



**SCHEDULE OF EVENTS  
FOR  
BOARD OF REGENTS MEETING**

**August 21-22, 2024**  
Austin, Texas

**Wednesday, August 21, 2024**

Public Hearing Opportunity.....	1:00 p.m.
Audit, Compliance, and Risk Management Committee .....	1:15 p.m.
Finance and Planning Committee .....	1:45 p.m.
Academic Affairs Committee .....	2:15 p.m.
Health Affairs Committee .....	2:45 p.m.
Facilities Planning and Construction Committee.....	3:15 p.m.
Convene the Board in Open Session to Recess to Executive Session.....	3:45 p.m.
Reconvene the Board in Open Session for Possible Action on Executive Session Items.....	4:45 p.m. <i>approximately</i>
Recess .....	5:00 p.m.

**Thursday, August 22, 2024**

Reconvene the Board in Open Session to Consider Agenda Items.....	9:00 a.m.
Recess to Executive Session .....	10:00 a.m.
Reconvene the Board in Open Session for Possible Action on Executive Session Items and to Consider Agenda Items.....	11:30 a.m.
Adjourn .....	12:00 p.m.



**AGENDA  
FOR MEETING  
OF  
THE UNIVERSITY OF TEXAS SYSTEM  
BOARD OF REGENTS**

**August 21-22, 2024**  
Austin, Texas

**Wednesday, August 21, 2024**

PUBLIC HEARING OPPORTUNITY, PURSUANT TO *TEXAS EDUCATION CODE* SECTION 54.0513, REGARDING PROPOSED CHANGE IN TUITION AND FEE RATES FOR THE DOCTOR OF PHARMACY DEGREE PROGRAM AT U. T. TYLER AND FOR THE SCHOOL OF BEHAVIORAL HEALTH SCIENCES AT U. T. HEALTH SCIENCE CENTER - HOUSTON 1:00 p.m.

COMMITTEE MEETINGS 1:15 p.m. - 3:45 p.m.

CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551 3:45 p.m.

1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074

**U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions including interim presidents); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members; and U. T. System and institutional employees**

2. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073

- a. **U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**
- b. **U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**

3. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071

- a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
- b. **U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System**

RECONVENE THE BOARD IN OPEN SESSION FOR POSSIBLE ACTION ON EXECUTIVE SESSION ITEMS 4:45 p.m.

RECESS 5:00 p.m.

<u>Thursday, August 22, 2024</u>	Page
CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	9:00 a.m.
STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD	9:05 a.m.
<ol style="list-style-type: none"> <li>1. <b>U. T. System Board of Regents: Approval of Consent Agenda and consideration of any item referred to the full Board</b></li> <li>2. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed appointment to the University Lands Advisory Board (ULAB)</b></li> <li>3. <b>U. T. System: Report from the U. T. System Employee Advisory Council</b></li> </ol>	<p>6</p> <p>7</p> <p>8</p>
RECESS TO EXECUTIVE SESSION PURSUANT TO <i>TEXAS GOVERNMENT CODE</i> , CHAPTER 551	10:00 a.m.
<ol style="list-style-type: none"> <li>1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074               <ol style="list-style-type: none"> <li>a. <b>U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions including interim presidents); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members; and U. T. System and institutional employees</b></li> <li>b. <b>U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions including interim presidents); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (such as Chancellor, General Counsel to the Board, and Chief Audit Executive); U. T. System and institutional employees, and related personnel aspects of the operating budget for Fiscal Year 2025</b></li> <li>c. <b>U. T. System: Discussion and appropriate action concerning individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents’ <i>Rules and Regulations</i>, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives</b></li> <li>d. <b>U. T. Tyler: Discussion with president regarding assignment and duties, including individual responsibilities regarding collaboration in behavioral health expansion in East Texas</b></li> </ol> </li> </ol>	

**Thursday, August 22, 2024 (cont.)**

- e. **U. T. Tyler: Consideration, discussion, and appropriate action regarding recommendation of Faculty Hearing Tribunal concerning termination of Mickie Mwanzia Koster, Ph.D., a tenured faculty member**
2. **Negotiated Contracts for Prospective Gifts or Donations – Section 551.073**
- a. **U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**
  - b. **U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**
3. **Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071**
- a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
  - b. **U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System**
  - c. **U. T. System Board of Regents: Discussion and appropriate action regarding pending litigation styled *Bobby Bellard, et. al. v. University of Texas MD Anderson Cancer Center, et. al.***
  - d. **U. T. Tyler: Discussion and appropriate action regarding legal issues associated with a proposed transaction with Oceans Acquisition, Inc., a Delaware corporation, and/or its affiliate(s) (Oceans) pursuant to which (a) The Health Science Center at U. T. Tyler and Oceans, as members of a to-be-formed and yet-to-be-named limited liability company (JointCo, LLC) will jointly own, develop, and operate certain behavioral health facilities in East Texas to be managed by Oceans pursuant to one or more management agreements, (b) The Health Science Center at U. T. Tyler will enter into a series of related agreements relating to the formation and operation of JointCo, LLC, including (i) a lease and sublease arrangement for the development of a new inpatient behavioral health facility in East Texas (the New Facility), (ii) a contribution agreement pursuant to which The Health Science Center at U. T. Tyler will make certain commitments to JointCo, LLC, including a commitment to cover certain costs, fees, and expenses relating to the opening of the New Facility, (iii) a trademark license agreement permitting JointCo, LLC to use the UT Health East Texas name and logo, (iv) an agreement to provide professional services to the behavioral health facilities that are part of JointCo, LLC, and (v) academic affiliation and clinical rotation agreements that will support the academic operations of U. T. Tyler (collectively as to (a) and (b), the Proposed Transaction), (c) delegation of authority to the institutional president to execute related documents and take other action necessary, and (d) a finding of public purpose**



**Thursday, August 22, 2024 (cont.)**

**Page**

4. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072
5. Deliberation Regarding Security Devices or Security Audits – Sections 551.076 and 551.089

**U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices**

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER OPEN SESSION ITEMS

*11:30 a.m.  
approximately*

4. **U. T. System: Discussion and appropriate action related to updates to The University of Texas System Commitment to Freedom of Speech and Expression** **10**
5. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed revision to Regents' *Rules and Regulations*, Rule 20601 (Aircraft Use), regarding use of donor aircraft** **12**
6. **U. T. System: Discussion and appropriate action regarding establishment of the Regents' Strategic Research Fund and allocation and expenditure of \$25 million in Available University Funds (AUF); and finding that the expenditure of AUF for this purpose is appropriate** **15**
7. **U. T. System: Discussion and appropriate action regarding a) the nonpersonnel aspects of the operating budgets for Fiscal Year 2025, including Permanent University Fund Bond Proceeds allocations for Library, Equipment, Repair and Rehabilitation Projects and for the Faculty Science and Technology Acquisition and Retention program, and Internal Lending Program or other available sources for funding new campus programs, and b) finding that expenditure of the Available University Fund is appropriate** **17**
8. **U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration and institutional operating budgets for Fiscal Year 2025** **19**

ADJOURN

*12:00 p.m.  
approximately*

1. **U. T. System Board of Regents: Approval of Consent Agenda and consideration of any item referred to the full Board**

RECOMMENDATION

The Board will be asked to approve the Consent Agenda beginning on [Page 188](#).

**2. U. T. System Board of Regents: Discussion and appropriate action regarding proposed appointment to the University Lands Advisory Board (ULAB)**

RECOMMENDATION

Chairman Eltife may recommend action concerning proposed appointment to the University Lands Advisory Board (ULAB).

BACKGROUND INFORMATION

On March 19, 2018, the Board of Regents approved changes to the membership structure for the University Lands Advisory Board (ULAB), effective immediately, as follows:

- five members appointed by The University of Texas System Board of Regents;
- three members appointed by The Texas A&M University System Board of Regents; and
- the Commissioner of the General Land Office.

Further, at least two of the members appointed by the U. T. System Board and at least one of the members appointed by the A&M System Board must be current Regents, with the ULAB Chairman to be named by the U. T. System Board. In addition, at least three of the members appointed by the U. T. System Board and at least two of the members appointed by the A&M System Board must have industry experience.

**3. U. T. System: Report from the U. T. System Employee Advisory Council**

A summary of the U. T. System Employee Advisory Council's (EAC) work and planned activities is on the following page.

**BACKGROUND INFORMATION**

The U. T. System Employee Advisory Council was established in August 2000 to provide a vehicle for communication and to facilitate the flow of ideas and information between and among the Board of Regents, U. T. System Administration, and the U. T. institutions. The EAC functions to define, analyze, and make recommendations on employee issues to the U. T. System Administration, the Chancellor, and the Board of Regents.

**EMPLOYEE ADVISORY COUNCIL EXECUTIVE OFFICERS:**

**Chair:**

Ms. Tilly Clark,  
Director of Presidential Affairs – Office of the President,  
U. T. Medical Branch - Galveston

**Vice Chair:**

Mr. Jason A. Duca, MHA,  
Scientific Project Director, STRIDE  
U. T. M. D. Anderson Cancer Center

**Secretary:**

Ms. Laura Rademacher, MEd,  
Program Manager for Student Affairs and Career Development,  
U. T. Health Science Center - Houston

## The University of Texas System Employee Advisory Council (EAC) Summary

The EAC held three separate in-person meetings in Fiscal Year 2024. EAC core tasks focused on development of a campaign to foster enhanced partnerships with key U. T. System organizations and raising awareness of the EAC throughout the System. The goals of this campaign aimed to improve communication amongst U. T. System organizations, identify shared interests, and promote EAC member leadership development and stakeholder engagement.

During the fall semester, the EAC conducted an extensive data collection initiative among its members to identify opportunities to enhance the effectiveness of EAC efforts towards positive change. The insights gained from this data inspired implementation of a multi-faceted campaign centered on four key areas: Assessment, Awareness, Collaboration, and Networking.

1. **Assessment:** A committee was established to focus on strategic future planning and to review the EAC's previous work. Surveys were designed to gather insights from new, current, and outgoing EAC members, aiming to enhance the overall EAC experience based on their feedback.
2. **Awareness:** As part of the campaign, we have strategically updated and redesigned the digital resources associated with the EAC, enhancing the tools employees can use to connect with the EAC. Furthermore, we are incorporating videos to elevate the EAC experience and emphasize the Council's value and achievements.
3. **Collaboration:** The EAC developed a committee to identify strategies to improve communication and collaboration among stakeholders. Importantly, the EAC recognizes that issues can sometimes be interconnected: faculty issues impact staff and students, staff concerns affect faculty and students, and student issues reverberate across both faculty and staff. The committee primarily focused its efforts on establishing and improving the EAC's connection and relationships with the institutional Staff Councils, the institutional Chief Human Resources Officers (CHRO), the U. T. System Faculty Advisory Council (FAC) and the U. T. System Students Advisory Council (SAC). EAC members proactively engaged with these groups to raise awareness about the work of the EAC and gather information on collaboration opportunities. So far, the collaboration committee has convened all U. T. institution staff council chairs as well as all U. T. CHROs and had 100% attendance for both meetings.
4. **Networking:** The EAC established a new U. T. System Networking initiative aimed to foster collaboration, share best practices, and facilitate professional development opportunities across the U. T. institutions. The primary objective is to create a platform for employees in similar positions across U. T. institutions to come together virtually, engage in meaningful dialogue about the latest developments and challenges within their field, and leverage each other's expertise to enhance their respective roles and functions within the U. T. System. So far, the EAC has convened a pilot group for the U. T. institution President's Executive Assistants, which has achieved a 73% attendance rate and a 100% satisfaction rate for improving working relationships, processes, professional development, and best practices.

These strategic initiatives leverage varied perspectives and expertise, which are anticipated to lead to more effective decision-making and enhanced institutional support and success.

4. **U. T. System: Discussion and appropriate action related to updates to The University of Texas System Commitment to Freedom of Speech and Expression**

**RECOMMENDATION**

The U. T. System Board of Regents is asked to consider adopting additional elements originating with the University of Chicago's Kalven Committee Report on the University's Role in Political and Social Action as set forth below.

**The University of Texas System Commitment to Freedom of Speech and Expression**

Because The University of Texas System (UT System) is committed to free and open inquiry in all matters, it guarantees all members of the UT System the broadest possible latitude to speak, write, listen, challenge, and learn. Except insofar as limitations on that freedom are necessary to the functioning of the UT System, the UT System and the UT institutions fully respect and support the freedom of all members of the UT System community "to discuss any problem that presents itself."

Of course, the ideas of different members of the UT System community will often and quite naturally conflict. But it is not the proper role of the UT System or the UT institutions to attempt to shield individuals from ideas and opinions they find unwelcome, disagreeable, or even deeply offensive.

Nor is it the role of the UT System or UT institutions to adopt positions based on political or social passions or pressures. Institutions should not, in their official capacity, issue or express positions on issues of the day, however appealing they may be to some members of the university community. This has no bearing, of course, on freedom of speech of individuals in the university community, and only relates to official university statements, functions, ceremonies, and publications.

Although the The UT System greatly values civility, and although all members of the UT System community share in the responsibility for maintaining a climate of mutual respect, concerns about civility and mutual respect can never be used as a justification for closing off discussion of ideas, however offensive or disagreeable those ideas may be to some members of the UT System community.

The freedom to debate and discuss the merits of competing ideas does not, of course, mean that individuals may say whatever they wish, wherever they wish. UT institutions may restrict speech and expression that violates the law, that falsely defames a specific individual, that constitutes a genuine threat or harassment, that unjustifiably invades substantial privacy or confidentiality interests, or that is otherwise directly incompatible with the functioning of any UT institution. In addition, the UT institutions may reasonably regulate the time, place, and manner of speech and expression to ensure that it does not disrupt the ordinary activities of the institution. But these are narrow exceptions to the general principle of freedom of speech and expression, and it is vitally important that these exceptions never be used in a manner that is inconsistent with the UT System commitment to a completely free and open discussion of ideas.

In a word, the fundamental commitment is to the principle that debate or deliberation may not be suppressed because the ideas put forth are thought by some or even by most individual members of the UT System community to be offensive, unwise, immoral, or wrong-headed. It is for the individual members of the UT System community, not for the UT System or the UT institutions, to make those judgments for themselves, and to act on those judgments not by seeking to suppress speech, but by openly and vigorously contesting the ideas that they oppose. Indeed, fostering the ability of individual members of the UT System community to engage in such debate and deliberation in an effective and responsible manner is an essential part of the educational mission of the UT System and the UT institutions.

As a corollary to the commitment to protect and promote free speech and expression, members of the UT System community must also act in conformity with the principle of free speech and expression. Although members of the UT System community are free to criticize and contest the views expressed on campus, and to criticize and contest speakers who are invited to express their views on campus, they may not obstruct or otherwise interfere with the freedom of others to express views they reject or even loathe. To this end, the UT System and the UT institutions have a solemn responsibility not only to promote a lively and fearless freedom of debate and deliberation, but also to protect that freedom when others attempt to restrict it.

#### BACKGROUND INFORMATION

On November 17, 2022, the U. T. System Board of Regents approved The University of Texas System Commitment to Freedom of Speech and Expression, reflecting its agreement with principles set forth originally by the University of Chicago. In approving the U. T. System Commitment, the Board formally endorsed and acknowledged the long-standing commitment of the U. T. System to these principles with the expectation that the Commitment will serve to continue to protect the freedom of speech and expression on campuses in a way that promotes free and open inquiry and provides transparency regarding the U. T. System commitment to the promotion and protection of free speech and expression within the U. T. System community.

The Chicago Statement on Free Speech articulates a commitment to free and open inquiry in all matters and guarantees members of the university community broad latitude to speak, write, listen, and learn. The Chicago Statement recognizes that there must, at times, be restrictions on speech, as long as such restrictions are not used in a manner inconsistent with the law and free and open discussion of ideas. Over 80 institutions and faculty bodies have adopted or endorsed the Chicago Statement or a substantially similar statement. The Kalven Report set forth principles in support of institutional neutrality on political and social issues of the day to ensure that the university would be home to diverse and sometimes conflicting ideas, not a participant in those issues.

5. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed revision to Regents' Rules and Regulations, Rule 20601 (Aircraft Use), regarding use of donor aircraft**

RECOMMENDATION

It is recommended that the U. T. System Board of Regents consider the following revisions to Regents' Rules and Regulations, Rule 20601 (Aircraft Use):

...

Sec. 12 Minimum Number of Pilots. With the exception of helicopter flights, two pilots are required for all flights used in conjunction with official University business. This Section is applicable to U. T. System aircraft, leased aircraft, chartered flights, ~~privately~~ employee-owned or -leased aircraft, and ~~donor aircraft~~ Donor Aircraft.

...

Sec. 15 Record Keeping and Reports. The approved reservation requests forms and post-flight passenger manifests will serve as the official record of flights.

15.1 The U. T. System Office of the Controller shall prepare and submit the following reports:

(a) Travel Log. In accordance with *Texas Government Code* [Section 2205.039](#), the passenger manifests for the month will be sent to TxDOT each month following the month in which travel occurred.

(b) Reports to the Board. ~~Passenger manifests for U. T. System aircraft, TxDOT aircraft flown on behalf of U. T. System, privately owned aircraft, and leased and charter aircraft, including donor or chartered aircraft paid for by outside entities on behalf of the University,~~ Passenger manifests for U. T. System aircraft and TxDOT aircraft, employee-owned or -leased aircraft, leased and charter aircraft, and Donor Aircraft flown on behalf of the U. T. System, except for Donor Aircraft provided by a supporting foundation to a U. T. System institution, will be sent to the General Counsel to the Board twice a year in April and October for distribution to the Board's Finance and Planning Committee for review. For Donor Aircraft ~~donor aircraft~~, passenger and donor names may be omitted consistent with State law, but will be provided, upon request, to the Board, to the Chancellor, the appropriate Executive Vice Chancellor, the Vice Chancellor for External Relations, Communications and Advancement Services, the Vice Chancellor and General Counsel, and/or the General Counsel to the Board.



Sec. 16 ~~Leased and Privately~~ Employee-Owned or -Leased Aircraft. No U. T. System employee may operate ~~leased or privately owned~~ aircraft owned or leased in the employee's personal capacity in conjunction with official University business unless authorized in writing by the Chancellor or designee.

...

Sec. 18 Donor Aircraft.

18.1 Usage. Approval to use Donor Aircraft, including the acceptance of a gift of the use of a passenger seat on a noncommercial flight within the definition of Donor Aircraft, in the scope and conduct or furtherance of official University business is conditioned upon the confirmation of the following requirements prior to the acceptance of flight:

- (a) Use of Donor Aircraft must be approved in writing and in advance by the Chancellor or designee following submission of a request using a Donor Aircraft Request for Approval form. In evaluating whether to allow the use of a Donor Aircraft, an individual should first assure that such use does not create a conflict of interest under Regents' [Rule 30104](#). For such travel by U. T. System Administration employees, officers, and institutional presidents, any potential conflict of interest shall be evaluated by the U. T. System Vice Chancellor and General Counsel or designee prior to approval of the use. For other institution employees, the conflict of interest analysis may be performed by the institution's legal counsel and/or ethics advisor. In addition to the conflict of interest review, the Chancellor or designee shall review and approve such proposed travel by U. T. System institutional Presidents and System Administration employees. Presidents shall review and approve such proposed travel of their employees. In every instance, the decision to approve shall be based upon the totality of the circumstances. The reviewing parties may request additional information to assist them in review. Use of Donor Aircraft provided by a supporting foundation to a U. T. System institution can instead be reviewed for compliance with the Regents' Rules and approved pursuant to contracts and memoranda of understanding between the institution and the supporting foundation.
- (b) U. T. System insurance requirements must be met with a minimum of \$1,000,000 per seat/passenger.
- (c) With the exception of helicopters, Donor Aircraft must be multiengine turboprop or jet.
- (d) With the exception of helicopter flights, each flight must have 2 current and qualified pilots.
- (e) The aircraft owner may not serve as pilot or copilot.

- (f) No passenger may enter the cockpit or distract pilots during flight, takeoff, or landing.
  - (g) Students must be accompanied by a University staff member for the duration of any flight.
  - (h) Donor is not a registered lobbyist.
  - (i) Donor flight information (date of flight, aircraft tail number, origin/destination) along with a passenger list and emergency contact for each must be maintained by a responsible University individual on the ground.
- 18.2 Reporting. For each donor Donor Aircraft flight, the following will be provided, if applicable:
- (a) Donor Aircraft Request for Approval form will be forwarded to U. T. System Aircraft Operations prior to departure.
  - (b) Detailed flight information will be reported as required by ~~Section 17.1~~ of this Rule.

...

### 3. Definitions

Donor Aircraft – aircraft and crew, or individual passenger seat on aircraft, provided at reduced or no cost to transport passengers or cargo to/from a predetermined departure location to a specific destination, including any aircraft and crew provided by a supporting foundation to a U.T. System institution at reduced or no cost. Donor Aircraft does not include a reduced or no cost airline ticket on a noncharter commercial airline flight.

#### BACKGROUND INFORMATION

Regents' Rule 20601 sets forth required procedures for use of aircraft for non-commercial flights in furtherance of U. T. business, including required approval and reporting processes for the use of Donor Aircraft. The proposed revisions are recommended to prevent the currently prescribed processes from becoming cumbersome as use of Donor Aircraft from institution-supporting foundations becomes more routine.

The proposed revisions allow for an exception to the standard approval and reporting processes for use of aircraft donated by an institution-supporting foundation. The proposed revisions also clarify terminology used in the Rule.

