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Committee Meeting: 8/20/2025

Board Meeting: 8/21/2025
Austin, Texas

Janiece Longoria, Chairman
Robert P. Gauntt
Jodie Lee Jiles
Stuart W. Stedman
Kelcy L. Warren
Rad Weaver

	Committee Meeting	Board Meeting	Page
Convene	2:30 p.m. <i>Chairman Longoria</i>		
1. U.T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	Discussion	Action	123
2. U.T. System: Financial Status Presentation and Monthly Financial Report	Report/Discussion <i>Mr. Hull</i>	Not on Agenda	124
3. U.T. System Board of Regents: Equipment financing authorization for Fiscal Year 2026 and resolution regarding parity debt	Action <i>Mr. Hull</i>	Action	152
4. U.T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds and authorization to complete all related transactions	Action <i>Mr. Hull</i>	Action	155
5. U.T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds and authorization to complete all related transactions	Action <i>Mr. Hull</i>	Action	157
6. U.T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt and ratification of Regents' Rule 80306 (formerly Rule 70202)	Action <i>Mr. Hull</i>	Action	159

	Committee Meeting	Board Meeting	Page
7. U.T. System Board of Regents: Adoption of Resolution Amending the Revenue Financing System Commercial Paper Note Program; authorization for officers of U. T. System to complete all transactions related thereto; and resolution regarding parity debt	Action <i>Mr. Hull</i>	Action	167
8. U.T. System Board of Regents: Approval of the Annual Budget for Fiscal Year 2026, including the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas/Texas A&M Investment Management Company (UTIMCO)	Action <i>Mr. Pruitt</i> <i>Mr. Hall</i>	Action	171
9. U.T. System: University Lands Update	Report/Discussion <i>Mr. Murphy</i>	Not on Agenda	188
Adjourn	<i>3:00 p.m.</i>		

1. **U.T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The Board will be asked to approve the Consent Agenda beginning on [Page 244](#).

2. U.T. System: Financial Status Presentation and Monthly Financial Report

Mr. Terry Hull, Associate Vice Chancellor and Chief Financial Officer, will discuss the Financial Status Presentation, the highlights of which are set forth in the PowerPoint on the following pages and the May Monthly Financial Report, which follows the PowerPoint. The monthly financial report represents the consolidated and individual operating detail of the U.T. institutions.

U.T. System

Fiscal Year-to-Date Actuals and Projected Fiscal Year-End

Terry Hull

Associate Vice Chancellor and Chief Financial Officer

U.T. System Board of Regents Meeting

Finance and Planning Committee

August 2025



U.T. System Consolidated Summary

Fiscal Year Summary
Period Ending May 31, 2025



Revenues
\$24,487.2 M



Expenses
\$22,081.8 M



Cash Flow Margin
\$2,405.4 M



FYE Projected Cash Flow
\$3,530.9 M

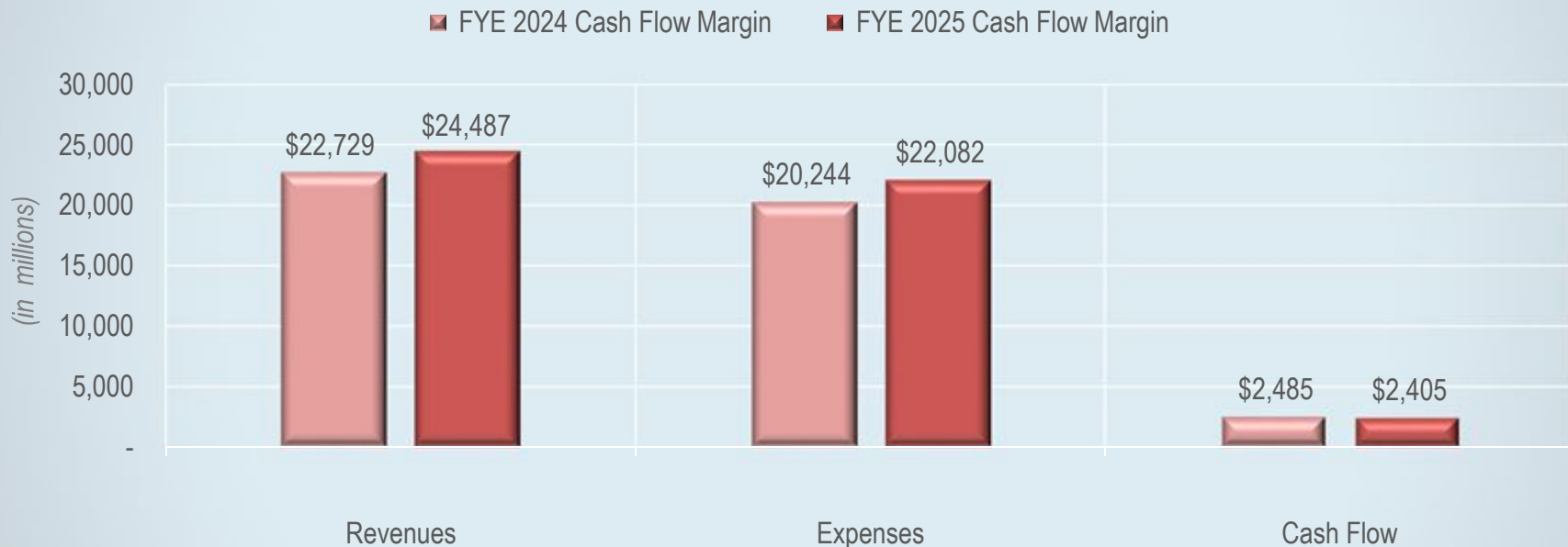


The University of
Texas System

Excludes OPEB, Pension & Depreciation Expenses

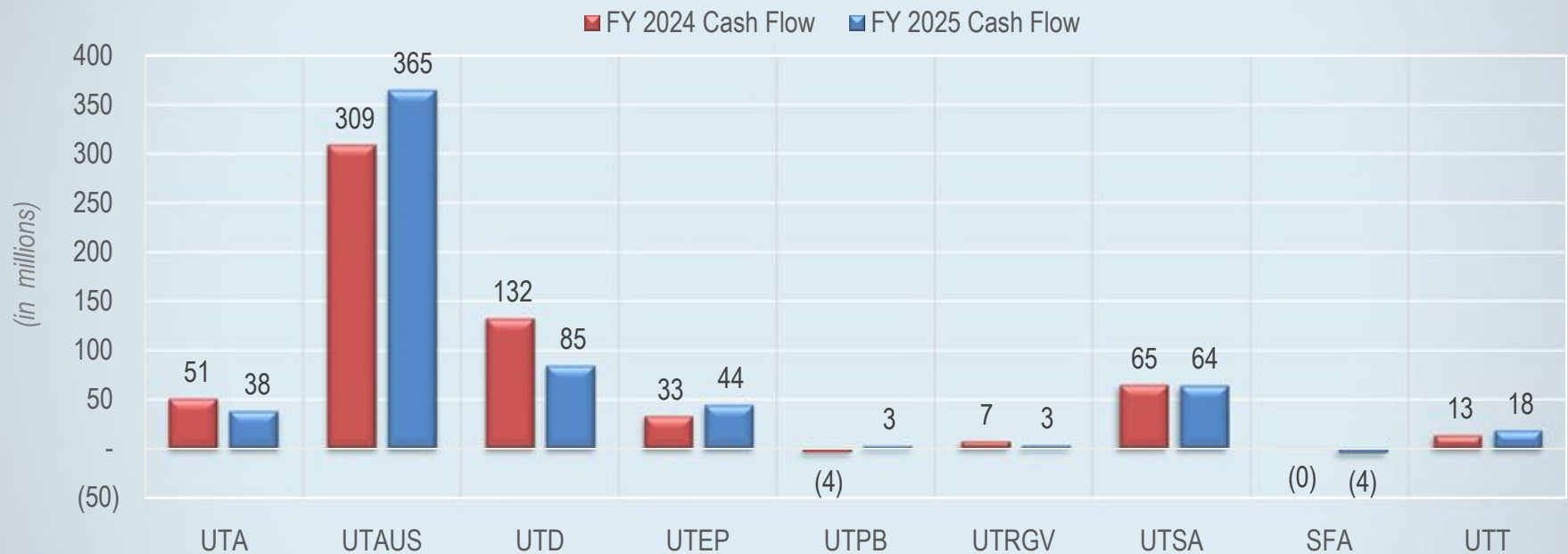
U.T. System Consolidated Revenue & Expenses

Year-Over-Year Comparison (May)



Cash Flow Margin – Academic Institutions

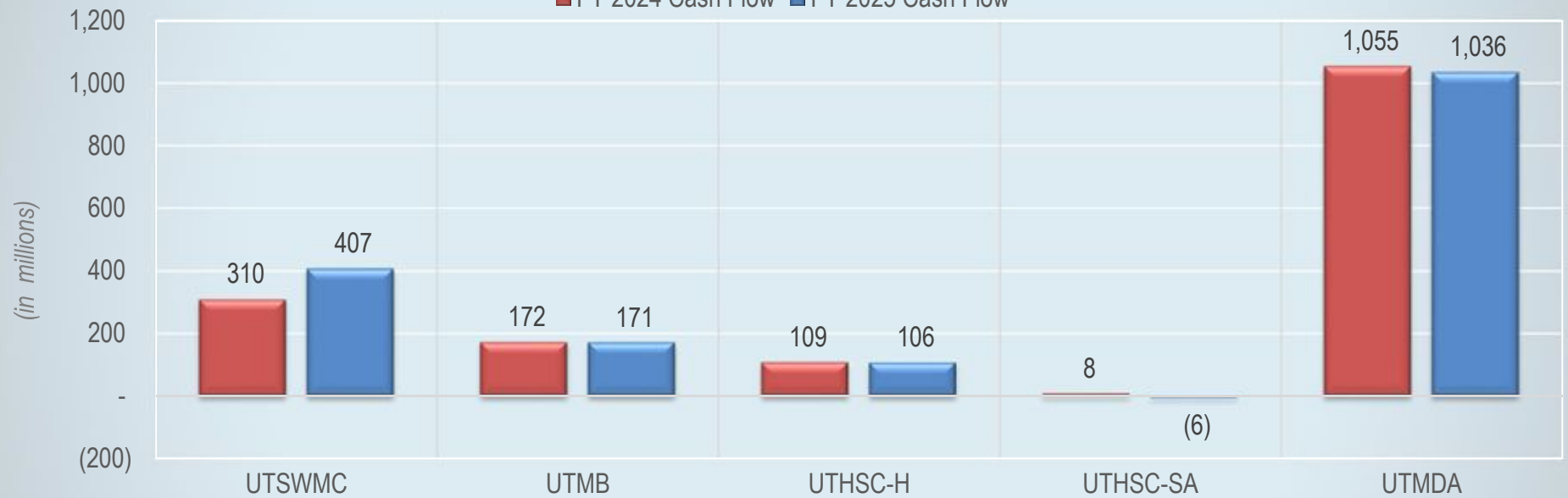
Year-Over-Year Comparison (May)



Cash Flow Margin – Health Institutions

Year-Over-Year Comparison (May)

FY 2024 Cash Flow FY 2025 Cash Flow



The University of
Texas System

Excludes Depreciation Expense

Budget to Projected – Academic Institutions

Projected FY 2025									
	Budget (\$ Millions)				Projected (\$ Millions)				
	Revenues	Expenses	Cash Flow	Cash Flow Ratio	Revenues	Expenses	Cash Flow	Cash Flow Ratio	
U.T. Arlington	\$920.8	\$870.8	\$50.0	5.4%	\$978.3	\$845.2	\$133.1	13.6%	▲
U.T. Austin	\$4,272.5	\$3,942.8	\$329.7	7.7%	\$4,584.6	\$4,119.7	\$464.9	10.1%	▲
U.T. Dallas	\$938.7	\$845.9	\$92.8	9.9%	\$907.2	\$794.5	\$112.7	12.4%	▲
U.T. El Paso	\$621.2	\$589.6	\$31.6	5.1%	\$593.7	\$528.9	\$64.8	10.9%	▲
U.T. Permian Basin	\$104.5	\$100.3	\$4.2	4.0%	\$116.8	\$112.7	\$4.1	3.5%	▲
U.T. Rio Grande Valley	\$680.4	\$666.7	\$13.7	2.0%	\$713.4	\$698.2	\$15.2	2.1%	▲
U.T. San Antonio	\$792.2	\$694.0	\$98.2	12.4%	\$828.6	\$742.3	\$86.3	10.4%	▲
Stephen F. Austin	\$218.4	\$211.0	\$7.3	3.4%	\$223.2	\$221.4	\$1.7	0.8%	▲
U.T. Tyler	\$632.2	\$596.5	\$35.7	5.6%	\$662.5	\$647.8	\$14.7	2.2%	▲
Total	\$9,180.9	\$8,517.6	\$663.3	7.2%	\$9,608.3	\$8,710.7	\$897.6	9.3%	▲

Budget to Projected – Health Institutions

Projected FY 2025

	Budget (\$ Millions)				Projected (\$ Millions)				
	Revenues	Expenses	Cash Flow	Cash Flow Ratio	Revenues	Expenses	Cash Flow	Cash Flow Ratio	
U.T. Southwestern Medical Center	\$5,534.2	\$5,192.0	\$342.2	6.2%	\$6,111.6	\$5,635.9	\$475.7	7.8%	▲
U.T. Medical Branch - Galveston	\$3,330.1	\$3,142.3	\$187.9	5.6%	\$3,560.8	\$3,348.3	\$212.5	6.0%	▲
U.T. Health Science Center - Houston	\$2,702.9	\$2,572.5	\$130.4	4.8%	\$2,712.5	\$2,586.4	\$126.1	4.6%	▲
U.T. Health Science Center - San Antonio	\$1,671.6	\$1,625.3	\$46.3	2.8%	\$1,669.6	\$1,617.0	\$52.6	3.2%	▲
U.T.M.D. Anderson Cancer Center	\$8,647.9	\$7,356.7	\$1,291.2	14.9%	\$8,785.7	\$7,381.5	\$1,404.2	16.0%	▲
Total	\$21,886.7	\$19,888.7	\$1,998.0	9.1%	\$22,840.2	\$20,569.2	\$2,271.0	9.9%	▲

Financial Summary

Systemwide Operations May 2025

	Budget	Actuals	% of Budget
U.T. System Administration (AUF)	\$61,100,200	\$47,554,373	78%
Direct Campus Support (AUF)	\$76,396,700	\$47,621,053	62%
Service Departments & Other Non-AUF*	\$84,461,261	\$60,139,665	71%
Total**	\$221,958,161	\$155,315,091	70%

**The Board of Regents has approved the budget related to University Lands; 2/3 of the overall University Lands budget and May YTD actuals are represented in the above amounts. The Board of Regents has also approved the portion (1/3 of the overall University Lands budget) that supports Texas A&M University.*

***Budget does not include PUF Debt or Capital Construction Assistance Projects (CCAP) Interest (All Institutions) or Depreciation. Also excluded are self-insurance funds, federal Medicare-related reimbursements, U.T. System Building debt service, and certain Systemwide software licenses centrally negotiated and reimbursed by the institutions.*

THE UNIVERSITY OF TEXAS SYSTEM OFFICE OF BUDGET AND PLANNING

MONTHLY FINANCIAL REPORT (unaudited)

MAY 2025
FY 2025



210 West Seventh Street
Austin, Texas 78701
512.499.4792
www.utsystem.edu/offices/budget-and-planning

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Monthly Financial Report
Comparison of Cash Flow Margin
For the Period Ending May 31, 2025

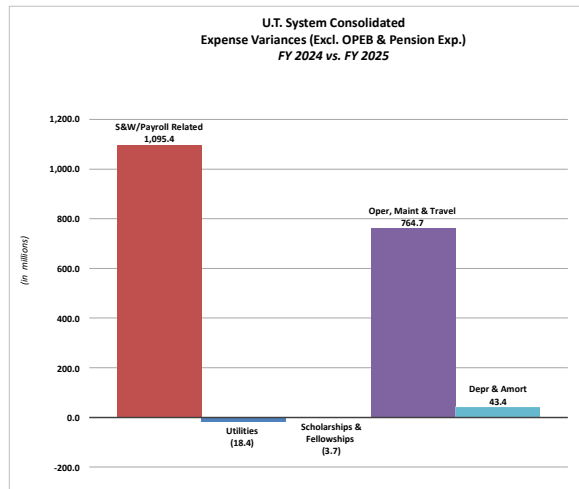
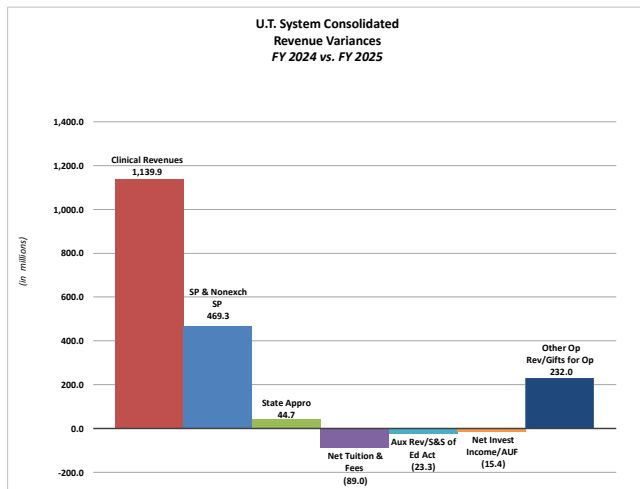
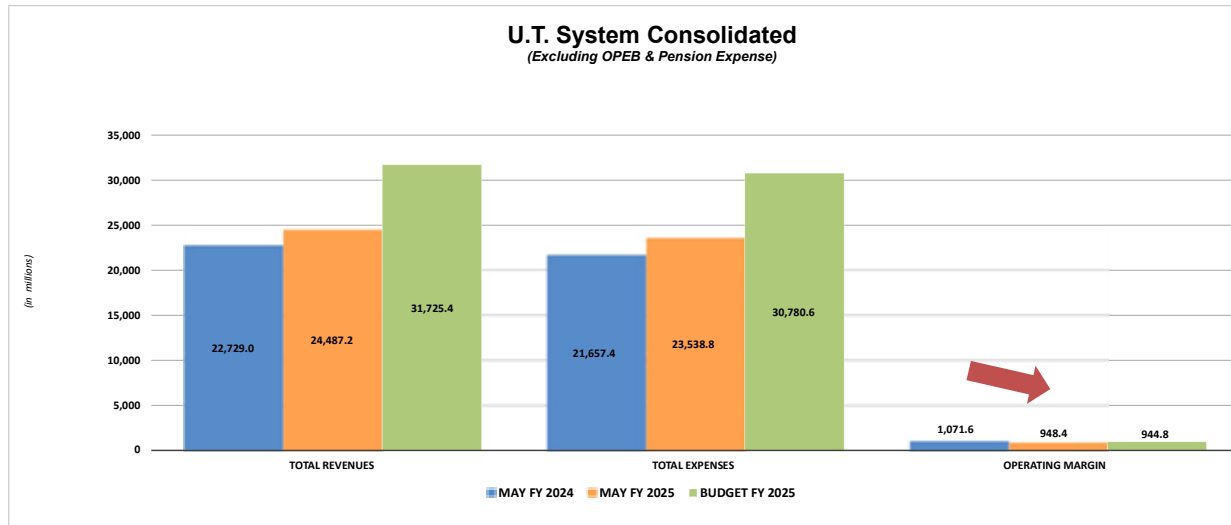
Executive Summary of Cash Flow Margin (Loss)*

(Excludes OPEB, Pension, Depreciation and Amortization Expense)

	May FYTD 2024 (millions)	May FYTD 2025 (millions)	Variance %	Comments
U.T. Arlington	50.6	38.2	-24%	Increase in Salaries & Wages/Payroll Related Costs Projected cash flow margin of \$133.1 million for the FY
U.T. Austin	309.1	364.8	18%	Increase in Gift Contributions for Operations Projected cash flow margin of \$464.9 million for the FY
U.T. Dallas	132.2	84.5	-36%	Decrease in Net Tuition and Fees Projected cash flow margin of \$112.7 million for the FY
U.T. El Paso	32.7	44.3	35%	Increase in Gift Contributions for Operations Projected cash flow margin of \$64.8 million for the FY
U.T. Permian Basin	(4.2)	2.6	161%	Increases in Gift Contributions for Operations, Sponsored Programs Projected cash flow margin of \$4.1 million for the FY
U.T. Rio Grande Valley	7.1	3.3	-54%	Increases in Salaries & Wages/Payroll Related Costs, Oper., Maint. & Travel (Materials & Supplies, Professional Fees & Services) Projected cash flow margin of \$15.2 million for the FY
U.T. San Antonio	64.8	64.1	-1%	Increases in Salaries & Wages/Payroll Related Costs, Oper., Maint. & Travel (Professional Fees & Services) Projected cash flow margin of \$86.3 million for the FY
Stephen F. Austin State University	(0.4)	(4.4)	-997%	Increase in Salaries & Wages/Payroll Related Costs Projected cash flow margin of \$1.7 million for the FY
U.T. Tyler	13.3	18.3	38%	Increases in Clinical Revenues, Gift Contributions for Operations Projected cash flow margin of \$14.7 million for the FY
Southwestern	310.4	407.4	31%	Increase in Clinical Revenues Projected cash flow margin of \$475.7 million for the FY
UTMB	172.4	171.2	-1%	Increases in Salaries & Wages/Payroll Related Costs, Oper., Maint. & Travel (Materials & Supplies) Projected cash flow margin of \$212.5 million for the FY
UTHSC-Houston	108.6	106.2	-2%	Increase in Salaries & Wages/Payroll Related Costs Projected cash flow margin of \$126.1 million for the FY
UTHSC-San Antonio	7.6	(5.8)	-177%	Increases Salaries & Wages/Payroll Related Costs, Oper., Maint. & Travel (Materials & Supplies) Projected cash flow margin of \$52.6 million for the FY
M.D. Anderson	1,055.1	1,036.0	-2%	Increases in Salaries & Wages/Payroll Related Costs, Oper., Maint. & Travel (Materials & Supplies) Projected cash flow margin of \$1,404.2 million for the FY
U.T. System Administration (excluding OPEB & Pension Expense)	226.1	74.9	-67%	Decrease in Net Investment Income Projected cash flow margin of \$362.4 million for the FY
Total Cash Flow Margin	\$ 2,485.2	2,405.4	-3%	

* For additional details on the variances, please see pages 3 through 17 of the MFR.

Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending May 31, 2025



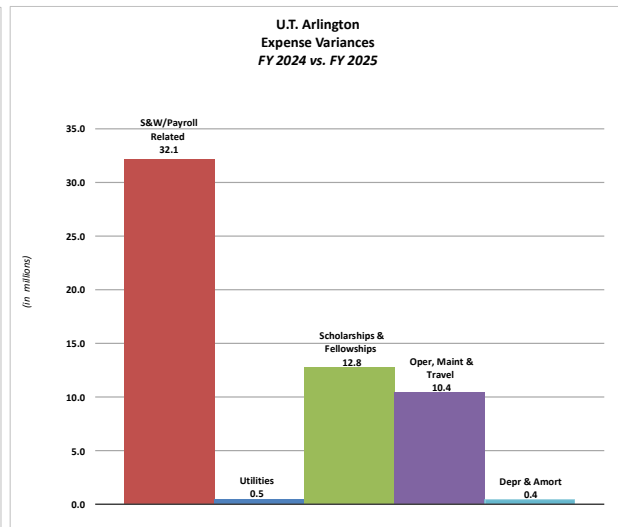
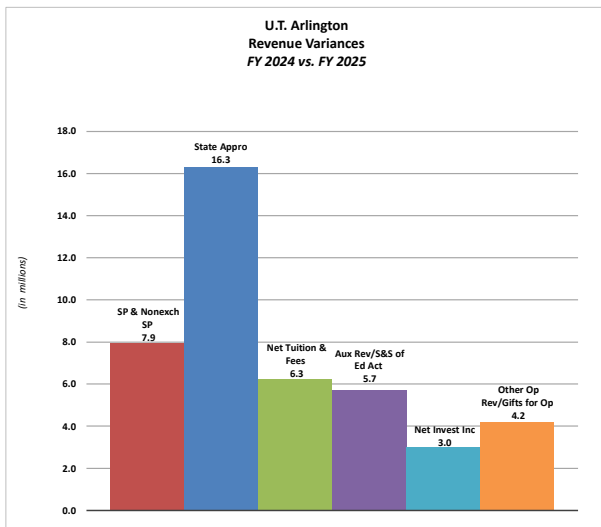
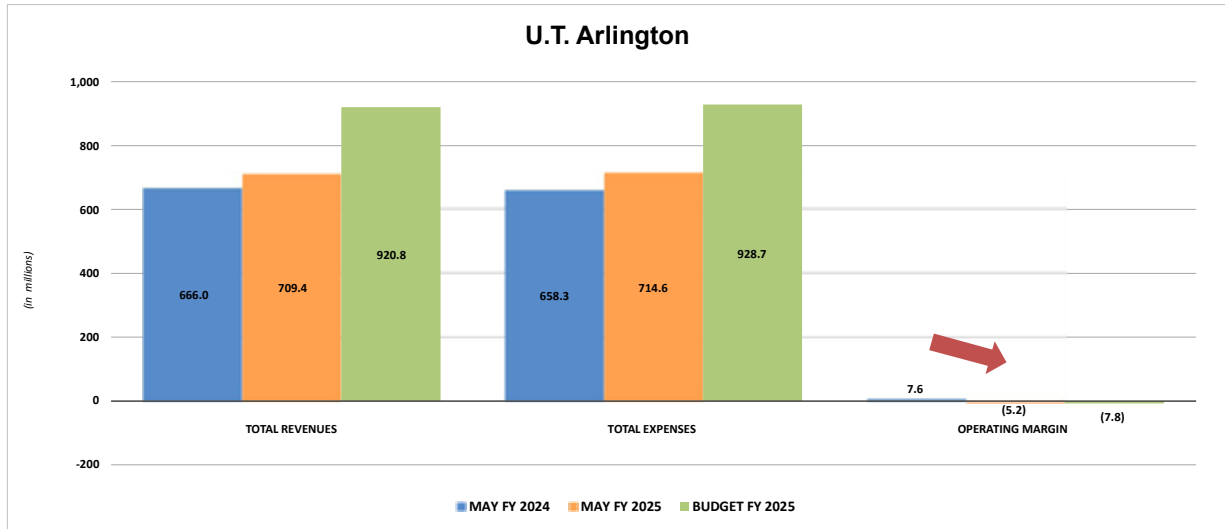
<i>(In millions)</i>	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 10,040.0	11,179.9	1,139.9	14,533.5	15,184.7	651.3
Sponsored Programs/Nonexchange Sponsored Programs	4,606.6	5,075.9	469.3	6,684.3	7,018.0	333.6
State Appropriations	2,052.9	2,097.6	44.7	2,807.0 *	2,789.9	(17.1)
Net Tuition and Fees	1,704.2	1,615.1	(89.0)	2,261.3	2,139.1	(122.1)
Auxiliary Revenues/Sales & Services of Educational Activities	1,214.5	1,191.3	(23.3)	1,396.1	1,512.8	116.7
Net Investment Income	2,105.5	2,090.1	(15.4)	2,631.6	2,977.3	345.8
Other Operating Revenues/Gift Contributions for Operations	1,005.3	1,237.3	232.0	1,411.7	1,555.1	143.5
Total Revenues	22,729.0	24,487.2	1,758.2	31,725.4	33,177.1	1,451.7
Salaries and Wages/Payroll Related Costs	13,142.3	14,237.7	1,095.4	18,289.1	18,681.0	391.9
Utilities	255.6	237.2	(18.4)	348.5	318.6	(29.9)
Scholarships and Fellowships	444.7	441.0	(3.7)	696.6	638.3	(58.3)
Operations, Maintenance and Travel	6,401.2	7,165.9	764.7	9,485.4 *	10,008.2	522.8
Depreciation and Amortization	1,413.6	1,457.0	43.4	1,960.9	1,972.3	11.3
Total Expenses (Excluding OPEB & Pension Exp)	\$ 21,657.4	23,538.8	1,881.4	30,780.6	31,618.4	837.8
Operating Margin (Excluding OPEB & Pension Exp)	1,071.6	948.4	(123.3)	944.8	1,558.7	613.8
Cash Flow Margin (Excluding OPEB, Pension, Depr & Amort Exp)	2,485.2	2,405.4	(79.8)	2,905.8	3,530.9	625.2

*State appropriations and corresponding expense for TRB/CCAP for all U.T. institutions have been excluded.

Excluding other postemployment benefits (OPEB), pension, and depreciation expense, *U.T. System Consolidated* shows a year-to-date positive cash flow margin of \$2,405.4 million, a decrease of \$79.8 million (3%) from the prior year. The decrease was primarily due to the following: an increase in salaries and wages and payroll related costs across most of the institutions as a result of increases in faculty and staff positions; and an increase in materials and supplies mostly attributable to increased clinical activities.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End For the Period Ending May 31, 2025



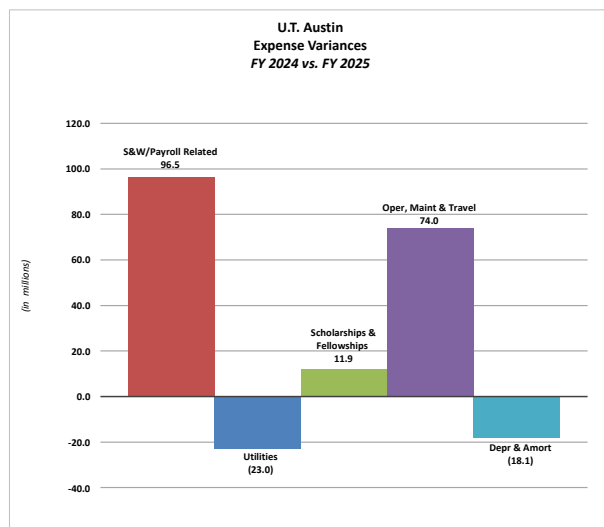
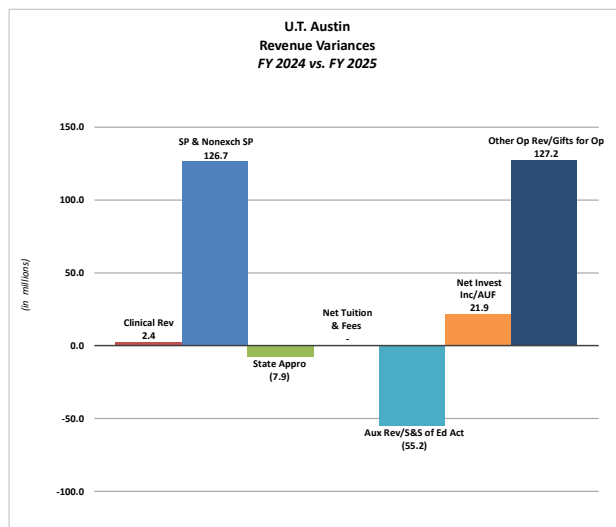
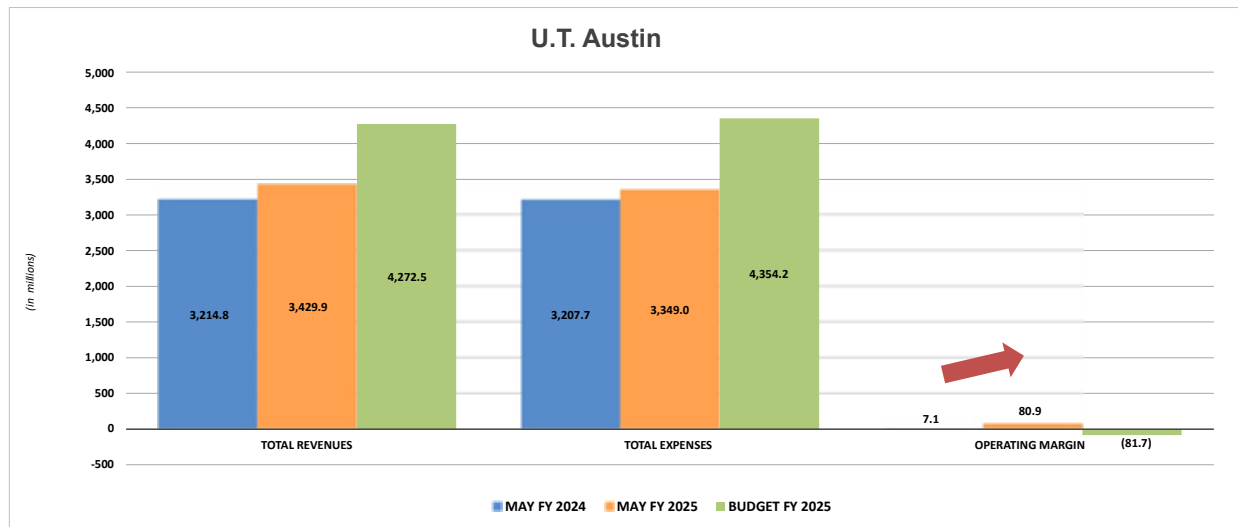
(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 161.9	169.8	7.9	232.1	253.7	21.6
State Appropriations	113.9	130.2	16.3	173.6	173.6	0.0
Net Tuition and Fees	284.0	290.3	6.3	387.0	389.6	2.6
Auxiliary Revenues/Sales & Services of Educational Activities	60.8	66.6	5.7	77.4	76.8	(0.6)
Net Investment Income	35.2	38.3	3.0	37.1	59.5	22.3
Other Operating Revenues/Gift Contributions for Operations	10.1	14.3	4.2	13.6	25.2	11.6
Total Revenues	666.0	709.4	43.4	920.8	978.3	57.5
Salaries and Wages/Payroll Related Costs	384.7	416.8	32.1	529.1	518.5	(10.6)
Utilities	7.9	8.4	0.5	11.1	11.1	0.0
Scholarships and Fellowships	58.5	71.3	12.8	79.9	95.0	15.2
Operations, Maintenance and Travel	164.3	174.7	10.4	250.7	220.5	(30.2)
Depreciation and Amortization	42.9	43.4	0.4	57.8	57.8	0.0
Total Expenses	\$ 658.3	714.6	56.3	928.7	903.0	(25.6)
Operating Margin	7.6	(5.2)	(12.8)	(7.8)	75.3	83.1
Cash Flow Margin (Excludes Depr & Amort Exp)	50.6	38.2	(12.4)	50.0	133.1	83.1

U.T. Arlington reported a year-to-date positive cash flow margin of \$38.2 million, a decrease of \$12.4 million (24%) from the prior year. The decrease was primarily attributable to an increase in salaries and wages and payroll related costs as a result of merit increases, as well as an increase in staff and faculty positions. The most current projection received from U.T. Arlington reflects a cash flow margin of \$133.1 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending May 31, 2025

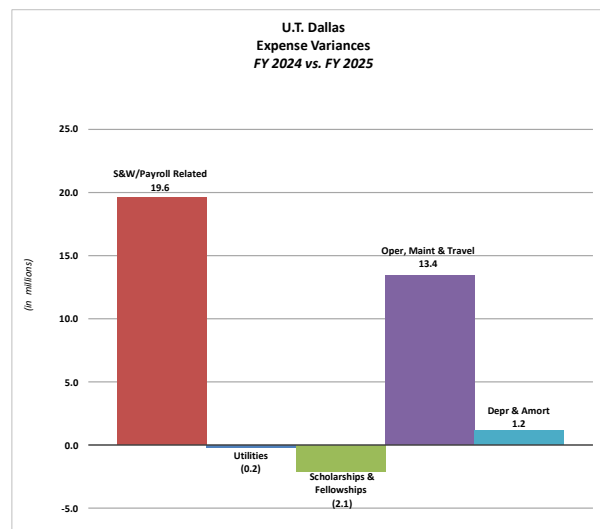
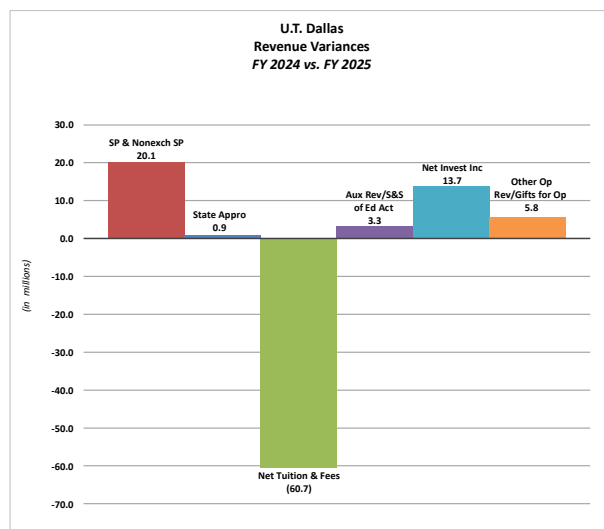
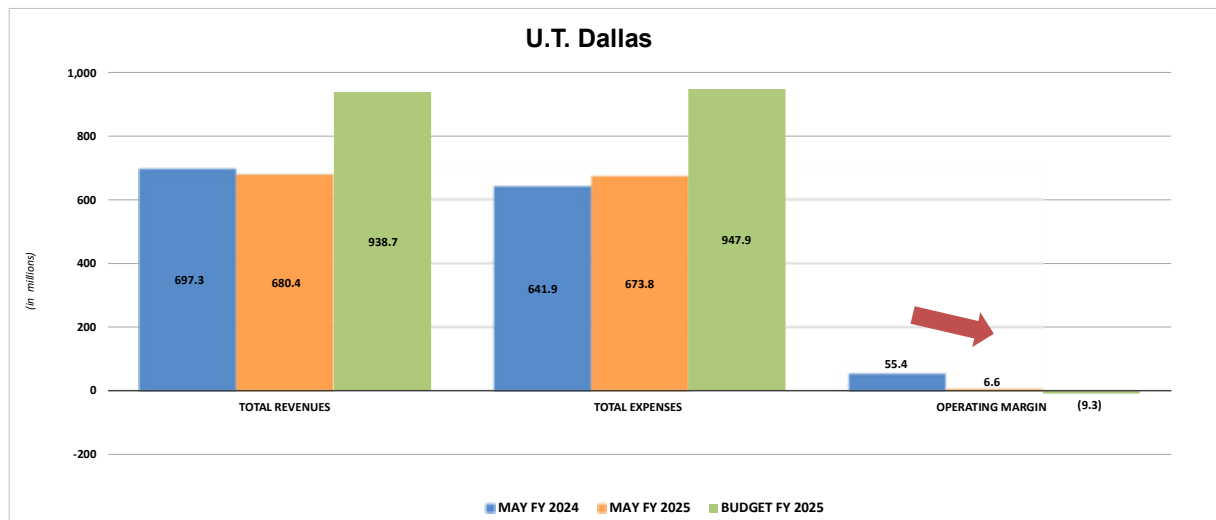


(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 16.3	18.7	2.4	27.1	25.0	(2.1)
Sponsored Programs/Nonexchange Sponsored Programs	834.7	961.4	126.7	1,297.6	1,397.4	99.8
State Appropriations	314.0	306.1	(7.9)	413.8	406.9	(6.9)
Net Tuition and Fees	428.3	428.3	-	574.0	571.0	(3.0)
Auxiliary Revenues/Sales & Services of Educational Activities	700.6	645.4	(55.2)	721.4	798.1	76.7
Net Investment Income/Available University Fund (AUF)	720.3	742.2	21.9	918.6	1,014.4	95.8
Other Operating Revenues/Gift Contributions for Operations	200.7	327.8	127.2	320.0	371.8	51.8
Total Revenues	3,214.8	3,429.9	215.1	4,272.5	4,584.6	312.1
Salaries and Wages/Payroll Related Costs	1,863.6	1,960.1	96.5	2,344.9	2,558.2	213.3
Utilities	87.7	64.7	(23.0)	91.7	81.0	(10.7)
Scholarships and Fellowships	167.0	179.0	11.9	268.5	238.6	(29.9)
Operations, Maintenance and Travel	787.4	861.4	74.0	1,237.7	1,241.9	4.2
Depreciation and Amortization	302.0	283.9	(18.1)	411.4	378.5	(32.9)
Total Expenses	\$ 3,207.7	3,349.0	141.3	4,354.2	4,498.2	144.0
Operating Margin	7.1	80.9	73.8	(81.7)	86.4	168.0
Cash Flow Margin (Excludes Depr & Amort Exp)	309.1	364.8	55.7	329.7	464.9	135.2

U.T. Austin reported a year-to-date positive cash flow margin of \$364.8 million, an increase of \$55.7 million (18%) from the prior year. The increase was primarily due to an increase in gift contributions for operations as a result of a pledge received from Tench Cox in support of cancer research and care, as well as large gifts received from the Michael and Susan Dell Foundation. The most current projection received from U.T. Austin reflects a cash flow margin of \$464.9 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End For the Period Ending May 31, 2025

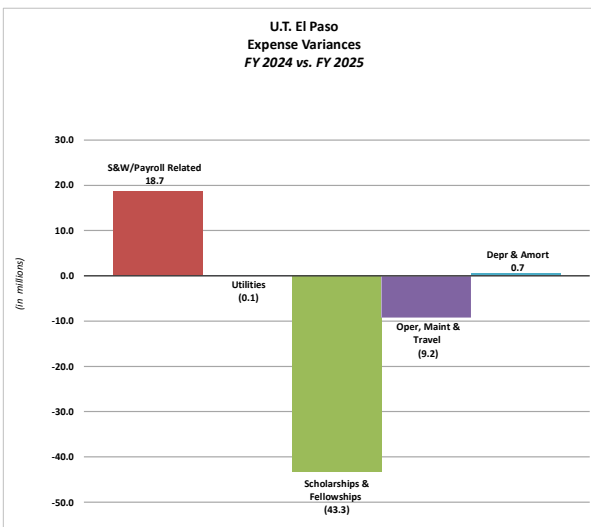
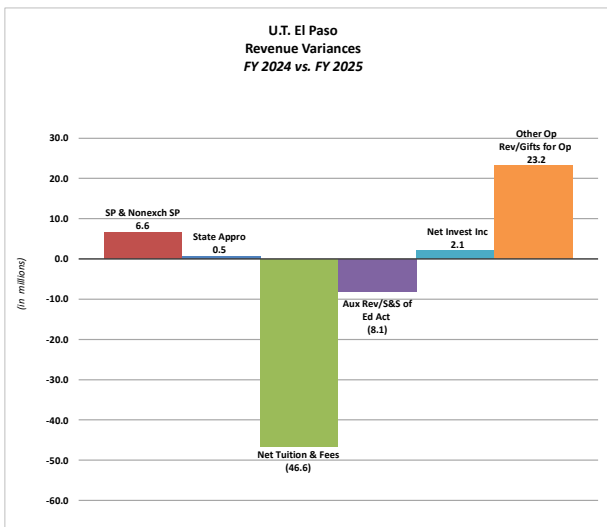
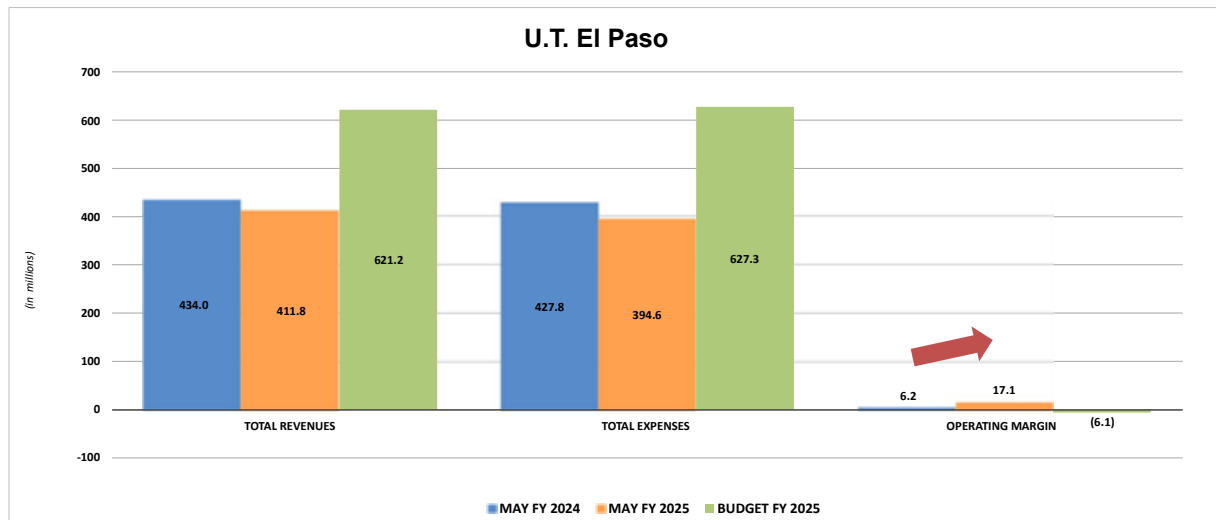


