The revised implementation date is March 31, 2014.

Risk Level:

High

Months Past Due

5

High Level Objective: The objective was to evaluate back office billing functions including accounts receivable, unapplied payments, credit balances, adjustments, and denials.

Observations and Suggestions:

**Refunds for overpayments by governmental payers are not always processed within 60 days as required.**

4. Develop and implement a process to ensure that governmental payers are reimbursed within 60 days, taking into account BSC check processing time.

Impact

Implementation will provide assurance that refunds to governmental payers are processed within 60 days as required.

Response

*Management agrees and will implement the following:*

1. *The Accounting Manager in the UNT Health Finance Department will have signature authority to approve all refunds to governmental payers. This will eliminate the time consuming step of departmental approval.*
2. *The BSC has reorganized so that refunds are now processed on the UNTHSC campus and the processing time required has been significantly reduced.*
3. *Current refund spreadsheet will be separated into two spreadsheets with one specific to just governmental payers. This will enhance ability to track and monitor the time required for resolution.*
4. *Assistant Director, Patient Accounts, will monitor the governmental payer refund spreadsheet weekly to ensure that all refunds are on track to meet the 60 day requirement.*
5. *Management purchased an audio education session titled "Medicare 60-Day Refund Rule: Impact on Provider Billing." All Patient Services staff involved with credit balances and refunds have taken the session and all new employees will be required to have the session as part of the training process.*

**Expected Implementation Date:** November 30, 2013

**Individual Responsible for Implementation:** Karen Cruz, Controller and Executive Director of Financial Reporting  
Barbara Tucker, Director, Patient Accounts

**Expected Implementation Date:** November 30, 2013

Implementation

In Process

Government refunds are being signed by the Controller & Executive Director of Financial reporting in order to escalate the processing time. New reports have been written in NextGen to provide separate totals and aging of government refunds versus non-government refunds. These reports will replace the manual spreadsheets. When the cleanup project is finished, these new reports will be monitored weekly by the Assistant Director, Patient Accounts.

Internal Audit will review the new process after it is up and running after the implementation date of March 31, 2014.

Risk Level: High

Months Past Due 2

High Level Objective: The objective was to evaluate back office billing functions including accounts receivable, unapplied payments, credit balances, adjustments, and denials.

## Observations and Suggestions:

## Impact

## Response

## Implementation

**UNT Health has \$1.2 million of unapplied payments: 88% of these payments are over one year old.**

1. Develop and implement a plan for reviewing and disposing of all unapplied payments including when a payment should be returned to payer.
2. Establish a policy regarding unapplied payments including a timeline for when payments should be resolved or returned to payer.
3. Develop and implement a monitoring plan to ensure that unapplied payments are resolved within the time frame established by policy.

Implementation will ensure charges are properly posted to patient accounts and overpayments are identified and refunded in a timely manner.

*Management agrees and will implement the following:*

1. *Revise Refund Policy to establish clearly defined time frames for resolving and refunding unapplied payments. The policy will consider types of deposits, for example co-pays pending insurance adjudication, payments for OB delivery, payments for long term treatments and will set deadlines based on insurance adjudication.*
2. *An additional Business Office Account Representative has been dedicated to resolution of unapplied payments on a permanent basis.*
3. *Nextgen EPM provides daily reports of unapplied payments for monitoring.*
4. *New Assistant Director, Patient Accounts, position has been created and filled to ensure that the unapplied payments are monitored through Nextgen reporting capabilities and to ensure that all are resolved or refunded within guidelines of revised Refund Policy.*
5. *Monthly Nextgen Reports will be developed to detail all unapplied payments over 60 days from date of payment. Payments over 60 days will be explained and monitored for resolution as soon as treatment and insurance adjudication complete.*

**Additional Comments from Management:** *As of July 1, 2013, Signature prepayments have been worked and reduced to \$830,000 (a 30% reduction). Refunds totaling \$83,923 have been processed to date.*

*Unapplied payments will be outstanding for more than a month because of the time required for insurance adjudication and for completion of medical treatment or service, such as OB delivery, infertility treatment, and surgery.*

**Individual Responsible for Implementation:** Karen Cruz, Controller and Executive Director of Financial Reporting  
Barbara Tucker, Director, Patient Accounts

**Expected Implementation Date:** Policy to be revised and additional monitoring reports will be completed and implemented by November 30, 2013. Prepayments in the Signature system will be completely resolved by Dec 31, 2013.

In Process

Cleanup of unapplied payments is still underway due to the large volume of accounts with small dollar balances. The Refund policy has been updated to clearly define time frames for resolving and refunding unapplied payments, and is pending final review and committee approval. An additional Business Office Account Representative has been dedicated to resolution of unapplied payments on a permanent basis. When the cleanup project is finished, Assistant Director, Patient Accounts will monitor unapplied payments report to ensure compliance with the Refund Policy. Revised implementation date is March 31, 2014.