The proposed revisions do not impact the full-time equivalent (FTE) employee count Systemwide and are budget-neutral. The proposed Rules change was reviewed by the institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

**6. U. T. System: Discussion and appropriate action regarding establishment of the Regents' Strategic Research Fund and allocation and expenditure of \$25 million in Available University Funds (AUF); and finding that the expenditure of AUF for this purpose is appropriate**

**RECOMMENDATION**

The Chancellor and the Executive Vice Chancellors for Academic Affairs, Health Affairs, and Business Affairs recommend that the U. T. System Board of Regents:

- a. establish the Regents' Strategic Research Fund in support of the goal adopted by Regents in August 2023 to accelerate the U. T. System's national research prominence and the state's economy and to enhance the U. T. System's global research competitiveness; and
- b. authorize the allocation of \$25 million of Available University Funds (AUF) for the Regents' Strategic Research Fund in furtherance of the U. T. System Administration's responsibility to provide oversight and coordination of the activities of the U. T. System;
- c. find that expenditure of AUF for the purpose of providing oversight and coordination of the activities of the U. T. System is appropriate and that the expenditure benefits a broad number of U. T. System institutions.

**BACKGROUND INFORMATION**

On August 24, 2023, the U. T. System Board of Regents adopted and implemented a goal for U. T. System to boost its national research prominence and the state's economy and to enhance the U. T. System's global research competitiveness by establishing the U. T. System Regents' Research Excellence Program (RREP) to support the four emerging research institutions within the U. T. System. The RREP provides recurring funding for faculty and postdoctoral researcher salaries and benefits to accelerate the rate of growth of high-quality research by the U. T. System. The RREP also will establish U. T. System communities of practice to allow participating faculty to actively collaborate with faculty at other U. T. System institutions.

To further this goal, the Regents' Strategic Research Fund (Fund) is now proposed. The Fund will provide the support required to continue to develop capabilities that align with current or emerging state or federal priorities, to advance research programs from prominence to preeminence, and to support collaborative engagement with industry and agencies, while enhancing the competitiveness of Texas and its research universities. This Fund, in combination with other investment funds, aims to ensure that the U. T. System and U. T. institutions achieve national research prominence at the highest levels, in areas of critical need and importance, and to continue to help drive the state's innovation economy.

Since August 2004, the U. T. System Board of Regents has approved allocations for the Science and Technology Acquisition and Retention (STARs) program designed to help U. T. System institutions attract and retain the best qualified faculty by funding research start-up costs, including research equipment and laboratory renovations. In addition, the RREP provides the support needed to enhance the pace of faculty hiring. While the STARs and RREP programs have been, and will continue to be, instrumental in helping U. T. institutions attract and retain high-quality faculty, while providing resources to enable the startup of their research programs, additional funds made available through the proposed Fund are needed to provide more flexible, targeted, on-demand support in areas where there is an opportunity to take nascent research strengths and elevate those capabilities to national prominence, exploit state, national, and global research investment trends, and accelerate innovative collaborations.

Advance notice of this proposed System initiative funded with AUF was provided to the Legislative Budget Board as required by Rider 7, Page III-78 of the current *General Appropriations Act*.

7. **U. T. System: Discussion and appropriate action regarding a) the nonpersonnel aspects of the operating budgets for Fiscal Year 2025, including Permanent University Fund Bond Proceeds allocations for Library, Equipment, Repair and Rehabilitation Projects and for the Faculty Science and Technology Acquisition and Retention program, and Internal Lending Program or other available sources for funding new campus programs, and b) finding that expenditure of the Available University Fund is appropriate**

**RECOMMENDATION**

Chancellor Milliken, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the presidents of the U. T. institutions, recommends

- a) approval of the nonpersonnel aspects of the U. T. System Operating Budgets for Fiscal Year 2025, including Educational and General Funds, Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical, Dental, Nursing, and Allied Health Faculty Services, Research and Development Plans;
- b) that the Chancellor be authorized to make editorial corrections to the approved budget and that subsequent adjustments be reported to the U. T. System Board of Regents through the Consent Agenda subject to the requirements of the Budget Rules and Procedures;
- c) allocation of Permanent University Fund (PUF) Bond Proceeds in the amount of \$41.2 million directly to the institutions and U. T. System Administration to fund Library, Equipment, Repair and Rehabilitation (LERR) Projects for Fiscal Year 2025;
- d) allocation of PUF Bond Proceeds in the amount of \$35.8 million to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty through the Faculty Science and Technology Acquisition and Retention (STARs) program. Funding authorized may be used by institutions in either the Faculty STARs or the related Rising STARs programs to take advantage of recruitment and retention opportunities presented by the institutions;
- e) allocation of \$20 million from the Internal Lending Program (ILP) or other available sources to fund investments in the development of new campus programs; and
- f) find that expenditure of Available University Fund (AUF) for the purpose of providing operational support to the U. T. System institutions and identified in the U. T. System Administration Operating Budget for Fiscal Year 2025 as Direct Campus Support is appropriate under the U. T. System's responsibilities to oversee and coordinate the activities and operations of the U. T. institutions, with the intent that expenditures will benefit all academic and health institutions.

## BACKGROUND INFORMATION

Executive Vice Chancellor Jonathan Pruitt and Associate Vice Chancellor Derek Horton will present the following recommended items:

Fiscal Year 2025 Operating Budgets

### Allocations from PUF Bond Proceeds

- Fiscal Year 2025 LERR Budget
- Fiscal Year 2025 STARs program, including Rising STARs

Budget materials titled "Operating Budget Summaries and Reserve Allocations for Library, Equipment, Repair and Rehabilitation and Faculty STARs" will be available online at <https://utsystem.edu/offices/budget-and-planning/operating-budget-summaries>.

Included in the U. T. System Administration Operating Budget for Fiscal Year 2025 is a \$75.4 million allocation of AUF for Direct Campus Support to provide assistance to U. T. academic institutions.

The appropriation of PUF Bond Proceeds for LERR and STARs will be presented in the Fiscal Year 2025 LERR Budget and is subject to the budget rules and expenditure guidelines adopted therein.

The PUF Bond Proceeds appropriated as indicated above must be spent in accordance with Article VII, Section 18 of the Texas Constitution. PUF Bond Proceeds may only be used for acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment, and acquiring library books and library materials.

The proposed allocation of \$20 million of ILP or other available sources will be provided directly to U. T. System institutions to fund the development of new campus programs upon approval of specific programs by the Chancellor.

Executive Vice Chancellor Jonathan Pruitt has determined that for the distribution of ILP for amounts included in the U. T. System Administration Operating Budget based on Board approval of this item and allocated for development of new campus programs, revenues generated through the ILP will exceed amounts needed to maintain a sufficient interest rate buffer to meet principal and interest due on external debt and to provide necessary liquidity.

8. **U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration and institutional operating budgets for Fiscal Year 2025**

**RECOMMENDATION**

Chancellor Milliken, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the presidents of the U. T. institutions, recommends that approval be granted regarding personnel aspects of the U. T. System Administration and U. T. institution operating budgets for Fiscal Year 2025 as included in the previous Agenda Item.

See also the Executive Session items related to the individual personnel aspects of the U. T. System Operating Budgets.



**TABLE OF CONTENTS  
FOR  
AUDIT, COMPLIANCE, AND RISK MANAGEMENT  
COMMITTEE**

**Committee Meeting: 8/21/2024**

**Board Meeting: 8/22/2024**  
Austin, Texas

*Nolan Perez, Chairman*  
*Christina Melton Crain*  
*Jodie Lee Jiles*  
*Janiece Longoria*  
*Kelcy L. Warren*  
*Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>1:15 p.m.</i> <i>Chairman Perez</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<b>Discussion</b>	<b>Action</b>	<b>21</b>
2. <b>U. T. System: Report on the results of the Fiscal Year 2023 U. T. Systemwide Endowment Compliance Program</b>	<b>Report/Discussion</b> <i>Dr. Safady</i>	Not on Agenda	<b>22</b>
3. <b>U. T. System Board of Regents: Report regarding compliance with <i>Texas Education Code</i> Section 51.3525</b>	<b>Report/Discussion</b> <i>Mr. Peppers</i>	Not on Agenda	<b>35</b>
4. <b>U. T. System: Discussion of Systemwide internal audit activities, including updates on the Systemwide Cancer Prevention and Research Institute of Texas (CPRIT) grants assurance work, the chief administrator travel, entertainment, and university residence maintenance expenses engagement, and the Fiscal Year 2024 Annual Audit Plan status</b>	<b>Report/Discussion</b> <i>Mr. Peppers</i>	Not on Agenda	<b>36</b>
<b>Adjourn</b>	<i>1:45 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 188](#).

2. **U. T. System: Report on the results of the Fiscal Year 2023 U. T. Systemwide Endowment Compliance Program**

Vice Chancellor Safady will report on the U. T. Systemwide Endowment Compliance Program for the fiscal year ended August 31, 2023, using a PowerPoint presentation set forth on the following pages.

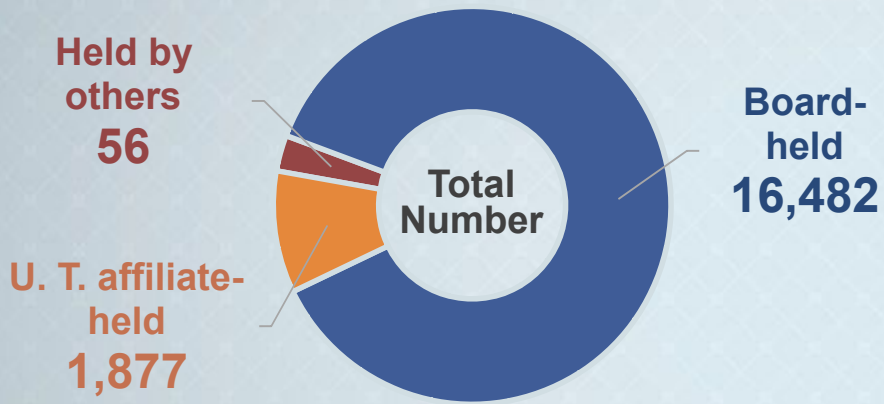
# Systemwide Endowment Compliance Report FY 2023

Dr. Randa Safady, Vice Chancellor for External Relations,  
Communications and Advancement Services

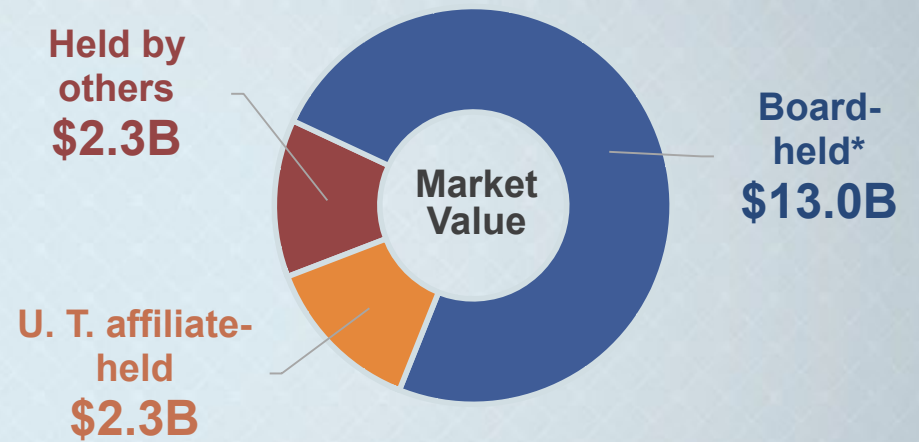
U. T. System Board of Regents Meeting  
Audit, Compliance, and Risk Management Committee  
August 2024



# FY 2023 Total U. T. Systemwide Endowments



18,415 total endowments held by Board and external entities

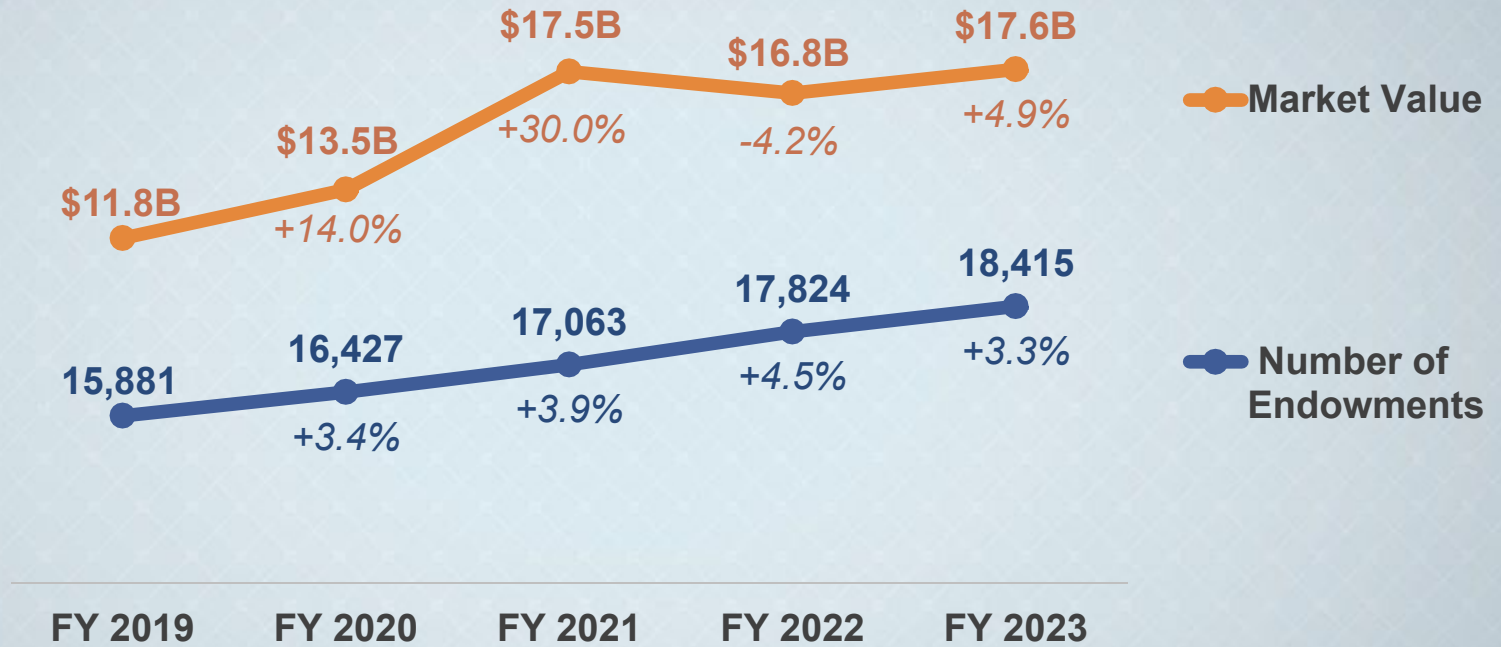


\$17.6B in total market value

\*Accounts for 61.9% of the Long Term Fund (LTF)

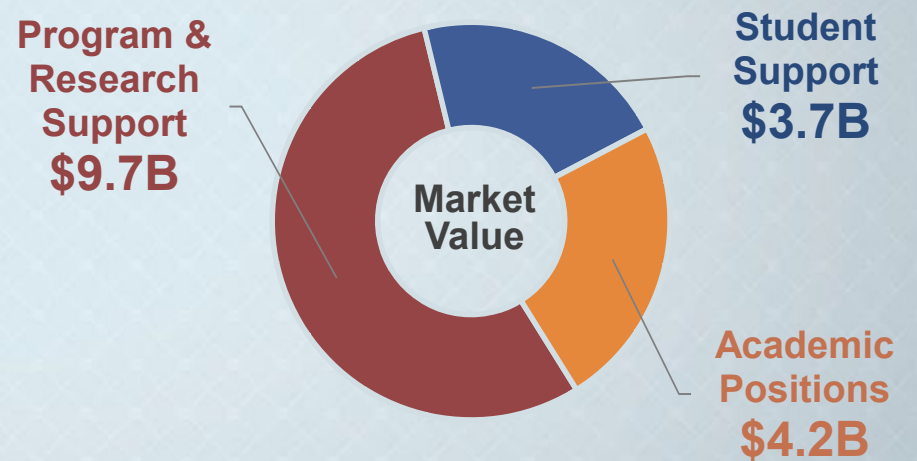
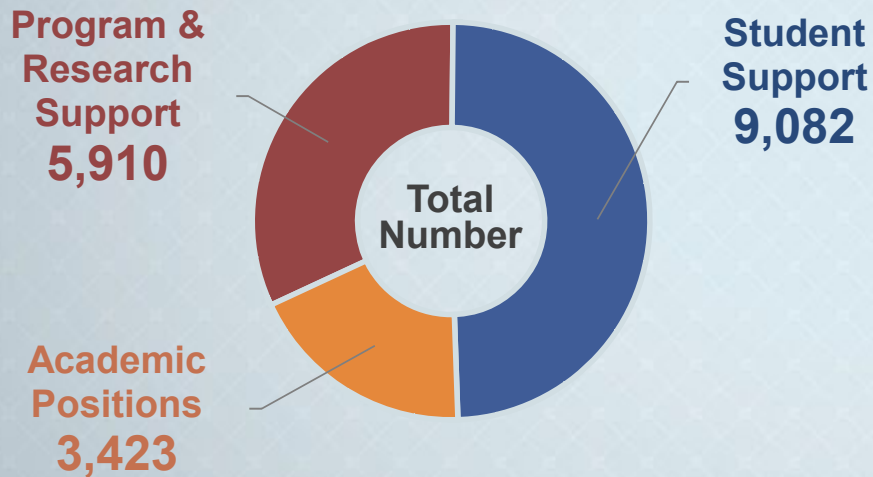


# Total Endowments: Five-Year Trends



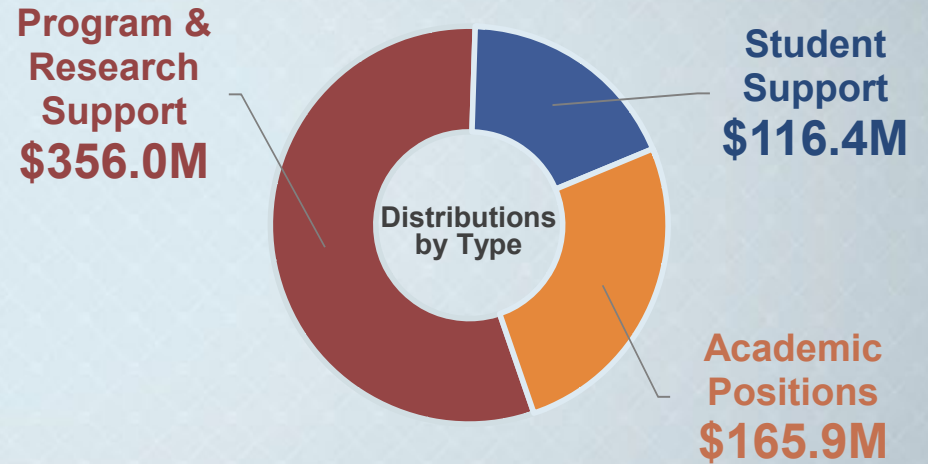
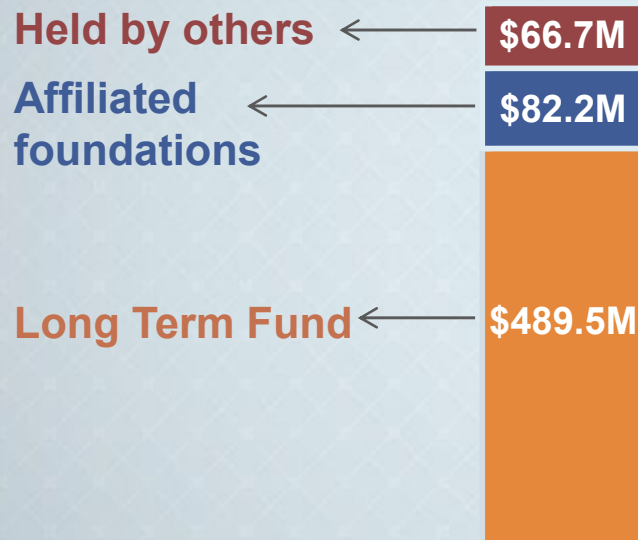
# Total Endowments by Type

Endowments typically fall into three categories: Student Support, Academic Positions, and Program/Research Support.



# Total Endowments: FY 2023 Distributions

A total of \$638.3M\* was distributed from endowments.



\* Distributions do not include amounts that were reinvested



# Purpose of Endowment Compliance Program

- U. T. System Board of Regents' Rule 60102:

*"...Administration and management of the endowments are the joint responsibility of the U. T. System and each institution."*

- To **honor donor intent** by the appropriate use of gift funds, confirmed by timely reporting
- To **utilize endowment resources** most effectively
- To **standardize management** of endowments
- To **ensure awareness** of compliance issues across U. T. institutions
- To **encourage philanthropy** through donor trust



# Annual Report: Primary Risks and Activities Monitored

Annual review of between 20% to 100% of all endowments, depending on how many endowments a university holds, with a focus on reducing risk factors and ensuring other essential activities.

## Primary risks monitored, focused on reducing:

- Excessive accumulation of distributions
- Incorrect spending of distributions
- Non-spending of distributions
- Fully funded academic positions unfilled for 24+ months
- Unawarded scholarships/fellowships

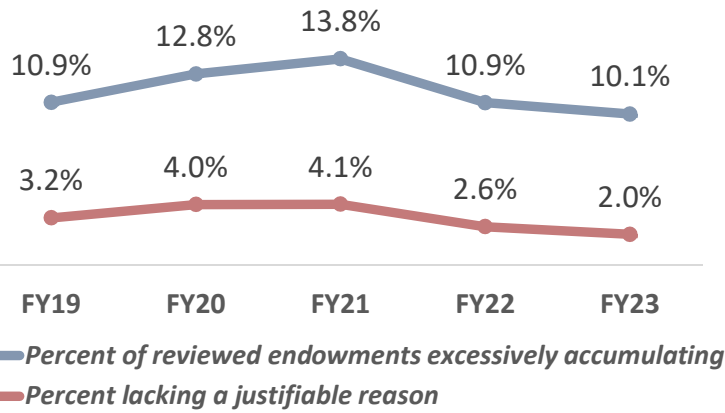
## Ensuring essential activities:

- Donor reporting
- Meetings of an internal endowment compliance committee
- Training of institution staff

Each institution submits its assessment to the U. T. System Administration annually, including responses to significant findings or negative trends.