(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 112.1	132.2	20.1	170.6	176.2	5.6
State Appropriations	135.0	135.9	0.9	187.0	181.1	(5.9)
Net Tuition and Fees	302.7	242.1	(60.7)	374.8	322.7	(52.0)
Auxiliary Revenues/Sales & Services of Educational Activities	76.2	79.5	3.3	99.3	105.9	6.6
Net Investment Income	53.6	67.3	13.7	78.3	89.8	11.4
Other Operating Revenues/Gift Contributions for Operations	17.8	23.6	5.8	28.7	31.4	2.7
Total Revenues	697.3	680.4	(16.9)	938.7	907.2	(31.5)
Salaries and Wages/Payroll Related Costs	393.5	413.1	19.6	562.4	550.8	(11.7)
Utilities	11.5	11.3	(0.2)	17.3	15.1	(2.3)
Scholarships and Fellowships	34.8	32.8	(2.1)	50.6	43.7	(6.9)
Operations, Maintenance and Travel	125.3	138.7	13.4	215.5	185.0	(30.6)
Depreciation and Amortization	76.8	77.9	1.2	102.1	103.9	1.9
Total Expenses	\$ 641.9	673.8	31.9	947.9	898.4	(49.5)
Operating Margin	55.4	6.6	(48.8)	(9.3)	8.8	18.0
Cash Flow Margin (Excludes Depr & Amort Exp)	132.2	84.5	(47.7)	92.8	112.7	19.9

U.T. Dallas reported a year-to-date positive cash flow margin of \$84.5 million, a decrease of \$47.7 million (36%) from the prior year. The decrease was primarily attributable to a decrease in net student tuition and fees as a result of a decrease in graduate enrollment hours. The most current projection received from U.T. Dallas reflects a cash flow margin of \$112.7 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End For the Period Ending May 31, 2025

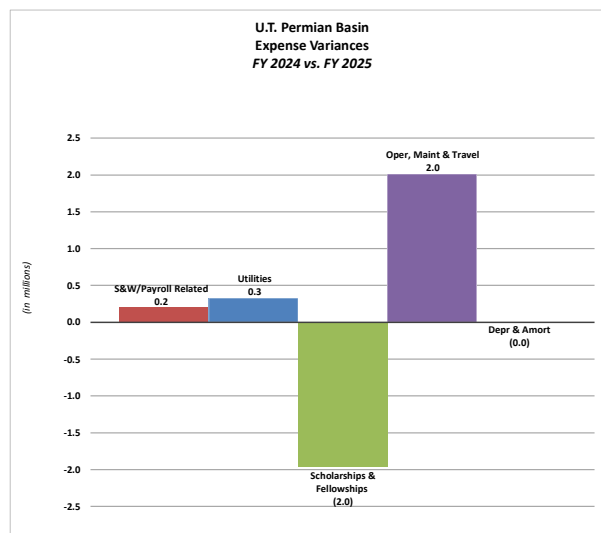
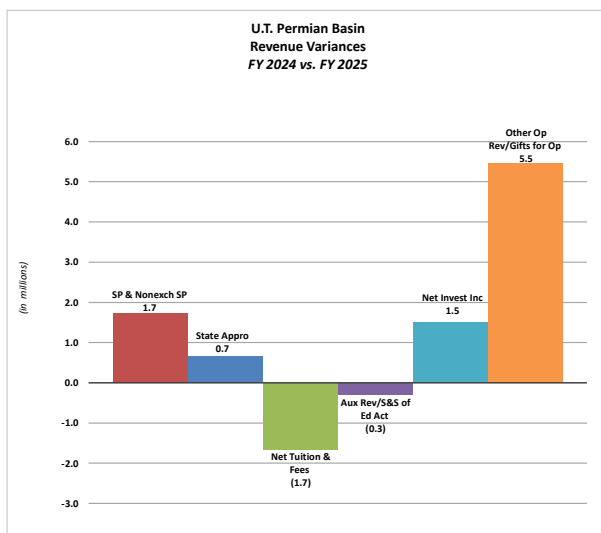
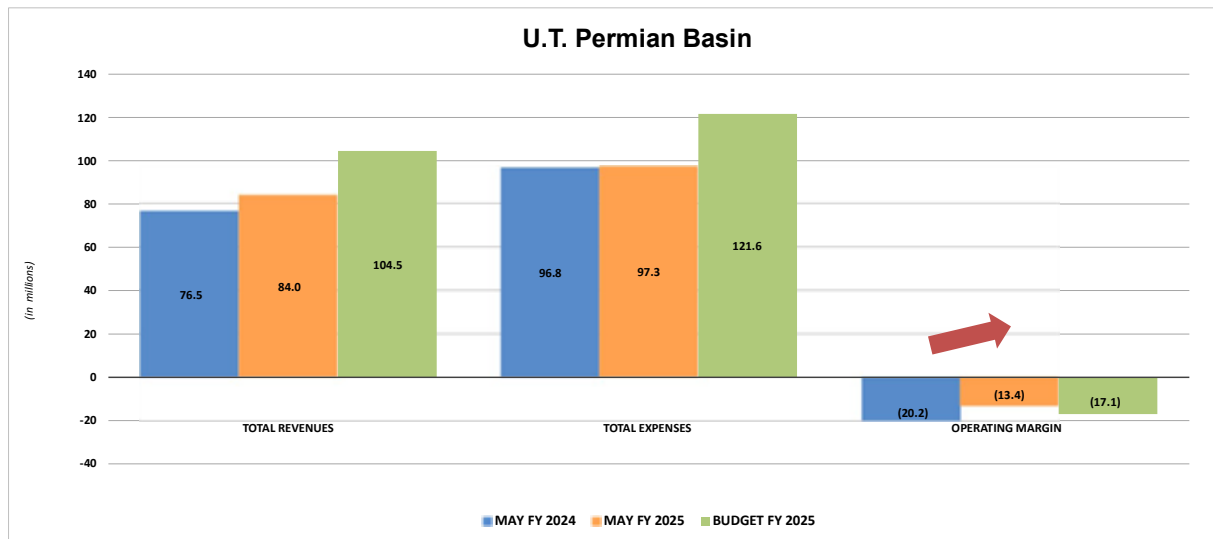


(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 142.0	148.5	6.6	221.4	238.1	16.7
State Appropriations	96.8	97.3	0.5	135.5	126.5	(8.9)
Net Tuition and Fees	117.8	71.2	(46.6)	151.1	91.1	(60.0)
Auxiliary Revenues/Sales & Services of Educational Activities	46.8	38.6	(8.1)	71.2	64.6	(6.6)
Net Investment Income	21.6	23.7	2.1	32.0	37.2	5.1
Other Operating Revenues/Gift Contributions for Operations	9.1	32.3	23.2	10.1	36.1	26.1
Total Revenues	434.0	411.8	(22.2)	621.2	593.7	(27.5)
Salaries and Wages/Payroll Related Costs	244.9	263.6	18.7	339.9	340.7	0.8
Utilities	6.2	6.1	(0.1)	9.9	9.5	(0.4)
Scholarships and Fellowships	53.6	10.2	(43.3)	84.1	37.7	(46.4)
Operations, Maintenance and Travel	96.7	87.5	(9.2)	155.7	140.9	(14.7)
Depreciation and Amortization	26.4	27.1	0.7	37.7	37.8	0.1
Total Expenses	\$ 427.8	394.6	(33.2)	627.3	566.7	(60.6)
Operating Margin	6.2	17.1	10.9	(6.1)	27.0	33.1
Cash Flow Margin (Excludes Depr & Amort Exp)	32.7	44.3	11.6	31.6	64.8	33.2

U.T. El Paso reported a year-to-date positive cash flow margin of \$44.3 million, an increase of \$11.6 million (35%) from the prior year. The increase was primarily due to an increase in gift contributions for operations attributable to increased pledge commitments and gifts. The most current projection received from U.T. El Paso reflects a cash flow margin of \$64.8 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End For the Period Ending May 31, 2025



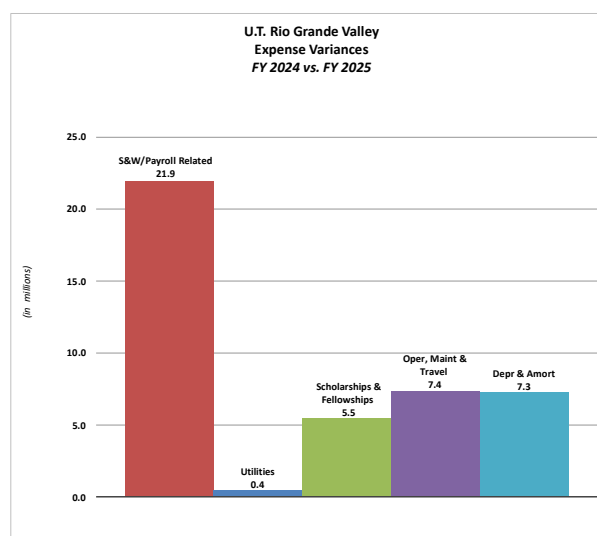
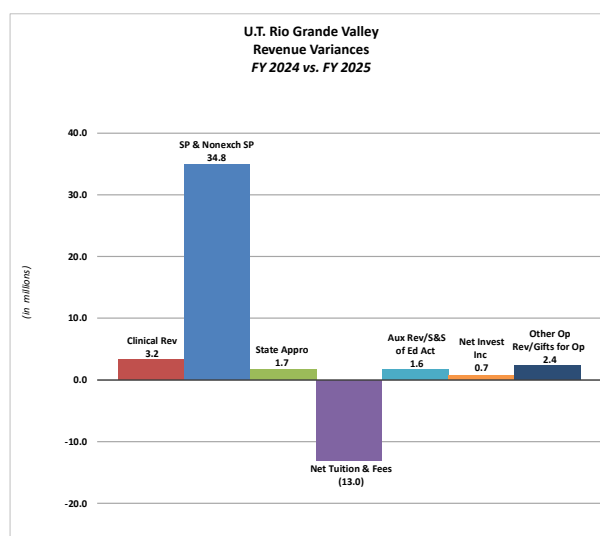
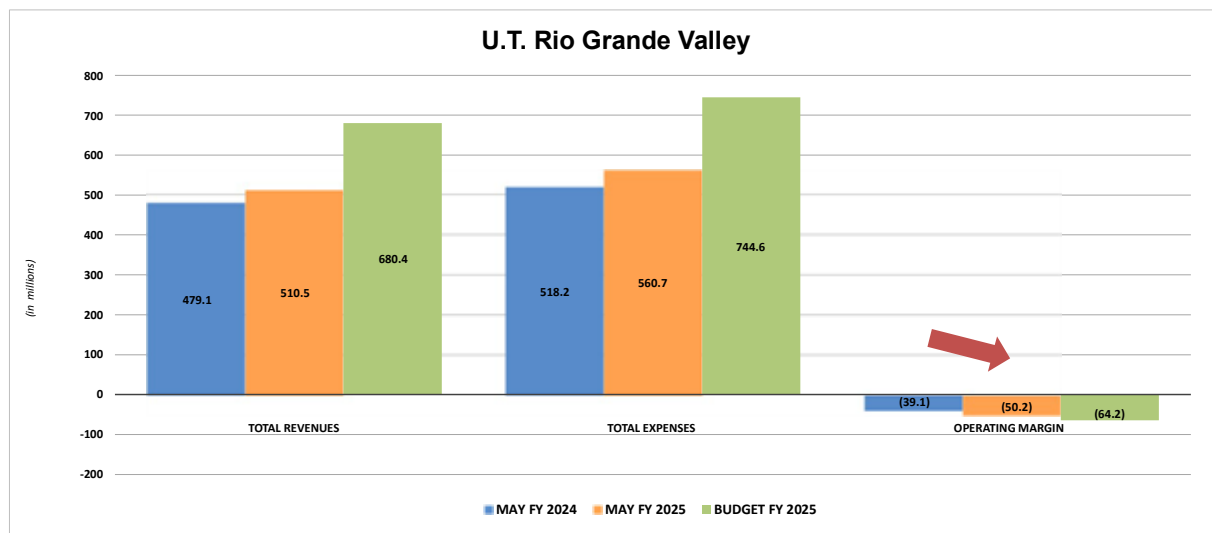
(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 14.6	16.3	1.7	22.3	26.4	4.2
State Appropriations	22.1	22.8	0.7	31.0	30.4	(0.6)
Net Tuition and Fees	23.3	21.7	(1.7)	30.4	28.9	(1.6)
Auxiliary Revenues/Sales & Services of Educational Activities	6.3	6.0	(0.3)	8.4	7.7	(0.7)
Net Investment Income	3.8	5.3	1.5	4.2	6.2	2.0
Other Operating Revenues/Gift Contributions for Operations	6.4	11.9	5.5	8.2	17.3	9.1
Total Revenues	76.5	84.0	7.4	104.5	116.8	12.3
Salaries and Wages/Payroll Related Costs	45.3	45.5	0.2	62.6	60.7	(1.9)
Utilities	1.6	1.9	0.3	3.2	2.7	(0.6)
Scholarships and Fellowships	9.6	7.7	(2.0)	9.7	10.2	0.6
Operations, Maintenance and Travel	24.3	26.3	2.0	24.8	39.2	14.4
Depreciation and Amortization	16.0	16.0	(0.0)	21.3	21.3	0.0
Total Expenses	\$ 96.8	97.3	0.6	121.6	134.0	12.5
Operating Margin	(20.2)	(13.4)	6.8	(17.1)	(17.2)	(0.1)
Cash Flow Margin (Excludes Depr & Amort Exp)	(4.2)	2.6	6.8	4.2	4.1	(0.1)

U.T. Permian Basin reported a year-to-date positive cash flow margin of \$2.6 million, an increase of \$6.8 million (161%) from the prior year. The increase was primarily attributable to the following: an increase in gift contributions for operations as a result of an increase in gift activity as compared to the prior year; and an increase in sponsored programs due to Texas B-On-Time funding received in the current fiscal year. The most current projection received from U.T. Permian Basin reflects a cash flow margin of \$4.1 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending May 31, 2025



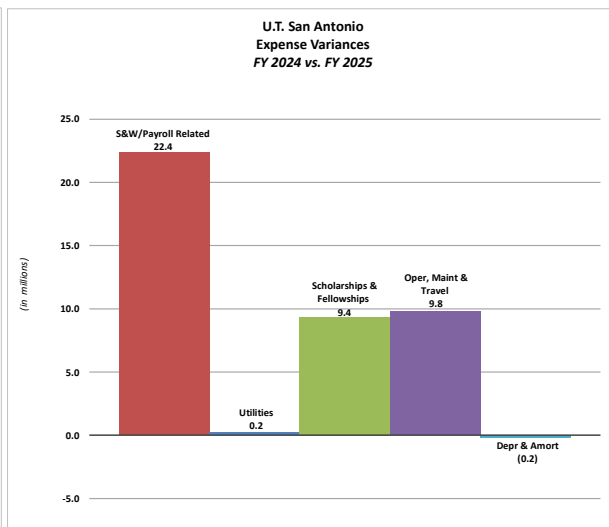
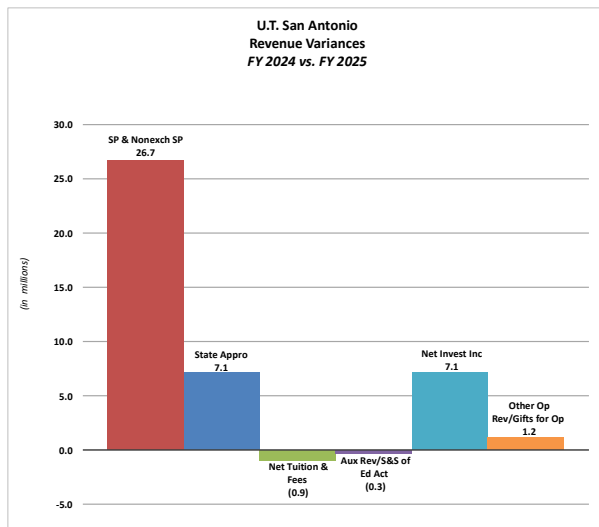
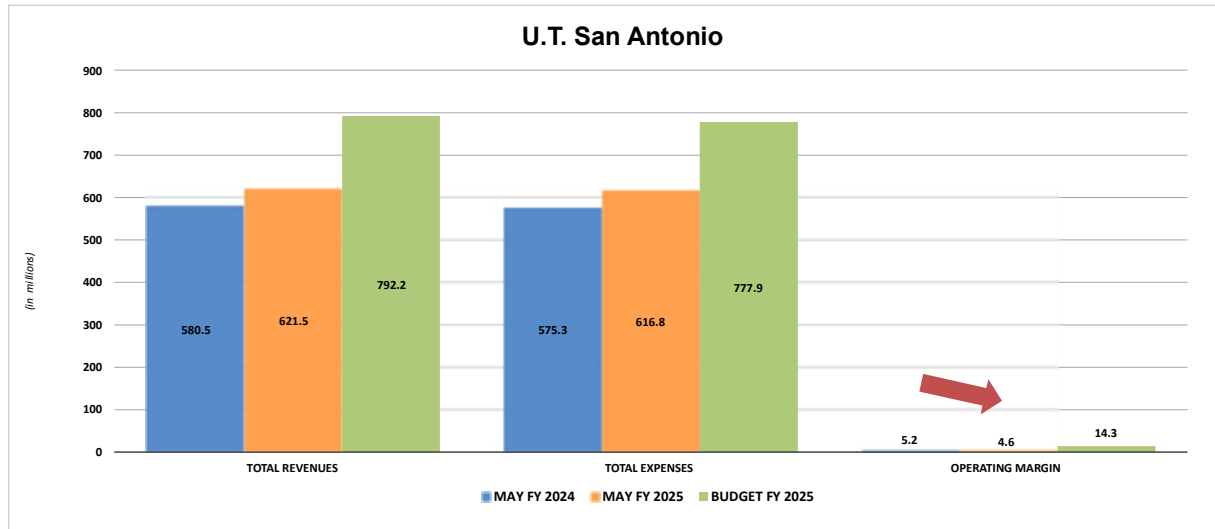
(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 12.0	15.2	3.2	19.5	17.7	(1.9)
Sponsored Programs/Nonexchange Sponsored Programs	175.9	210.7	34.8	265.2	317.7	52.6
State Appropriations	139.9	141.6	1.7	187.3	188.8	1.5
Net Tuition and Fees	97.9	84.9	(13.0)	147.1	113.2	(33.9)
Auxiliary Revenues/Sales & Services of Educational Activities	16.2	17.8	1.6	22.5	22.1	(0.4)
Net Investment Income	16.6	17.3	0.7	22.7	23.1	0.4
Other Operating Revenues/Gift Contributions for Operations	20.6	23.0	2.4	16.1	30.8	14.7
Total Revenues	479.1	510.5	31.4	680.4	713.4	33.0
Salaries and Wages/Payroll Related Costs	354.1	376.1	21.9	477.1	485.6	8.4
Utilities	6.9	7.3	0.4	12.9	12.3	(0.6)
Scholarships and Fellowships	28.0	33.5	5.5	66.3	67.1	0.8
Operations, Maintenance and Travel	83.0	90.4	7.4	110.4	133.2	22.8
Depreciation and Amortization	46.2	53.5	7.3	77.9	77.8	(0.1)
Total Expenses	\$ 518.2	560.7	42.5	744.6	775.9	31.3
Operating Margin	(39.1)	(50.2)	(11.1)	(64.2)	(62.6)	1.7
Cash Flow Margin (Excludes Depr & Amort Exp)	7.1	3.3	(3.8)	13.7	15.2	1.5

U.T. Rio Grande Valley reported a year-to-date positive cash flow margin of \$3.3 million, a decrease of \$3.8 million (54%) from the prior year. The decrease was primarily due to the following: an increase in salaries and wages and payroll related costs attributable to an increase in staff and faculty positions; and an increase in operations, maintenance and travel as a result of an increase in materials and supplies attributable to EPIC software implementation costs, as well as an increase in professional fees and services due to increases in School of Podiatric Medicine consultants and transportation services. The most current projection received from U.T. Rio Grande Valley reflects a cash flow margin of \$15.2 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending May 31, 2025



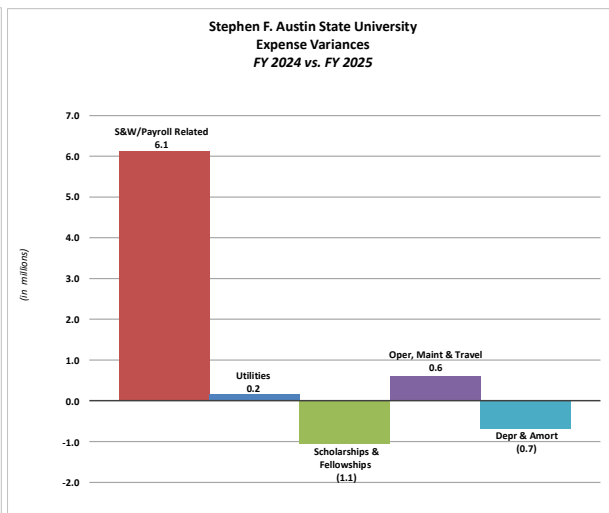
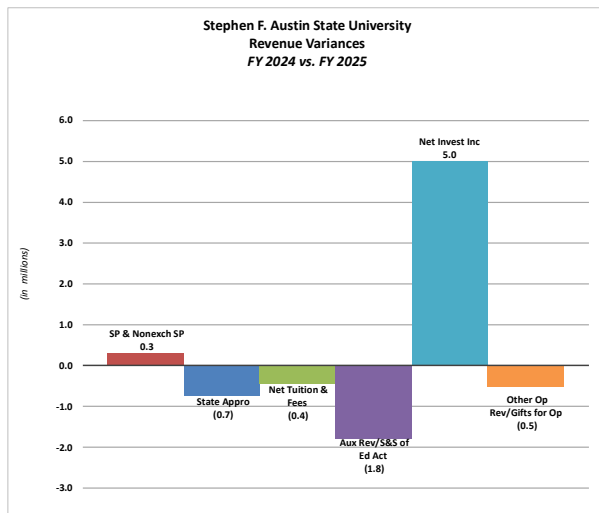
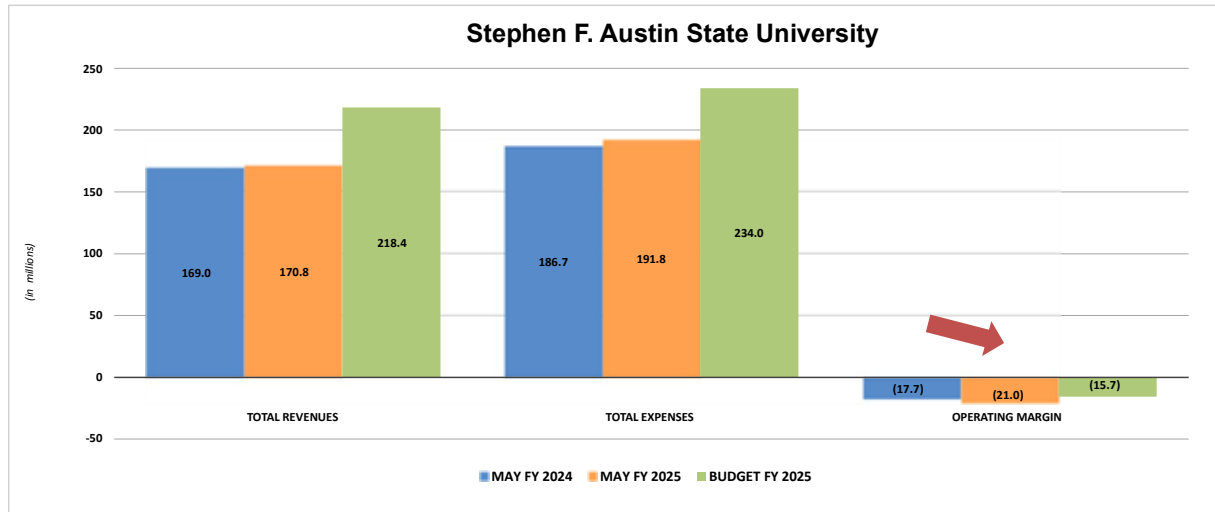
(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 148.6	175.4	26.7	233.8	233.8	0.0
State Appropriations	136.8	144.0	7.1	176.3	192.0	15.7
Net Tuition and Fees	197.6	196.7	(0.9)	249.2	262.3	13.1
Auxiliary Revenues/Sales & Services of Educational Activities	62.2	61.9	(0.3)	79.6	82.5	2.8
Net Investment Income	23.9	31.1	7.1	35.9	41.4	5.5
Other Operating Revenues/Gift Contributions for Operations	11.3	12.5	1.2	17.4	16.7	(0.7)
Total Revenues	580.5	621.5	40.9	792.2	828.6	36.4
Salaries and Wages/Payroll Related Costs	325.6	347.9	22.4	448.7	463.9	15.2
Utilities	13.3	13.5	0.2	19.0	18.0	(1.0)
Scholarships and Fellowships	47.9	57.3	9.4	79.6	76.4	(3.2)
Operations, Maintenance and Travel	128.9	138.7	9.8	146.7	184.0	37.3
Depreciation and Amortization	59.6	59.4	(0.2)	83.9	79.2	(4.7)
Total Expenses	\$ 575.3	616.8	41.5	777.9	821.5	43.7
Operating Margin	5.2	4.6	(0.6)	14.3	7.1	(7.2)
Cash Flow Margin (Excludes Depr & Amort Exp)	64.8	64.1	(0.8)	98.2	86.3	(11.9)