Risk Level:

High

Months Past Due

1

Observations and Suggestions:

**UNT Health has credit balances totaling \$480,322: 68% of the balances are more than one year old.**

5. Develop and implement a plan for reviewing and disposing of all credit balances, including when a balance should be returned to payer.

6. Establish a policy regarding credit balances, including a timeline for when balances should be resolved or returned to payer.

7. Develop and implement a monitoring plan to ensure that credit balances are resolved within the time frame established by policy.

Impact

Implementation will provide assurance that overpayments are identified and refunded in a timely manner.

Response

*Management agrees and will implement the following:*

- 1. Revise Refund Policy to establish clearly defined timeframes and clearly defined requirements for resolving and/or refunding credit balances.*
- 2. Two Business Office Account Representatives will be dedicated to the credit balances in addition to the Business Office Account Representative already dedicated to the unapplied payments.*
- 3. Nextgen Credit Balance reports will be developed to detail the payer, date of payment and balance of account and will be produced monthly.*
- 4. Assistant Director, Patient Accounts, will monitor the credit balance report and the production and progress of the Business Office Account Representatives with the assistance of the Patient Services Supervisor.*
- 5. A new process for handling unclaimed money has been developed with the assistance of UNTHSC Accounting. UNTHSC will transfer the unclaimed money to an account held by the UNTHSC Accounting Department. The money will be held in that account for the required three years which will relieve the UNTHSC Business Office of the required holding period.*

**Additional Comments from Management:** *As of July 31, 2013, Signature credit balances have been reduced to \$306,500 (a 36% reduction).*

**Individual Responsible for Implementation:** Karen Cruz, Controller and Executive Director of Financial Reporting  
Barbara Tucker, Director, Patient Accounts

**Expected Implementation Date:** Credits balances will be completely resolved in Signature system by December 31, 2013. Refund policy will be revised and monitoring reports developed and implemented by November 30, 2013.

Implementation

In Process

Cleanup of credit balances is still underway due to the large volume of accounts with small dollar balances. The Refund policy has been updated to clearly define time frames for resolving and refunding unapplied payments, and is pending final review and committee approval. Two Business Office Account Representatives have been dedicated to resolution of credit balances on a permanent basis. New reports have been written in NextGen to provide details and aging of credit balances. When the cleanup project is finished, the Assistant Director, Patient Accounts as well as the Supervisor, Patient Services will monitor the credit reports to ensure compliance with the Refund Policy. Unclaimed money already identified as been placed in an account to be held by UNTHSC Accounting for 3 years as required. Any further unclaimed balances found in the remaining accounts will be handled in the same manner.

Revised implementation date is March 31, 2014.

Risk Level:

High

Months Past Due

1



## High Level Objective:

We performed a follow-up review on audit report #09-017 issued September 29, 2009, Sub-Recipient Review, during the period of June 2011 through August 2011.

## The original objectives were to:

1. evaluate the control environment over subrecipient monitoring;
2. determine whether the subrecipient was informed of Federal award data and compliances, and only allowed activities were approved in the award documents;
3. determine whether the subrecipient's activities were monitored for Federal compliance;
4. determine whether required audits were performed and audit findings addressed;
5. determine whether appropriate sanctions were taken if subrecipients were unwilling or unable to have required audits, meet other Federal compliances or not meet award requirements; and
6. determine whether the impact of subrecipient activities on the Center was evaluated.

## Observations and Suggestions:

***A comprehensive program of sub-recipient monitoring to ensure compliance with Federal guidelines has not been implemented.***

1. Document policies for key sub-recipient monitoring activities and implement required monitoring activities and best practices as indicated in prior Sub-Recipient Report (09-017 Issued September 29, 2009).

## Impact

Implementation will provide assurance that Federal audit requirements are met, sub-recipient monitoring plans are documented, and plans are a result of risk based analyses.

## Response

*Agree. Finalize policies and document responsibilities for monitoring sub-recipients by Spring 2012. Responsible party is LeJuan Byford.*

**Person Responsible for Implementation:** LeAnn Forsberg, Executive Director, Office of Grants and Contract Management

**Planned Implementation Date:** June 2012

## Implementation

In Process.

LeAnn Forsberg states that due to the hiring freeze on new staff positions the development of the final roles and responsibilities has been delayed. The department plans to hire a new compliance position over this area. Once the hiring freeze has been lifted the implementation will be completed. Expected completion is August 31, 2014.

Risk Level:

Moderate

Months Past Due

19

## Observations and Suggestions:

***A training program has not been implemented for principal investigators on the processing and approval of sub-recipients invoices.***

2. Provide training to Principal Investigators as indicated in prior Sub-Recipient Report (09-017 Issued September 29, 2009).

## Impact

Implementation will provide assurance that sub-recipient invoices are processed according to grant policies.