# Risks Monitored: Summary of Findings FY 2023

## Excessively Accumulating Endowments

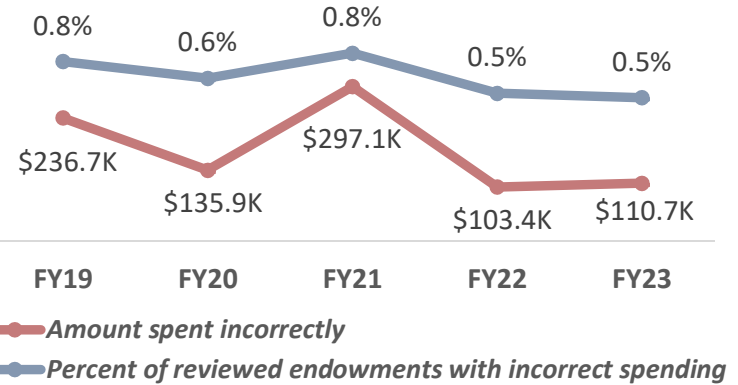


# Endowments reviewed:	8,571
# Excessively accumulating, lacking a justifiable reason:	175 (2.0%)*
Total accumulated balance:	\$13.5M

\*Endowments identified and being addressed by institutions

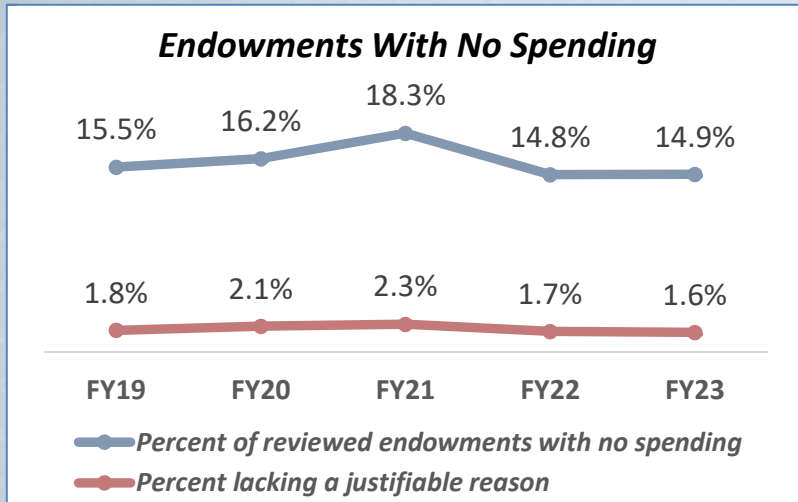


## Endowments with Incorrect Spending



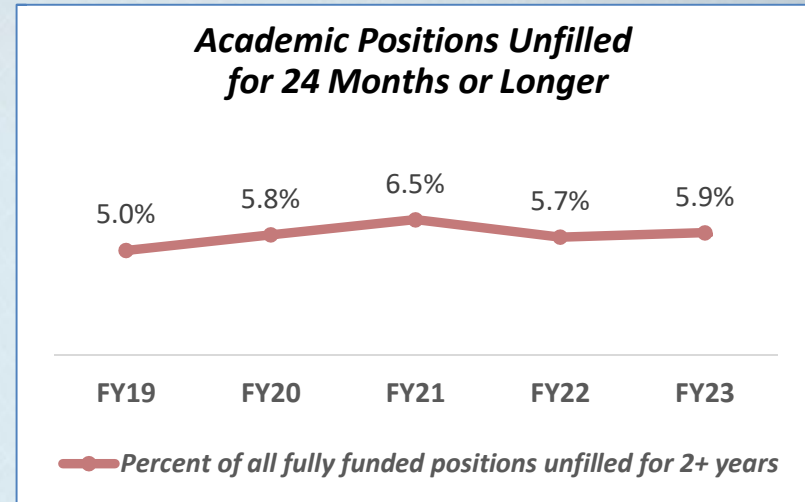
# Endowments reviewed:	8,278
# Endowments identified with incorrect spending:	43 (0.5%)*
Total amount spent incorrectly and subsequently corrected:	\$110.7K

# Risks Monitored: Summary of Findings FY 2023 (cont.)



# Endowments reviewed:	8,571
# Endowments not spent, lacking a justifiable reason:	138 (1.6%)*

\*Endowments identified and being addressed by institutions



Total # fully funded academic positions:	3,198
# Positions unfilled for 2+ years:	188 (5.9%)*



# Risks Monitored: Summary of Findings FY 2023 (cont.)

## Unawarded Student Support Endowments



**Awarded: 7,312**

**Not awarded: 749**

<i>Fiscal Year</i>	<i>% Not Awarded</i>
2020	12.3%
2021	12.3%
2022	10.9%
2023	9.3%

# Other Activities Addressed in FY 2023

## Donor Reporting:

- 99.8% of known endowment donors or honorees received an annual report detailing the use of the endowment's distributions and a comprehensive financial statement

## Institutional Endowment Compliance Committee:

- Each U. T. institution has an internal committee charged with overseeing endowment compliance from an institutional perspective
- The committees include representation from the offices of development, compliance and/or audit, business, financial aid, and various academic and health departments

## Staff Training:

- U. T. institution staff members with endowment administration responsibilities at any level are expected to receive training on endowment administration and compliance at least every two years



# Looking Ahead

- Enhancements to annual endowment compliance activities:
  - Increase in required minimum number of endowments reviewed annually, reflecting an increase of endowments Systemwide
  - Review of all original gift agreements by U. T. institutions to ensure full alignment with donor intent
  - U. T. System Advancement Academy conference, December 2024

3. **U. T. System Board of Regents: Report regarding compliance with *Texas Education Code* Section 51.3525**

Chief Audit Executive Peppers will report on the *Texas Education Code* Section 51.3525 compliance audits conducted across the U. T. System.

4. **U. T. System: Discussion of Systemwide internal audit activities, including updates on the Systemwide Cancer Prevention and Research Institute of Texas (CPRIT) grants assurance work, the chief administrator travel, entertainment, and university residence maintenance expenses engagement, and the Fiscal Year 2024 Annual Audit Plan status**

**REPORT**

Chief Audit Executive Peppers will report on the assurance work performed of Cancer Prevention and Research Institute of Texas (CPRIT) grant activity at U. T. institutions conducted by external providers and on the engagement of chief administrator travel, entertainment, and university residence maintenance expenses conducted by internal audit. Additionally, Mr. Peppers will provide an update on the Fiscal Year 2024 Annual Audit Plan status as of May 31, 2024. A summary of the assurance work for CPRIT and chief administrator expenses, as well as details on the plan status, including Priority Observations, were provided to the Audit, Compliance, and Risk Management Committee members prior to the meeting.

**BACKGROUND INFORMATION**

Deloitte & Touche LLP was engaged to conduct audits of FY 2023 CPRIT grant activity for seven U. T. institutions. Five other U. T. institutions engaged Weaver & Tidwell to perform agreed upon procedures of FY 2023 CPRIT grant activity.





## TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

**Committee Meeting:** 8/21/2024

**Board Meeting:** 8/22/2024  
Austin, Texas

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

	Committee Meeting	Board Meeting	Page
<b>Convene</b>	<i>1:45 p.m.</i> <i>Chairman Longoria</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<b>Discussion</b>	<b>Action</b>	<b>39</b>
2. <b>U. T. System: Financial Status Presentation and Monthly Financial Report</b>	<b>Report/Discussion</b> <i>Mr. Pruitt</i>	Not on Agenda	<b>40</b>
3. <b>U. T. System Board of Regents: Equipment financing authorization for Fiscal Year 2025 and resolution regarding parity debt</b>	<b>Action</b> <i>Mr. Pruitt</i>	<b>Action</b>	<b>67</b>
4. <b>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</b>	<b>Action</b> <i>Mr. Pruitt</i>	<b>Action</b>	<b>70</b>
5. <b>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</b>	<b>Action</b> <i>Mr. Pruitt</i>	<b>Action</b>	<b>72</b>
6. <b>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 70202</b>	<b>Action</b> <i>Mr. Pruitt</i>	<b>Action</b>	<b>74</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
7. <b>U. T. System Board of Regents: Approval of the Annual Budget for Fiscal Year 2025, 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&amp;M Investment Management Company (UTIMCO)</b>	<b>Action</b> <i>Mr. Pruitt</i> <i>Mr. Hall</i>	<b>Action</b>	<b>82</b>
8. <b>U. T. System Board of Regents: The University of Texas/Texas A&amp;M Investment Management Company (UTIMCO) Update</b>	<b>Report/Discussion</b> <i>Mr. Hall</i>	Not on Agenda	<b>100</b>
9. <b>U. T. Health Science Center - Houston: Discussion and appropriate action regarding the development and construction of an Ambulatory Surgery Center (ASC) within U. T. Health Science Center - Houston's and U. T. Physicians' multi-specialty clinic at Bellaire Station, 6500 W. Loop South, Bellaire, TX 77401; including a) an increase in the allocation and authorization of expenditure of institutional funds for U. T. Health Science Center - Houston's portion of the project from \$35,000,000 to \$54,200,000; b) an increase in the allocation and authorization to finance capital expenditures for U. T. Health Science Center - Houston's portion of the project from \$15,000,000 to \$31,750,000; c) resolution regarding parity debt; and d) reaffirmation of finding of public purpose</b>	<b>Action</b> <i>Mr. Pruitt</i> <i>President Colasurdo</i>	<b>Action</b>	<b>115</b>

**Adjourn**

*2:15 p.m.*

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 188](#).

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

Mr. Jonathan Pruitt, Executive Vice Chancellor for Business Affairs, 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

Jonathan Pruitt

Executive Vice Chancellor for Business Affairs

U. T. System Board of Regents Meeting

Finance and Planning Committee

August 2024



# U. T. System Consolidated Summary

Fiscal Year Summary  
Period Ending May 31, 2024



**Revenues**  
\$22,729.0 M



**Expenses**  
\$20,243.8 M



**Cash Flow Margin**  
\$2,485.2 M



**FYE Projected Cash Flow**  
\$3,370.0 M

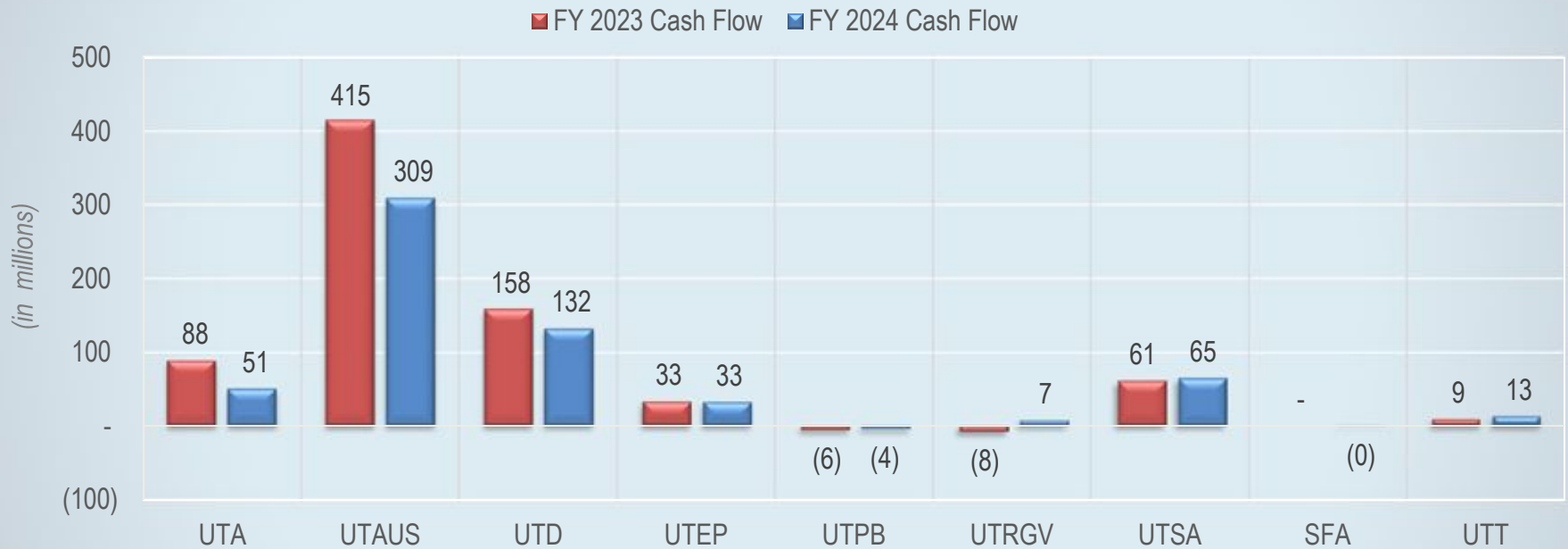
# U. T. System Consolidated Revenue & Expenses

## Year-Over-Year Comparison (May)



# Cash Flow Margin – Academic Institutions

## Year-Over-Year Comparison (May)

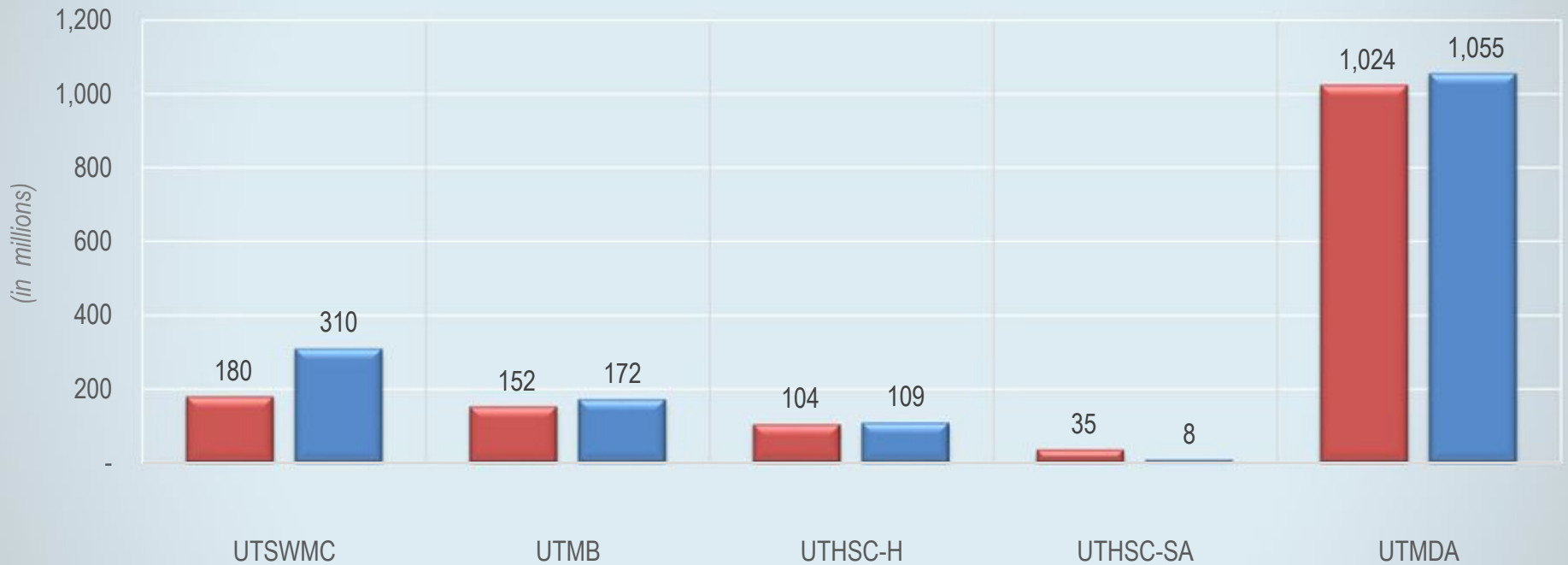




# Cash Flow Margin – Health Institutions

## Year-Over-Year Comparison (May)

FY 2023 Cash Flow    FY 2024 Cash Flow



*Excludes Depreciation Expense*

# Budget to Projected – Academic Institutions

FY 2024									
	Budget (\$ Millions)				Projected (\$ Millions)				
	Revenues	Expenses	Cash Flow	Cash Flow Ratio	Revenues	Expenses	Cash Flow	Cash Flow Ratio	
U. T. Arlington	\$842.5	\$813.4	\$29.1	3.5%	\$929.7	\$786.0	\$143.7	15.5%	▲
U. T. Austin	\$3,820.5	\$3,574.3	\$246.2	6.4%	\$4,141.1	\$3,728.8	\$412.3	10.0%	▲
U. T. Dallas	\$913.7	\$803.8	\$110.0	12.0%	\$929.7	\$753.5	\$176.2	19.0%	▲
U. T. El Paso	\$564.4	\$527.8	\$36.7	6.5%	\$589.6	\$543.5	\$46.1	7.8%	▲
U. T. Permian Basin	\$100.2	\$104.2	(\$4.0)	-4.0%	\$105.1	\$103.8	\$1.3	1.2%	▲
U. T. Rio Grande Valley	\$669.9	\$639.8	\$30.1	4.5%	\$675.0	\$640.1	\$34.9	5.2%	▲
U. T. San Antonio	\$722.5	\$684.8	\$37.7	5.2%	\$776.5	\$686.6	\$89.9	11.6%	▲
Stephen F. Austin	\$232.9	\$225.5	\$7.4	3.2%	\$213.5	\$213.4	\$0.1	0.0%	▲
U. T. Tyler	\$578.1	\$554.3	\$23.8	4.1%	\$588.4	\$561.8	\$26.7	4.5%	▲
<b>Total</b>	<b>\$8,444.8</b>	<b>\$7,927.9</b>	<b>\$516.9</b>	<b>6.1%</b>	<b>\$8,948.6</b>	<b>\$8,017.5</b>	<b>\$931.1</b>	<b>10.4%</b>	<b>▲</b>

# Budget to Projected – Health Institutions

## FY 2024

	Budget (\$ Millions)				Projected (\$ Millions)				
	Revenues	Expenses	Cash Flow	Cash Flow Ratio	Revenues	Expenses	Cash Flow	Cash Flow Ratio	
U. T. Southwestern Medical Center	\$4,894.8	\$4,581.5	\$313.3	6.4%	\$5,339.8	\$4,944.5	\$395.2	7.4%	▲
U. T. Medical Branch - Galveston	\$3,132.3	\$2,909.6	\$222.7	7.1%	\$3,215.6	\$2,986.9	\$228.8	7.1%	▲
U. T. Health Science Center - Houston	\$2,443.8	\$2,352.7	\$91.1	3.7%	\$2,577.9	\$2,405.6	\$172.3	6.7%	▲
U. T. Health Science Center - San Antonio	\$1,398.8	\$1,382.4	\$16.4	1.2%	\$1,401.6	\$1,381.1	\$20.5	1.5%	▲
U. T. M. D. Anderson Cancer Center	\$7,856.1	\$6,618.1	\$1,237.9	15.8%	\$8,071.9	\$6,785.5	\$1,286.4	15.9%	▲
<b>Total</b>	<b>\$19,725.7</b>	<b>\$17,844.2</b>	<b>\$1,881.5</b>	<b>9.5%</b>	<b>\$20,606.7</b>	<b>\$18,503.6</b>	<b>\$2,103.1</b>	<b>10.2%</b>	<b>▲</b>

# Financial Summary

## Systemwide Operations May 2024

	Budget	Actuals	% of Budget
U. T. System Administration (AUF)	\$58,720,988	\$44,098,410	75%
Direct Campus Support (AUF)	\$71,518,344	\$42,654,728	60%
Service Departments & Other Non-AUF*	\$67,253,261	\$43,442,444	65%
<b>Total**</b>	<b>\$197,492,593</b>	<b>\$130,195,582</b>	<b>66%</b>

*\*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 Lone Star Stroke, TX Child Mental Health Care Consortium (TCMHCC), Laredo Multi-Institution Center (MIC), Trauma Research and Combat Casualty Care Collaborative (TRC4), 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 2024  
FY 2024



210 West Seventh Street  
Austin, Texas 78701  
512.499.4792  
[www.utsystem.edu/offices/budget-and-planning](http://www.utsystem.edu/offices/budget-and-planning)