U.T. San Antonio reported a year-to-date positive cash flow margin of \$64.1 million, a decrease of \$0.8 million (1%) from the prior year. The decrease was primarily attributable to the following: an increase in salaries and wages and payroll related costs due to the University implementing its strategic compensation plan; and an increase in operations, maintenance and travel as a result of an increase in professional fees and services attributable to an increase in consulting services related to the integration with U.T. Health Science Center - San Antonio, as well as the University's compensation study. The most current projection received from U.T. San Antonio reflects a cash flow margin of \$86.3 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending May 31, 2025



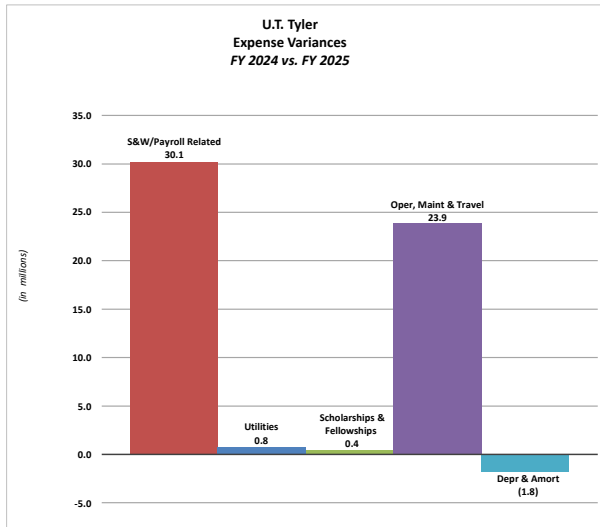
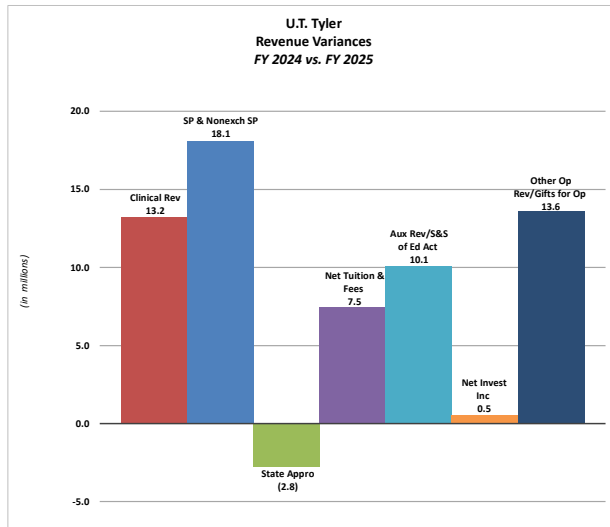
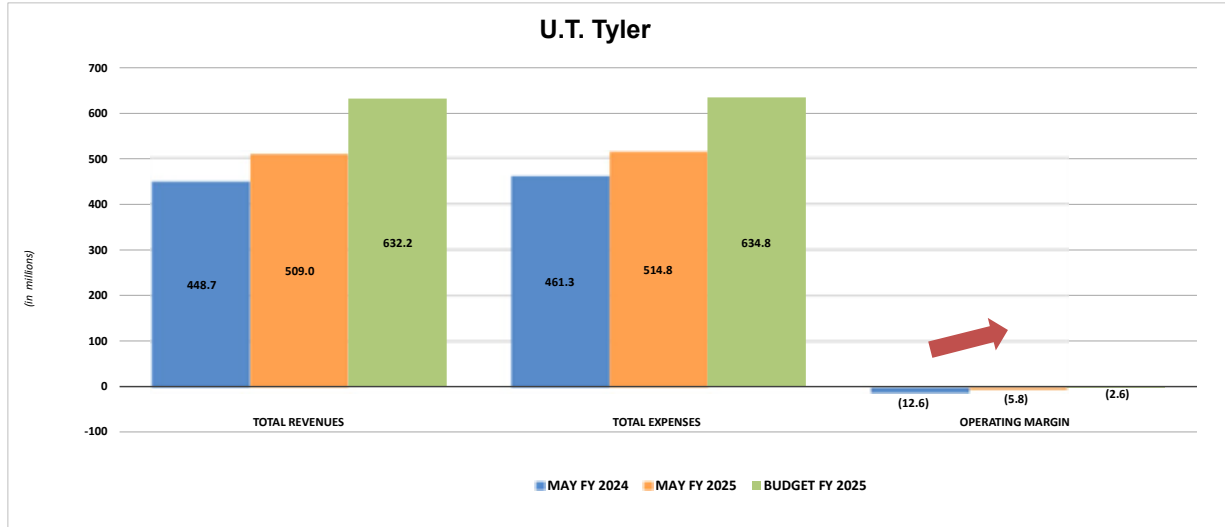
(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 34.0	34.3	0.3	41.3	42.6	1.3
State Appropriations	40.6	39.9	(0.7)	53.5	53.1	(0.3)
Net Tuition and Fees	42.4	41.9	(0.4)	56.7	56.2	(0.5)
Auxiliary Revenues/Sales & Services of Educational Activities	33.2	31.5	(1.8)	43.9	41.9	(2.0)
Net Investment Income	10.9	15.9	5.0	10.7	20.8	10.2
Other Operating Revenues/Gift Contributions for Operations	7.9	7.4	(0.5)	12.3	8.5	(3.8)
Total Revenues	169.0	170.8	1.8	218.4	223.2	4.8
Salaries and Wages/Payroll Related Costs	114.0	120.1	6.1	143.8	151.7	7.8
Utilities	4.9	5.1	0.2	5.1	5.6	0.5
Scholarships and Fellowships	6.5	5.5	(1.1)	3.5	7.3	3.8
Operations, Maintenance and Travel	44.0	44.6	0.6	58.6	56.9	(1.7)
Depreciation and Amortization	17.3	16.6	(0.7)	23.0	22.5	(0.5)
Total Expenses	\$ 186.7	191.8	5.2	234.0	243.9	9.9
Operating Margin	(17.7)	(21.0)	(3.3)	(15.7)	(20.8)	(5.1)
Cash Flow Margin (Excludes Depr & Amort Exp)	(0.4)	(4.4)	(4.0)	7.3	1.7	(5.6)

Stephen F. Austin State University incurred a year-to-date cash flow margin loss of \$4.4 million, an increase in loss of \$4.0 million (997%) from the prior year. The increase in loss was primarily attributable to an increase in salaries and wages and payroll related costs as a result of vacant positions being filled. The most current projection received from Stephen F. Austin State University reflects a cash flow margin of \$1.7 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending May 31, 2025



(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 148.8	162.0	13.2	213.4	216.2	2.8
Sponsored Programs/Nonexchange Sponsored Programs	125.1	143.2	18.1	168.3	183.4	15.1
State Appropriations	79.5	76.7	(2.8)	103.0	103.0	0.0
Net Tuition and Fees	48.8	56.2	7.5	71.5	74.1	2.6
Auxiliary Revenues/Sales & Services of Educational Activities	24.8	34.9	10.1	41.1	45.8	4.7
Net Investment Income	9.6	10.1	0.5	13.6	13.1	(0.5)
Other Operating Revenues/Gift Contributions for Operations	12.2	25.8 *	13.6	21.3	26.9 *	5.6
Total Revenues	448.7	509.0	60.3	632.2	662.5	30.3
Salaries and Wages/Payroll Related Costs	299.7	329.8	30.1	411.2	434.1	22.9
Utilities	3.8	4.6	0.8	5.9	6.1	0.2
Scholarships and Fellowships	13.0	13.5	0.4	9.7	15.6	5.9
Operations, Maintenance and Travel	118.9	142.8	23.9	169.7	192.1	22.3
Depreciation and Amortization	25.9	24.1	(1.8)	38.3	33.4	(4.9)
Total Expenses	\$ 461.3	514.8	53.4	634.8	681.2	46.4
Operating Margin	(12.6)	(5.8)	6.9	(2.6)	(18.7)	(16.1)
Cash Flow Margin (Excludes Depr & Amort Exp)	13.3	18.3	5.1	35.7	14.7	(21.0)

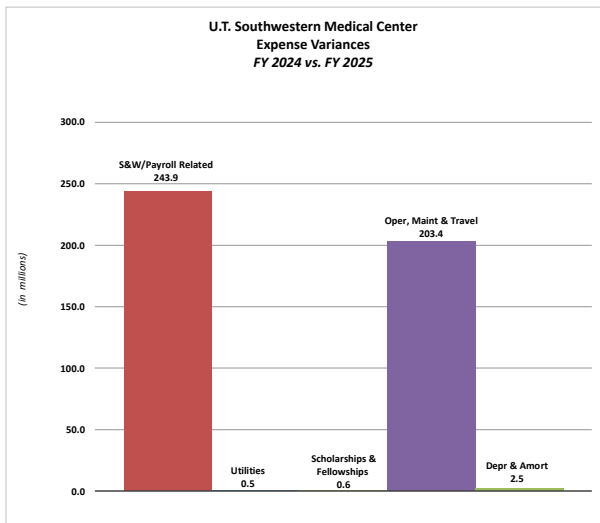
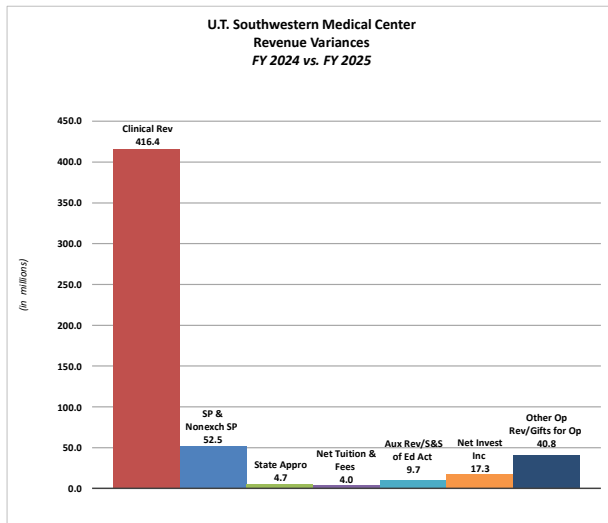
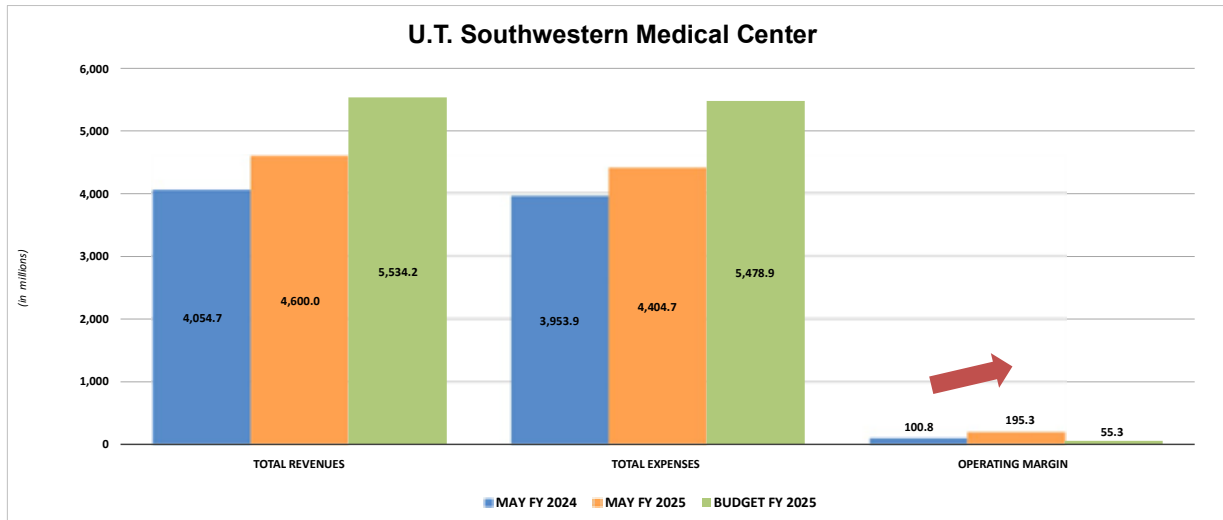
*Other Operating Income includes 30% of UTHET's net adjusted loss which was \$0.1 million through May. U.T. Tyler's year-end projection includes \$0.3 million of UTHET's net adjusted income for the year.

U.T. Tyler reported a year-to-date positive cash flow margin of \$18.3 million, an increase of \$5.1 million (38%) from the prior year. The increase was primarily due to the following: an increase in clinical revenues attributable to an increase in patient volumes, as well as continued growth of the practice plan; and an increase in gift contributions for operations due to an increase in gift activity as compared to the prior year. The most current projection received from U.T. Tyler reflects a cash flow margin of \$14.7 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending May 31, 2025



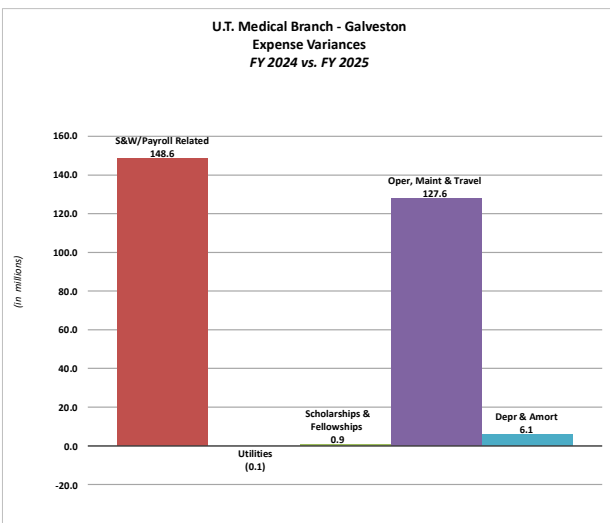
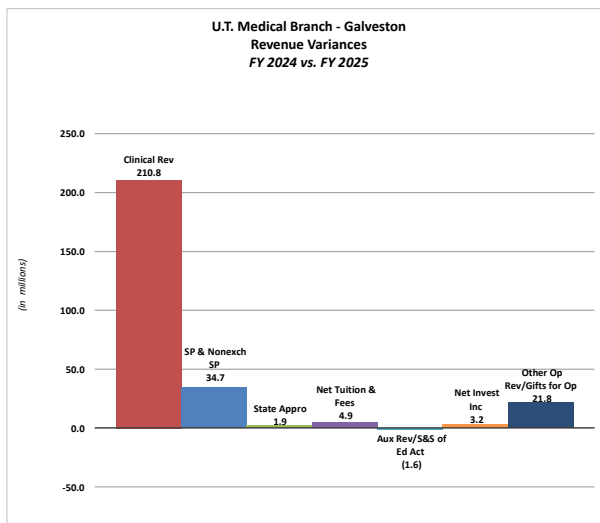
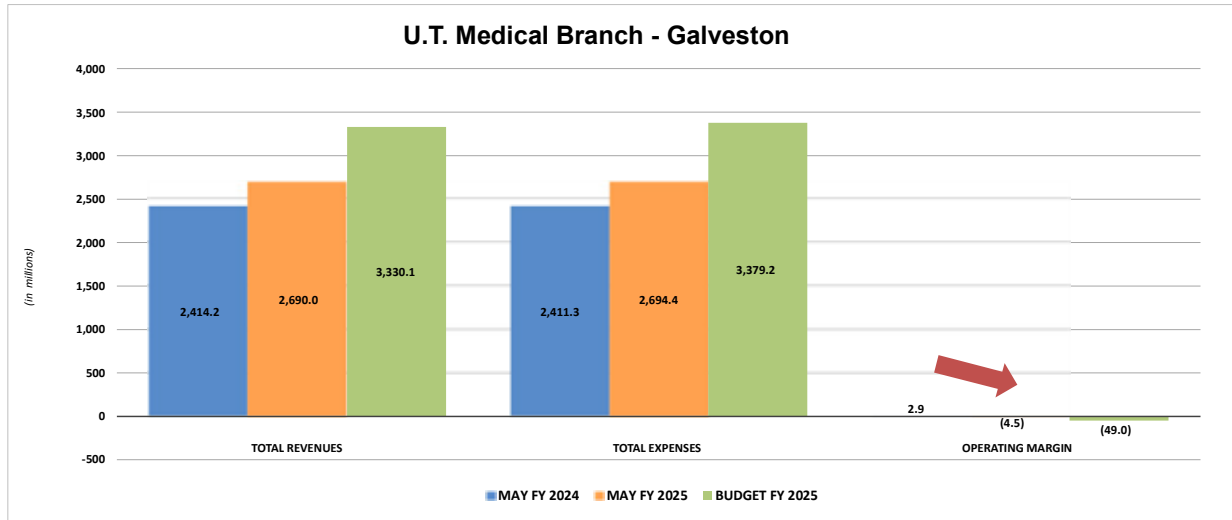
(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 2,628.8	3,045.2	416.4	3,647.0	4,066.0	419.0
Sponsored Programs/Nonexchange Sponsored Programs	733.6	786.1	52.5	1,025.9	1,055.1	29.2
State Appropriations	165.9	170.6	4.7	233.4	227.8	(5.6)
Net Tuition and Fees	22.0	26.0	4.0	29.9	30.7	0.8
Auxiliary Revenues/Sales & Services of Educational Activities	38.2	47.9	9.7	56.4	63.8	7.4
Net Investment Income	155.3	172.6	17.3	188.2	221.2	33.1
Other Operating Revenues/Gift Contributions for Operations	310.9	351.7	40.8	353.4	447.0	93.6
Total Revenues	4,054.7	4,600.0	545.3	5,534.2	6,111.6	577.4
Salaries and Wages/Payroll Related Costs	2,443.3	2,687.1	243.9	3,534.6	3,610.1	75.5
Utilities	22.7	23.3	0.5	32.7	31.0	(1.7)
Scholarships and Fellowships	2.7	3.3	0.6	7.4	7.1	(0.4)
Operations, Maintenance and Travel	1,275.6	1,479.0	203.4	1,617.3	1,987.7	370.5
Depreciation and Amortization	209.6	212.1	2.5	286.9	282.8	(4.1)
Total Expenses	\$ 3,953.9	4,404.7	450.8	5,478.9	5,918.7	439.8
Operating Margin	100.8	195.3	94.5	55.3	192.9	137.6
Cash Flow Margin (Excludes Depr & Amort Exp)	310.4	407.4	97.0	342.2	475.7	133.5

U.T. Southwestern Medical Center reported a year-to-date positive cash flow margin of \$407.4 million, an increase of \$97.0 million (31%) from the prior year. The increase was primarily due to an increase in clinical revenues as a result of increased outpatient and inpatient visits, as well as increased admissions. The most current projection received from U.T. Southwestern Medical Center reflects a cash flow margin of \$475.7 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending May 31, 2025