## Response

*Agree. Provide sub-recipient monitoring training to Principal Investigators by Spring 2012. Responsible party is LeJuan Byford.*

**Person Responsible for Implementation:** LeAnn Forsberg, Executive Director, Office of Grants and Contract Management

**Planned Implementation Date:** June 2012

## Implementation

In Process.

LeAnn Forsberg states that that due to the hiring freeze on new staff positions the development of the final training has been delayed. The department plans to hire a new compliance position over this area. Once the hiring freeze has been lifted the implementation will be completed. Expected completion is August 31, 2014.

Risk Level:

Moderate

Months Past Due

19

High Level Objective: The objectives of the review were to evaluate the actions taken in response to the previous report and to determine whether additional actions are necessary to address the observations noted.

Observations and Suggestions:	Impact	Response	Implementation
<p><b>The complexity of federal compliance has exceeded the ability of the current system to manage effort reporting.</b></p> <p>1. Develop and implement plans to address the purchase, or design and implementation, of a more efficient and effective effort reporting system.</p>	<p>Implementation will provide assurances that effort reporting compliance will be achieved in an efficient and effective manner.</p>	<p><i>Management agrees with the suggested action. The Director of the Office of Grant and Contract Management (OGCM) and staff have reviewed numerous commercial products, several products in use at other universities and have scheduled a meeting to determine feasibility of building an in-house system. All reviews will be completed and a decision to determine purchase or in-house build will be completed by the Fall of 2010. An implementation plan will be developed in the Fall of 2010 based on management's decision.</i></p> <p><b>Person Responsible for Implementation:</b> LeAnn Forsberg, Executive Director, Office of Grants and Contract Management</p> <p><b>Planned Implementation Date:</b> August 31, 2012 *Revised</p>	<p>In Process. The initial reports under Phase II, entitled Monthly Management Reports, were delivered into production in July 2012. There has been a significant programming delay and the roll out of the remaining deliverable, certification reports, is expected to be complete in March 31, 2014.</p>
<p>Risk Level: <span style="background-color: yellow;">Moderate</span></p>	<p>Months Past Due <span style="border: 1px solid black; padding: 2px;">17</span></p>		
Observations and Suggestions:	Impact	Response	Implementation
<p><b>Key time and effort terms, such as full workload and institutional base salary, have not been fully defined, documented, and communicated.</b></p> <p>3. Define, document, and communicate key effort reporting terms, including but not limited to:</p> <ul style="list-style-type: none"> <li>• full workload and institutional base salary;</li> <li>• specific activities to be included or excluded from full workload and base salary; and</li> <li>• significant changes in expected effort.</li> </ul>	<p>Implementation will provide assurance that key effort terms are defined and consistently applied.</p>	<p><i>Management agrees with the suggested action. The policy regarding workload, institutional base salary and specific activities has been drafted and is currently being reviewed by management. We anticipate an approved policy by September 1, 2010. OCGM will incorporate significant changes in effort into our over all policies and/or procedures. We anticipate completion by December 2010.</i></p> <p><b>Person Responsible for Implementation:</b> LeAnn Forsberg, Executive Director, Office of Grants and Contract Management</p> <p><b>Planned Implementation Date:</b> August 31, 2012 *Revised</p>	<p>In Process. OGCM will obtain management input during policy development and rollout out by August 2014.</p>
<p>Risk Level: <span style="background-color: yellow;">Moderate</span></p>	<p>Months Past Due <span style="border: 1px solid black; padding: 2px;">17</span></p>		
Observations and Suggestions:	Impact	Response	Implementation
<p><b>Written policies and procedures were not documented for all key time and effort activities.</b></p> <p>4. Define, document, and communicate:</p> <ul style="list-style-type: none"> <li>• Policies and procedures for effort reporting activities;</li> <li>• Location where procedures may be accessed; and</li> <li>• Continuous monitoring processes to ensure compliance with policies and procedures.</li> </ul>	<p>Implementation will provide assurance that expectations are documented and consistently applied.</p>	<p><i>Management agrees with the suggested action. The Director and Compliance Manager of the OGCM will review current policies and procedures as described above to ensure they are current, accessible and monitored. This will be completed by December 2010.</i></p> <p><b>Person Responsible for Implementation:</b> LeAnn Forsberg, Executive Director, Office of Grants and Contract Management</p> <p><b>Planned Implementation Date:</b> August 31, 2012 *Revised</p>	<p>In Process. Once Phase II is completed then policies and procedures for the new effort reporting process can be finalized. Expected completion August 2014.</p>
<p>Risk Level: <span style="background-color: yellow;">Moderate</span></p>	<p>Months Past Due <span style="border: 1px solid black; padding: 2px;">17</span></p>		