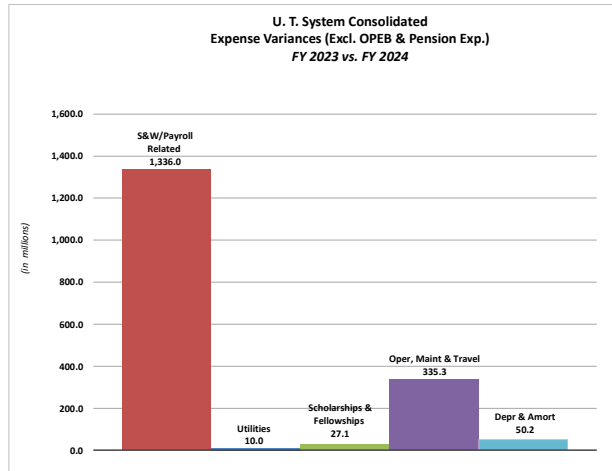
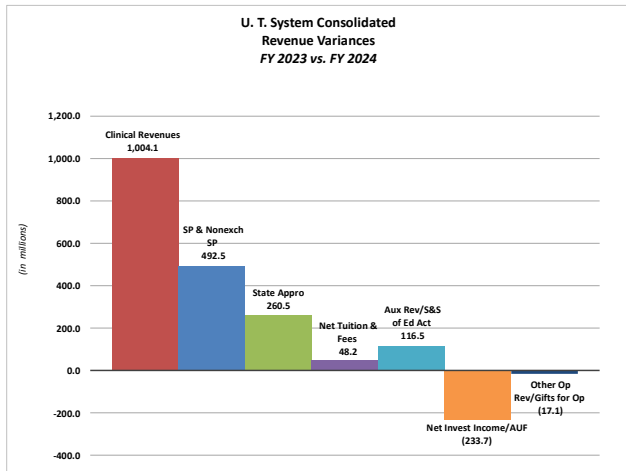
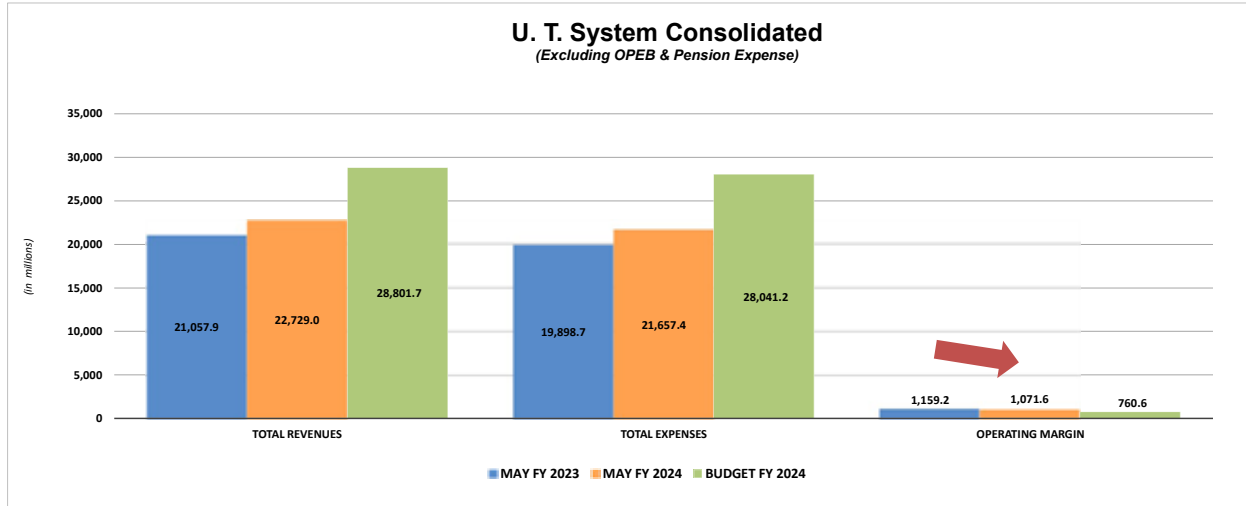
**Monthly Financial Report  
Comparison of Cash Flow Margin  
For the Period Ending May 31, 2024**

**Executive Summary of Cash Flow Margin (Loss)\***  
(Excludes OPEB, Pension, Depreciation and Amortization Expense)

	May FYTD 2023 <i>(millions)</i>	May FYTD 2024 <i>(millions)</i>	Variance %	Comments
U. T. Arlington	88.4	50.6	-43%	Increase in Salaries & Wages/Payroll Related Costs, Oper., Maint. & Travel (Other Contracted Services) <b>Projected cash flow margin of \$143.7 million for the FY</b>
U. T. Austin	414.9	309.1	-26%	Increase in Salaries & Wages/Payroll Related Costs <b>Projected cash flow margin of \$412.3 million for the FY</b>
U. T. Dallas	158.3	132.2	-17%	Increase in Salaries & Wages/Payroll Related Costs <b>Projected cash flow margin of \$176.2 million for the FY</b>
U. T. El Paso	32.9	32.7	-1%	Increase in Salaries & Wages/Payroll Related Costs <b>Projected cash flow margin of \$46.1 million for the FY</b>
U. T. Permian Basin	(5.8)	(4.2)	26%	Increase in State Appropriations <b>Projected cash flow margin of \$1.3 million for the FY</b>
U. T. Rio Grande Valley	(8.3)	7.1	185%	Decrease in Scholarships & Fellowships Increases in Other Operating Revenues/Gift Contributions for Operations <b>Projected cash flow margin of \$34.9 million for the FY</b>
U. T. San Antonio	61.4	64.8	6%	Increase in State Appropriations, Auxiliary Revenues <b>Projected cash flow margin of \$89.9 million for the FY</b>
Stephen F. Austin State University	0.0	(0.4)	N/A	<b>Projected cash flow margin of \$0.1 million for the FY</b>
U. T. Tyler	8.8	13.3	50%	Increase in Other Operating Revenues, Net Tuition and Fees <b>Projected cash flow margin of \$26.7 million for the FY</b>
Southwestern	180.1	310.4	72%	Increase in Clinical Revenues, Other Operating Revenues <b>Projected cash flow margin of \$395.2 million for the FY</b>
UTMB	152.3	172.4	13%	Increase in Clinical Revenues <b>Projected cash flow margin of \$228.8 million for the FY</b>
UTHSC-Houston	104.4	108.6	4%	Increase in Sponsored Programs, Clinical Revenues, Net Investment Income <b>Projected cash flow margin of \$172.3 million for the FY</b>
UTHSC-San Antonio	35.1	7.6	-78%	Increase in Salaries & Wages/Payroll Related Costs <b>Projected cash flow margin of \$20.5 million for the FY</b>
M. D. Anderson	1,024.3	1,055.1	3%	Increase in Clinical Revenues <b>Projected cash flow margin of \$1,286.4 million for the FY</b>
U. T. System Administration (excluding OPEB & Pension Expense)	275.7	226.1	-18%	Decrease in Net Investment Income <b>Projected cash flow margin of \$335.7 million for the FY</b>
<b>Total Cash Flow Margin</b>	<b>\$ 2,522.6</b>	<b>2,485.2</b>	<b>-1%</b>	

\* 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, 2024**

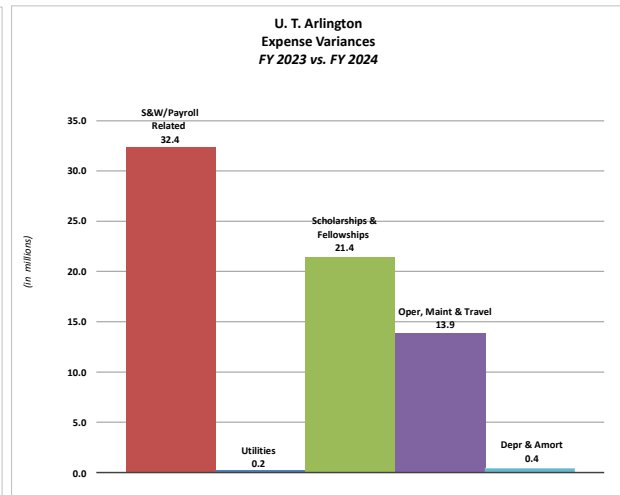
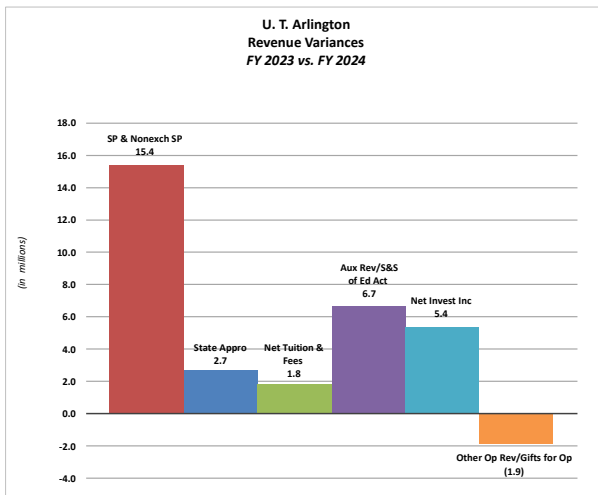
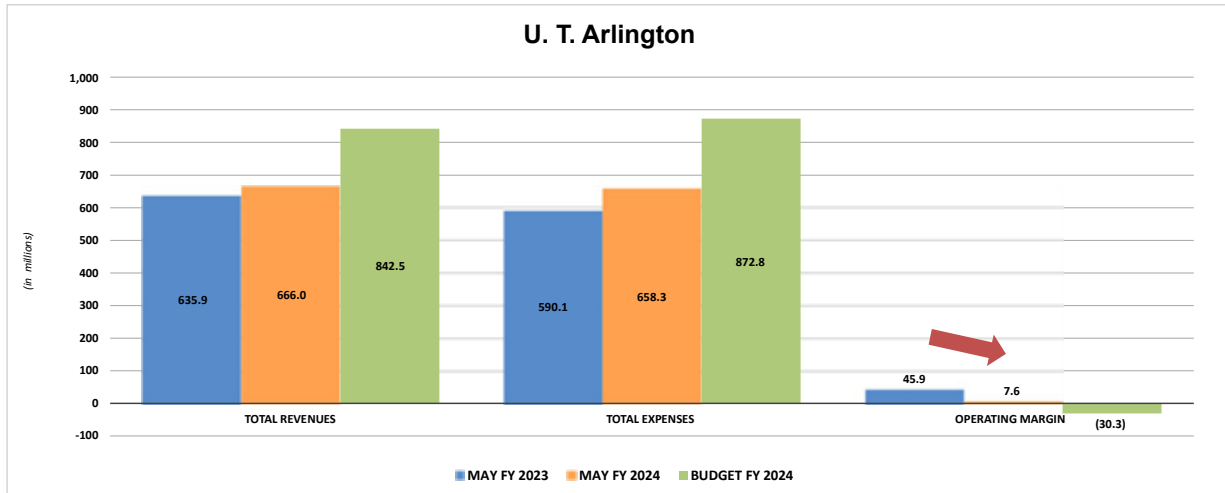


(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 9,035.9	10,040.0	1,004.1	12,980.0	13,470.1	490.1
Sponsored Programs/Nonexchange Sponsored Programs	4,114.1	4,606.6	492.5	5,753.3	6,227.4	474.1
State Appropriations	1,792.5	2,052.9	260.5	2,793.7 *	2,763.8	(29.9)
Net Tuition and Fees	1,655.9	1,704.2	48.2	2,248.4	2,277.9	29.5
Auxiliary Revenues/Sales & Services of Educational Activities	1,098.0	1,214.5	116.5	1,304.5	1,459.8	155.3
Net Investment Income	2,339.2	2,105.5	(233.7)	2,434.1	2,631.2	197.1
Other Operating Revenues/Gift Contributions for Operations	1,022.4	1,005.3	(17.1)	1,287.7	1,388.5	100.8
<b>Total Revenues</b>	<b>21,057.9</b>	<b>22,729.0</b>	<b>1,671.1</b>	<b>28,801.7</b>	<b>30,218.7</b>	<b>1,416.9</b>
Salaries and Wages/Payroll Related Costs	11,806.3	13,142.3	1,336.0	16,530.8	17,295.1	764.3
Utilities	245.6	255.6	10.0	337.8	328.7	(9.1)
Scholarships and Fellowships	417.6	444.7	27.1	633.7	637.6	3.9
Operations, Maintenance and Travel	6,065.9	6,401.2	335.3	8,671.5 *	8,587.3	(84.2)
Depreciation and Amortization	1,363.4	1,413.6	50.2	1,867.4	1,897.6	30.2
<b>Total Expenses (Excluding OPEB &amp; Pension Exp)</b>	<b>\$ 19,898.7</b>	<b>21,657.4</b>	<b>1,758.7</b>	<b>28,041.2</b>	<b>28,746.3</b>	<b>705.1</b>
<b>Operating Margin (Excluding OPEB &amp; Pension Exp)</b>	<b>1,159.2</b>	<b>1,071.6</b>	<b>(87.6)</b>	<b>760.6</b>	<b>1,472.4</b>	<b>711.8</b>
<b>Cash Flow Margin (Excluding OPEB, Pension, Depr &amp; Amort Exp)</b>	<b>2,522.6</b>	<b>2,485.2</b>	<b>(37.4)</b>	<b>2,628.0</b>	<b>3,370.0</b>	<b>742.0</b>

\*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 \$2,485.2 million, a decrease of \$37.4 million (1%) from the prior year. The decrease was primarily due to an increase in salaries and wages and payroll related costs across most institutions as a result of increases in faculty and staff positions and merit increases.

**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending May 31, 2024**

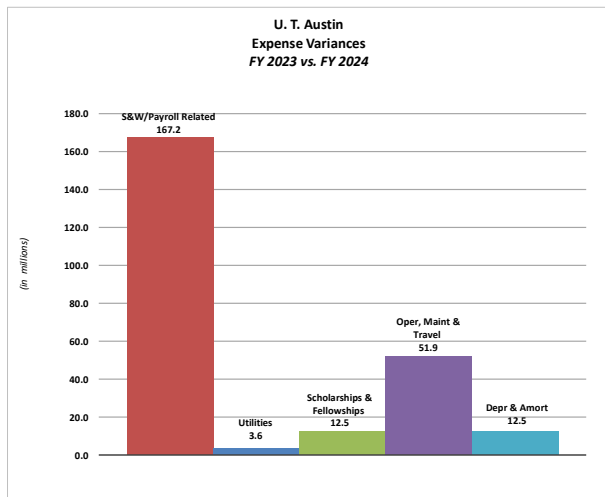
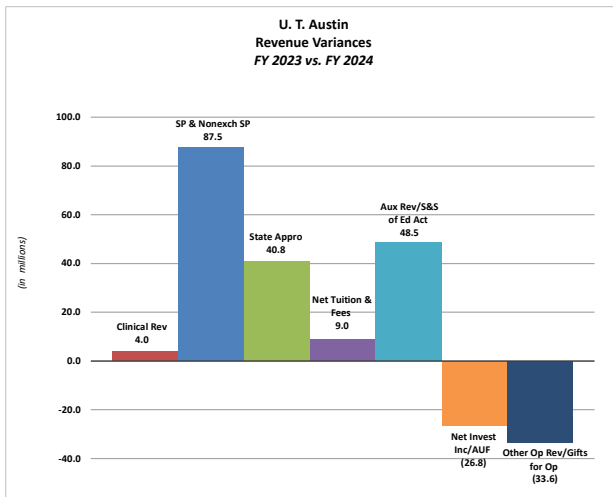
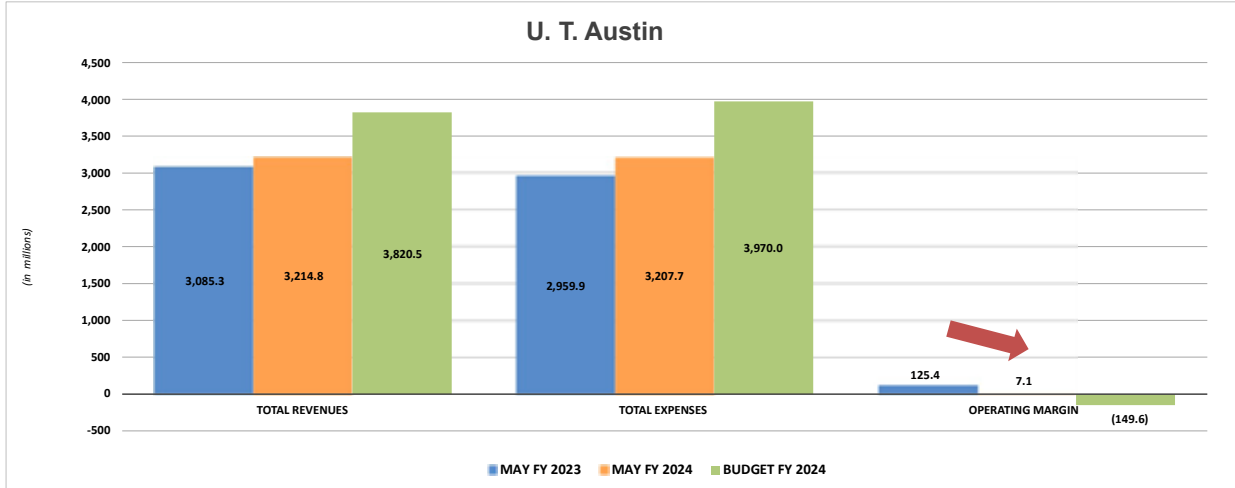


(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 146.5	161.9	15.4	190.4	227.3	36.9
State Appropriations	111.2	113.9	2.7	173.2	169.2	(3.9)
Net Tuition and Fees	282.2	284.0	1.8	358.0	391.2	33.3
Auxiliary Revenues/Sales & Services of Educational Activities	54.2	60.8	6.7	81.0	78.4	(2.7)
Net Investment Income	29.9	35.2	5.4	29.7	46.8	17.1
Other Operating Revenues/Gift Contributions for Operations	12.0	10.1	(1.9)	10.2	16.8	6.6
<b>Total Revenues</b>	<b>635.9</b>	<b>666.0</b>	<b>30.0</b>	<b>842.5</b>	<b>929.7</b>	<b>87.2</b>
Salaries and Wages/Payroll Related Costs	352.3	384.7	32.4	507.3	487.2	(20.1)
Utilities	7.7	7.9	0.2	11.7	11.9	0.1
Scholarships and Fellowships	37.1	58.5	21.4	58.9	78.0	19.1
Operations, Maintenance and Travel	150.5	164.3	13.9	235.4	208.9	(26.5)
Depreciation and Amortization	42.5	42.9	0.4	59.5	57.3	(2.2)
<b>Total Expenses</b>	<b>\$ 590.1</b>	<b>658.3</b>	<b>68.2</b>	<b>872.8</b>	<b>843.2</b>	<b>(29.6)</b>
<b>Operating Margin</b>	<b>45.9</b>	<b>7.6</b>	<b>(38.2)</b>	<b>(30.3)</b>	<b>86.4</b>	<b>116.8</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>88.4</b>	<b>50.6</b>	<b>(37.8)</b>	<b>29.1</b>	<b>143.7</b>	<b>114.6</b>

U. T. Arlington reported a year-to-date positive cash flow margin of \$50.6 million, a decrease of \$37.8 million (43%) from the prior year. The decrease was primarily attributable to the following: an increase in salaries and wages and payroll related costs due to market adjustments, as well as merit increases; and an increase in operations, maintenance and travel as a result of an increase in other contracted services attributable to an increase in temporary services. The most current projection received from U. T. Arlington reflects a cash flow margin of \$143.7 million for the year.



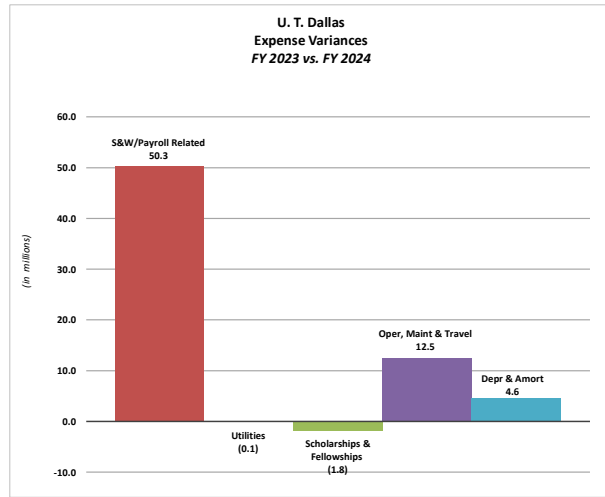
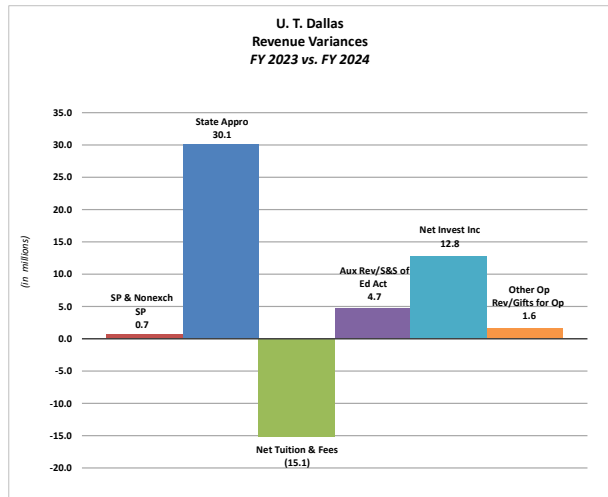
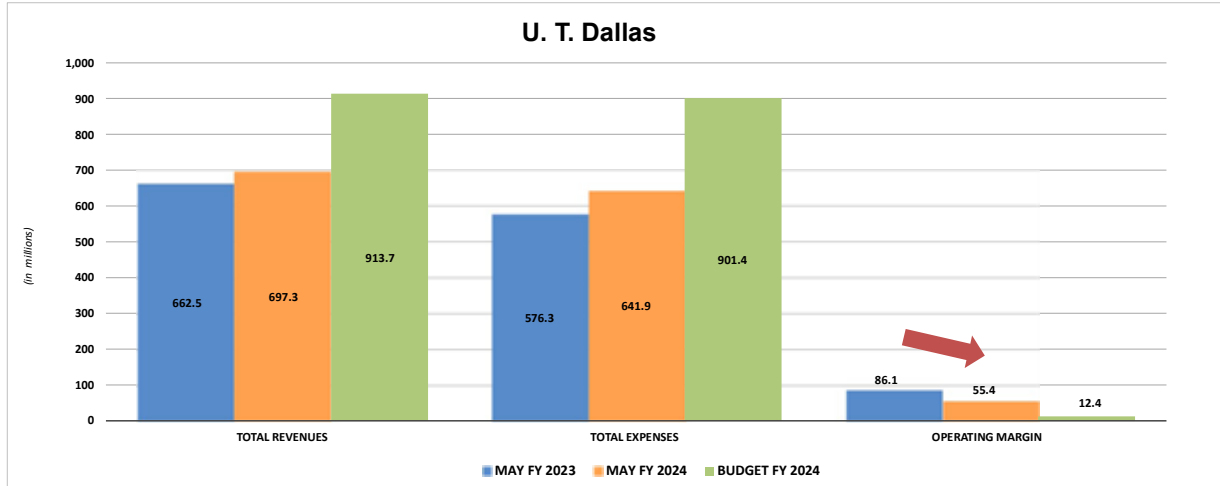
**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending May 31, 2024**



(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 12.3	16.3	4.0	16.8	22.3	5.5
Sponsored Programs/Nonexchange Sponsored Programs	747.2	834.7	87.5	973.4	1,168.6	195.2
State Appropriations	273.1	314.0	40.8	412.3	412.3	(0.0)
Net Tuition and Fees	419.3	428.3	9.0	542.3	571.0	28.7
Auxiliary Revenues/Sales & Services of Educational Activities	652.2	700.6	48.5	703.6	794.2	90.6
Net Investment Income/Available University Fund (AUF)	747.1	720.3	(26.8)	892.3	877.8	(14.5)
Other Operating Revenues/Gift Contributions for Operations	234.2	200.7	(33.6)	279.8	294.9	15.1
<b>Total Revenues</b>	<b>3,085.3</b>	<b>3,214.8</b>	<b>129.5</b>	<b>3,820.5</b>	<b>4,141.1</b>	<b>320.6</b>
Salaries and Wages/Payroll Related Costs	1,696.3	1,863.6	167.2	2,182.3	2,366.2	183.9
Utilities	84.1	87.7	3.6	87.4	94.1	6.7
Scholarships and Fellowships	154.5	167.0	12.5	200.9	222.7	21.8
Operations, Maintenance and Travel	735.5	787.4	51.9	1,103.7	1,045.8	(57.9)
Depreciation and Amortization	289.5	302.0	12.5	395.8	402.6	6.8
<b>Total Expenses</b>	<b>\$ 2,959.9</b>	<b>3,207.7</b>	<b>247.8</b>	<b>3,970.0</b>	<b>4,131.4</b>	<b>161.4</b>
<b>Operating Margin</b>	<b>125.4</b>	<b>7.1</b>	<b>(118.3)</b>	<b>(149.6)</b>	<b>9.7</b>	<b>159.2</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>414.9</b>	<b>309.1</b>	<b>(105.8)</b>	<b>246.2</b>	<b>412.3</b>	<b>166.1</b>

U. T. Austin reported a year-to-date positive cash flow margin of \$309.1 million, a decrease of \$105.8 million (26%) from the prior year. The decrease was primarily due to an increase in salaries and wages and payroll related costs as a result of an increase in faculty and staff positions combined with equity and merit increases. The most current projection received from U. T. Austin reflects a cash flow margin of \$412.3 million for the year.