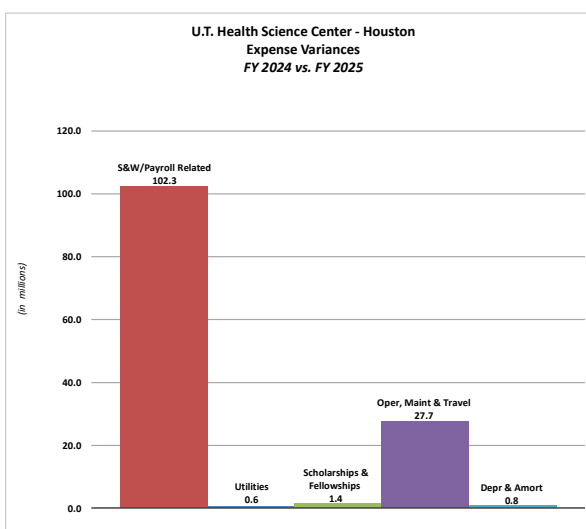
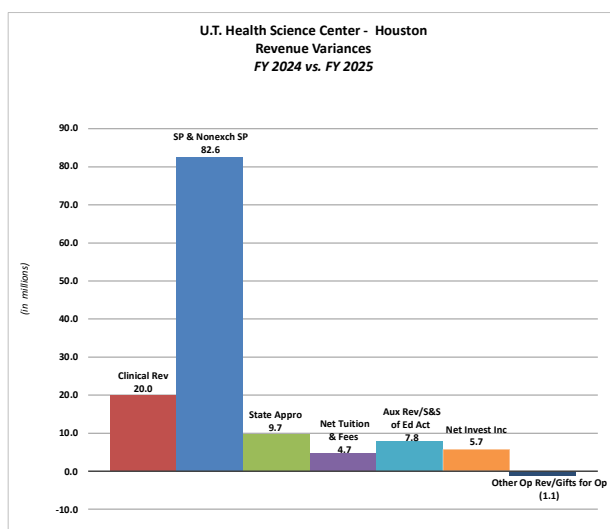
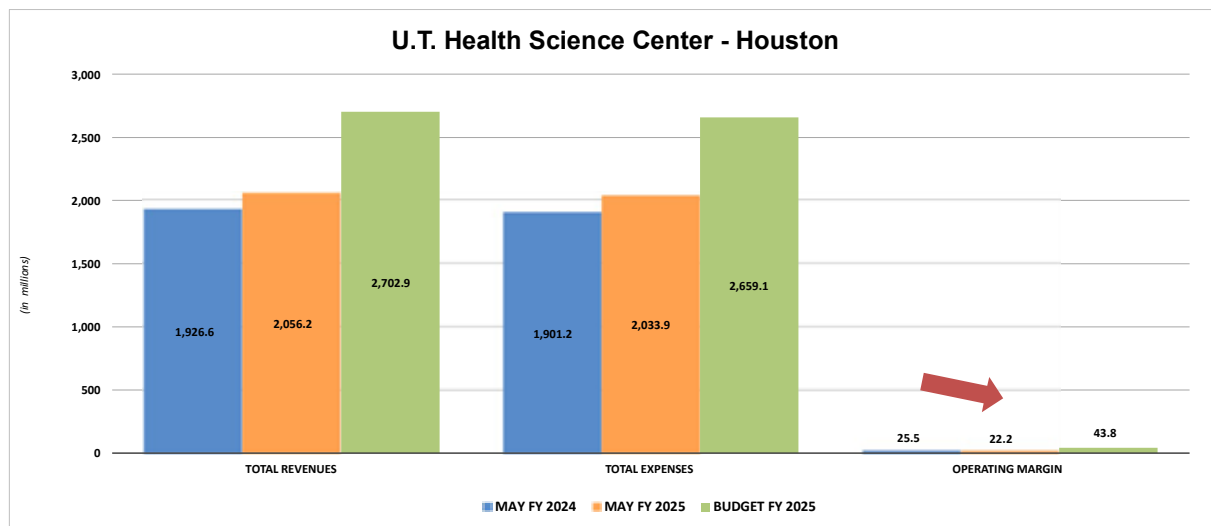


(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 1,670.4	1,881.2	210.8	2,298.7	2,485.2	186.6
Sponsored Programs/Nonexchange Sponsored Programs	217.6	252.3	34.7	286.6	338.5	51.9
State Appropriations	293.0	294.9	1.9	392.4	392.6	0.1
Net Tuition and Fees	38.2	43.1	4.9	52.9	55.3	2.4
Auxiliary Revenues/Sales & Services of Educational Activities	23.7	22.1	(1.6)	27.7	29.4	1.7
Net Investment Income	64.1	67.3	3.2	83.4	86.6	3.2
Other Operating Revenues/Gift Contributions for Operations	107.3	129.1	21.8	188.6	173.3	(15.3)
Total Revenues	2,414.2	2,690.0	275.8	3,330.1	3,560.8	230.7
Salaries and Wages/Payroll Related Costs	1,465.3	1,613.9	148.6	2,076.9	2,164.1	87.2
Utilities	25.2	25.1	(0.1)	46.4	36.1	(10.3)
Scholarships and Fellowships	7.0	7.9	0.9	12.7	10.5	(2.2)
Operations, Maintenance and Travel	744.2	871.8	127.6	1,006.2	1,137.7	131.5
Depreciation and Amortization	169.6	175.7	6.1	236.9	237.5	0.6
Total Expenses	\$ 2,411.3	2,694.4	283.1	3,379.2	3,585.8	206.6
Operating Margin	2.9	(4.5)	(7.3)	(49.0)	(25.0)	24.0
Cash Flow Margin (Excludes Depr & Amort Exp)	172.4	171.2	(1.2)	187.9	212.5	24.6

U.T. Medical Branch - Galveston reported a year-to-date positive cash flow margin of \$171.2 million, a decrease of \$1.2 million (1%) from the prior year. The decrease was primarily attributable to the following: an increase in salaries and wages and payroll related costs due to an increase in clinical staffing, combined with merit and market increases; and an increase in operations, maintenance and travel attributable to an increase in materials and supplies associated with increased clinical activities. The most current projection received from U.T. Medical Branch - Galveston reflects a cash flow margin of \$212.5 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End For the Period Ending May 31, 2025

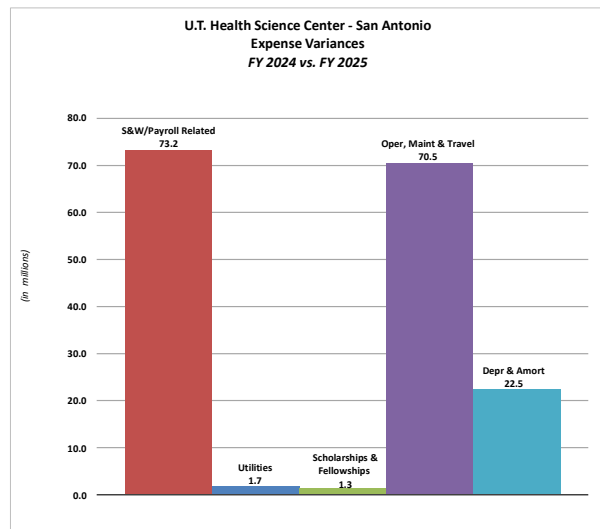
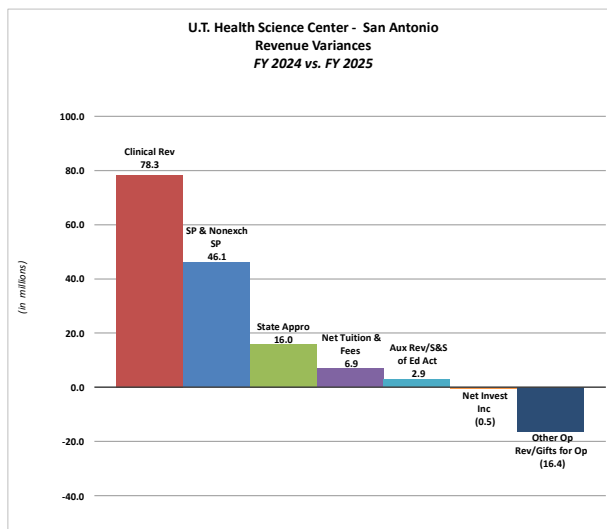
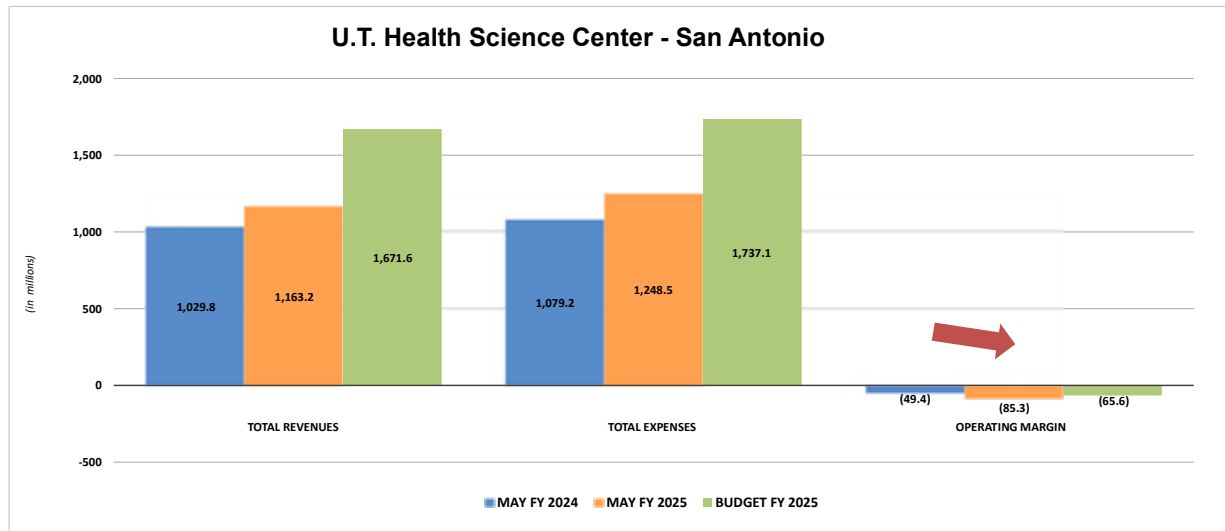


(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 544.8	564.8	20.0	750.8	756.1	5.4
Sponsored Programs/Nonexchange Sponsored Programs	921.6	1,004.2	82.6	1,338.6	1,345.2	6.6
State Appropriations	188.1	197.9	9.7	262.7	249.9	(12.9)
Net Tuition and Fees	54.8	59.5	4.7	64.6	72.1	7.5
Auxiliary Revenues/Sales & Services of Educational Activities	66.2	74.1	7.8	57.4	88.1	30.7
Net Investment Income	90.4	96.1	5.7	106.9	123.9	17.0
Other Operating Revenues/Gift Contributions for Operations	60.6	59.6	(1.1)	121.9	77.2	(44.8)
Total Revenues	1,926.6	2,056.2	129.5	2,702.9	2,712.5	9.6
Salaries and Wages/Payroll Related Costs	1,499.3	1,601.6	102.3	2,077.8	2,112.4	34.6
Utilities	10.6	11.2	0.6	16.5	14.9	(1.6)
Scholarships and Fellowships	6.7	8.1	1.4	5.4	12.0	6.6
Operations, Maintenance and Travel	301.5	329.2	27.7	472.7	447.1	(25.6)
Depreciation and Amortization	83.1	83.9	0.8	86.6	111.9	25.3
Total Expenses	\$ 1,901.2	2,033.9	132.7	2,659.1	2,698.3	39.2
Operating Margin	25.5	22.2	(3.2)	43.8	14.2	(29.6)
Cash Flow Margin (Excludes Depr & Amort Exp)	108.6	106.2	(2.4)	130.4	126.1	(4.4)

U.T. Health Science Center - Houston reported a year-to-date positive cash flow margin of \$106.2 million, a decrease of \$2.4 million (2%) from the prior year. The decrease was primarily due to an increase in salaries and wages and payroll related costs attributable to an increase in staff and faculty positions associated with enhanced clinical activities, as well as market adjustments. The most current projection received from U.T. Health Science Center - Houston reflects a cash flow margin of \$126.1 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End For the Period Ending May 31, 2025



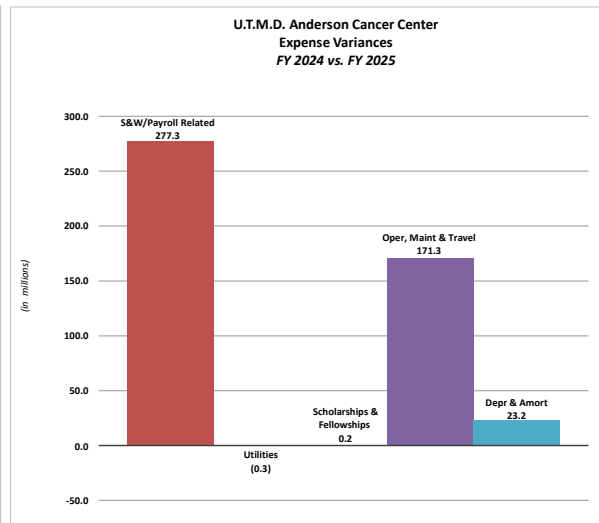
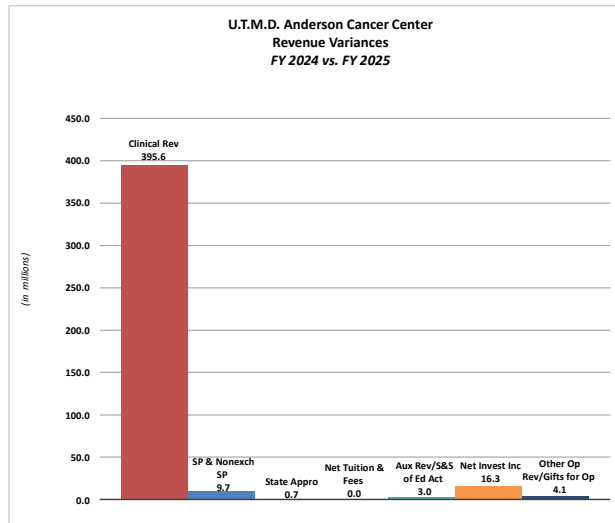
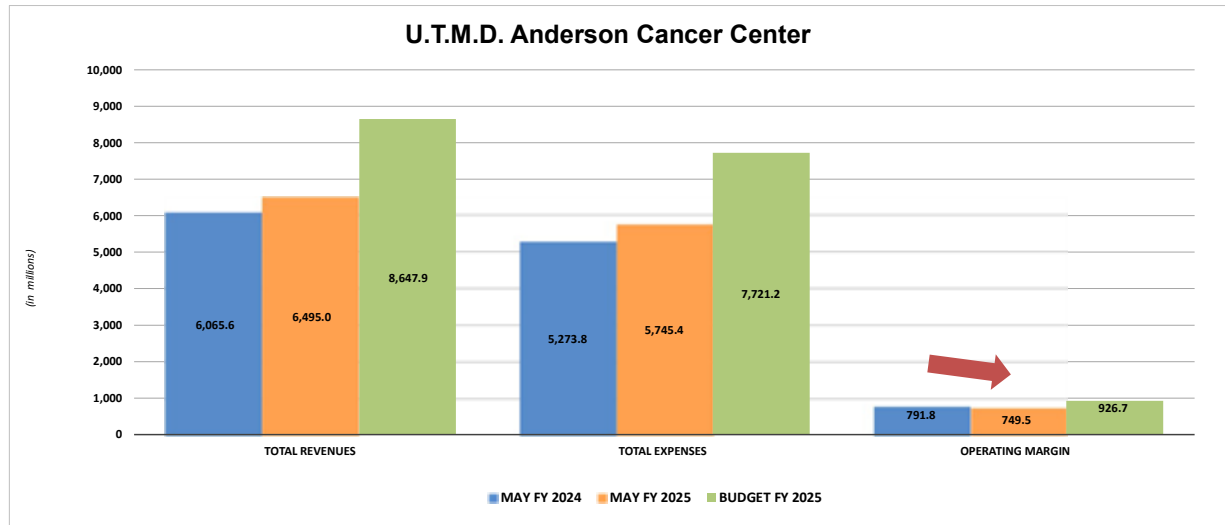
(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 287.6	365.9	78.3	593.3	572.2	(21.2)
Sponsored Programs/Nonexchange Sponsored Programs	435.6	481.7	46.1	650.1	664.3	14.2
State Appropriations	148.1	164.1	16.0	226.4	231.8	5.5
Net Tuition and Fees	44.5	51.4	6.9	70.0	70.0	(0.0)
Auxiliary Revenues/Sales & Services of Educational Activities	23.0	26.0	2.9	37.7	34.1	(3.6)
Net Investment Income	50.2	49.7	(0.5)	64.1	64.1	(0.0)
Other Operating Revenues/Gift Contributions for Operations	40.9	24.5	(16.4)	29.9	33.1	3.2
Total Revenues	1,029.8	1,163.2	133.4	1,671.6	1,669.6	(2.0)
Salaries and Wages/Payroll Related Costs	708.6	781.9	73.2	1,091.8	1,097.2	5.4
Utilities	16.2	17.9	1.7	24.5	24.4	(0.2)
Scholarships and Fellowships	7.5	8.9	1.3	14.2	13.8	(0.4)
Operations, Maintenance and Travel	289.9	360.3	70.5	494.8	481.6	(13.2)
Depreciation and Amortization	57.0	79.5	22.5	111.8	118.0	6.1
Total Expenses	\$ 1,079.2	1,248.5	169.3	1,737.1	1,735.0	(2.2)
Operating Margin	(49.4)	(85.3)	(35.9)	(65.6)	(65.4)	0.2
Cash Flow Margin (Excludes Depr & Amort Exp)	7.6	(5.8)	(13.4)	46.3	52.6	6.3

U.T. Health Science Center - San Antonio incurred a year-to-date cash flow margin loss of \$5.8 million, a decrease of \$13.4 million (177%) from the prior year. The decrease was primarily attributable to the following: an increase in salaries and wages and payroll related costs as a result of increased personnel costs associated with the new UT Health San Antonio Multi-Specialty Research Hospital; and an increase in operations, maintenance and travel due to an increase in materials and supplies attributable to increased drug supply purchases related to increased clinical activities. The most current projection received from U.T. Health Science Center - San Antonio reflects a cash flow margin of \$52.6 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending May 31, 2025



(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 4,731.3	5,126.9	395.6	6,983.7	7,046.4	62.6
Sponsored Programs/Nonexchange Sponsored Programs	505.3	514.9	9.7	689.2	694.5	5.3
State Appropriations	168.2	168.9	0.7	223.0	223.0	0.0
Net Tuition and Fees	1.9	1.9	0.0	2.0	1.9	(0.1)
Auxiliary Revenues/Sales & Services of Educational Activities	34.3	37.2	3.0	48.6	49.5	0.9
Net Investment Income	438.5	454.8	16.3	437.0	515.0	78.0
Other Operating Revenues/Gift Contributions for Operations	186.2	190.2	4.1	264.4	255.3	(9.0)
Total Revenues	6,065.6	6,495.0	429.3	8,647.9	8,785.7	137.8
Salaries and Wages/Payroll Related Costs	2,960.7	3,238.1	277.3	4,129.9	4,077.1	(52.8)
Utilities	36.9	36.6	(0.3)	52.2	50.7	(1.5)
Scholarships and Fellowships	1.6	1.8	0.2	2.6	2.6	0.0
Operations, Maintenance and Travel	2,011.3	2,182.5	171.3	3,171.9	3,251.1	79.2
Depreciation and Amortization	263.3	286.4	23.2	364.5	387.0	22.4
Total Expenses	\$ 5,273.8	5,745.4	471.6	7,721.2	7,768.5	47.3
Operating Margin	791.8	749.5	(42.3)	926.7	1,017.2	90.5
Cash Flow Margin (Excludes Depr & Amort Exp)	1,055.1	1,036.0	(19.1)	1,291.2	1,404.2	112.9

U.T.M.D. Anderson Cancer Center reported a year-to-date positive cash flow margin of \$1,036.0 million, a decrease of \$19.1 million (2%) from the prior year. The decrease was primarily due to the following: an increase in salaries and wages and payroll related costs attributable to an increase in faculty and staff positions; and an increase in operations, maintenance and travel as a result of an increase in materials and supplies primarily due to increased patient drug charges driven by patient volumes. The most current projection received from U.T.M.D. Anderson Cancer Center reflects a cash flow margin of \$1,404.2 million for the year.

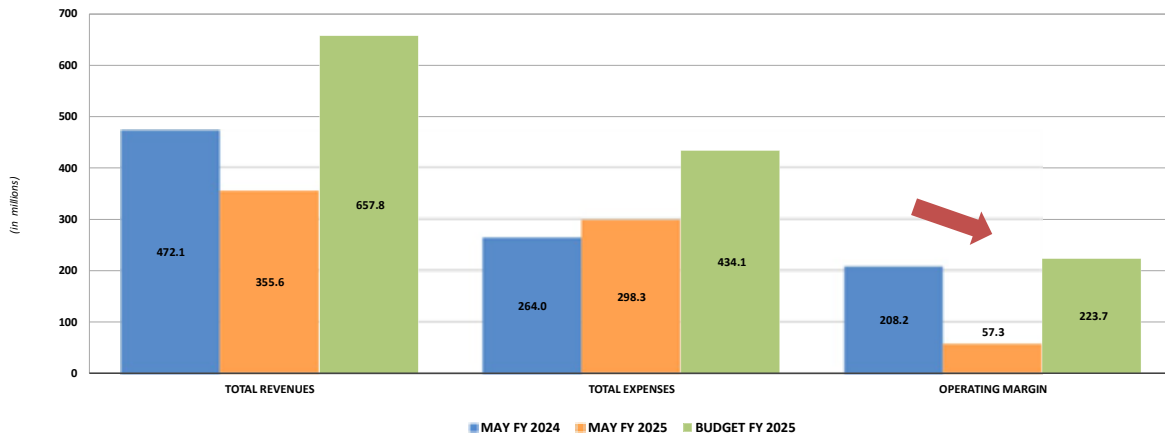
Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending May 31, 2025

U.T. System Administration

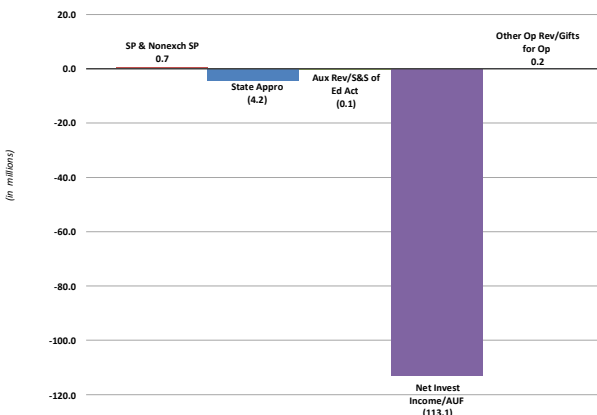
(Excluding OPEB & Pension Expense)



U.T. System Administration

Revenue Variances

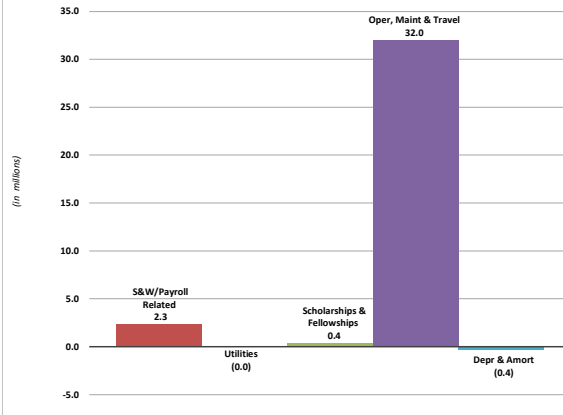
FY 2024 vs. FY 2025



U.T. System Administration

Expense Variances (Excl. OPEB & Pension Exp.)