Observations and Suggestions:	Impact	Response	Implementation
<p><b>The Center has not established time frames for certifying personnel activity reports, and sanction policies for noncompliance.</b></p> <p>6. Establish written deadlines for completion of activity reports and sanction policies for non-compliance with policy.</p>	<p>Implementation will provide assurance that effort is certified prior to submitting final project reports, and specific time frames exist to for sanction policies.</p>	<p><i>Management agrees with the suggested action. The Director and Compliance Manager of the OGCM will include the process for dealing with past due effort activity reports as part of the various policies and procedures related to time and effort reporting. We anticipate having all of the associated policies completed by December, 2010.</i></p> <p><b>Person Responsible for Implementation:</b> LeAnn Forsberg, Executive Director, Office of Grants and Contract Management</p> <p><b>Planned Implementation Date:</b> August 31, 2012 *Revised</p>	<p>In Process. Once Phase II is completed then deadlines for the new effort reporting process can be finalized. Expected completion August 2014.</p>
Risk Level:	<b>Moderate</b>	Months Past Due	17

Observations and Suggestions:	Impact	Response	Implementation
<p><b>Compliance assessments were not performed for faculty with significant effort and salary distribution from federal funds.</b></p> <p>8. Establish periodic reviews of significant effort (80%, 90%, 100%, etc.) charged to federal projects.</p>	<p>Implementation will provide assurance that nonfederal duties are considered in determining federal effort.</p>	<p><i>Management agrees with the suggested action. The Compliance Manager for OGCM will develop a step in the PAR review procedure to cover this aspect. We estimate the revised procedure will be implemented by December 2010.</i></p> <p><b>Person Responsible for Implementation:</b> LeAnn Forsberg, Executive Director, Office of Grants and Contract Management</p> <p><b>Planned Implementation Date:</b> August 31, 2012 *Revised</p>	<p>In Process. Once Phase II is completed and full workload defined then periodic reviews of significant effort can begin. Expected completion August 2014.</p>
Risk Level:	<b>Moderate</b>	Months Past Due	17

Observations and Suggestions:	Impact	Response	Implementation
<p><b>An independent internal evaluation process to ensure effort system effectiveness has not been documented and implemented.</b></p> <p>9. Document and implement an independent internal evaluation process including, but not limited to:</p> <ul style="list-style-type: none"> <li>• The procedures to be performed;</li> <li>• The frequency of the activities to be performed; and</li> <li>• The process for reporting and resolving deficiencies.</li> </ul>	<p>Implementation will provide assurance that an independent internal evaluation process is in place to meet federal requirements.</p>	<p><i>Management agrees with the suggested action. The Director and Compliance Manager for the OGCM will work with Research Compliance to implement agreed upon procedures for the internal evaluations. We anticipate having the process documented by January 31, 2011.</i></p> <p><b>Person Responsible for Implementation:</b> LeAnn Forsberg, Executive Director, Office of Grants and Contract Management</p> <p><b>Planned Implementation Date:</b> August 31, 2012 *Revised</p>	<p>In Process. Once Phase II is completed and all polices and procedures are operational, an independent internal evaluation process can begin. Expected completion August 2014.</p>
Risk Level:	<b>Moderate</b>	Months Past Due	17

12-001 3/31/2012 **Advanced Research-Advanced Technology Programs Review**

High Level Objective: The objectives of the review were to determine whether NHARP awards were administered in accordance with THECB guidelines and UNTHSC policies. The period reviewed was January 2010 through January 2011 for personnel costs, and July 2010 through January 2011 for all other expenditures. Grant expenditures prior to the extension were reviewed in Audit Report # 10-015 dated July 19, 2010.

Observations and Suggestions:

**Spending in excess of approved budgets and unallowable charges for two of four grants resulted in the return of funds to the THECB.**

3. Train PIs to periodically monitor the financial status of grants as required by policy.

Impact

Implementation will provide assurance that PIs are aware of their responsibilities for financial oversight.

Response

*Management agrees. OGCM will provide periodic training to PIs on the responsibilities of properly monitoring and managing grants as required by policy.*

**Person Responsible for Implementation:** LeAnn Forsberg, Executive Director, Grant & Contract Management

**Planned Implementation Date:** May 1, 2012

Implementation

In Process. The Office of Grants and Contract management is completing the Primary Investigator (PI) Manual and will train PIs upon completion of the manual. Completion of the PI manual and training will be completed by May 31, 2014.

Risk Level: **Low**

Months Past Due 20

10-010 7/1/2010 **Time and Effort Reporting System Review**

High Level Objective: The objectives of the review were to evaluate the actions taken in response to the previous report and to determine whether additional actions are necessary to address the observations noted.

Observations and Suggestions:

**Compliance assessments were not performed for faculty with significant effort and salary distribution from federal funds.**

7. Provide mandatory training on time and effort requirements to new principal investigators and those submitting first time proposals.