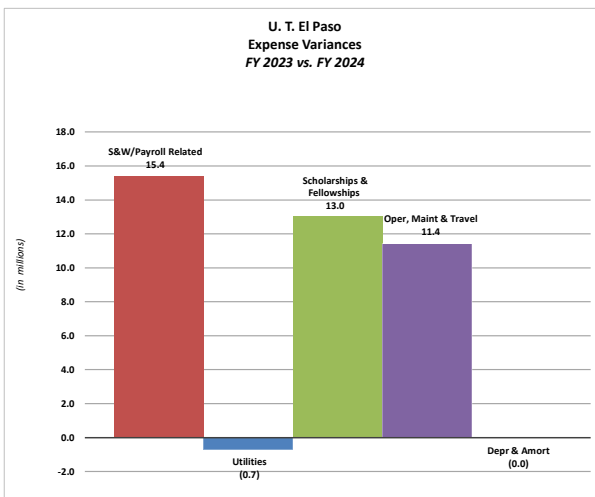
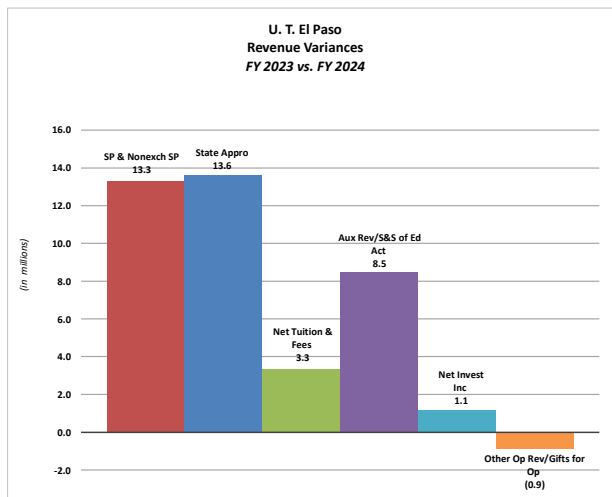
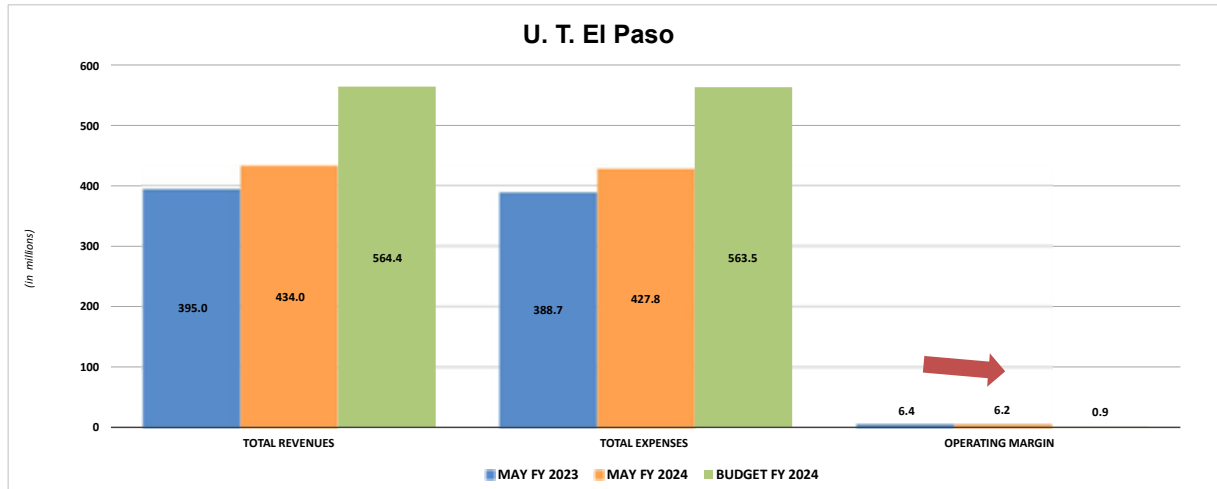
**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending May 31, 2024**



(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 111.3	112.1	0.7	144.8	149.4	4.6
State Appropriations	104.9	135.0	30.1	178.6	180.0	1.3
Net Tuition and Fees	317.8	302.7	(15.1)	410.1	403.6	(6.5)
Auxiliary Revenues/Sales & Services of Educational Activities	71.4	76.2	4.7	97.5	101.6	4.1
Net Investment Income	40.8	53.6	12.8	57.3	71.4	14.1
Other Operating Revenues/Gift Contributions for Operations	16.2	17.8	1.6	25.4	23.7	(1.7)
<b>Total Revenues</b>	<b>662.5</b>	<b>697.3</b>	<b>34.8</b>	<b>913.7</b>	<b>929.7</b>	<b>16.0</b>
Salaries and Wages/Payroll Related Costs	343.2	393.5	50.3	529.6	524.7	(5.0)
Utilities	11.6	11.5	(0.1)	15.8	15.3	(0.6)
Scholarships and Fellowships	36.6	34.8	(1.8)	59.7	46.4	(13.3)
Operations, Maintenance and Travel	112.9	125.3	12.5	198.6	167.1	(31.5)
Depreciation and Amortization	72.1	76.8	4.6	97.6	102.4	4.8
<b>Total Expenses</b>	<b>\$ 576.3</b>	<b>641.9</b>	<b>65.6</b>	<b>901.4</b>	<b>855.9</b>	<b>(45.5)</b>
<b>Operating Margin</b>	<b>86.1</b>	<b>55.4</b>	<b>(30.8)</b>	<b>12.4</b>	<b>73.8</b>	<b>61.5</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>158.3</b>	<b>132.2</b>	<b>(26.1)</b>	<b>110.0</b>	<b>176.2</b>	<b>66.2</b>

U. T. Dallas reported a year-to-date positive cash flow margin of \$132.2 million, a decrease of \$26.1 million (17%) from the prior year. The decrease was primarily attributable to an increase in salaries and wages and payroll related costs due to merit increases, as well as an increase in staff and faculty positions. The most current projection received from U. T. Dallas reflects a cash flow margin of \$176.2 million for the year.

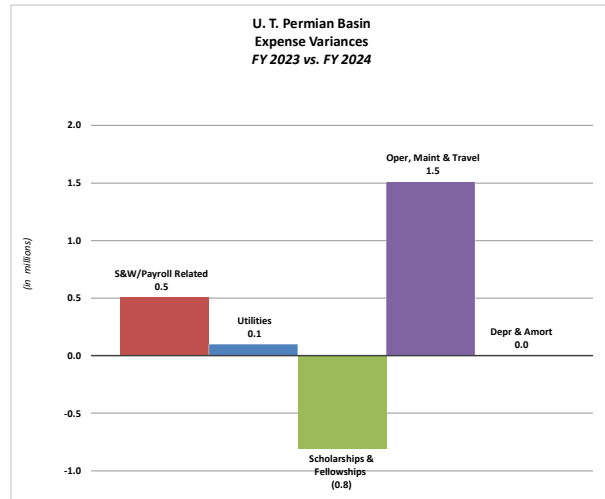
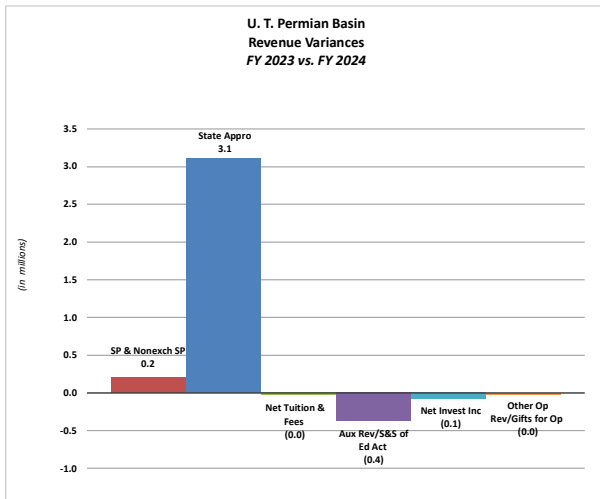
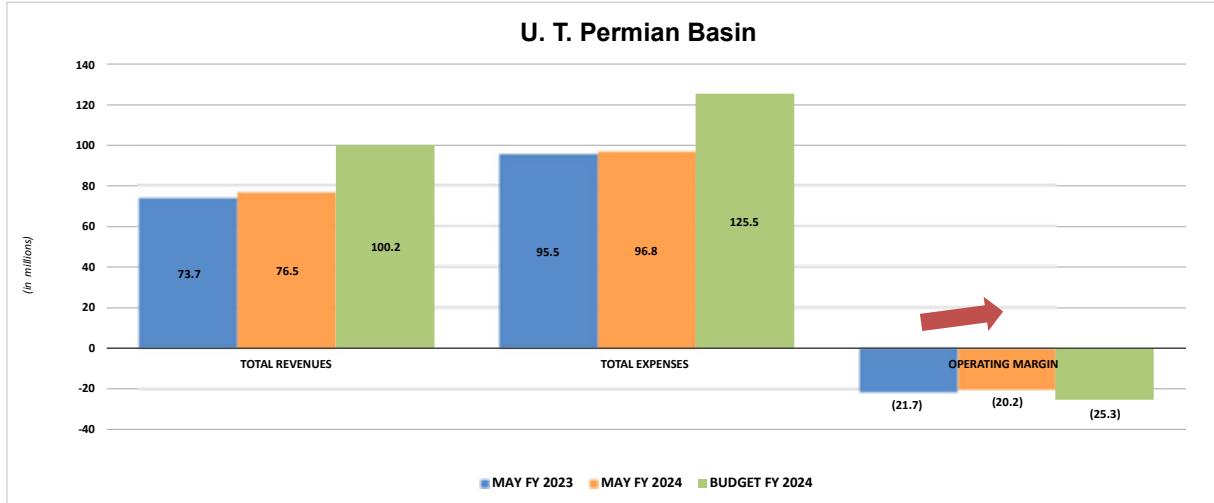
**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending May 31, 2024**



(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 128.7	142.0	13.3	196.4	212.9	16.6
State Appropriations	83.2	96.8	13.6	125.2	125.5	0.3
Net Tuition and Fees	114.5	117.8	3.3	153.6	152.5	(1.1)
Auxiliary Revenues/Sales & Services of Educational Activities	38.3	46.8	8.5	56.5	57.7	1.2
Net Investment Income	20.5	21.6	1.1	22.7	28.8	6.1
Other Operating Revenues/Gift Contributions for Operations	10.0	9.1	(0.9)	10.0	12.1	2.1
<b>Total Revenues</b>	<b>395.0</b>	<b>434.0</b>	<b>39.0</b>	<b>564.4</b>	<b>589.6</b>	<b>25.2</b>
Salaries and Wages/Payroll Related Costs	229.5	244.9	15.4	299.0	308.7	9.7
Utilities	6.9	6.2	(0.7)	10.3	10.3	0.0
Scholarships and Fellowships	40.5	53.6	13.0	89.2	84.9	(4.3)
Operations, Maintenance and Travel	85.3	96.7	11.4	129.4	139.7	10.3
Depreciation and Amortization	26.5	26.4	(0.0)	35.7	35.8	0.0
<b>Total Expenses</b>	<b>\$ 388.7</b>	<b>427.8</b>	<b>39.1</b>	<b>563.5</b>	<b>579.3</b>	<b>15.8</b>
<b>Operating Margin</b>	<b>6.4</b>	<b>6.2</b>	<b>(0.2)</b>	<b>0.9</b>	<b>10.3</b>	<b>9.4</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>32.9</b>	<b>32.7</b>	<b>(0.2)</b>	<b>36.7</b>	<b>46.1</b>	<b>9.4</b>

U. T. El Paso reported a year-to-date positive cash flow margin of \$32.7 million, a decrease of \$0.2 million (1%) from the prior year. The decrease was primarily due to an increase in salaries and wages and payroll related costs as a result of market and retention adjustments, as well as merit increases. The most current projection received from U. T. El Paso reflects a cash flow margin of \$46.1 million for the year.

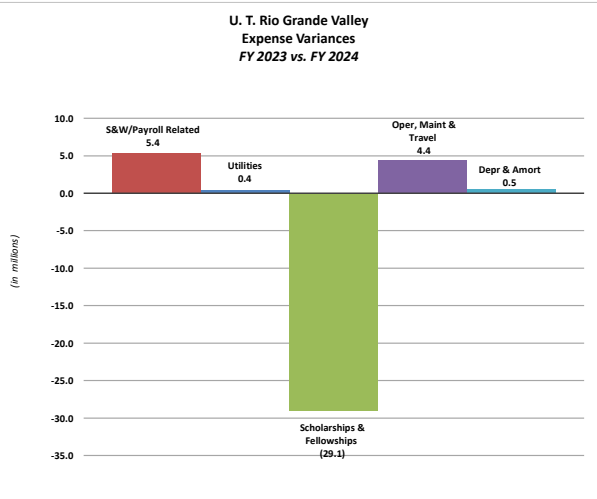
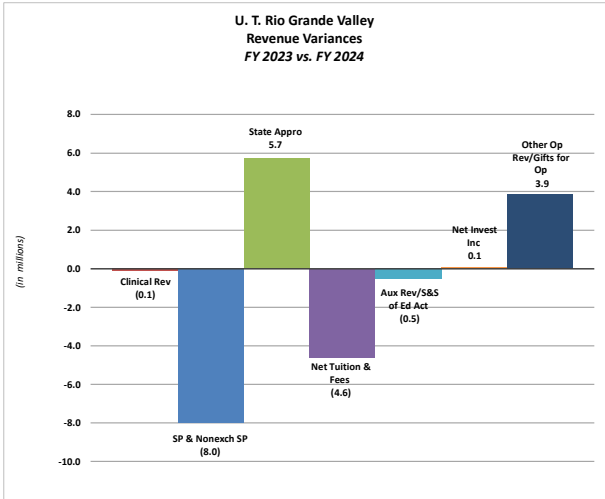
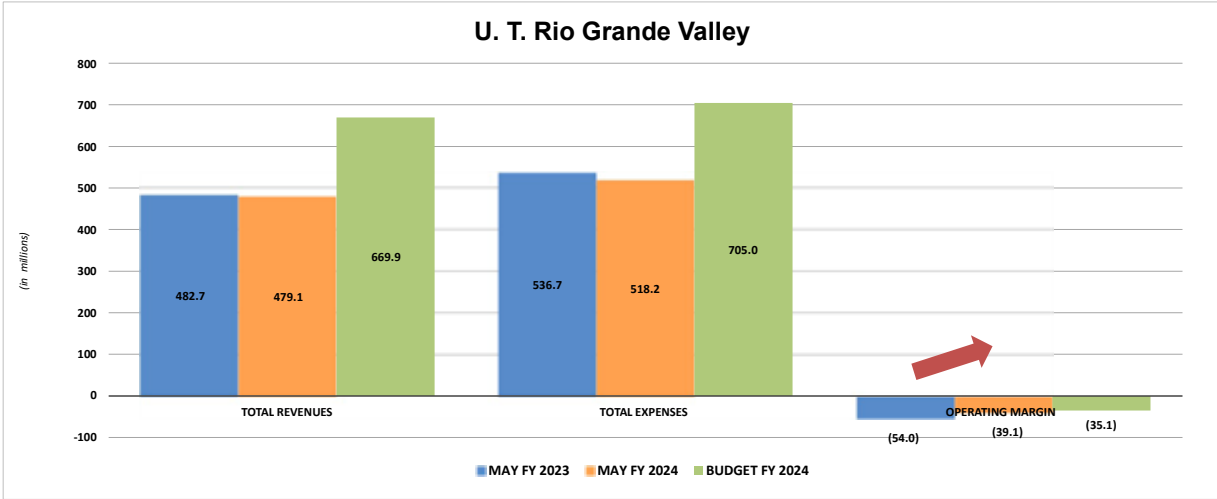
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending May 31, 2024**



(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 14.4	14.6	0.2	18.5	21.4	2.9
State Appropriations	19.0	22.1	3.1	30.9	29.5	(1.4)
Net Tuition and Fees	23.4	23.3	(0.0)	31.8	31.1	(0.7)
Auxiliary Revenues/Sales & Services of Educational Activities	6.7	6.3	(0.4)	9.8	8.4	(1.4)
Net Investment Income	3.8	3.8	(0.1)	4.2	4.5	0.3
Other Operating Revenues/Gift Contributions for Operations	6.5	6.4	(0.0)	5.1	10.1	5.0
<b>Total Revenues</b>	<b>73.7</b>	<b>76.5</b>	<b>2.8</b>	<b>100.2</b>	<b>105.1</b>	<b>4.9</b>
Salaries and Wages/Payroll Related Costs	44.8	45.3	0.5	62.3	57.3	(5.0)
Utilities	1.5	1.6	0.1	3.2	2.6	(0.7)
Scholarships and Fellowships	10.4	9.6	(0.8)	13.0	12.8	(0.2)
Operations, Maintenance and Travel	22.8	24.3	1.5	25.6	31.1	5.5
Depreciation and Amortization	16.0	16.0	0.0	21.3	21.3	0.0
<b>Total Expenses</b>	<b>\$ 95.5</b>	<b>96.8</b>	<b>1.3</b>	<b>125.5</b>	<b>125.1</b>	<b>(0.4)</b>
<b>Operating Margin</b>	<b>(21.7)</b>	<b>(20.2)</b>	<b>1.5</b>	<b>(25.3)</b>	<b>(20.0)</b>	<b>5.3</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>(5.8)</b>	<b>(4.2)</b>	<b>1.5</b>	<b>(4.0)</b>	<b>1.3</b>	<b>5.3</b>

U. T. Permian Basin incurred a year-to-date cash flow margin loss of \$4.2 million, a decrease in loss of \$1.5 million (26%) from the prior year. The decrease in loss was primarily attributable to an increase in state appropriations due to new funding for the Healthcare Workforce Education program. The most current projection received from U. T. Permian Basin reflects a cash flow margin of \$1.3 million for the year.