FY 2024 vs. FY 2025



(in millions)	May YTD FY 2024	May YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 44.0	44.7	0.7	41.5	50.9	9.5
State Appropriations	11.1	7.0	(4.2)	8.1 *	9.3	1.2
Auxiliary Revenues/Sales & Services of Educational Activities	2.1	1.9	(0.1)	3.5	2.6	(0.9)
Net Investment Income/Available University Fund (AUF)	411.5	298.4	(113.1)	599.0	661.2	62.3
Other Operating Revenues/Gift Contributions for Operations	3.4	3.6	0.2	5.8	4.6	(1.2)
Total Revenues	472.1	355.6	(116.5)	657.8	728.6	70.8
Salaries and Wages/Payroll Related Costs	39.8	42.1	2.3	58.3	56.1	(2.2)
Utilities	0.1	0.1	(0.0)	0.0	0.2	0.2
Scholarships and Fellowships	0.1	0.5	0.4	2.3	0.7	(1.6)
Operations, Maintenance and Travel	206.0	238.0	32.0	352.6 *	309.3	(43.4)
Depreciation and Amortization	18.0	17.6	(0.4)	20.8	22.9	2.1
Total Expenses (Excluding OPEB & Pension Exp)	\$ 264.0	298.3	34.3	434.1	389.2	(44.9)
Operating Margin (Excluding OPEB & Pension Exp)	208.2	57.3	(150.8)	223.7	339.4	115.7
Cash Flow Margin (Excluding OPEB, Pension, Depr & Amort Exp)	226.1	74.9	(151.2)	244.5	362.4	117.9

*State appropriations and corresponding expense for TRB/CCAP for all U.T. institutions have been excluded.

Excluding OPEB, pension, and depreciation expense, U.T. System Administration reported a year-to-date positive cash flow margin of \$74.9 million, a decrease of \$151.2 million (67%) from the prior year. The decrease was primarily attributable to a decrease in net investment income due to a decrease in the Internal Lending Program as a result of a prior year fixed-payer swap termination. The most current projection, excluding OPEB, pension, and depreciation expense, reflects a cash flow margin of \$362.4 million for the year.

3. **U.T. System Board of Regents: Equipment financing authorization for Fiscal Year 2026 and resolution regarding parity debt**

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor and Chief Operating Officer that the U.T. System Board of Regents

- a. approve an aggregate amount of \$275,000,000 of Revenue Financing System Equipment Financing for FY 2026 as allocated to those U.T. System institutions listed in the table at the end of this item; and
- b. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the cost of equipment including costs incurred prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U.T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U.T. System Board of Regents relating to the Financing System;
 - the U.T. System institutions, which are “Members” as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U.T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$275,000,000 for the purchase of equipment; and
 - this resolution satisfies the official intent requirements set forth in Section 1.150-2 of Title 26 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

BACKGROUND INFORMATION

On April 14, 1994, the U.T. System Board of Regents approved the use of Revenue Financing System debt for equipment purchases in accordance with the Guidelines Governing Administration of the Revenue Financing System. Equipment financing is used for the purchase of equipment in lieu of more costly vendor financing. The guidelines specify that the equipment to be financed must have a useful life of at least three years. The debt is amortized four times a year with full amortization period not to exceed 10 years.

This agenda item requests approval of an aggregate amount of \$275,000,000 for equipment financing for Fiscal Year 2026. On August 22, 2024, the U.T. System Board of Regents approved a total of \$326,200,000 of equipment financing for Fiscal Year 2025. Through July 31, 2025, \$112,360,000 of equipment financing has been utilized for Fiscal Year 2025.

Further details on the equipment to be financed and leverage ratios for individual institutions may be found on the following page.

U. T. SYSTEM EQUIPMENT FINANCING - INSTITUTION REQUESTS
FY 2026

Institution	\$ Amount of Request	Description of Expected Capital Equipment	Spendable Cash & Inv. to Total Debt (x) *	Unrestricted Cash & Inv. to Total Debt (x) *
U.T. Austin	35,000,000	Various enterprise resource planning and medical information systems, police equipment	3.3	
U.T. Dallas	5,000,000	General purpose equipment supporting University's instruction, research and business operations	2.5	
U.T. Rio Grande Valley	8,000,000	Equipment for Instruction and Research Activities; Campus PC/IT Equipment Replacement; Security-related	2.4	
U.T. San Antonio	17,000,000	Technology equipment related to the upgrade of the campus network infrastructure	2.6	
U.T. Southwestern Medical Center	30,000,000	Information Resource Projects; Clinical and Hospital Equipment		0.6
U.T. Medical Branch - Galveston	60,000,000	Clinical, IT infrastructure, research-related, and facility-related equipment		0.8
U.T. Health Science Center - San Antonio	60,000,000	Implementation of tech systems; Outpatient surgical center equipment; Lab equipment in Science One Bldg		0.9
U.T.M.D. Anderson Cancer Center	60,000,000	Medical, diagnostic, research, vehicles, information systems, and technology in nature		11.8
Total		\$275,000,000		

* Spendable Cash & Inv. to Total Debt ratios and Unrestricted Cash & Inv. to Total Debt ratios are based on FY2024 Analysis of Financial Condition (March 2025). The calculation excludes TRB debt service.

U. T. System Office of Finance, July 10, 2025

4. **U.T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds and authorization to complete all related transactions**

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor and Chief Operating Officer that the U.T. System Board of Regents

- a. adopt a Resolution, substantially in the form previously approved by the U.T. System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Permanent University Fund (PUF) Bonds in one or more installments in an aggregate principal amount not to exceed \$975 million to be used to refund certain outstanding PUF Bonds, to refund PUF Commercial Paper Notes, to provide new money to fund construction and acquisition costs, and to pay the costs of issuance; and
- b. authorize appropriate officers and employees of U.T. System as set forth in the Resolution to take any and all actions necessary to carry out the intentions of the U.T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such bonds.

BACKGROUND INFORMATION

On August 22, 2024, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$975 million for Fiscal Year 2025. On February 20, 2025, the Board of Regents adopted a resolution authorizing the issuance of additional PUF Bonds in an amount not to exceed \$975 million for Fiscal Year 2025 and rescinding the remaining authority under the resolution approved by the Board on August 22, 2024. Adoption of this Resolution would provide \$975 million of authorization for similar purposes for Fiscal Year 2026. Approval of this item does not allocate additional PUF debt for capital projects.

Adoption of this Resolution would authorize the advance or current refunding of a portion of certain outstanding PUF Bonds provided that an advance refunding exceeds a minimum 3% present value debt service savings threshold. An advance refunding involves issuing bonds to refund outstanding bonds more than 90 days in advance of the call date, whereas a current refunding involves issuing bonds to refund outstanding bonds within 90 days of the call date. Refunding bonds are issued at lower interest rates thereby producing debt service savings. Adoption of this Resolution would provide the flexibility to select the particular bonds to be refunded depending on market conditions at the time of pricing. The Resolution provides that additional PUF Bonds may be refunded if such refunding is determined to be in the best interest of the U.T. System.

The Resolution would also authorize the current refunding of all or a portion of the PUF Commercial Paper Notes. The PUF Commercial Paper Note program is used to provide interim financing for PUF projects approved by the Board. Adoption of the Resolution would permit the interim financing provided through the Notes to be replaced with long-term financing. The Resolution would also authorize the issuance of bonds to provide new money to fund the capital costs of eligible projects.

The Resolution would also authorize the appropriate officers and employees of the U.T. System to refund outstanding PUF Bonds pursuant to a tender program and to use lawfully available funds to defease outstanding PUF Bonds when economically advantageous.

The proposed Resolution has been reviewed by outside bond counsel and the U.T. System Office of General Counsel.

Note: The proposed Resolution is available online at <https://www.utsystem.edu/board-of-regents/meetings/board-meeting-2025-08-20>.

5. **U.T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds and authorization to complete all related transactions**

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor and Chief Operating Officer that the U.T. System Board of Regents

- a. adopt a Supplemental Resolution, substantially in the form previously approved by the U.T. System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System (RFS) Bonds in one or more installments in an aggregate principal amount not to exceed \$1.5 billion to be used to refund certain outstanding RFS Bonds, to refund RFS Commercial Paper Notes, to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program, and to pay the costs of issuance; and
- b. authorize appropriate officers and employees of U.T. System as set forth in the Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U.T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such RFS Bonds.

BACKGROUND INFORMATION

On February 20, 2025, the Board of Regents adopted the 42nd Supplemental Resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$975 million. Adoption of this 43rd Supplemental Resolution would provide \$1.5 billion of authority to finance additional projects approved by the Board of Regents under the same provisions as the prior resolution.

Adoption of the Supplemental Resolution would authorize the advance or current refunding of a portion of certain outstanding RFS Bonds provided that an advance refunding exceeds a minimum 3% present value debt service savings threshold. An advance refunding involves issuing bonds to refund outstanding bonds more than 90 days in advance of the call date whereas a current refunding involves issuing bonds to refund outstanding bonds within 90 days of the call date. Refunding bonds are issued at lower interest rates thereby producing debt service savings. Adoption of this Supplemental Resolution will provide the flexibility to select the particular bonds to be refunded depending on market conditions at the time of pricing.

The Supplemental Resolution would also authorize the current refunding of all or a portion of the RFS Commercial Paper Notes. The RFS Commercial Paper Note program is used to provide interim financing for RFS projects approved by the Board. Adoption of the Supplemental Resolution will permit the interim financing provided through the Notes to be replaced with long-term financing. The Supplemental Resolution would also authorize the issuance of bonds to provide new money to fund the capital costs of eligible projects.

The Supplemental Resolution would also authorize the appropriate officers and employees of the U.T. System to refund outstanding RFS Bonds pursuant to a tender program and to use lawfully available funds to defease outstanding RFS Bonds when economically advantageous.

The proposed Supplemental Resolution has been reviewed by outside bond counsel and the U.T. System Office of General Counsel.

Note: The proposed Resolution is available online at <https://www.utsystem.edu/board-of-regents/meetings/board-meeting-2025-08-20>.

6. U.T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt and ratification of Regents' Rule 80306 (formerly Rule 70202)

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor and Chief Operating Officer that the U.T. System Board of Regents

- a. adopt resolutions substantially in the form previously approved by the U.T. System Board of Regents (the Resolutions) authorizing appropriate officers of the U.T. System to enter into bond enhancement agreements related to its Revenue Financing System (RFS) and Permanent University Fund (PUF) debt programs in accordance with the U.T. System Interest Rate Swap Policy and to take any and all actions necessary to carry out the intentions of the U.T. System Board of Regents; and
- b. ratify the U.T. System Interest Rate Swap Policy as set forth in Regents' Rule 80306 (formerly Rule 70202) on the following pages.

BACKGROUND INFORMATION

Texas Education Code Section 65.461 provides specific authority to the U.T. System Board of Regents to enter into "bond enhancement agreements," which include interest rate swaps and related agreements in connection with administration of the U.T. System's RFS and PUF debt programs.

On August 22, 2024, the Board approved bond enhancement agreement resolutions for FY2025. Approval of this item would authorize the execution of bond enhancement agreement transactions related to RFS and PUF debt in accordance with the U. T. System Interest Rate Swap Policy for FY2026. The determination to utilize bond enhancement agreements will be made based on market conditions at the time of pricing the related debt issuance. The Chancellor and the Chairman of the Board's Finance and Planning Committee will be informed in advance of any proposed transactions to be undertaken pursuant to the resolutions.

The U.T. System Interest Rate Swap Policy was approved by the Board of Regents as a Regental Policy on February 13, 2003, and was incorporated into the Regents' *Rules and Regulations*, Rule 70202, on December 10, 2004. The Rule was amended on August 23, 2023, and was renumbered as Rule 80306 on March 26, 2025. Section 1371.056(l) of the *Texas Government Code* requires that while an interest rate management agreement transaction is outstanding, the governing body of the issuer shall review and ratify or modify its related risk management policy at least biennially.

Note: The proposed Resolutions are available online at <https://www.utsystem.edu/board-of-regents/meetings/board-meeting-2025-08-20>.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 80306

1. Title

Interest Rate Swap Policy

2. Rule and Regulation

- Sec. 1 Authority. *Texas Education Code*, [Chapter 55](#), including Section [55.13](#), *Texas Education Code*, [Chapter 65](#), including Section [65.461](#), and *Texas Government Code*, [Chapter 1371](#), including Section [1371.056](#), authorize the Board of Regents (Board) of The University of Texas System (U. T. System) to enter into interest rate management agreements and bond enhancement agreements (collectively “swaps”).
- Sec. 2 Purpose. This policy will govern the use of swaps in connection with the U. T. System’s management of its debt programs, including the Permanent University Fund and Revenue Financing System debt programs. By using swaps in a prudent manner, the U. T. System can increase the U. T. System’s financial flexibility, provide opportunities for interest rate savings, allow the U. T. System to actively manage asset and liability interest rate risk, take advantage of market opportunities to lower the overall cost of debt, balance interest rate risk, or hedge other exposures. The use of swaps must be tied directly to U. T. System debt instruments. The U. T. System shall not enter into swaps for speculative purposes.
- Sec. 3 Legality/Approval. Prior to entering into a swap, the U. T. System must receive approval from the Board of Regents (which may include a delegation of authority to an Authorized Representative to enter into one or more swaps) and any required approvals from the Texas Attorney General and the Texas Bond Review Board. The U. T. System will also secure an opinion acceptable to the Authorized Representative from legal counsel that the swap is a legal, valid, and binding obligation of the U. T. System and that entering into the swap complies with applicable State and federal laws.
- Sec. 4 Form of Agreements. Each interest rate swap shall contain terms and conditions as set forth in the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, as amended, and such other terms and conditions including schedules, credit support annexes, and confirmations as deemed necessary by an Authorized Representative.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 80306

Sec. 5 Methods of Procuring Swaps. Swaps can be procured via competitive bids or on a negotiated basis with counterparties or its credit support providers having credit ratings of 'A' or 'A2' or better from Standard & Poor's or Moody's, respectively.

5.1 Competitive. The competitive bid should include a minimum of three firms. An Authorized Representative may allow a firm or firms not submitting the bid that produces the lowest cost to match the lowest bid and be awarded a specified percentage of the notional amount of the swap.

5.2 Negotiated. An Authorized Representative may procure swaps by negotiated methods in the following situations:

- (a) A determination is made by an Authorized Representative that due to the complexity of a particular swap, a negotiated bid would result in the most favorable pricing;
- (b) A determination is made by an Authorized Representative that, in light of the facts and circumstances, a negotiated bid will promote the U. T. System's interests by encouraging and rewarding innovation; or
- (c) A determination is made by an Authorized Representative that a competitive bid would likely create market pricing effects that would be detrimental to the interests of the U. T. System.

Sec. 6 Counterparty Risk. Counterparty risk is the risk of a failure by one of the U. T. System's swap counterparties to perform as required under a swap. To mitigate this risk, the U. T. System will 1) diversify its exposure among highly rated swap counterparties satisfying the rating criteria set forth in Section 5 above; 2) require collateralization as set forth below; and 3) include an optional termination event if the counterparty (or its credit support provider, if applicable) is downgraded below a second (lower) threshold.

6.1 Value Owed by Counterparty. To limit and diversify the U. T. System's counterparty risk and to monitor credit exposure to each counterparty, the U. T. System may not enter into a swap with an otherwise qualified counterparty

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unless the cumulative mark-to-market value owed by the counterparty (and its credit support provider, if applicable) to the U. T. System shall be less than or equal to the applicable threshold amount set forth in Section 6.3 below.

6.2 Calculation of Value Owed. The value owed shall be the sum of all mark-to-market values between the subject counterparty and the U. T. System regardless of the type of swap, net of collateral posted by the counterparty. Collateral will consist of cash, U.S. Treasury securities, and Federal Agency securities guaranteed unconditionally by the full faith and credit of the U.S. Government. Collateral shall be deposited with a third party trustee acceptable to U. T. System or as mutually agreed upon between U. T. System and each counterparty.

6.3 Threshold Amounts Based on Credit Rating. Specific threshold amounts by counterparty are based on the cumulative mark-to-market value of the swap(s) and the credit rating of the counterparty or its credit support provider. The threshold amounts are as follows:

(a) AAA / Aaa	\$30 million
(b) AA+ / Aa1	\$25 million
(c) AA / Aa2	\$20 million
(d) AA- / Aa3	\$15 million
(e) A+ / A1	\$10 million
(f) A / A2	\$ 5 million

6.4 Downgraded Rating. If the credit rating of a counterparty or its credit support provider is downgraded such that the cumulative mark-to-market value of all swaps between such counterparty and the U. T. System exceeds the maximum permitted by this policy, the counterparty must post collateral or provide other credit enhancement that is satisfactory to the U. T. System and ensures compliance with this policy.

Sec. 7 Termination Risk. The U. T. System shall consider the merits of including a provision that permits optional termination at any time over the term of the swap (elective termination right). In general, exercising the right to optionally terminate a swap should produce a benefit to the U. T. System, either through

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receipt of a payment from a termination, or if a termination payment is made by the U. T. System, a conversion to a more beneficial debt instrument or credit relationship. It is possible that a termination payment by the U. T. System may be required in the event of termination of a swap due to a counterparty default or following a decrease in credit rating.

- Sec. 8 **Amortization Risk.** The amortization schedules of the debt and associated swap should be closely matched for the duration of the swap. Mismatched amortization schedules can result in a less than satisfactory hedge and create unnecessary risk. In no circumstance may (i) the notional amount of a swap exceed the principal amount of the related debt at any time, or (ii) the term of a swap extend beyond the final maturity date of the related debt instrument, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds.
- Sec. 9 **Basis Risk.** Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the U. T. System. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, any index used as part of a swap shall be a recognized market index, including but not limited to the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index, the Effective Federal Funds Rate (EFFR), or the Secured Overnight Financing Rate (SOFR).
- Sec. 10 **Tax Risk.** Tax risk is the risk that tax laws will change, resulting in a change in the marginal tax rates on swaps and their underlying assets. Tax risk is present in all tax-exempt debt issuances. The U. T. System Office of Finance will continually monitor and evaluate tax risk.
- Sec. 11 **Interest Rate Risk.** Interest rate risk is the risk that costs associated with variable rate exposure increase as a result of changes in market interest rates. Additional interest rate risk can be created by entering into certain types of swaps. The U. T. System Office of Finance will incorporate the impact of each swap on the overall debt portfolio.
- Sec. 12 **Reporting.**

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- 12.1 The U. T. System Office of Finance staff will report to the Board within 30 days of completion of any swap transaction.
- 12.2 The Annual Financial Report prepared by the U. T. System and presented to the Board of Regents will discuss the status of all swaps. The report shall include a list of all swaps with notional value and interest rates, a list of counterparties (and credit support providers, if applicable) and their respective credit ratings, and other key terms.

Sec. 13 Qualified Independent Representative. In connection with Commodities Futures Trading Commission Rule 23.450(b)(1), an Authorized Representative will select a qualified independent representative (QIR) to advise the U. T. System Office of Finance on derivative transactions, and U. T. System Office of Finance staff will monitor the performance of such QIR on an ongoing basis. The U. T. System Office of Finance will consult with the QIR prior to entering into or modifying any derivative transactions.

3. Definitions

Authorized Representative – includes the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, the Associate Vice Chancellor for Finance, and the Assistant Vice Chancellor for Finance.

Counterparty – a participant in a swap who exchanges payments based on interest rates or other criteria with another counterparty.

Counterparty Long-Term Debt Rating – lowest prevailing rating from Standard & Poor's / Moody's.

Effective Federal Funds Rate (EFFR) – The effective federal funds rate is calculated and published by the New York Federal Reserve Bank based on domestic unsecured borrowings in U.S. dollars by depository institutions. It is a commonly used benchmark for swaps.

Hedge – a transaction entered into to reduce exposure to market fluctuations.

Interest Rate Swap – a swap in which two parties agree to exchange future net cash flows based on predetermined interest rates or indices

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calculated on an agreed notional amount. An interest rate swap is not a debt instrument and there is no exchange of principal.

ISDA Master Agreement – the International Swaps and Derivatives Association, Inc. (ISDA), is the global trade association for the derivatives industry. The ISDA Master Agreement is the basic governing document that serves as a framework for all interest rate swaps and certain other types of swaps between two counterparties. It is a standard form used throughout the industry. It is typically negotiated once, prior to the first swap transaction, and remains in force for all subsequent swap transactions.

Mark-to-Market – calculation of the value of a financial instrument (like an interest rate swap) based on the current market rates or prices of the underlying indices.

Maximum cumulative mark-to-market – value of swaps owed to the U. T. System by counterparty (net of collateral posted).

Notional Amount – the size of the swap and the dollar amount used to calculate interest payments.

SIFMA Index – the principal benchmark for floating rate payments for tax-exempt issuers. The index is a national rate based on a market basket of high-grade, seven-day, tax-exempt variable rate bond issues.

Secured Overnight Financing Rate (SOFR) - the Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. It is a commonly used benchmark for swaps to replace LIBOR.

4. Relevant Federal and State Statutes

Texas Education Code, [Chapter 55](#) – Financing Permanent Improvements

Texas Education Code, [Chapter 65](#) – Administration of The University of Texas System

Texas Government Code, [Chapter 1371](#) – Obligations for Certain Public Improvements

5. Relevant System Policies, Procedures, and Forms

None

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6. Who Should Know

Administrators

7. System Administration Office(s) Responsible for Rule

Office of Business Affairs

8. Dates Approved or Amended

[Regents' Rules Revision History](#)

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu

7. **U.T. System Board of Regents: Adoption of Resolution Amending the Revenue Financing System Commercial Paper Note Program; authorization for officers of U. T. System to complete all transactions related thereto; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor and Chief Operating Officer that the U.T. System Board of Regents:

- a. adopt the Fourth Resolution Amending the Amended and Restated First Supplemental Resolution to the Master Resolution authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series A and Taxable Commercial Paper Notes, Series B, in an aggregate principal amount not to exceed \$2.5 billion;
- b. authorize appropriate officers and employees of the U.T. System as set forth in the Fourth Resolution Amending the Amended and Restated First Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U.T. System Board of Regents, within the limitations and procedures specified therein; make certain covenants and agreements in connection therewith; and resolve other matters incident and related to the issuance, sale, security, and delivery of such Notes.

The Chancellor *ad interim* also concurs with the recommendation of the Executive Vice Chancellor and Chief Operating Officer that as required by Section 5(a) of the Master Resolution, the Board further determine that upon the delivery of Notes authorized by this Resolution, it will have sufficient funds to meet the financial obligations of the U.T. System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System and that the Members on whose behalf such Notes are issued possess the financial capacity to satisfy their direct obligations after taking such Notes into account.

BACKGROUND INFORMATION

The U.T. System's Revenue Financing System Tax-Exempt Commercial Paper Note Program (Program) was established on April 12, 1990. Since that time, the size of the Program has changed periodically to meet the financing needs of the U.T. System. The Program is currently authorized up to a maximum amount outstanding of \$1.75 billion that was approved by the Board of Regents on February 23, 2023.

Adoption of this Resolution would increase Program authorization from \$1.75 billion to \$2.5 billion to facilitate the financing of capital projects reflected in the FY 2026-2031 Capital Improvement Program (CIP) including the Medical Complex Project. The increased Program capacity will permit the U.T. System to continue to provide efficient interim financing and additional timing flexibility in accessing long-term capital markets.

The use of tax-exempt debt for projects is limited by the *Internal Revenue Code* to facilities employed for governmental purposes. Projects with nongovernmental or private use beyond established limits are denied the benefits of tax-exempt debt and must employ taxable debt.