Impact

Implementation will provide assurance that nonfederal duties are considered in determining federal effort.

Response

*Management agrees with the suggested action. Mandatory training will be implemented. The Director and Compliance Manager of the OGCM will develop a new training session covering all of the suggested actions by February 2011.*

**Person Responsible for Implementation:** LeAnn Forsberg, Executive Director, Office of Grants and Contract Management

**Planned Implementation Date:** August 31, 2012 \*Revised

Implementation

In Process. Once Phase II is completed then training for the new effort reporting process can be finalized and rolled out to principal investigators. Expected completion August 2014.

Risk Level: **Low**

Months Past Due 17

09-011 4/21/2009 **Advancement Office Follow-Up Review**

High Level Objective: Objectives of the review were to evaluate the actions taken in response to recommendations reported in Audit No. 07-012, Advancement Office Review.

Observations and Suggestions:

**The written agreement between the Center and the UNTHSC Foundation has not been revised or reaffirmed since September 1994.**

6. Review and update the agreement between the Center and the Foundation including a "right to audit clause." Refer to Legal Counsel and the AGB-CASE model agreement for guidance.

7. Distribute or make available the reaffirmed agreement to stakeholders including Center administrators, Advancement Office employees, and the Foundation Board of Directors.

Impact

Implementation will provide assurance that the agreement meets legal, fiscal, and administrative requirements, and is distributed to those primarily responsible for contract compliance.

Response

*Management agrees. In process. The Vice President for Development will raise this topic at the April 2009 Foundation Board meeting and complete by the June meeting. The updated agreement will be distributed upon approval of appropriate Center and Foundation administrators.*

**Person Responsible for Implementation:** Doug White, Vice President of Development

**Planned Implementation Date:** November 30, 2012 \*Revised

Implementation

In Process. An updated agreement is in draft, but is awaiting clarification on select issues of financial reporting and structure. Action steps have been outlined and are being actively pursued. Anticipated implementation date is March 31, 2014.

Risk Level: **Low**

Months Past Due 14

High Level Objective: The objective was to evaluate back office billing functions including accounts receivable, unapplied payments, credit balances, adjustments, and denials.

Observations and Suggestions:

**Prompt payment discounts did not always comply with UNT Health policy.**

10. Establish and implement a process for supervisory review of AR discounts.

Impact

Implementation will provide assurance that discounts are made according to policy.

Response

*Management agrees and will implement the following:*

- 1. Weekly reports of all A/R discounts will be developed in Nextgen and will be provided to Business Office and Clinical Supervisory staff on a monthly basis.*
- 2. Current policy does require supervisory approval before adjustments are posted in the Business Office, but the prompt pay and cash discounts in the clinics or at charge entry do not have the same requirement. The A/R Discount policy will be revised to include changes relating to the Nextgen EPM and to include the requirement of supervisory review of all A/R discounts.*

**Individual Responsible for Implementation:** Barbara Tucker, Director, Patient Accounts

**Expected Implementation Date:** *Weekly reports will be developed by November 30, 2013. The A/R Discount Policy will be revised and implemented by November 30, 2013.*

Implementation

In Process.  
Due to unexpected challenges with NextGen EPM reporting tools and unanticipated vacancies on the Patient Services Team, including the supervisor, UNT Health management has requested a revised implementation date of March 31, 2014 for the above recommended actions.

Risk Level:

Low

Months Past Due

2

# UNT at Dallas

## Management Action Status Summary

# Post Audit Review Status Report

## University of North Texas at Dallas

### As of February 7, 2014

12-027

1/9/2013 UNT Dallas Gift Review

High Level Objective: The objectives was to review the gifts received by UNT Dallas Advancement personnel and assess the adequacy of controls and monitoring around them.

Observations and Suggestions:

**University gifts and grants are being inconsistently managed and monitored.**

2. Coordinate with the UNT Dallas CFO and the ORS to update the intra-system cooperation agreement between UNT Dallas and ORS for services to support grant management. The updates should state the role of Advancement personnel in the grant management process.

4. Update all management reporting to the Board of Regents, where applicable, regarding UNT Dallas gifts to clearly delineate between gifts and grants as defined by ORS UNT.

5. Update UNT Dallas policies and procedures where applicable based on the updated agreement. Coordinate training for Advancement and faculty personnel from ORS to detail roles and responsibilities regarding grant management.

Impact

Performing the above action items will help ensure gifts and grants are managed and monitored appropriately.