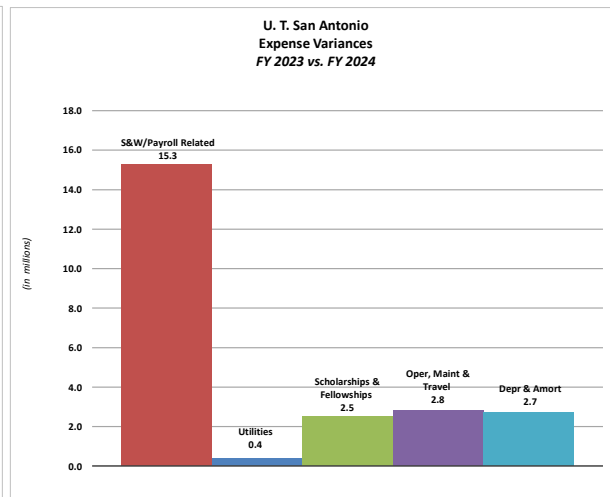
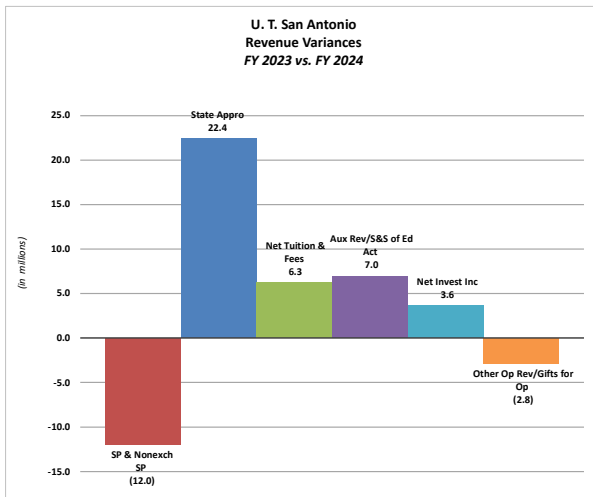
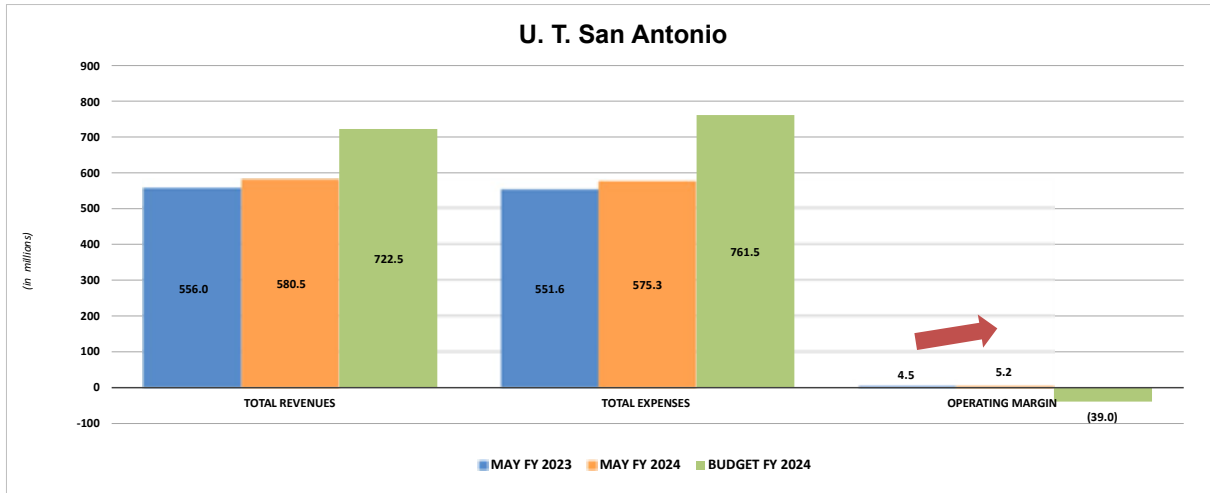
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending May 31, 2024**



(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 12.1	12.0	(0.1)	18.1	16.2	(1.9)
Sponsored Programs/Nonexchange Sponsored Programs	183.9	175.9	(8.0)	254.6	270.6	16.1
State Appropriations	134.2	139.9	5.7	189.8	186.5	(3.2)
Net Tuition and Fees	102.5	97.9	(4.6)	149.4	130.6	(18.9)
Auxiliary Revenues/Sales & Services of Educational Activities	16.7	16.2	(0.5)	20.2	22.9	2.7
Net Investment Income	16.6	16.6	0.1	20.4	22.4	2.0
Other Operating Revenues/Gift Contributions for Operations	16.7	20.6	3.9	17.4	25.7	8.3
<b>Total Revenues</b>	<b>482.7</b>	<b>479.1</b>	<b>(3.6)</b>	<b>669.9</b>	<b>675.0</b>	<b>5.1</b>
Salaries and Wages/Payroll Related Costs	348.8	354.1	5.4	470.7	464.0	(6.7)
Utilities	6.5	6.9	0.4	12.4	12.1	(0.3)
Scholarships and Fellowships	57.0	28.0	(29.1)	65.1	59.3	(5.9)
Operations, Maintenance and Travel	78.6	83.0	4.4	91.5	104.7	13.2
Depreciation and Amortization	45.7	46.2	0.5	65.2	65.5	0.3
<b>Total Expenses</b>	<b>\$ 536.7</b>	<b>518.2</b>	<b>(18.5)</b>	<b>705.0</b>	<b>705.6</b>	<b>0.6</b>
<b>Operating Margin</b>	<b>(54.0)</b>	<b>(39.1)</b>	<b>14.9</b>	<b>(35.1)</b>	<b>(30.6)</b>	<b>4.5</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>(8.3)</b>	<b>7.1</b>	<b>15.4</b>	<b>30.1</b>	<b>34.9</b>	<b>4.8</b>

U. T. Rio Grande Valley reported a year-to-date positive cash flow margin of \$7.1 million, an increase of \$15.4 million (185%) from the prior year. The increase was primarily due to the following: a decrease in scholarships and fellowships as a result of a decrease in institutionally funded scholarships; and an increase in other operating revenues/gift contributions for operations attributable to an increase in clinical revenues for the School of Medicine, an increase in Texas Incentives for Physicians and Professional Services (TIPPS) revenue, and an increase in gift contributions as compared to the prior year. The most current projection received from U. T. Rio Grande Valley reflects a cash flow margin of \$34.9 million for the year.

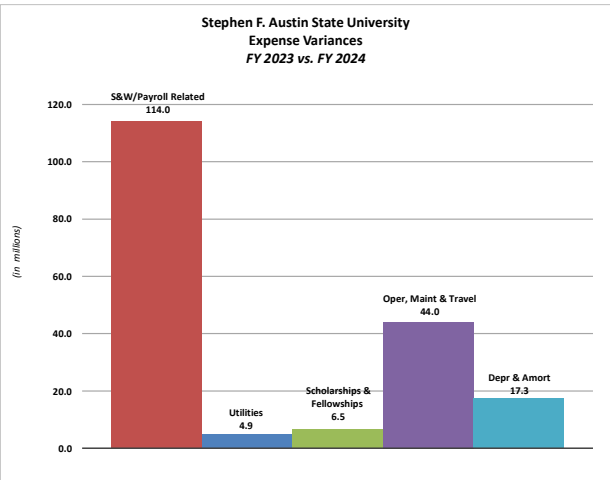
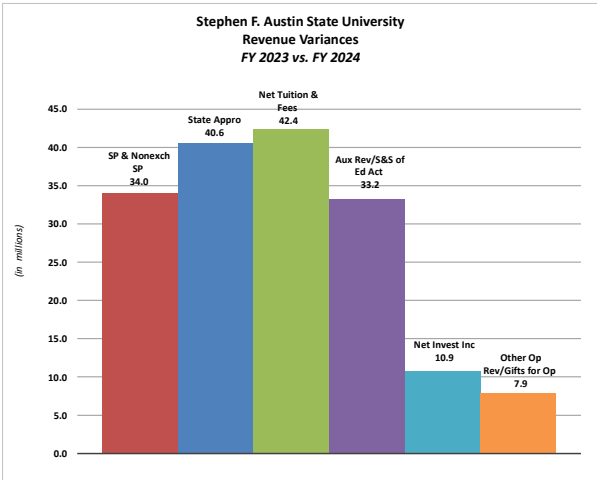
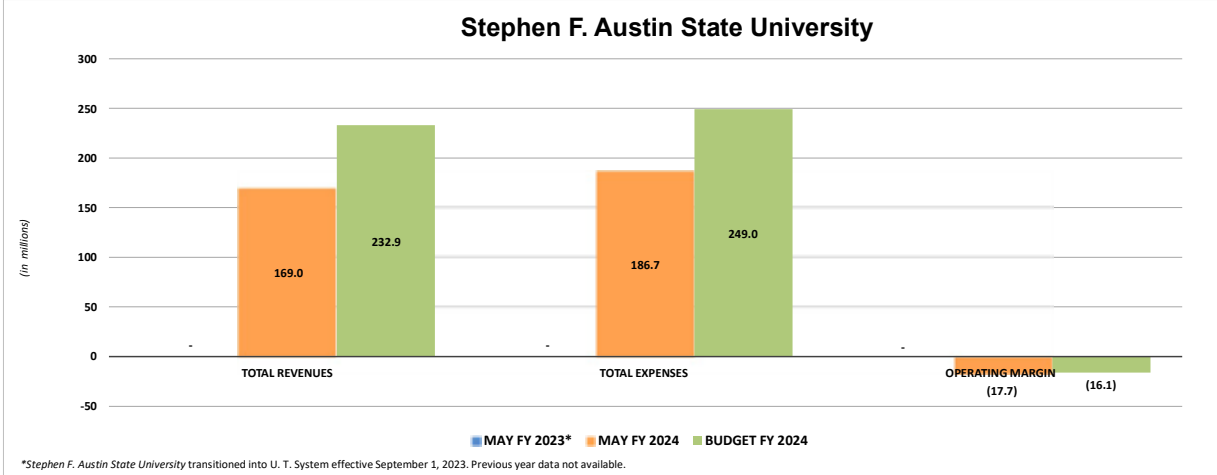
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending May 31, 2024**



(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 160.7	148.6	(12.0)	192.2	198.2	6.0
State Appropriations	114.4	136.8	22.4	178.2	182.4	4.2
Net Tuition and Fees	191.4	197.6	6.3	242.8	263.5	20.7
Auxiliary Revenues/Sales & Services of Educational Activities	55.2	62.2	7.0	75.4	82.9	7.5
Net Investment Income	20.3	23.9	3.6	24.4	34.4	10.0
Other Operating Revenues/Gift Contributions for Operations	14.1	11.3	(2.8)	9.5	15.1	5.5
<b>Total Revenues</b>	<b>556.0</b>	<b>580.5</b>	<b>24.5</b>	<b>722.5</b>	<b>776.5</b>	<b>54.0</b>
Salaries and Wages/Payroll Related Costs	310.3	325.6	15.3	425.3	434.1	8.7
Utilities	12.9	13.3	0.4	17.5	17.7	0.2
Scholarships and Fellowships	45.4	47.9	2.5	49.2	63.9	14.7
Operations, Maintenance and Travel	126.1	128.9	2.8	192.8	170.9	(21.9)
Depreciation and Amortization	56.9	59.6	2.7	76.6	79.5	2.9
<b>Total Expenses</b>	<b>\$ 551.6</b>	<b>575.3</b>	<b>23.8</b>	<b>761.5</b>	<b>766.1</b>	<b>4.7</b>
<b>Operating Margin</b>	<b>4.5</b>	<b>5.2</b>	<b>0.7</b>	<b>(39.0)</b>	<b>10.4</b>	<b>49.4</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>61.4</b>	<b>64.8</b>	<b>3.5</b>	<b>37.7</b>	<b>89.9</b>	<b>52.3</b>

U. T. San Antonio reported a year-to-date positive cash flow margin of \$64.8 million, an increase of \$3.5 million (6%) from the prior year. The increase was primarily attributable to the following: an increase in state appropriations due to the National Research Support Fund; and an increase in auxiliary enterprises revenues as a result of an increase in on-campus activities. The most current projection received from U. T. San Antonio reflects a cash flow margin of \$89.9 million for the year.

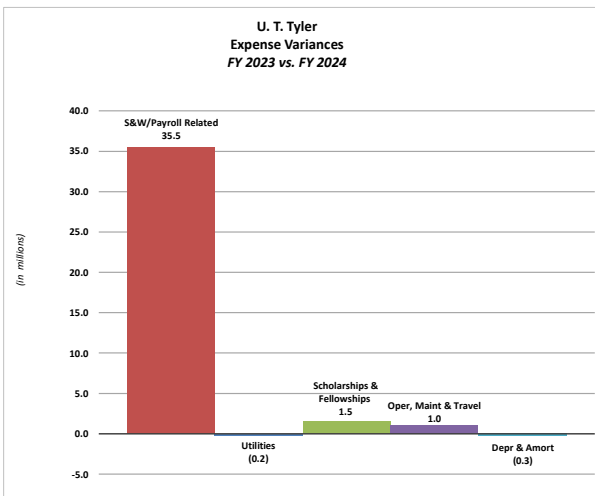
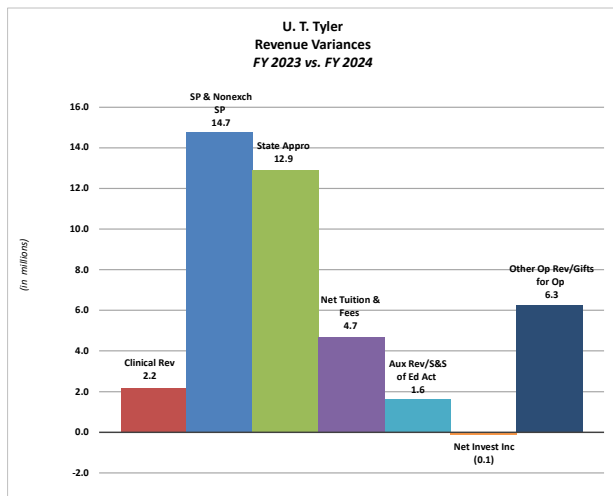
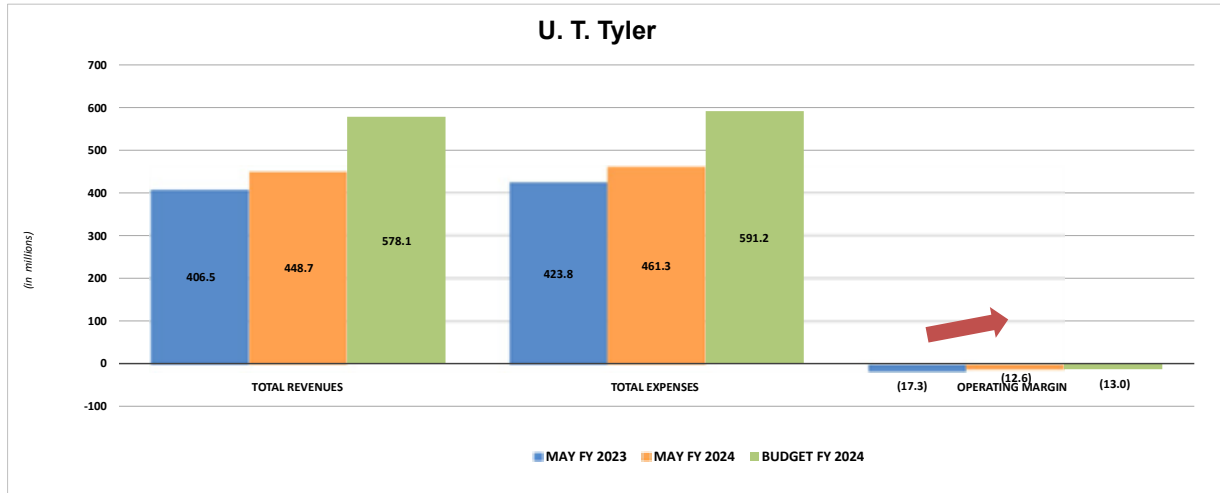
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending May 31, 2024**



(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ -	34.0	34.0	41.3	41.3	0.0
State Appropriations	-	40.6	40.6	52.7	53.2	0.5
Net Tuition and Fees	-	42.4	42.4	85.0	57.1	(27.9)
Auxiliary Revenues/Sales & Services of Educational Activities	-	33.2	33.2	33.0	39.8	6.8
Net Investment Income	-	10.9	10.9	8.7	10.9	2.3
Other Operating Revenues/Gift Contributions for Operations	-	7.9	7.9	12.3	11.2	(1.1)
<b>Total Revenues</b>	-	<b>169.0</b>	<b>169.0</b>	<b>232.9</b>	<b>213.5</b>	<b>(19.5)</b>
Salaries and Wages/Payroll Related Costs	-	114.0	114.0	134.3	142.6	8.4
Utilities	-	4.9	4.9	5.1	6.4	1.3
Scholarships and Fellowships	-	6.5	6.5	30.4	8.9	(21.5)
Operations, Maintenance and Travel	-	44.0	44.0	55.7	55.5	(0.3)
Depreciation and Amortization	-	17.3	17.3	23.5	22.0	(1.5)
<b>Total Expenses</b>	\$ -	<b>186.7</b>	<b>186.7</b>	<b>249.0</b>	<b>235.4</b>	<b>(13.7)</b>
<b>Operating Margin</b>	-	<b>(17.7)</b>	<b>(17.7)</b>	<b>(16.1)</b>	<b>(21.9)</b>	<b>(5.8)</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	-	<b>(0.4)</b>	<b>(0.4)</b>	<b>7.4</b>	<b>0.1</b>	<b>(7.3)</b>

On August 24, 2023, the U. T. System Board of Regents formalized the action of transitioning Stephen F. Austin State University into the U. T. System effective September 1, 2023, in order to enhance Stephen F. Austin's financial position, foster enrollment growth, and increase opportunities for faculty, staff, and students to participate in new collaborations with other U. T. institutions to better serve Texas. Therefore, prior year data is not available.

**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending May 31, 2024**



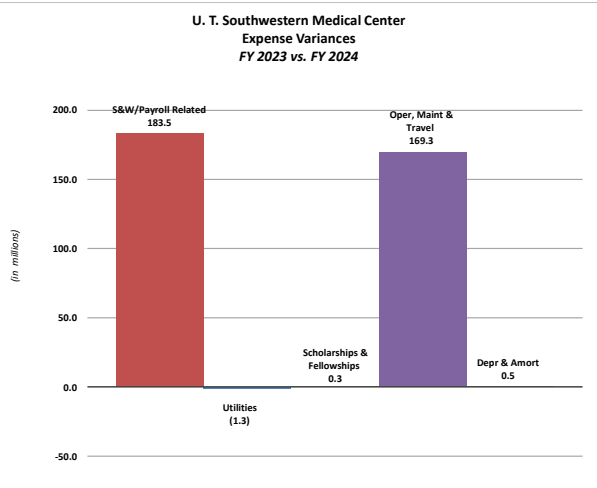
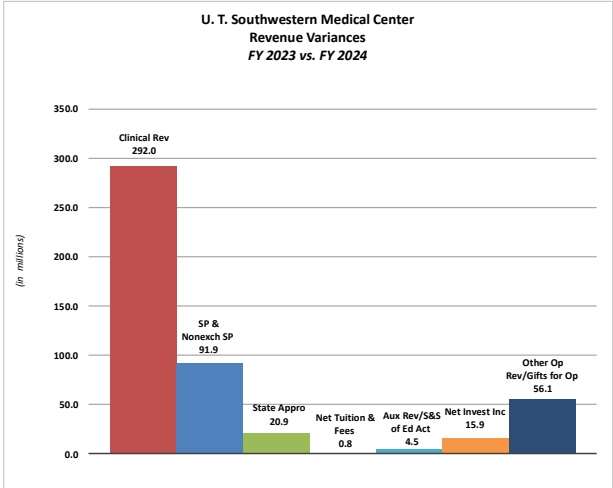
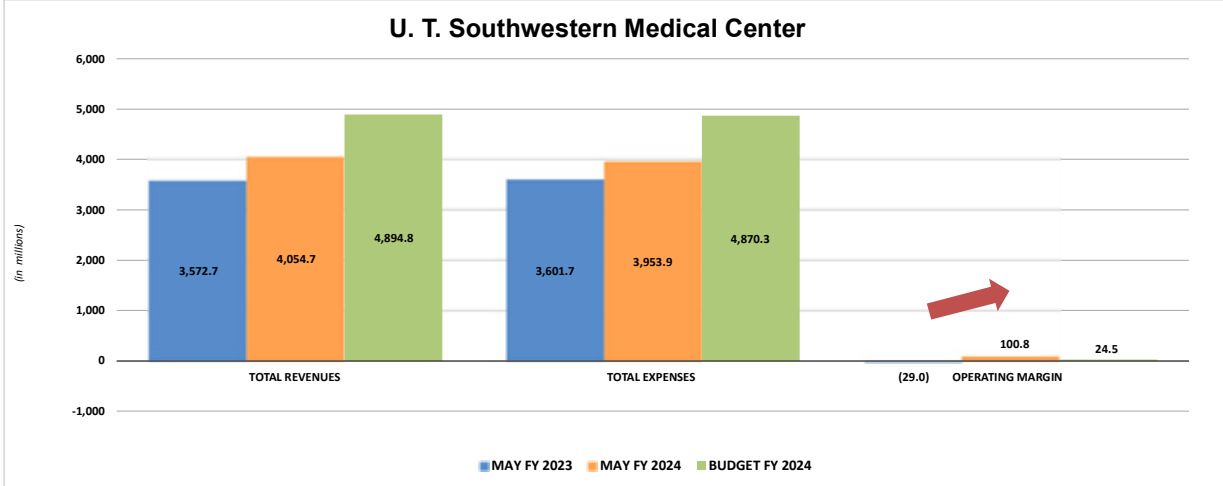
(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 146.7	148.8	2.2	193.4	194.1	0.7
Sponsored Programs/Nonexchange Sponsored Programs	110.3	125.1	14.7	150.9	152.5	1.6
State Appropriations	66.6	79.5	12.9	105.3	105.7	0.4
Net Tuition and Fees	44.1	48.8	4.7	59.9	62.0	2.1
Auxiliary Revenues/Sales & Services of Educational Activities	23.2	24.8	1.6	27.7	30.4	2.7
Net Investment Income	9.7	9.6	(0.1)	12.7	20.2	7.4
Other Operating Revenues/Gift Contributions for Operations	6.0	12.2 *	6.3	28.3	23.6 *	(4.7)
<b>Total Revenues</b>	<b>406.5</b>	<b>448.7</b>	<b>42.2</b>	<b>578.1</b>	<b>588.4</b>	<b>10.3</b>
Salaries and Wages/Payroll Related Costs	264.2	299.7	35.5	368.8	380.6	11.8
Utilities	4.1	3.8	(0.2)	6.1	6.0	(0.1)
Scholarships and Fellowships	11.5	13.0	1.5	15.4	15.4	0.0
Operations, Maintenance and Travel	117.9	118.9	1.0	164.0	159.8	(4.2)
Depreciation and Amortization	26.2	25.9	(0.3)	36.9	36.9	0.0
<b>Total Expenses</b>	<b>\$ 423.8</b>	<b>461.3</b>	<b>37.5</b>	<b>591.2</b>	<b>598.7</b>	<b>7.5</b>
<b>Operating Margin</b>	<b>(17.3)</b>	<b>(12.6)</b>	<b>4.7</b>	<b>(13.0)</b>	<b>(10.2)</b>	<b>2.8</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>8.8</b>	<b>13.3</b>	<b>4.4</b>	<b>23.8</b>	<b>26.7</b>	<b>2.8</b>

\*Other Operating Income includes 30% of UTHET's net adjusted loss which was \$2.6 million through May. U. T. Tyler's year-end projection includes \$0.5 million of UTHET's net adjusted income for the year.