Liquidity for the combined programs will continue to be provided by the U.T. System through an arrangement with The University of Texas Investment Management Company (UTIMCO) consistent with the provisions governing liquidity for the Program.

The proposed Fourth Resolution Amending the Amended and Restated First Supplemental Resolution, which is set forth on the following pages, has been reviewed by outside bond counsel and the U.T. System Office of General Counsel.

FOURTH RESOLUTION AMENDING THE AMENDED AND RESTATED FIRST SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM

August 21, 2025

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

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution and the First Supplement (as defined herein); and

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

WHEREAS, the Amended and Restated First Supplemental Resolution to the Master Resolution Establishing The University of Texas System Revenue Financing System was adopted by the Board on August 14, 2008 (the "2008 First Supplement") and subsequently amended by resolutions adopted by the Board on August 20, 2015, August 25, 2016 and February 23, 2023 (collectively with the 2008 First Supplement, the "First Supplement") to establish an interim financing program pursuant to which the Board has issued its Notes to provide interim financing for capital improvements and to finance equipment purchases; and

WHEREAS, the Board hereby deems it necessary to further amend the First Supplement by the adoption of this resolution (this "Fourth Amending Resolution") in order to increase the aggregate principal amount of Notes which may be outstanding under such interim financing program from \$1,750,000,000 to \$2,500,000,000; and

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

Section 1. Section 2.01 of the First Supplement is hereby amended by substituting "Two Billion Five Hundred Million Dollars (\$2,500,000,000)" in place of "One Billion Seven Hundred Fifty Million Dollars (\$1,750,000,000)" in such section. Section 4.01 of the First Supplement and the fifth recital of the 2008 First Supplement are hereby amended by substituting the amount "\$2,500,000,000" in place of "\$1,750,000,000" in such section and recital, respectively.

Section 2. (a) The Chairman of the Board, the Vice Chairman of the Board, the General Counsel to the Board of Regents of The University of Texas System, the U.T. System Representatives, and the other officers, employees, and agents of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Fourth Amending Resolution, including the delivery of an Offering Memorandum, the execution of any Dealer Agreement or Issuing and Paying Agent Agreement or amendments thereto and the

execution of any other agreements or amendments thereto. Notwithstanding the foregoing, such individuals may elect not to amend or amend and restate any existing Dealer Agreement, and in such event any such Dealer Agreement will be subject to the terms of the financing program in existence prior to the effective date of this Fourth Amending Resolution, including the maximum outstanding aggregate principal amount of Notes issued pursuant such existing Dealer Agreement not to exceed the maximum amount set forth in the First Supplement at the time of execution of such Dealer Agreement.

(b) In addition, the Chairman of the Board, the Vice Chairman of the Board, the Chancellor, the Executive Vice Chancellor for Business Affairs, the Associate Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor for Finance and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Fourth Amending Resolution, any technical amendments to this Fourth Amending Resolution as may be required by Fitch, Moody's, Standard & Poor's as a condition to the granting or maintenance of a rating on the Notes acceptable to a U.T. System Representative, or as may be required by the Attorney General's office in connection with the approval of this Fourth Amending Resolution or to correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Fourth Amending Resolution.

Section 3. After receipt of the approval of the Attorney General of this Fourth Amending Resolution, the amendment to the First Supplement shall take effect immediately pursuant to Section 5.01(a)(v) of the First Supplement with respect to increasing the amount of Notes the Board currently has the right to issue pursuant to Section 4.01 of the First Supplement.

Section 4. Nothing in this Fourth Amending Resolution shall be construed so as to prevent the Board from adopting any future amendment to the First Supplement contemplated by the provisions of the First Supplement, including particularly Sections 4.01 and 5.01(a) thereof.

Section 5. In addition, the statements, findings, representations, and determinations set forth in the recitals to this Fourth Amending Resolution are hereby incorporated into and made a part of this Fourth Amending Resolution for all purposes.

Section 6. 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 Fourth Amending Resolution was adopted, and that this Fourth Amending Resolution would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

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8. **U.T. System Board of Regents: Approval of the Annual Budget for Fiscal Year 2026, including the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas/Texas A&M Investment Management Company (UTIMCO)**

RECOMMENDATION

The Chancellor *ad interim* and the Executive Vice Chancellor and Chief Operating Officer concur in the recommendation of The University of Texas/Texas A&M Investment Management Company (UTIMCO) Board of Directors that the U.T. System Board of Regents approve the proposed Annual Budget for the year ending August 31, 2026, as set forth below, which includes the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule as set forth following the proposed budget.

BACKGROUND INFORMATION

The proposed Total Budgeted Costs consist of \$87.0 million (8.3% increase over FY 2025 budget) for UTIMCO Services and \$9.9 million (9.2% increase from FY 2025 budget) for Fund Direct Costs (external non-investment manager services such as custodial, legal, audit, and consulting services). These Total Budgeted Costs represent only a portion of total investment costs as they exclude external manager fees. The proposed Total Budgeted Costs were approved by the UTIMCO Board on June 19, 2025.

The increase in UTIMCO Services is due primarily to increased personnel expenses (fixed costs such as salaries and benefits as well as variable performance compensation), as well as higher costs for information technology systems, services, data, and security.

The proposed capital expenditures budget is \$400,000.

The proposed Annual Fee and Allocation Schedule shows the allocation of the proposed budgeted expenses among U.T. System funds. The fees are to be paid quarterly.

UTIMCO recommends that \$14.0 million of cash reserves be distributed back to U.T. System per the Master Investment Management Services Agreement (IMSA) between the U.T. System Board of Regents and UTIMCO.

The U.T. System Office of Business Affairs has prepared a memorandum for the purpose of reviewing budgeted expenses, which is included as a part of this Agenda Item following the proposed Budget and the Fee and Allocation Schedule.



UTIMCO FY 2026 Budget

Mr. Richard Hall, President, Chief Executive Officer and Chief Investment Officer
U.T. System Board of Regents Meeting
Finance and Planning Committee

August 2025

FY26 Summary Budget



	FY 2025	FY 2026			FY 2026 Proposed Budget v FY 2025 Budget		FY 2026 Proposed Budget v FY 2025 Budget Projected in 2025 Strategic Plan	
	Budget	Proposed Budget	% of Total Budget	Projected in 2025 Strategic Plan	\$	%	\$	%
UTIMCO Personnel Costs:								
Salaries	27,248,025	30,035,756	31%	29,951,987	2,787,731	10.2%	83,769	0.3%
Performance Compensation	25,942,695	28,945,287	30%	31,210,892	3,002,592	11.6%	(2,265,605)	-7.3%
Benefits & Taxes	8,387,046	8,453,082	9%	9,238,907	66,036	0.8%	(785,825)	-8.5%
Total UTIMCO Personnel Costs (1)	\$ 61,577,766	\$ 67,434,125	70%	\$ 70,401,786	\$ 5,856,359	9.5%	\$ (2,967,661)	-4.2%
Other UTIMCO Costs:								
Data & Subscriptions	7,493,040	7,905,672	8%	8,331,529	412,632	5.5%	(425,857)	-5.1%
Travel	1,500,000	1,586,650	2%	1,650,000	86,650	5.8%	(63,350)	-3.8%
Lease Expense & Lease Asset Amortization	3,403,990	3,436,960	4%	3,451,239	32,970	1.0%	(14,279)	-0.4%
Depreciation	1,825,000	1,575,000	2%	1,825,000	(250,000)	-13.7%	(250,000)	-13.7%
Other Costs	4,489,604	5,044,709	5%	3,913,716	555,105	12.4%	1,130,993	28.9%
Total Other UTIMCO Costs: (2)	\$ 18,711,634	\$ 19,548,991	20%	\$ 19,171,483	\$ 837,357	4.5%	\$ 377,508	2.0%
Total UTIMCO Services Costs:	\$ 80,289,400	\$ 86,983,116	90%	\$ 89,573,269	\$ 6,693,716	8.3%	\$ (2,590,153)	-2.9%
Bps of AUM	10.12	10.36		10.67				
Direct Fund Costs:								
Custodian Fees	5,409,000	6,216,250	6%	5,679,450	807,250	14.9%	536,800	9.5%
Other (3)	3,623,234	3,648,267	4%	3,833,363	25,033	0.7%	(185,096)	-4.8%
Total Direct Fund Costs	\$ 9,032,234	\$ 9,864,517	10%	\$ 9,512,813	\$ 832,283	9.2%	\$ 351,704	3.7%
Bps of AUM	1.14	1.17		1.13				
Grand Total UTIMCO Budget:	\$ 89,321,634	\$ 96,847,633		\$ 99,086,082	\$ 7,525,999	8.4%	\$ (2,238,449)	-2.3%
Bps of AUM	11.26	11.53		11.81				
AUM projected (\$ billion)	\$79	\$84		\$84				
UTIMCO Headcount	133	140		138				

NOTES:

- 1) FY26 Budgeted Total Personnel Costs increased by \$5.9M or 9.5% from the FY25 Budget as the result of an increase in headcount (7 FTE), normal merit raises, market catch-up raises, and promotions but are \$3.0M less than projected in the 2025 Strategic Plan.
- 2) FY26 Budgeted Other UTIMCO Costs increased by 4.5% from the FY25 Budget primarily because of an increase in Data & Subscriptions and Consulting Services offset by a decrease in Depreciation and Professional Fees and are 2% more than projected in the 2025 Strategic Plan.
- 3) Other Direct Fund Costs include Fund Auditors/Accounting Fees (\$972k), Legal Fees (\$1.6M), Tax Consultants (\$490k), Background Searches (\$233k), and Consultants (\$301k).



Annual Fee and Allocation Schedule

UTIMCO Management Fee and Direct Budgeted Investment Expenses Annual Fee and Allocation Schedule For the fiscal year ending August 31, 2026

<u>Proposed Budget</u>	<u>Fund Name</u>						<u>Separate Funds</u>	<u>Debt Proceeds</u>	<u>Total</u>
	PUF	PHF	LTF	GEF	ITF	STF			
<u>Market Value 4/30/25 (\$ millions)</u>	37,834			25,695	9,292	5,440	220	777	79,258
<u>UTIMCO Management Fee</u>									
Dollars	45,191,898			30,692,124	11,099,094				86,983,116
Basis Points	11.9			11.9	11.9				11.0
<u>Direct Expenses to the Fund, Excluding UT System Direct Expenses to the Fund</u>									
Dollars	5,002,310	28,422	31,422	3,465,930	1,336,433				9,864,517
Basis Points	1.3	0.2	0.0	1.3	1.4				1.2

Appendix



UTIMCO Strategic Plan FY 2025-2029



	5-Year Strategic Plan					CAGR 2025-29
	Projected Budget (to be approved annually by Board)					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
UTIMCO Personnel Costs:						
Base Salary	27,248,025	29,951,987	32,399,406	34,184,439	34,753,216	6%
Performance Comp	25,942,695	31,210,892	33,820,582	35,284,583	36,294,946	9%
Benefits and Taxes	8,387,046	9,238,906	9,843,341	10,241,394	10,573,443	6%
Total UTIMCO Personnel Costs	\$ 61,577,766	\$ 70,401,786	\$ 76,063,329	\$ 79,710,416	\$ 81,621,606	7%
Other UTIMCO Costs:						
Data & Subscriptions	7,493,040	8,331,529	9,061,695	9,867,531	10,764,006	9%
Travel & Meetings	1,661,940	1,819,622	1,992,707	2,182,720	2,391,336	10%
Lease & Lease Asset Amortization	3,403,990	3,451,239	3,476,637	3,412,327	3,532,467	1%
Depreciation	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	0%
Other Costs	4,327,664	3,744,094	3,672,422	4,266,153	4,148,935	-1%
- Contract Svcs & Maint	2,626,128	2,086,874	2,026,162	2,066,178	1,950,196	-7%
- Hiring, Relo, Mercer Comp	634,524	592,088	530,372	1,029,387	969,162	11%
- Legal	405,000	370,000	385,000	401,000	418,000	1%
- Other / Miscellaneous	662,012	695,131	730,889	769,588	811,577	5%
Total Other UTIMCO Costs	18,711,634	19,171,483	20,028,462	21,553,732	22,661,745	5%
Y-O-Y Increase (%)	9%	2%	4%	8%	5%	
Total UTIMCO Costs	\$ 80,289,400	\$ 89,573,269	\$ 96,091,791	\$ 101,264,148	\$ 104,283,350	7%
Y-O-Y Increase (%)	12%	12%	7%	5%	3%	
Bps of AUM	10.12	10.67	10.82	10.77	10.48	
Direct Fund Costs						
Custodian Fees	5,409,000	5,679,450	5,963,423	6,261,594	6,574,673	5%
Other	3,623,234	3,833,363	4,056,698	4,294,366	4,547,500	6%
Total Fund Costs	\$ 9,032,234	\$ 9,512,813	\$ 10,020,120	\$ 10,555,959	\$ 11,122,174	5%
Y-O-Y Increase (%)	9%	5%	5%	5%	5%	
Bps of AUM	1.14	1.13	1.13	1.12	1.12	
Grand Total UTIMCO Budget	\$ 89,321,634	\$ 99,086,082	\$ 106,111,911	\$ 111,820,107	\$ 115,405,524	7%
Y-O-Y Increase (%)	12%	11%	7%	5%	3%	
Bps of AUM	11.26	11.81	11.95	11.90	11.60	
Projected AUM (\$B)	\$79	\$84	\$89	\$94	\$100	

Projected 2029 AUM: \$100B

Five priority focus areas:

- Talent
- Technology platforms
- Data
- Investment design and performance
- Liquidity and leverage optimization

Five-year budget forecast

11-12bps cost vs. Peers at 15-25

Reviewed annually with UTIMCO Board

Fiscal Year 2026

Review of UTIMCO Services Budget and Other Direct Costs to Funds Budget

(Excluding External Investment Manager Fees)

The University of Texas System Office of Finance

Presented by:

Allen Hah – Assistant Vice Chancellor for Finance

July 22, 2025

Based on UTIMCO Board approval on June 19, 2025

Fiscal Year 2026
Review of UTIMCO Services Budget and
Other Direct Costs to Funds Budget
(Excluding External Investment Manager Fees)

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Executive Summary

This report reviews the UTIMCO Services Budget and other budgeted investment management expenses (“Direct Costs to Funds”) for fiscal year 2026 that the UTIMCO Board approved on June 19, 2025, and the U. T. System Board of Regents will consider at its August 20-21, 2025 meeting. The “UTIMCO Services Budget” includes corporate expenses paid directly by UTIMCO, and the “Direct Costs to Funds” budget includes costs related to custody, consulting, and legal and audit costs related to funds. The proposed budget for FY26 is:

	FY26 (\$ millions)
UTIMCO Services Budget	87.0
Direct Costs to Funds Budget	9.8
Total Budgeted Costs	<u>\$ 96.8</u>

The Total Budgeted Costs exclude external manager fees that are paid by the funds and netted from asset values as well as external investment manager fees paid directly by UTIMCO. The total investment costs for UTIMCO managed funds, comprising Investment Manager Fees paid directly and fees netted against asset values, are reviewed in a separate report.

Highlights:

- **Strategic Plan:** Growth in the UTIMCO budget for FY26 reflects the ongoing implementation of a 5-year strategic growth plan (the “2024 Strategic Plan” or the “Plan”) that prioritizes long-term success by investing in talent, technology, data, investment design, and liquidity/leverage.
- **Total Forecast Costs for FY25:** Total costs for FY25 are forecast at \$86.8 million, which is \$2.5 million or 2.8% lower than what was budgeted. The decrease is due primarily to lower costs associated with unfilled vacancies.
- **Total Budgeted Costs for FY26:** The FY26 budget is \$96.8 million, an 8.4% increase from FY25 budget:
 - **The UTIMCO Services Budget:** The FY26 budget includes \$87.0 million for the “operating” budget of UTIMCO, an 8.3% increase from the FY25 budget. The increase is due primarily to increases in headcount, merit raises, market catch-up raises, and promotions.
 - **The Total Direct Costs to Funds Budget:** The FY26 budget of \$9.9 million for direct fund costs is 9.2% higher than the FY25 budget due primarily to increased custodian fees associated with increased compliance requirements and a transition of master custodian services to a new provider.
- **UTIMCO Reserves:** A \$14 million rebate is recommended from reserves back to the funds.
- **UTIMCO Costs Compared to Peers:** UTIMCO’s total costs as a percentage of AUM are forecast to be 11.0 bps in FY25 and budgeted at 11.8bps for FY26. While total costs have increased over the years, independent industry benchmarking studies for Endowment and Foundations oversight costs from Cambridge Associates, Charles Skorina and FoundationMark, as well as peer data obtained by UTIMCO show that UTIMCO’s total costs as a percentage of AUM remain below industry averages and are favorable compared to peers.

Budget Analysis and Trends

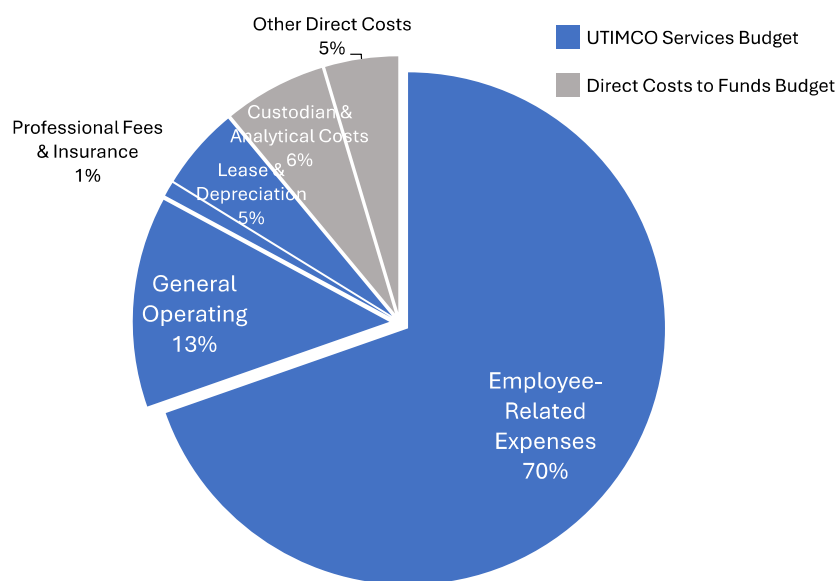
UTIMCO proposes Total Budgeted Costs for FY26 of \$96.8 million. Table 1 shows the Total Budgeted Costs (UTIMCO Services Budget and Direct Costs to Funds) as a percent of average AUM for FY26 and the Total Actual and Forecast Costs as a percent of average AUM from FY21 to FY26.

Table 1: Total Actual Costs Trend FY21-FY25 and Total Budgeted Costs FY26
(\$ millions)

	FY21	FY22	FY23	FY24	Forecast FY25	Budget FY26
Average Total AUM¹	59,803	66,392	67,693	73,409	78,581	82,240
% Change in AUM	20%	11%	2%	8%	7%	5%
UTIMCO Services	55.8	52.7	69.0	61.4	77.7	87.0
% Change in UTIMCO Services	17.9%	-5.4%	30.8%	-11.0%	26.5%	12.0%
UTIMCO Services % of AUM	0.09%	0.08%	0.10%	0.08%	0.10%	0.11%
Direct Costs to Funds	7.6	8.4	8.5	8.7	9.1	9.9
% Change in Direct Costs to Funds	14.4%	9.6%	1.1%	2.7%	4.8%	8.4%
Direct Costs to Funds % of AUM	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Total Costs	63.4	61.1	77.4	70.1	86.8	96.8
% Change in Total Costs	17.5%	-3.6%	26.8%	-9.5%	23.8%	11.6%
Total Costs % of AUM	0.11%	0.09%	0.11%	0.10%	0.11%	0.12%

¹ FY25 and FY26 Average Total AUM assumes projected balances based on moderate returns, projected West Texas Land and gift income, and projected distributions.

FY26 Total Budgeted Costs
\$96.8 million



The UTIMCO Services Budget (blue shade in the pie chart above) represents 90% of the total budget, with employee-related expenses being the largest component at 78% of the Services Budget. Direct Costs to Funds include Custodian & Analytical Costs (6%) and Other Direct Costs (4%).

Management fees and performance fees paid to external investment managers, which are either paid directly by UTIMCO or netted against asset values by the external managers, are not included in these amounts. UTIMCO retains external managers for approximately 94% of the AUM, with UTIMCO staff directly managing approximately 6% of assets as well as an internal derivatives portfolio.

Table 2 compares the Total Budgeted Costs for FY25 and FY26. Refer to Exhibits A and B at the end of this memo for a detailed budget comparison for FY25-FY26 and actual trend history for FY21-FY25.

Table 2: FY25 Forecast and FY26 Budget Overview

(\$ millions)

	FY25 Forecast				FY26 Budget			
	\$ Budget	\$ Projected	\$ Change vs FY25 Budget	% Change vs FY25 Budget	\$ Budget	\$ Change vs FY25 Projected	% Change vs FY25 Projected	% Change vs FY25 Budget
UTIMCO Services	80.3	77.7	-2.6	-3.2%	87.0	9.3	12.0%	8.3%
Direct Costs to Funds	9.0	9.1	0.1	0.8%	9.9	0.8	8.4%	9.2%
Total Budgeted Costs	89.3	86.8	-2.5	-2.8%	96.8	10.1	11.6%	8.4%

UTIMCO Services Budget

Strategic Plan: Growth in the UTIMCO budget for FY26 reflects the ongoing implementation of the 2024 Strategic Plan that established a framework and direction for budgeting from 2025 to 2029. The Plan prioritizes long-term success by investing in talent, technology, data, investment design, and liquidity/leverage. The Plan aims to keep UTIMCO's costs at around 11.6bps of the AUM, which although higher than the FY24 Budget of 10.7bps, remains well below peer expense ratios. The 2024 Strategic Plan calls for the addition of ~10 new FTEs and takes into account key operations retirements likely in the next few years. This growth reflects the tapering of personnel growth needs compared to the prior 2019 Strategic Plan that added ~33 FTEs over the 2019-2024 time period.

Compensation: FY26 Budgeted Total Personnel Costs, including payroll taxes and benefits, increased by \$5.9M or 9.5% from the FY25 Budget. Salaries increased by \$2.8M or 10.2% and performance compensation increased by \$3.0M or 11.6% primarily related to an increase in headcount (7 FTE), merit raises, market catch-up raises, and promotions.

Total personnel-related expenses, including employee benefits, account for 78% of UTIMCO's FY26 Services Budget (or 70% of Total Budgeted Costs). Trends in staffing and total compensation in relation to assets under management are shown in Table 3. Highlights from these tables include:

- Total Compensation has increased 9.1% annually over the last five years as a result of hiring additional employees, promotions, and base salary raises, in line with the 2019 and 2024 Strategic Plans.
- Total Compensation per employee has increased 4.9% (annualized) from \$332k to \$421k budgeted in FY26. These increases are in line with market trends among endowment investment management peers as reported by Mercer, an independent compensation consultant, which provides annual guidance to the UTIMCO Board and its Compensation Committee.
- AUM has steadily increased since FY21 due to positive returns and historic levels of PUF lands income, which continues a longer-term trend of increasing average AUM per Employee.