Response

*University Advancement commits to contact ORS and work through the roles and definitions of gifts and grants, as well as work with ORS and the UNT Dallas CFO regarding the contract modification to reflect the agreed upon roles and definitions.*

*University Advancement commits to review current gifts and grants based on agreed-upon definitions and to delineate management/tracking roles after the meeting with ORS has concluded to ensure proper monitoring and management are in place.*

*University Advancement agrees to update reporting methods for the Board of Regents based upon the agreed-upon definitions of gifts and grants after the meeting with ORS has concluded.*

*University Advancement agrees to update department policies and procedures after the meeting with ORS has concluded.*

*University Advancement will work with ORS to clearly define roles, definitions, and contract updating by February 1, 2013.*

*If necessary after the meeting with ORS, University Advancement will modify the Board of Regents reporting on the first possible report subsequent to the meeting and agreement with ORS.*

*University Advancement will update department policies and procedures within 30 days of agreement of roles and definitions with ORS.*

**Person responsible for Implementation:** Doug Smith, Vice President for University Advancement and Beverly Mendoza, Manager of Advancement Services

**Planned Implementation Date:** February 1, 2013

Implementation

Based on discussions with the VP for University Advancement, the items are still partially implemented. He and his department are in the final stages of hiring a Sponsored Gifts Coordinator to manage gifts from both private foundations and public grants. In addition to procedural compliance responsibilities this person will partner with ORS, Faculty, the Provost Office, and University Advancement to ensure all parties are on the same page and coordinating with each other. Once the Sponsored Gifts Coordinator is in place, University Advancement will coordinate with ORS to clarify responsibilities and roles and put in to place policy, procedures, an update to the cooperation agreement accordingly.

Additional follow-up is scheduled for May 31, 2014.

Risk Level:

Moderate

Months Past Due

11

High Level Objective: The objective was to determine compliance with the Business Service Center (BSC) Purchasing Card Program Guide, UNT Dallas policies, and state regulations.

Observations and Suggestions:	Impact	Response	Implementation
<p>Based on procedures performed, areas were identified that were not consistently in compliance with elements of the BSC Purchasing Card Program Guide. Nearly ten percent (107) of all transactions reviewed reflected instances of non-compliance with the BSC program guidelines as follows:</p> <ul style="list-style-type: none"> <li>• 18 instances where the “Food &amp; Beverage Purchase Justification” form to support food purchases was not on file or was completed incorrectly.</li> <li>• 44 instances where a vendor standing check with the Texas Comptroller’s Office was not made for purchases of \$500.00 or more.</li> <li>• 33 instances where a “Missing Receipt Affidavit” form was not on file to support purchases for which invoices were missing.</li> <li>• 5 instances where sales tax totaling \$310.91 was paid on various purchase transactions.</li> <li>• 4 instances where an “Exception Request Form” was not obtained when restricted purchases were made.</li> <li>• 2 instances where split purchases were made.</li> </ul> <p>1 instance where credit card information was maintained in an unsecure place.</p> <p>1. Require purchasing cardholders, reconcilers and approvers to attend BSC-provided PCard training; and emphasize the importance of complying with purchasing guidelines, University policy, and state regulations.</p>	<p>Implementation will assure compliance with purchasing card guidelines, University policies, and state regulations, use of the PCard for department purchases is continued, and the overall control environment is strengthened.</p>	<p><i>We concur, cardholder and reconciler will be required to complete BSC PCard training.</i></p> <p><b>Person responsible for implementation:</b> <i>J. Carlos Hernandez, Vice President for Finance and Administration/CFO</i></p> <p><b>Planned Implementation Date:</b> August 2013</p>	<p>Internal Audit discussed the status of the suggested actions with the Vice President for Finance and Administration/CFO as part of the post audit review process. He indicated he will coordinate with the Business Services Center for a campus-wide training for all PCard holders, reconcilers, and approvers by March 31, 2014.</p>
Risk Level:	Moderate	Months Past Due	5



High Level Objective:

The objectives was to review the gifts received by UNT Dallas Advancement personnel and assess the adequacy of controls and monitoring around them.

## Observations and Suggestions:

## Impact

## Response

## Implementation

**Procedures for managing, tracking, monitoring and reporting gifts are currently being developed in conjunction with the implementation of the Raisers Edge software system.**

6. Update and reconcile current gift processing procedures with UNT policies and procedures already established. Ensure UNT policies and procedures are followed and referenced where required in relation to any and all intra-system cooperation agreement and accreditation requirements.

7. Update and document controls and processing procedures for gifts in the new Raiser's Edge fundraising and donor management system. Work with UNT Advancement personnel to implement the new system and coordinate user access and data entry procedures and controls.

Properly documented policies and procedures around the gift processing will help ensure they are managed appropriately.

*University Advancement continues to assess gift processing procedures to ensure they meet the highest industry standards that ensure safety, privacy and documentation. University Advancement will update and document controls and processing procedures that reflect Raisers Edge implementation.*

*University Advancement commits to update and document controls and processing procedures that reflect Raisers Edge implementation, the new relationship with UNT Dallas Foundation, and staffing resources. University Advancement commits to assess and continually update gift processing procedures.*

**Person responsible for implementation:** *Doug Smith, Vice President for University Advancement and Beverly Mendoza, Manager of Advancement Services.*

**Planned Implementation Date:** February 1, 2013

Based on discussions with the VP for University Advancement, the items are still partially implemented. He stated that Gift Processing guidelines have been established in conjunction with the Raisers Edge Implementation. He stated they are being adhered to; however, he is currently exploring the possibility of refining the existing process in conjunction with the UNT Dallas CFO office to become more efficient.