U. T. Tyler reported a year-to-date positive cash flow margin of \$13.3 million, an increase of \$4.4 million (50%) from the prior year. The increase was primarily due to the following: an increase in other operating revenues attributable to a new agreement with Smith County Jail; and an increase in net student tuition and fees due to increased enrollment. The most current projection received from U. T. Tyler reflects a cash flow margin of \$26.7 million for the year.



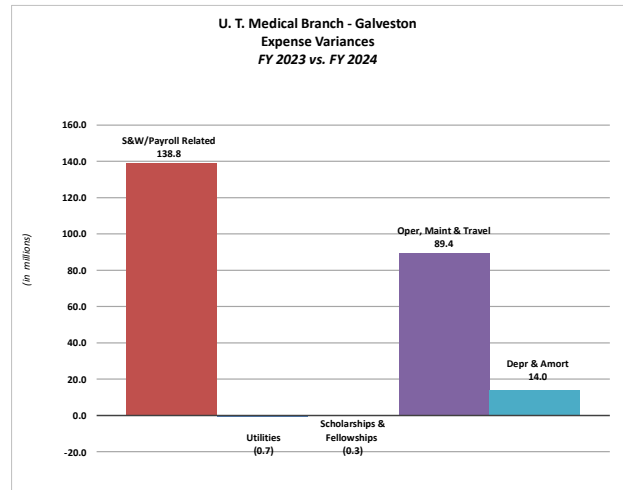
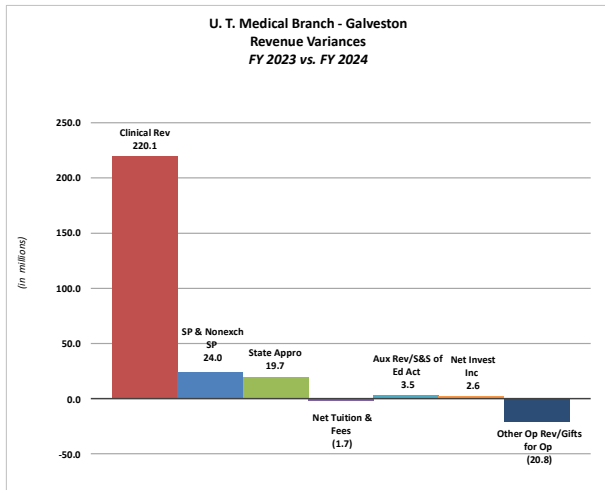
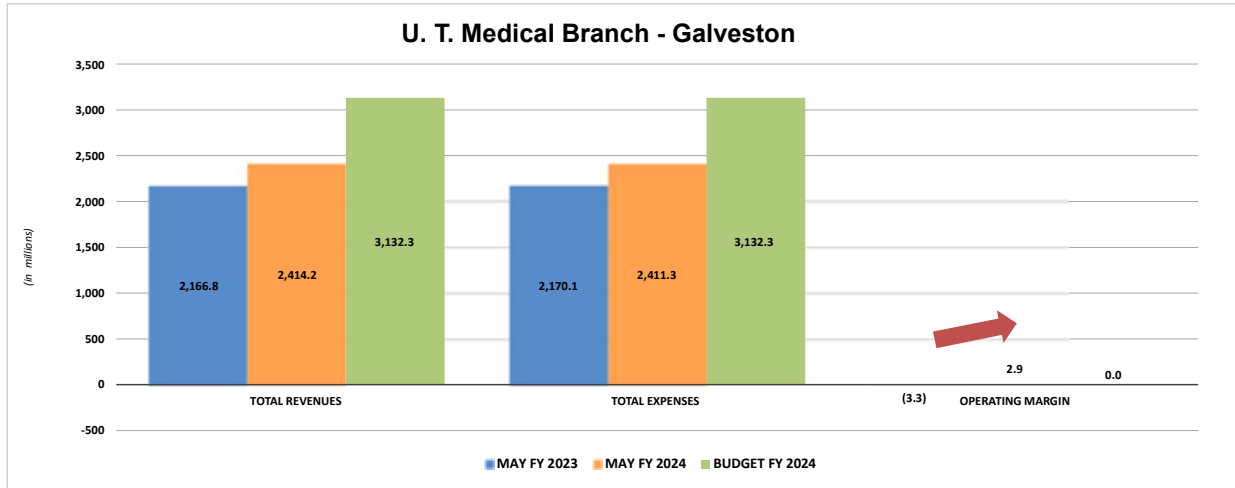
**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending May 31, 2024**



(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 2,336.8	2,628.8	292.0	3,233.0	3,477.6	244.6
Sponsored Programs/Nonexchange Sponsored Programs	641.7	733.6	91.9	877.2	974.9	97.6
State Appropriations	145.0	165.9	20.9	225.7	217.4	(8.3)
Net Tuition and Fees	21.2	22.0	0.8	28.7	28.5	(0.2)
Auxiliary Revenues/Sales & Services of Educational Activities	33.7	38.2	4.5	42.8	51.2	8.4
Net Investment Income	139.5	155.3	15.9	186.4	188.2	1.7
Other Operating Revenues/Gift Contributions for Operations	254.8	310.9	56.1	301.0	402.0	101.1
<b>Total Revenues</b>	<b>3,572.7</b>	<b>4,054.7</b>	<b>482.0</b>	<b>4,894.8</b>	<b>5,339.8</b>	<b>445.0</b>
Salaries and Wages/Payroll Related Costs	2,259.8	2,443.3	183.5	3,099.7	3,298.1	198.4
Utilities	24.0	22.7	(1.3)	31.6	30.3	(1.3)
Scholarships and Fellowships	2.4	2.7	0.3	7.1	3.6	(3.5)
Operations, Maintenance and Travel	1,106.3	1,275.6	169.3	1,443.1	1,612.5	169.4
Depreciation and Amortization	209.1	209.6	0.5	288.9	278.2	(10.6)
<b>Total Expenses</b>	<b>\$ 3,601.7</b>	<b>3,953.9</b>	<b>352.2</b>	<b>4,870.3</b>	<b>5,222.8</b>	<b>352.4</b>
<b>Operating Margin</b>	<b>(29.0)</b>	<b>100.8</b>	<b>129.8</b>	<b>24.5</b>	<b>117.0</b>	<b>92.5</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>180.1</b>	<b>310.4</b>	<b>130.3</b>	<b>313.3</b>	<b>395.2</b>	<b>81.9</b>

U. T. Southwestern Medical Center reported a year-to-date positive cash flow margin of \$310.4 million, an increase of \$130.3 million (72%) from the prior year. The increase was primarily due to the following: an increase in clinical revenues as a result of increased inpatient and outpatient visits, and increased admissions and surgical volumes; and an increase in other operating revenues attributable to increased TIPPS and pharmacy revenues. The most current projection received from U. T. Southwestern Medical Center reflects a cash flow margin of \$395.2 million for the year.

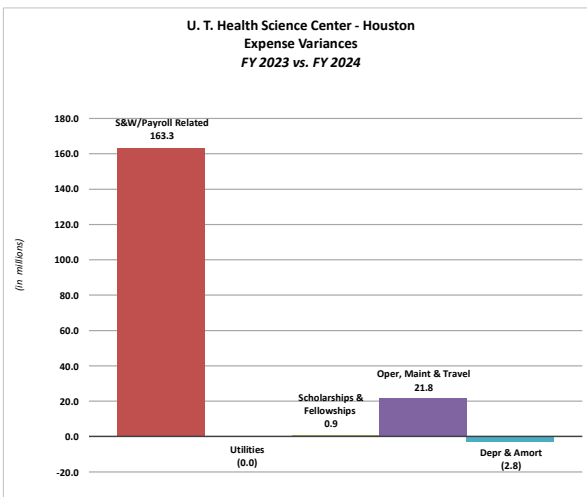
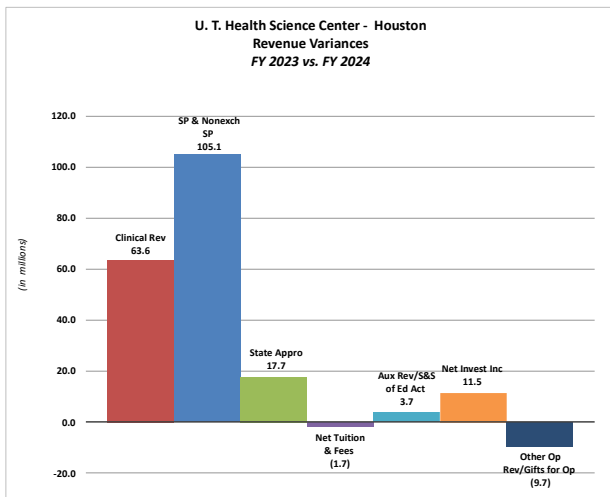
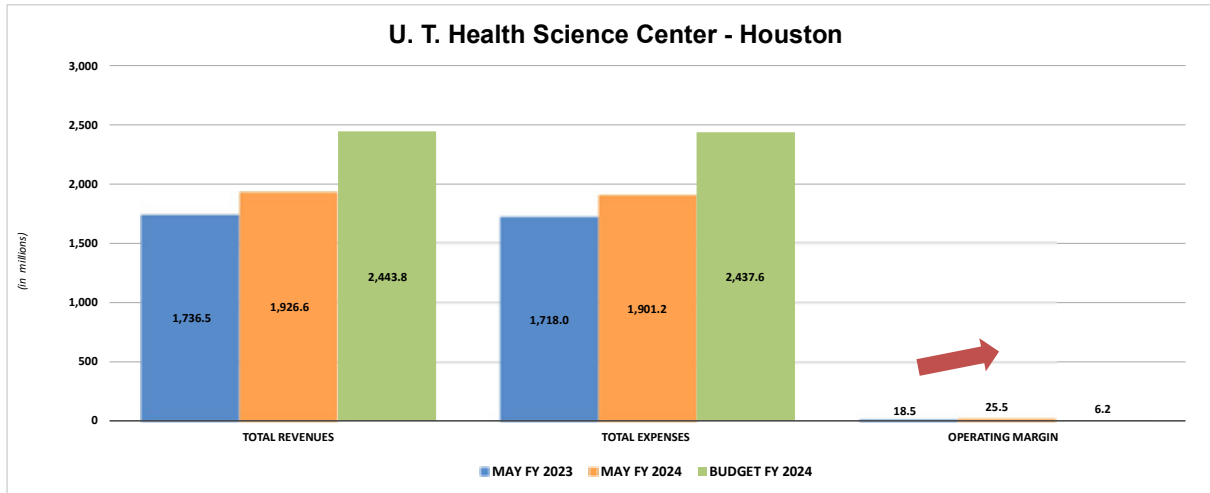
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending May 31, 2024**



(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 1,450.3	1,670.4	220.1	2,128.7	2,202.8	74.1
Sponsored Programs/Nonexchange Sponsored Programs	193.6	217.6	24.0	293.5	289.7	(3.8)
State Appropriations	273.2	293.0	19.7	388.9	389.2	0.4
Net Tuition and Fees	39.9	38.2	(1.7)	50.6	51.1	0.5
Auxiliary Revenues/Sales & Services of Educational Activities	20.2	23.7	3.5	25.0	32.4	7.3
Net Investment Income	61.5	64.1	2.6	78.8	83.8	5.0
Other Operating Revenues/Gift Contributions for Operations	128.0	107.3	(20.8)	166.7	166.5	(0.2)
<b>Total Revenues</b>	<b>2,166.8</b>	<b>2,414.2</b>	<b>247.4</b>	<b>3,132.3</b>	<b>3,215.6</b>	<b>83.4</b>
Salaries and Wages/Payroll Related Costs	1,326.5	1,465.3	138.8	1,902.7	1,951.2	48.4
Utilities	25.9	25.2	(0.7)	46.4	36.3	(10.1)
Scholarships and Fellowships	7.3	7.0	(0.3)	13.3	15.9	2.6
Operations, Maintenance and Travel	654.8	744.2	89.4	947.2	983.5	36.3
Depreciation and Amortization	155.6	169.6	14.0	222.7	228.8	6.1
<b>Total Expenses</b>	<b>\$ 2,170.1</b>	<b>2,411.3</b>	<b>241.2</b>	<b>3,132.3</b>	<b>3,215.6</b>	<b>83.4</b>
<b>Operating Margin</b>	<b>(3.3)</b>	<b>2.9</b>	<b>6.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>152.3</b>	<b>172.4</b>	<b>20.1</b>	<b>222.7</b>	<b>228.8</b>	<b>6.1</b>

U. T. Medical Branch - Galveston reported a year-to-date positive cash flow margin of \$172.4 million, an increase of \$20.1 million (13%) from the prior year. The increase was primarily attributable to an increase in clinical revenues due to an increase in clinical volume, as well as a favorable rate and case mix index. The most current projection received from U. T. Medical Branch - Galveston reflects a cash flow margin of \$228.8 million for the year.

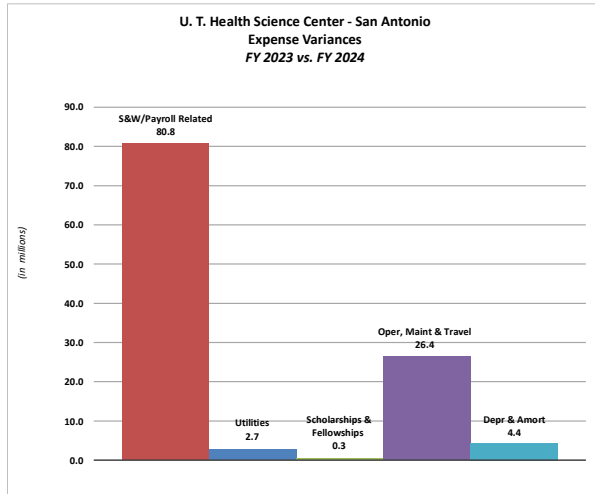
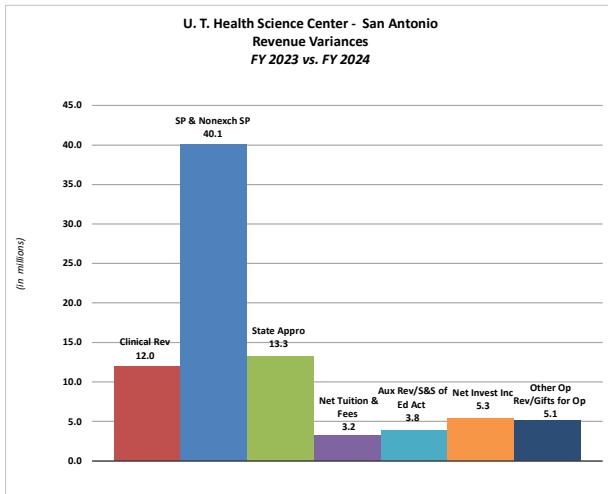
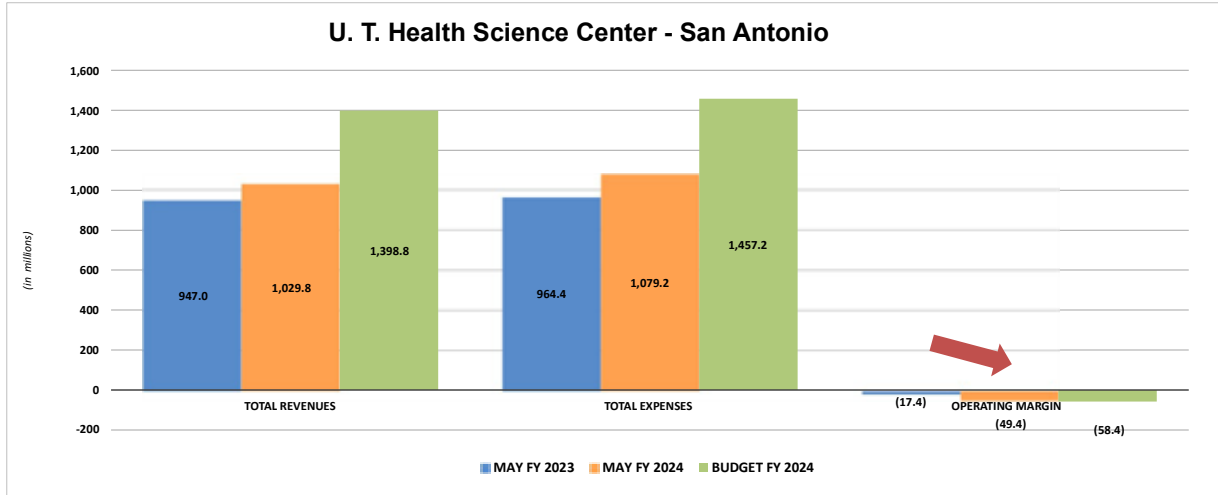
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending May 31, 2024**



(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 481.2	544.8	63.6	685.8	739.8	54.0
Sponsored Programs/Nonexchange Sponsored Programs	816.6	921.6	105.1	1,178.4	1,237.4	59.0
State Appropriations	170.4	188.1	17.7	256.1	250.9	(5.2)
Net Tuition and Fees	56.5	54.8	(1.7)	72.9	72.7	(0.2)
Auxiliary Revenues/Sales & Services of Educational Activities	62.5	66.2	3.7	56.7	82.3	25.6
Net Investment Income	78.9	90.4	11.5	92.4	116.5	24.1
Other Operating Revenues/Gift Contributions for Operations	70.3	60.6	(9.7)	101.5	78.3	(23.2)
<b>Total Revenues</b>	<b>1,736.5</b>	<b>1,926.6</b>	<b>190.2</b>	<b>2,443.8</b>	<b>2,577.9</b>	<b>134.1</b>
Salaries and Wages/Payroll Related Costs	1,336.0	1,499.3	163.3	1,895.5	1,980.6	85.0
Utilities	10.6	10.6	(0.0)	16.7	14.1	(2.6)
Scholarships and Fellowships	5.9	6.7	0.9	11.4	8.9	(2.4)
Operations, Maintenance and Travel	279.6	301.5	21.8	429.1	402.0	(27.1)
Depreciation and Amortization	85.9	83.1	(2.8)	85.0	110.8	25.9
<b>Total Expenses</b>	<b>\$ 1,718.0</b>	<b>1,901.2</b>	<b>183.2</b>	<b>2,437.6</b>	<b>2,516.4</b>	<b>78.8</b>
<b>Operating Margin</b>	<b>18.5</b>	<b>25.5</b>	<b>7.0</b>	<b>6.2</b>	<b>61.5</b>	<b>55.3</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>104.4</b>	<b>108.6</b>	<b>4.2</b>	<b>91.1</b>	<b>172.3</b>	<b>81.2</b>

U. T. Health Science Center - Houston reported a year-to-date positive cash flow margin of \$108.6 million, an increase of \$4.2 million (4%) from the prior year. The increase was primarily due to the following: an increase in sponsored programs largely attributable to an increase in contractual revenues from Memorial Hermann Healthcare System; an increase in clinical revenues due to increased activities at the new Dunn Center building, as well as an improved payor mix; and an increase in net investment income. The most current projection received from U. T. Health Science Center - Houston reflects a cash flow margin of \$172.3 million for the year.