Table 3: UTIMCO Compensation and Headcount FY21-FY26
(excluding benefits)

	FY21	FY22	FY23	FY24	Forecast FY25	% Change Since FY21 (annual)	Budget FY26	% Change From FY25	% Change Since FY21 (annual)
Employees (as of year end)	115	123	122	122	133	3.7%	140	5.3%	4.0%
Average Total AUM (\$ millions)	59,803	66,392	67,693	78,581	78,581	7.1%	82,240	4.7%	6.6%
Average AUM/Employee (\$ millions)	520	540	555	644	591	3.2%	587	-0.6%	2.5%
Salaries (\$ millions)	18.2	20.3	22.3	23.5	26.5	9.8%	30.0	13.4%	10.5%
Performance Comp. (\$ millions)	20.0	12.9	26.0	15.3	25.9	6.7%	28.9	11.6%	7.7%
Total Comp. (\$ millions)	38.2	33.2	48.3	38.8	52.4	8.2%	59.0	12.5%	9.1%
Total Comp. per Employee (\$)	332,006	269,622	395,881	318,051	394,135	4.4%	421,293	6.9%	4.9%
Perf. Comp. as % of Salaries	110%	63%	116%	65%	98%		96%		
Perf. Comp. as % of Total Comp.	52%	39%	54%	39%	49%		49%		

On-Line Data & Subscriptions: FY26 Budgeted Data & Subscriptions are higher than the FY25 Budget by \$0.4M primarily due to the addition of new data services and subscriptions and inflation-related increases for other current services. FY26 Budgeted Data & Subscriptions is \$0.4M less than projected in the 2025 Strategic Plan due to more efficient utilization of services.

For UTIMCO there has been a shift to more subscription-based information technology (“SBIT”), which results in higher operating expenses but reduces both capital expenditures and maintenance costs related to IT hardware and software. Increases in SBIT costs include additional data storage cloud capacity, cybersecurity, data tooling, and adoption of new AI tools.

Contract Services & Maintenance: FY26 Budgeted Contract Services of \$2.8M is higher than the FY25 Budget by \$2.4M primarily because of IT-related consulting services for new data and infrastructure initiatives.

Lease and Depreciation Expenses: FY26 Budgeted Lease and Lease Asset Amortization costs of \$3.4M is flat to FY25 Budget levels. FY26 Budgeted Depreciation Expense decreased by \$250k from FY25 Budget because some server equipment and furniture & fixtures will be fully depreciated, and the capital purchases budget is less than expected. Table 4 shows the lease expense trends from FY21-FY26.

Table 4: UTIMCO Lease Expenses FY21- FY26

(\$ thousands)

	Actual				Forecast	Budget
	FY21	FY22	FY23	FY24	FY25	FY26
Property Lease and Interest Expense	\$2,394	\$2,373	\$2,351	\$2,328	\$2,304	\$2,280
Operating Lease	699	663	750	809	877	891
Parking Expenses	216	236	263	257	256	267
Total Lease Expenses (net)	\$3,309	\$3,272	\$3,363	\$3,395	\$3,437	\$3,437

There are currently no further plans for significant capital improvements.

Other General Operating Expenses, Professional Fees, and Insurance (non-employee): Office expenses, insurance, travel, and professional fees fall in this category and are forecast to be \$2.7 million in FY25, which is equal to what was budgeted. The FY26 Budget of \$3.0 million is higher than FY25 Budget by \$0.3M due to increased travel, insurance costs, and various miscellaneous costs.

Direct Costs to Funds

With over 30 years of service from Bank of New York Mellon (BNY), UTIMCO initiated a best-practice review to assess technological advancements, optimize service quality, and explore cost efficiencies. The review covered a wide range of services beyond basic asset safekeeping, including accounting, performance analytics, derivatives support, and compliance. An Internal Review Committee issued an RFP to four global custodians—BNY, Northern Trust, JP Morgan, and State Street—and conducted extensive due diligence, including site visits and system evaluations. Based on criteria such as technological capabilities, reporting, data management, and fees, the committee recommended transitioning from BNY to Northern Trust as the new Master Custodian. It is expected that the transition will occur about halfway through FY26. The Direct Costs to Funds for FY26 are budgeted at \$9.9 million, a 9.2% increase from the FY25 Budget due primarily to this transition.

UTIMCO Capital Expenditures

The trend for Capital Expenditures for FY21-FY26 is summarized in Table 5 below. Capital expenditures in recent years have been substantially lower since FY21 due to the completion of the build-out of additional leased office space. The FY25 forecast includes upgrades to conference rooms and network upgrades to the firewall, but there are no significant capital plans for FY26.

Table 5: UTIMCO Capital Expenditures FY21-FY26

	FY21	FY22	Actual FY23	FY24	Forecast FY25	Budget FY26
Ongoing: Technology and Software Upgrades	\$119,000	\$25,000	\$266,612	\$50,245	\$520,000	\$25,000
Ongoing: Office Equipment and Fixtures	89,000	109,000	117,352	128,394	125,000	125,000
Expansion: Leasehold Buildout (net of TI allowance)	2,352,000	-	-	-	-	150,000
Expansion: Furniture and Fixtures	423,000	2,730	-	-	-	100,000
Total Capital Expenditures (net)	\$2,983,000	\$136,730	\$383,964	\$178,639	\$645,000	\$400,000

Cash Reserves

UTIMCO maintains a cash reserve of 25% of the annual operating budget and any excess amounts are returned to the Investment Funds. Due to unfilled vacancies, payouts of FY23 and FY24 performance awards that were less than budgeted, ISS subscriptions and consulting projects that started later than projected, and higher interest income, UTIMCO is rebating \$14 million back to the Investment Funds. See Exhibit C for the calculation.

EXHIBIT A**Total Budgeted Costs FY25-FY26**

	FY25		Change from FY25 Budget		FY26		Change from FY25 Forecast		Change from FY25 Budget
	Budget	Forecast	\$	%	Budget	\$	%	%	
UTIMCO Services									
Salaries	27,248,025	26,477,266	-770,759	-2.8%	30,035,756	3,558,490	13.4%	10.2%	
Performance Compensation + Earnings	25,942,695	25,942,695	0	0.0%	28,945,287	3,002,592	11.6%	11.6%	
Total Compensation	53,190,720	52,419,961	-770,759	-1.4%	58,981,042	6,561,081	12.5%	10.9%	
Total Payroll taxes	3,195,035	2,883,376	-311,659	-9.8%	3,034,228	150,853	5.2%	-5.0%	
403(b) Contributions	2,103,319	2,004,041	-99,278	-4.7%	2,320,394	316,353	15.8%	10.3%	
Insurance, Cell Phone, Learning	3,088,692	2,468,257	-620,435	-20.1%	3,098,460	630,203	25.5%	0.3%	
Employee Benefits	5,192,011	4,472,298	-719,713	-13.9%	5,418,854	946,556	21.2%	4.4%	
Total Employee Related Expenses	61,577,766	59,775,635	-1,802,131	-2.9%	67,434,125	7,658,490	12.8%	9.5%	
On-Line Data Services	3,644,448	3,719,662	75,214	2.1%	3,959,736	240,074	6.5%	8.7%	
Subscriptions	3,848,592	3,468,467	-380,125	-9.9%	3,945,936	477,469	13.8%	2.5%	
On-Line Data & Subscriptions	7,493,040	7,188,128	-304,912	-4.1%	7,905,672	717,544	10.0%	5.5%	
Contract Services & Maintenance	2,375,664	2,068,961	-306,703	-12.9%	2,794,584	725,623	35.1%	17.6%	
Travel & Meetings, Including BOD	1,661,940	1,313,216	-348,724	-21.0%	1,751,446	438,230	33.4%	5.4%	
Recruiting & Comp. Expenses	884,988	799,827	-85,161	-9.6%	799,920	93	0.0%	-9.6%	
Total Office Expense	202,980	180,952	-22,028	-10.9%	393,893	212,941	117.7%	94.1%	
Total Lease Expense	3,403,990	3,437,306	33,316	1.0%	3,436,960	-346	-0.0%	1.0%	
Legal Expenses	405,000	637,050	232,050	57.3%	380,028	-257,022	-40.3%	-6.2%	
Accounting fees	121,500	335,905	214,405	176.5%	121,500	-214,405	-63.8%	0.0%	
Board Advisors	60,000	30,000	-30,000	-50.0%	60,000	30,000	100.0%	0.0%	
Total Professional Fees	586,500	1,002,955	416,455	71.0%	561,528	-441,427	-44.0%	-4.3%	
Total Insurance	277,532	224,066	-53,466	-19.3%	329,988	105,922	47.3%	18.9%	
Depreciation	1,825,000	1,700,000	-125,000	-6.8%	1,575,000	-125,000	-7.4%	-13.7%	
Total Non-Employee Related Expenses	18,711,634	17,915,410	-796,224	-4.3%	19,548,991	1,633,581	9.1%	4.5%	
Total UTIMCO Services	80,289,400	77,691,045	-2,598,355	-3.2%	86,983,116	9,292,071	12.0%	8.3%	
Direct Costs to Funds									
Custodian Fees and Other Direct Costs	5,409,000	5,650,000	241,000	4.5%	6,216,250	566,250	10.0%	14.9%	
Consultant Fees	286,650	286,650	0	0.0%	300,983	14,333	5.0%	5.0%	
Auditing	928,034	924,811	-3,223	-0.3%	972,264	47,453	5.1%	4.8%	
Legal Fees	1,620,000	1,543,976	-76,024	-4.7%	1,620,000	76,024	4.9%	0.0%	
Background Searches & Other	788,550	695,087	-93,463	-11.9%	755,020	59,933	8.6%	-4.3%	
Other Direct Costs Total	3,623,234	3,450,524	-172,710	-4.8%	3,648,267	197,743	5.7%	0.7%	
Total Direct Costs to Funds	9,032,234	9,100,524	68,290	0.8%	9,864,517	763,993	8.4%	9.2%	
Total Budgeted Costs	89,321,634	86,791,569	-2,530,065	-2.8%	96,847,633	10,056,064	11.6%	8.4%	

Fiscal Year 2026 Review of UTIMCO Services Budget and Other Direct Costs to Funds
 Prepared by the U. T. System Office of Finance
 July 22, 2025

EXHIBIT B**Total Actual Costs FY21-FY25 and FY26 Budget**

	FY21	FY22	FY23	FY24	FY25	FY26
	Actual	Actual	Actual	Actual	Forecast	Budget
UTIMCO Services						
Salaries	18,193,968	20,289,489	22,331,375	23,518,847	26,477,266	30,035,756
Performance Compensation + Earnings	19,986,731	12,873,958	25,966,115	15,283,366	25,942,695	28,945,287
Total Compensation	38,180,699	33,163,447	48,297,490	38,802,213	52,419,961	58,981,042
Total Payroll taxes	2,073,547	2,561,796	2,553,680	3,208,633	2,883,376	3,034,228
403(b) Contributions	1,290,358	1,470,167	1,659,557	1,774,952	2,004,041	2,320,394
Insurance, Cell Phone, Learning	2,005,251	2,396,713	2,373,648	2,498,105	2,468,257	3,098,460
Employee Benefits	3,295,609	3,866,880	4,033,205	4,273,056	4,472,298	5,418,854
Total Employee Related Expenses	43,549,855	39,592,122	54,884,375	46,283,903	59,775,635	67,434,125
On-Line Data & Subscriptions	4,104,432	4,231,143	4,784,668	5,872,978	7,188,128	7,905,672
Contract Services & Maintenance	1,514,125	1,557,170	1,413,216	1,248,131	2,068,961	2,794,584
Travel & Meetings, Including BOD	63,459	585,888	1,212,281	1,192,965	1,313,216	1,751,446
Recruiting & Comp. Expenses	645,510	779,723	718,189	892,529	799,827	799,920
Total Office Expense	191,815	159,832	181,402	181,800	180,952	393,893
Total Lease Expense	3,308,824	3,272,032	3,363,351	3,394,635	3,437,306	3,436,960
Legal Expenses	262,928	184,607	193,841	154,315	637,050	380,028
Accounting fees	96,155	107,201	106,782	133,720	335,905	121,500
Board Advisors	30,000	30,000	30,000	30,000	30,000	60,000
Total Professional Fees	389,083	321,808	330,623	318,035	1,002,955	561,528
Total Insurance	219,659	231,430	231,354	227,534	224,066	329,988
Depreciation	1,776,348	2,001,103	1,871,313	1,820,000	1,700,000	1,575,000
Total Non-Employee Related Expenses	12,213,255	13,140,129	14,106,398	15,148,606	17,915,410	19,548,991
Total UTIMCO Services	55,763,110	52,732,252	68,990,772	61,432,509	77,691,045	86,983,116
Direct Costs to Funds						
Custodian Fees and Other Direct Costs	4,157,665	4,201,672	4,704,620	5,652,937	5,650,000	6,216,250
Risk Measurement	1,286,353	1,079,100	838,276	0	0	0
Custodian and Risk Measurement Costs	5,444,018	5,280,772	5,542,896	5,652,937	5,650,000	6,216,250
Consultant Fees	297,500	302,167	317,575	275,000	286,650	300,983
Auditing	1,053,346	980,378	849,799	847,208	924,811	972,264
Legal Fees	303,577	544,785	1,050,875	1,401,061	1,543,976	1,620,000
Background Searches & Other	529,199	1,253,754	690,869	505,370	695,087	755,020
Other Direct Costs Total	2,183,622	3,081,084	2,909,118	3,028,639	3,450,524	3,648,267
Total Direct Costs to Funds	7,627,640	8,361,856	8,452,013	8,681,576	9,100,524	9,864,517
Total Budgeted Costs	63,390,750	61,094,107	77,442,785	70,114,085	86,791,569	96,847,633

Fiscal Year 2026 Review of UTIMCO Services Budget and Other Direct Costs to Funds
 Prepared by the U. T. System Office of Finance
 July 22, 2025

EXHIBIT C

UTIMCO Reserve Analysis for August 31, 2025

Projected Cash Reserves at August 31, 2025		
Cash		\$ 58,000,000
Prepaid Expenses		1,500,000
Less: Accounts Payable (Includes incentive compensation & earnings payable)		(24,605,000)
Projected Cash Reserves at August 31, 2025		<u>\$ 34,895,000</u>
FY26 Proposed Operating Budget	\$86,983,116	
Applicable Percentage	25%	21,745,779
Capital Budget Expenditures		400,000
Depreciation Expense		(1,575,000)
Required Cash Reserves at August 31, 2025		<u>\$ 20,570,779</u>
Balance Available for Distribution		\$ 14,324,221
Recommended Distribution		\$ 14,000,000

9. U.T. System: University Lands Update

Mr. Billy Murphy, Chief Executive Officer - University Lands, will report on matters related to University Lands using the PowerPoint presentation set forth on the following pages.

University Lands Update

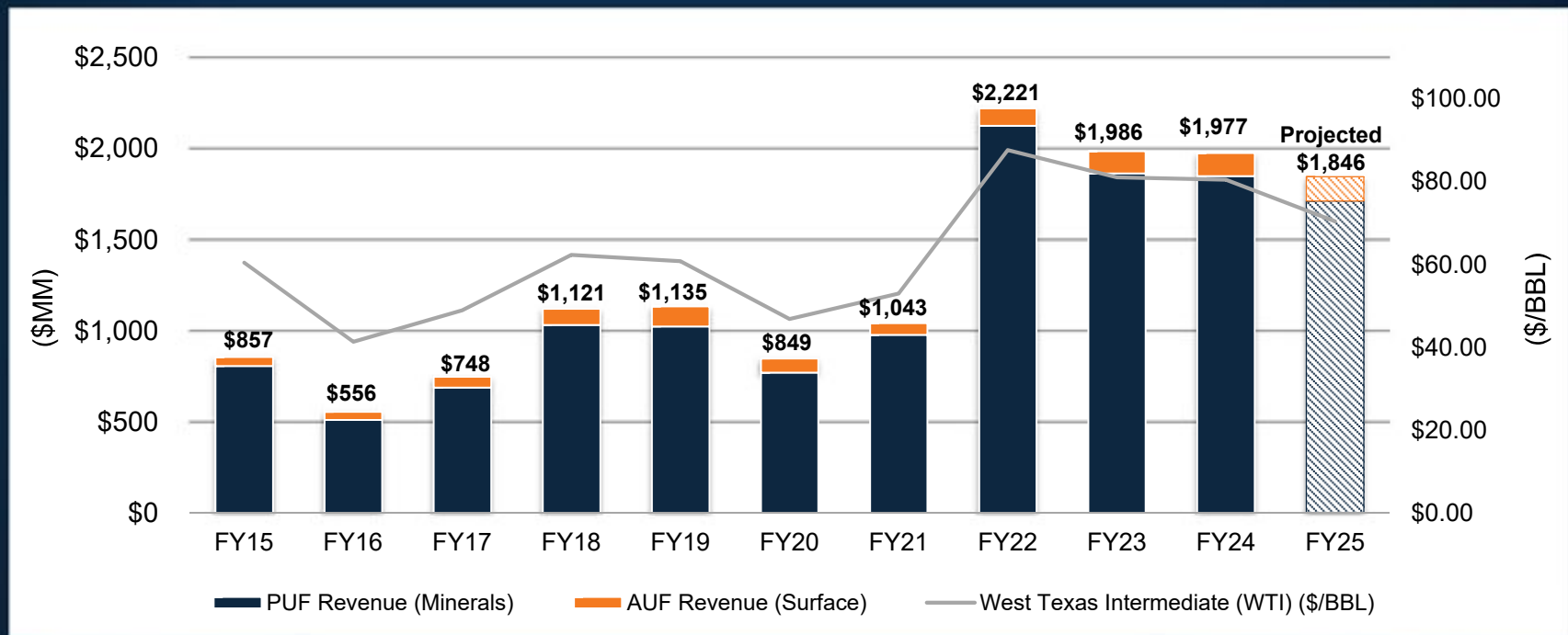
William R. “Billy” Murphy, Jr., Chief Executive Officer

U.T. System Board of Regents Meeting
Finance and Planning Committee
August 2025



The University of
Texas System

Permanent University Fund (PUF) and Available University Fund (AUF) Revenue vs. Average Oil Price

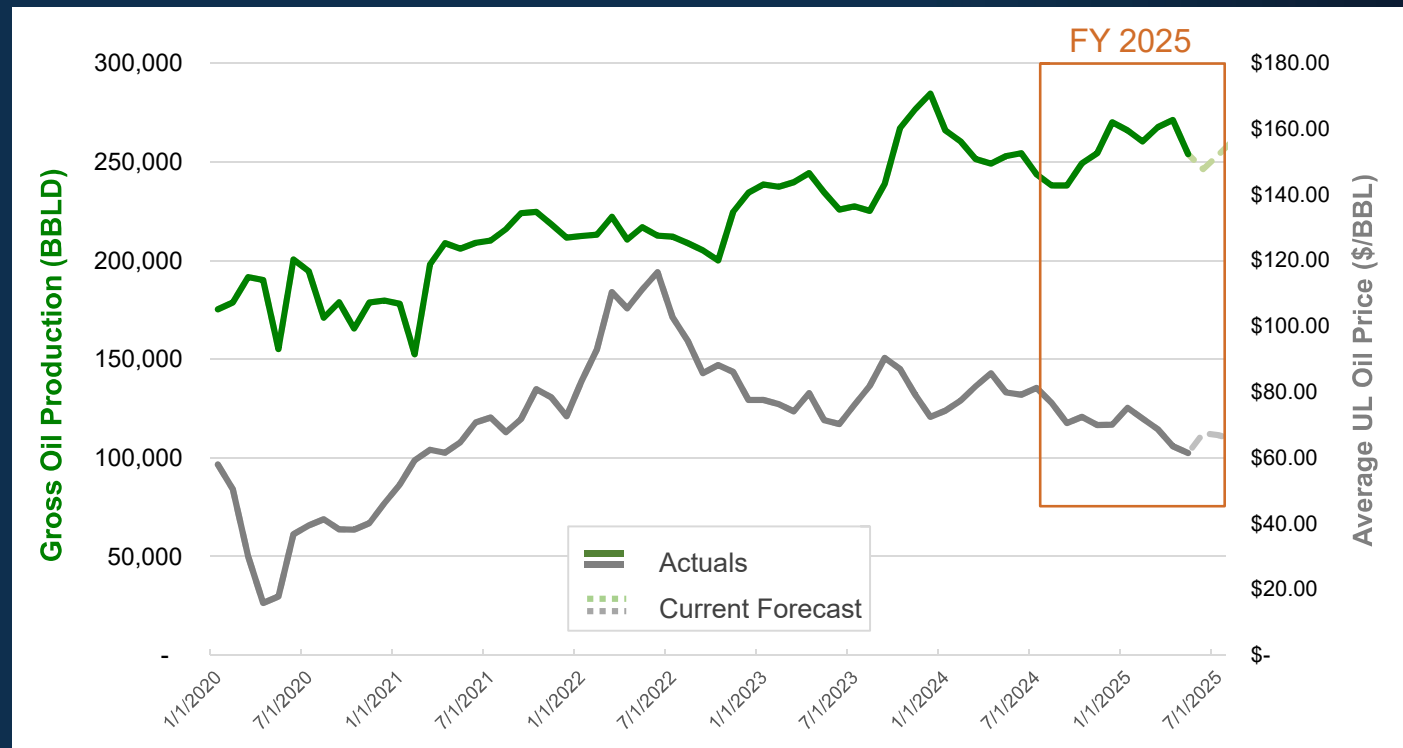


UL Gross Oil Production and Average Oil Price

FY 2025 PUF
Projected Total
(oil and gas prod)
\$1.71 B




UL Oil Price Forecast
\$71

UL Wet Gas Forecast
\$3.50



The University of
Texas System

University Lands/Permian Basin Market Environment

Production	
Oil Pricing	
Gas Pricing	

- Permian Basin continues to be the preferred basin for unconventional oil and gas development
- Current oil and natural gas liquids (NGL) prices provide good cash flow in unconventional oil plays, but oil is facing downward pressure
- Gas prices still limit development of gassier areas, expect continued volatility until 2026
- Surface activity ancillary to oil and gas development remains strong
- West Texas continues to be a contender for renewable energy, emerging energy, and natural gas power projects

University Lands 2025 Priorities

Mission Statement

To maximize the revenue from the Permanent University Fund (PUF) Lands, protect the interests of The University of Texas System and promote awareness and sensitivity for the environment.

- Proactive approach to secure development activity over time
- Focus on surface development strategy to secure scalable infrastructure projects