Additional follow-up is scheduled for May 31, 2014.

Risk Level:

Low

Months Past Due

11

# System Administration

## Management Action Status Summary

# Post Audit Review Status Report

## University of North Texas System

### As of February 7, 2014

11-012      4/29/2011      **Task Payment Review**

High Level Objective:      The objective of the review was to evaluate task payments for compliance with UNT Policy 1.6.5, Supplemental Compensation, and applicable state and federal law.

Observations and Suggestions:

**Eighty-seven percent (102/117) of the task authorization (HRM-11) forms reviewed did not comply with the advanced approval requirement of UNT Policy 1.6.5.**

1. Revise the task payment policy to clarify what constitutes “advanced approval” and specify the means such approval is to be documented.
2. Communicate policy revisions to appropriate departments and University personnel.
3. Issue periodic reminders to appropriate departments to emphasize policy compliance requirements.
4. Perform periodic reviews of the task payment program to monitor compliance with policy.

Impact

Implementation will provide assurance that compliance with the advanced approval requirement of UNT Policy 1.6.5 will be achieved and potential non-compliance with applicable state and federal laws will be detected.

Response

*Management concurs with these recommendations, however a UNT System-wide approach is being recommended versus an independent campus approach.*

*It is a recommendation of UNT management that all of the campuses HR Departments, UNT Provost Office and UNT System work collaboratively on reviewing and revising their supplemental compensation policy to more strategically address the items identified in the UNT system Internal Audit Task Payment Review, Audit # 11-012. This approach will help to better ensure that the critical issues have been addressed system-wide and that the proper controls when moved to the BSC effective June 1, 2011 will be in place prospectively. UNT HR is volunteering to coordinate and facilitate a meeting with all of the campuses HR Departments, UNT Provost Office and UNT System (BSC Team) no later than June 30, 2011. Action items identified as an outcome from that meeting will have a time table of deliverables and will subsequently be submitted to IA as an update to supplement the management action items.*

**Person responsible for implementation:** Allen Clemson, Vice Chancellor for Administration and Chief of Staff

**Planned Implementation Date:** June 2011

Implementation

In Process.

Based on post audit review work, the policy remains under review. Once it is approved, it will be rolled-out to each campus.

Expected implementation date: May 31, 2014

Risk Level:

Moderate

Months Past Due

31

Observations and Suggestions:

**Current practice in processing task payments appears to exclude Human Resources from the "appropriate administrative authorities" group that provides advanced approval for task payments.**

11. Include Human Resources in the "appropriate administrative authorities" group prior to commencement of a task.

12. Inform and educate University units engaged in providing tasks that HRM-11 forms should be reviewed and approved by HR prior to commencement of a task.

Impact

Implementation will provide assurance that Human Resources is appropriately positioned to offer advice and recommendation prior to commencement of a task, payment is neither delayed or denied, and compliance with policy and applicable state and federal law is achieved.

Response

*Management concurs with these recommendations, however a UNT System-wide approach is being recommended versus an independent campus approach.<sup>9</sup>*  
*It is a recommendation of UNT management that all of the campuses HR Departments, UNT Provost Office and UNT System work collaboratively on reviewing and revising their supplemental compensation policy to more strategically address the items identified in the UNT system Internal Audit Task Payment Review, Audit # 11-012. This approach will help to better ensure that the critical issues have been addressed system-wide and that the proper controls when moved to the BSC effective June 1, 2011 will be in place prospectively. UNT HR is volunteering to coordinate and facilitate a meeting with all of the campuses HR Departments, UNT Provost Office and UNT System (BSC Team) no later than June 30, 2011. Action items identified as an outcome from that meeting will have a time table of deliverables and will subsequently be submitted to IA as an update to supplement the management action items.*

**Person responsible for implementation:** Allen Clemson, Vice Chancellor for Administration and Chief of Staff

**Planned Implementation Date:** June 2011

Implementation

In Process.

Based on post audit review work, the policy remains under review. Once it is approved, it will be rolled-out to each campus.

Expected implementation date: May 31, 2014

Risk Level:

Moderate

Months Past Due

31

11-012 4/29/2011 Task Payment Review

High Level Objective: The objective of the review was to evaluate task payments for compliance with UNT Policy 1.6.5, Supplemental Compensation, and applicable state and federal law.

Observations and Suggestions:

**Two employees earned regular salaries while simultaneously earning income from tasks.**

6. Review policy components and outline compliance expectations and unacceptable practices.

7. Define non-compliance consequences for all task participants in clear and easy to understand terms.

Impact

Implementation will provide assurance that future tasks will remain separate from, and be performed outside of, regular work schedules; earnings will reflect actual work performed; dual payments will be eliminated; and compliance with policies will be improved.

Response

*Management concurs with these recommendations, however a UNT System-wide approach is being recommended versus an independent campus approach.*  
*It is a recommendation of UNT management that all of the campuses HR Departments, UNT Provost Office and UNT System work collaboratively on reviewing and revising their supplemental compensation policy to more strategically address the items identified in the UNT system Internal Audit Task Payment Review, Audit # 11-012. This approach will help to better ensure that the critical issues have been addressed system-wide and that the proper controls when moved to the BSC effective June 1, 2011 will be in place prospectively. UNT HR is volunteering to coordinate and facilitate a meeting with all of the campuses HR Departments, UNT Provost Office and UNT System (BSC Team) no later than June 30, 2011. Action items identified as an outcome from that meeting will have a time table of deliverables and will subsequently be submitted to IA as an update to supplement the management action items.*

**Person responsible for implementation:** Allen Clemson, Vice Chancellor for Administration and Chief of Staff.

**Planned Implementation Date:** June 2011

Implementation

In Process.

Based on post audit review work, the policy remains under review. Once it is approved, it will be rolled-out to each campus.

Expected implementation date: May 31, 2014

Risk Level:

Low

Months Past Due

31

Observations and Suggestions:

**The shared roles and responsibilities provided in UNT Policy 1.6.5 appear to weaken accountability in the task payment process.**

- 8. Evaluate the task payment policy and determine the benefits derived by requiring multiple task approvers versus the risks assumed by requiring fewer approvers.
- 9. Clearly define the roles and responsibilities of each participant in the process and eliminate roles that may overlap, duplicate, or otherwise be unclear.
- 10. Specify the unit or individual(s) responsible for policy enforcement, compliance, interpretation, clarification, and dispute resolution.

Impact

Implementation will provide assurance that the roles and responsibilities of task participants are clear, the University's expectations of compliance are certain, the consequences of non-compliance are unambiguous, and accountability in the task payment process is strengthened.

Response

*Management concurs with these recommendations, however a UNT System-wide approach is being recommended versus an independent campus approach.*  
*It is a recommendation of UNT management that all of the campuses HR Departments, UNT Provost Office and UNT System work collaboratively on reviewing and revising their supplemental compensation policy to more strategically address the items identified in the UNT system Internal Audit Task Payment Review, Audit # 11-012. This approach will help to better ensure that the critical issues have been addressed system-wide and that the proper controls when moved to the BSC effective June 1, 2011 will be in place prospectively. UNT HR is volunteering to coordinate and facilitate a meeting with all of the campuses HR Departments, UNT Provost Office and UNT System (BSC Team) no later than June 30, 2011. Action items identified as an outcome from that meeting will have a time table of deliverables and will subsequently be submitted to IA as an update to supplement the management action items.*

**Person responsible for implementation:** Allen Clemson, Vice Chancellor for Administration and Chief of Staff

**Planned Implementation Date:** June 2011

Implementation

In Process.  
 Based on post audit review work, the policy remains under review. Once it is approved, it will be rolled-out to each campus.  
 Expected implementation date: May 31, 2014

Risk Level:

Low

Months Past Due

31

12-003 11/21/2013 Construction Close-Out Process Review

High Level Objective: The objectives were to review, evaluate, and document the close-out process for UNT System construction projects.

Observations and Suggestions:

**Three construction project accounts associated with completed projects at UNT Dallas remain open with deficit balances totaling \$214,807.**

- 1. Work with UNT Dallas personnel and take appropriate steps to identify funding to cover the account deficits, and then close the open accounts associated with the construction of the buildings at UNT Dallas.
- 2. Develop procedures and controls to assure that construction accounts are closed in a timely manner and expenditures cannot be charged to accounts that will result in deficit spending.

Impact

Implementation will ensure that UNT Dallas project accounts are closed and the deficit spending is addressed.

Response

*UNT System Facilities agrees with the report finding.*  
*1) There are multiple accounts associated with the construction of the buildings at UNT Dallas. UNT System Facilities will meet with UNT Dallas budget personnel to identify appropriate expenditures that can be moved from deficit accounts to accounts with available funds and then assist them in closing the associated accounts.*  
*2) At the end of a project warranty period, UNT System Facilities will close all associated general ledger project accounts out within 12 months. In addition, a project close out checklist will be developed documenting the action steps taken to close the project and the date completed.*

**Person responsible for implementation:** Don Lynch, Director of System Facilities Administration

**Planned Implementation Date:** January 31, 2014

Implementation

Risk Level:

Low

Months Past Due

0