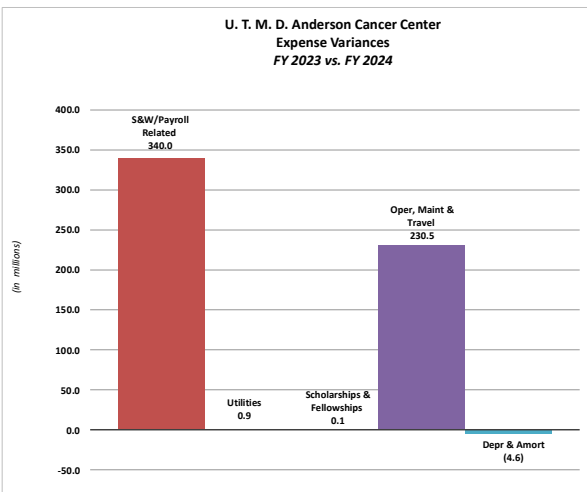
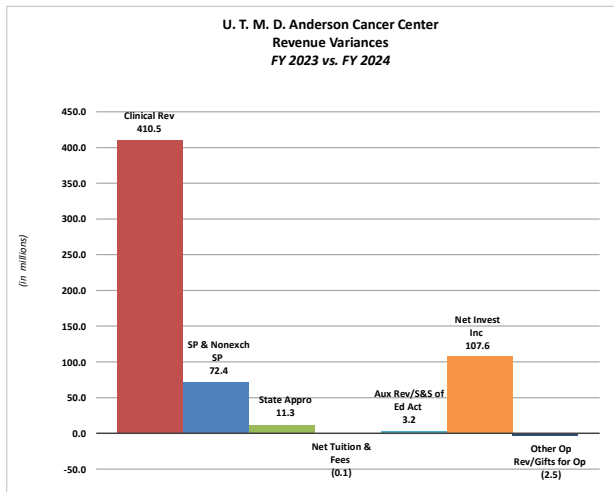
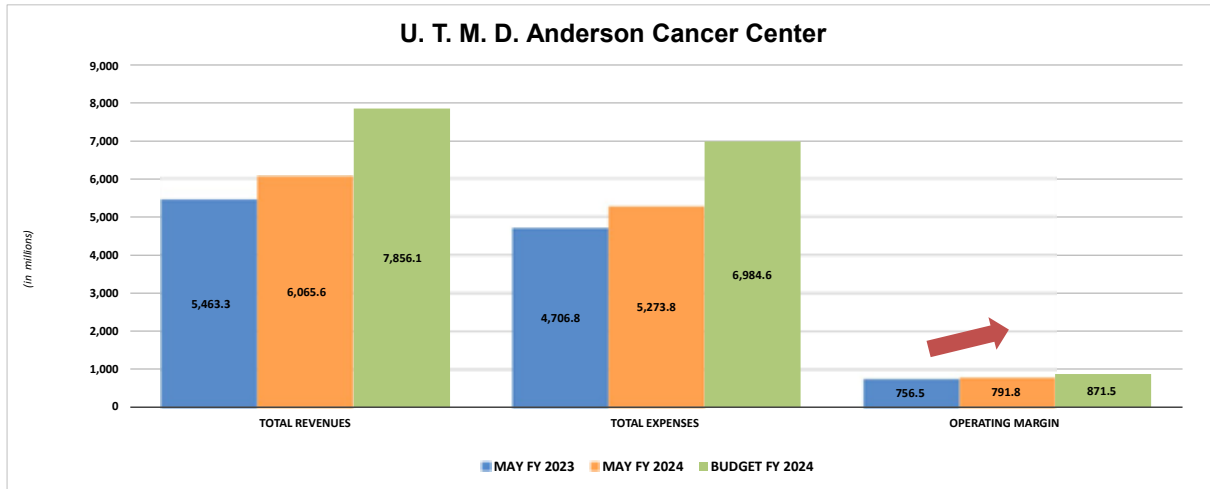
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending May 31, 2024**



(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 275.6	287.6	12.0	380.1	381.8	1.7
Sponsored Programs/Nonexchange Sponsored Programs	395.5	435.6	40.1	586.6	586.9	0.3
State Appropriations	134.8	148.1	13.3	224.4	224.0	(0.5)
Net Tuition and Fees	41.3	44.5	3.2	61.3	61.1	(0.2)
Auxiliary Revenues/Sales & Services of Educational Activities	19.2	23.0	3.8	31.2	29.9	(1.3)
Net Investment Income	44.9	50.2	5.3	58.7	61.8	3.0
Other Operating Revenues/Gift Contributions for Operations	35.7	40.9	5.1	56.4	56.2	(0.3)
<b>Total Revenues</b>	<b>947.0</b>	<b>1,029.8</b>	<b>82.8</b>	<b>1,398.8</b>	<b>1,401.6</b>	<b>2.8</b>
Salaries and Wages/Payroll Related Costs	627.8	708.6	80.8	956.1	963.5	7.4
Utilities	13.5	16.2	2.7	20.9	21.7	0.8
Scholarships and Fellowships	7.2	7.5	0.3	14.1	14.1	0.0
Operations, Maintenance and Travel	263.4	289.9	26.4	391.2	381.8	(9.5)
Depreciation and Amortization	52.6	57.0	4.4	74.8	78.8	4.0
<b>Total Expenses</b>	<b>\$ 964.4</b>	<b>1,079.2</b>	<b>114.7</b>	<b>1,457.2</b>	<b>1,460.0</b>	<b>2.8</b>
<b>Operating Margin</b>	<b>(17.4)</b>	<b>(49.4)</b>	<b>(32.0)</b>	<b>(58.4)</b>	<b>(58.4)</b>	<b>0.0</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>35.1</b>	<b>7.6</b>	<b>(27.6)</b>	<b>16.4</b>	<b>20.5</b>	<b>4.0</b>

U. T. Health Science Center - San Antonio reported a year-to-date positive cash flow margin of \$7.6 million, a decrease of \$27.6 million (78%) from the prior year. The decrease was primarily attributable to an increase in salaries and wages and payroll related costs as a result of an increase in clinical faculty and staff positions associated with clinical volume and research growth, as well as accelerated personnel costs related to the preparation of the new UT Health San Antonio Multi-Specialty Research Hospital opening in December 2024. The most current projection received from U. T. Health Science Center - San Antonio reflects a cash flow margin of \$20.5 million for the year.

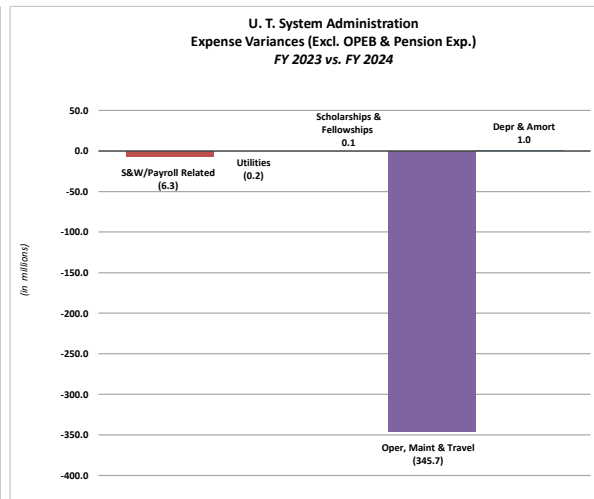
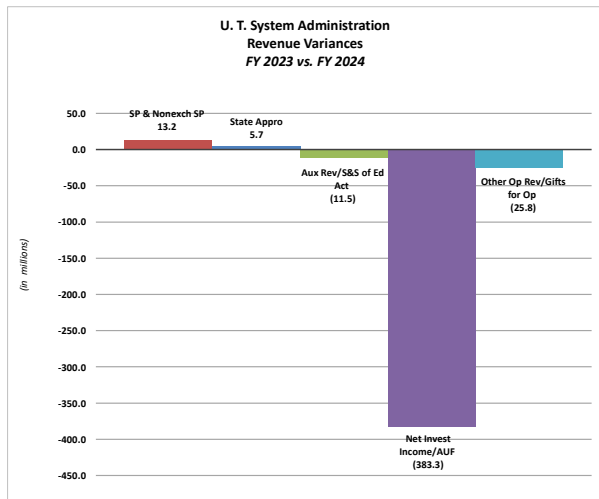
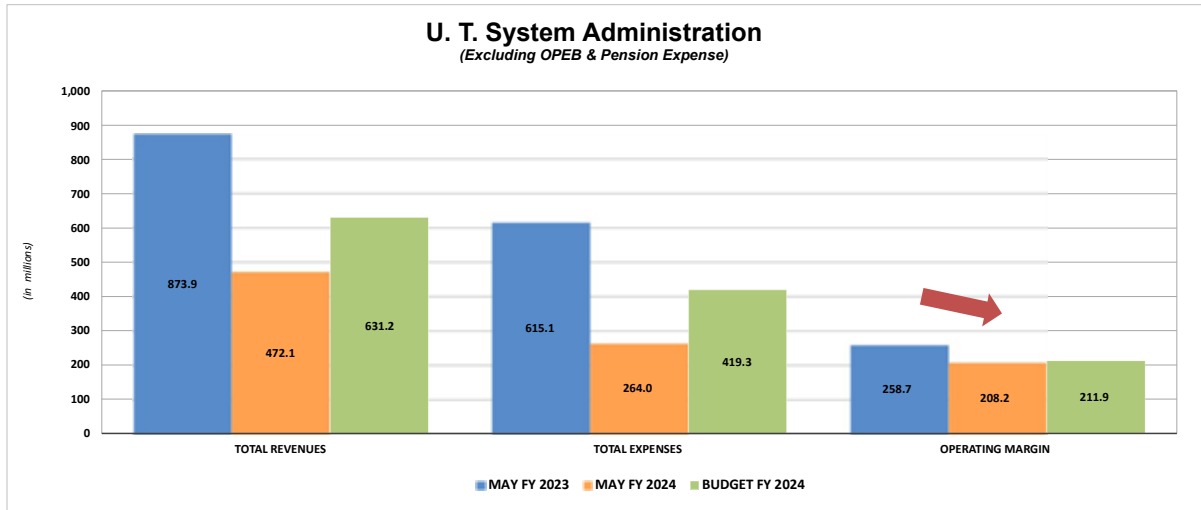
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending May 31, 2024**



(in millions)	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 4,320.8	4,731.3	410.5	6,324.2	6,435.4	111.3
Sponsored Programs/Nonexchange Sponsored Programs	432.9	505.3	72.4	606.6	649.7	43.1
State Appropriations	157.0	168.2	11.3	223.0	223.0	0.0
Net Tuition and Fees	1.9	1.9	(0.1)	2.1	1.9	(0.2)
Auxiliary Revenues/Sales & Services of Educational Activities	31.1	34.3	3.2	41.1	45.1	4.0
Net Investment Income	331.0	438.5	107.6	400.8	468.9	68.1
Other Operating Revenues/Gift Contributions for Operations	188.7	186.2	(2.5)	258.2	247.8	(10.4)
<b>Total Revenues</b>	<b>5,463.3</b>	<b>6,065.6</b>	<b>602.3</b>	<b>7,856.1</b>	<b>8,071.9</b>	<b>215.8</b>
Salaries and Wages/Payroll Related Costs	2,620.7	2,960.7	340.0	3,642.0	3,883.3	241.3
Utilities	36.0	36.9	0.9	52.1	49.8	(2.3)
Scholarships and Fellowships	1.5	1.6	0.1	3.6	2.5	(1.2)
Operations, Maintenance and Travel	1,780.7	2,011.3	230.5	2,920.3	2,849.9	(70.4)
Depreciation and Amortization	267.9	263.3	(4.6)	366.4	354.1	(12.3)
<b>Total Expenses</b>	<b>\$ 4,706.8</b>	<b>5,273.8</b>	<b>567.0</b>	<b>6,984.6</b>	<b>7,139.6</b>	<b>155.1</b>
<b>Operating Margin</b>	<b>756.5</b>	<b>791.8</b>	<b>35.4</b>	<b>871.5</b>	<b>932.2</b>	<b>60.7</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>1,024.3</b>	<b>1,055.1</b>	<b>30.8</b>	<b>1,237.9</b>	<b>1,286.4</b>	<b>48.4</b>

U. T. M. D. Anderson Cancer Center reported a year-to-date positive cash flow margin of \$1,055.1 million, an increase of \$30.8 million (3%) from the prior year. The increase was primarily due to an increase in clinical revenues attributable to an increase in admissions, patient days, outpatient visits, and surgeries. The most current projection received from U. T. M. D. Anderson Cancer Center reflects a cash flow margin of \$1,286.4 million for the year.

**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending May 31, 2024**



<i>(in millions)</i>	May YTD FY 2023	May YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 30.8	44.0	13.2	48.6	46.6	(2.0)
State Appropriations	5.5	11.1	5.7	29.4 *	14.9	(14.5)
Auxiliary Revenues/Sales & Services of Educational Activities	13.5	2.1	(11.5)	3.1	2.7	(0.3)
Net Investment Income/Available University Fund (AUF)	794.8	411.5	(383.3)	544.5	594.7	50.2
Other Operating Revenues/Gift Contributions for Operations	29.2	3.4	(25.8)	5.7	4.4	(1.3)
<b>Total Revenues</b>	<b>873.9</b>	<b>472.1</b>	<b>(401.7)</b>	<b>631.2</b>	<b>663.3</b>	<b>32.1</b>
Salaries and Wages/Payroll Related Costs	46.1	39.8	(6.3)	55.1	53.0	(2.0)
Utilities	0.3	0.1	(0.2)	0.5	0.2	(0.4)
Scholarships and Fellowships	0.1	0.1	0.1	2.3	0.2	(2.1)
Operations, Maintenance and Travel	551.6	206.0	(345.7)	343.9 *	274.2	(69.7)
Depreciation and Amortization	17.0	18.0	1.0	17.6	23.7	6.1
<b>Total Expenses (Excluding OPEB &amp; Pension Exp)</b>	<b>\$ 615.1</b>	<b>264.0</b>	<b>(351.2)</b>	<b>419.3</b>	<b>351.3</b>	<b>(68.1)</b>
<b>Operating Margin (Excluding OPEB &amp; Pension Exp)</b>	<b>258.7</b>	<b>208.2</b>	<b>(50.6)</b>	<b>211.9</b>	<b>312.1</b>	<b>100.2</b>
<b>Cash Flow Margin (Excluding OPEB, Pension, Depr &amp; Amort Exp)</b>	<b>275.7</b>	<b>226.1</b>	<b>(49.6)</b>	<b>229.5</b>	<b>335.7</b>	<b>106.3</b>

\*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 positive cash flow margin of \$226.1 million, a decrease of \$49.6 million (18%) from the prior year. The decrease was primarily attributable to a decrease in net investment income due to a change in methodology that now excludes net investment income related to longer-term investment funds that would fall outside of those budgeted as part of the annual operating budget. The most current projection, excluding OPEB, pension, and depreciation expense, reflects a cash flow margin of \$335.7 million for the year.

**3. U. T. System Board of Regents: Equipment financing authorization for Fiscal Year 2025 and resolution regarding parity debt**

**RECOMMENDATION**

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

- a. approve an aggregate amount of \$326,200,000 of Revenue Financing System Equipment Financing for FY 2025 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 \$326,200,000 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 \$326,200,000 for equipment financing for Fiscal Year 2025. On August 24, 2023, the U. T. System Board of Regents approved a total of \$319,781,000 of equipment financing for Fiscal Year 2024. On February 22, 2024, the U. T. System Board of Regents approved an additional \$10,000,000 of equipment financing for Fiscal Year 2024. Through July 31, 2024, \$85,207,000 of equipment financing has been utilized for Fiscal Year 2024.

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 2025**

<b>Institution</b>	<b>\$ Amount of Request</b>	<b>Description of Expected Capital Equipment</b>	<b>Spendable Cash &amp; Inv. to Total Debt (x) *</b>	<b>Unrestricted Cash &amp; Inv. to Total Debt (x) *</b>
U. T. Austin	19,000,000	TV Production and video display equipment for Athletics; MRI & Monitoring System and C-Arm Machine	3.1	
U. T. Dallas	5,000,000	General purpose equipment supporting University's instruction, research, and business operations	2.2	
U. T. Rio Grande Valley	8,000,000	Equipment for security, instruction and research activities; campus PC/IT equipment replacement	4.3	
U. T. San Antonio	19,200,000	Athletic, technology, research, and start-up lab equipment; Buena Vista Theater equipment	2.3	
U. T. Southwestern Medical Center	30,000,000	Information resource projects; clinical and hospital equipment		0.7
U. T. Medical Branch - Galveston	60,000,000	Clinical, IT infrastructure, research-related, and facility-related equipment		0.8
U. T. Health Science Center - Houston	35,000,000	Clinical equipment		4.3
U. T. Health Science Center - San Antonio	90,000,000	Implementation of tech systems; Outpatient surgical center equipment and lab equipment		1.3
U. T. M. D. Anderson Cancer Center	60,000,000	Medical, diagnostic, research, vehicles, information systems, and technology equipment		11.1
<b>Total</b>	<b>\$326,200,000</b>			

\* Spendable Cash & Inv. to Total Debt ratios and Unrestricted Cash & Inv. to Total Debt ratios are based on FY2023 Analysis of Financial Condition (February 2024). The calculation excludes TRB debt service.

U. T. System Office of Finance, July 10, 2024

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

- a. adopt a Resolution, substantially in the form 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 24, 2023, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$975 million for Fiscal Year 2024. Adoption of this Resolution would provide \$975 million of authorization for similar purposes for Fiscal Year 2025. 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-2024-08-21>.

**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 concurs in the recommendation of the Executive Vice Chancellor for Business Affairs 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 \$975 million 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 May 9, 2024, the Board of Regents adopted the 40th Supplemental Resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$975 million. Adoption of this 41st Supplemental Resolution would provide \$975 million 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-2024-08-21>.

**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 70202**

RECOMMENDATION

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

- a. adopt 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 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 24, 2023, the Board approved bond enhancement agreement resolutions for FY2024. 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 FY2025. 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 most recently amended on August 23, 2023. 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-2024-08-21>.

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

**Rule: 70202**

**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.

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- 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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**Rule: 70202**

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

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

**Rule: 70202**

**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](mailto:bor@utsystem.edu)

7. **U. T. System Board of Regents: Approval of the Annual Budget for Fiscal Year 2025, 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 and the Executive Vice Chancellor for Business Affairs 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, 2025, 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 \$80.3 million (12.0% increase over FY 2024 budget) for UTIMCO Services and \$9.0 million (8.6% increase from FY 2024 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 20, 2024.

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 \$645,000.

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 \$12.0 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.

UTIMCO developed a new, five-year Strategic Plan for the years 2025 - 2029, which was presented to the UTIMCO Board in June 2024. The Strategic Plan lays out priority focus areas for UTIMCO as it manages projected growth of the Endowments, the Intermediate Term Fund, and the Short Term Fund, which are expected to total \$100 billion by the end of 2029. The plan projects resources required to meet these objectives and benchmarks UTIMCO's projected annual budget (11-12 basis points of assets under management) against peer institutions, which generally spend 15-25 basis points annually.

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 2025 Budget

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Mr. Richard Hall, President, Chief Executive Officer and Chief Investment Officer  
U. T. System Board of Regents Meeting  
Finance and Planning Committee  
August 2024



## FY 2025 Budget vs. FY 2024 Budget

	FY 2024 Budget	FY 2025		FY 2025 Budget Proposed v FY 2024 Budget		
		Proposed Budget	% of Total Budget	Projected in 2025 Strategic Plan	\$	%
<b>UTIMCO Personnel Costs:</b>						
Salaries	24,680,045	27,248,025	31%	27,248,025	2,567,980	10.4%
Performance Compensation	21,055,462	25,942,695	29%	25,942,695	4,887,233	23.2%
Benefits & Taxes	8,710,966	8,387,046	9%	8,387,046	(323,920)	-3.7%
<b>Total UTIMCO Personnel Costs (1)</b>	<b>\$ 54,446,473</b>	<b>\$ 61,577,766</b>	<b>69%</b>	<b>\$ 61,577,766</b>	<b>\$ 7,131,293</b>	<b>13.1%</b>
<b>Other UTIMCO Costs:</b>						
Data & Subscriptions	6,996,348	7,493,040	8%	7,493,040	496,692	7.1%
Travel	1,330,000	1,500,000	2%	1,500,000	170,000	12.8%
Lease Expense & Lease Asset Amortization	3,198,407	3,403,990	4%	3,403,990	205,583	6.4%
Depreciation	1,850,000	1,825,000	2%	1,825,000	(25,000)	-1.4%
Other Costs (2)	3,857,440	4,489,604	5%	4,489,604	632,164	16.4%
<b>Total Other UTIMCO Costs:</b>	<b>\$ 17,232,195</b>	<b>\$ 18,711,634</b>	<b>21%</b>	<b>\$ 18,711,634</b>	<b>\$ 1,479,439</b>	<b>8.6%</b>
<b>Total UTIMCO Services Costs:</b>	<b>\$ 71,678,668</b>	<b>\$ 80,289,400</b>	<b>90%</b>	<b>\$ 80,289,400</b>	<b>\$ 8,610,732</b>	<b>12.0%</b>
<b>Bps of AUM</b>	<b>9.59</b>	<b>10.12</b>		<b>10.12</b>		
<b>Direct Fund Costs:</b>						
Custodian Fees	4,984,000	5,409,000	6%	5,409,000	425,000	8.5%
Other (3)	3,333,799	3,623,234	4%	3,623,234	289,435	8.7%
<b>Total Direct Fund Costs</b>	<b>\$ 8,317,799</b>	<b>\$ 9,032,234</b>	<b>10%</b>	<b>\$ 9,032,234</b>	<b>\$ 714,435</b>	<b>8.6%</b>
<b>Grand Total UTIMCO Budget:</b>	<b>\$ 79,996,467</b>	<b>\$ 89,321,634</b>		<b>\$ 89,321,634</b>	<b>\$ 9,325,167</b>	<b>11.7%</b>
<b>Bps of AUM</b>	<b>10.70</b>	<b>11.26</b>		<b>11.26</b>		
AUM projected (\$ billion)	\$75	\$79		\$79		
UTIMCO Headcount	133	133		133		

**NOTES:**

- (1) FY25 Budgeted Total Personnel Costs increased by \$7.1M or 13.1% from the FY24 Budget primarily as the result of an increase in salaries related to normal merit raises, market catch-up raises, and promotions. Additionally, performance compensation increased primarily as a result of the proposed compensation plan changes.
- (2) Budgeted Other UTIMCO Costs increased by 8.6% from FY24 to FY25 primarily as a result of an increase in Data & Subscriptions, IT Consulting and Contract Services, Travel, and Lease costs.
- (3) Other Direct Fund Costs include: Fund Auditors/Accounting fees (\$928k), Legal Fees (\$1.62M), Tax Consultants (\$399k), Background Searches (\$358k), and Consultants (\$287k).





# 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, 2025

<u>Proposed Budget</u>	<u>Fund Name</u>						Separate Funds	Debt Proceeds	Total
	PUF	PHF	LTF	GEF	ITF	STF			
<u>Market Value 4/30/24 (\$ millions)</u>	35,011			23,857	8,935	4,981	194	620	73,598
<u>UTIMCO Management Fee</u>									
Dollars	41,458,522			28,250,434	10,580,443				80,289,400
Basis Points	11.8			11.8	11.8				10.9
<u>Direct Expenses to the Fund, Excluding UT System Direct Expenses to the Fund</u>									
Dollars	4,525,045	27,128	30,128	3,105,955	1,343,978				9,032,234
Basis Points	1.3	0.2	0.0	1.3	1.5				1.2



# UTIMCO Strategic Plan 2025-2029

Goal: Alignment on priorities and resources requirements between UTIMCO, UTIMCO Board, and Board of Regents

	Budget Request FY 2025	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	
<b>UTIMCO Personnel Costs:</b>						
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%
<b>Total UTIMCO Personnel Costs</b>	<b>\$ 61,577,766</b>	<b>\$ 70,401,786</b>	<b>\$ 76,063,329</b>	<b>\$ 79,710,416</b>	<b>\$ 81,621,606</b>	7%
<b>Other UTIMCO Costs:</b>						
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%
<b>Total Other UTIMCO Costs</b>	<b>18,711,634</b>	<b>19,171,483</b>	<b>20,028,462</b>	<b>21,553,732</b>	<b>22,661,745</b>	5%
Y-O-Y Increase (%)	9%	2%	4%	8%	5%	
<b>Total UTIMCO Costs</b>	<b>\$ 80,289,400</b>	<b>\$ 89,573,269</b>	<b>\$ 96,091,791</b>	<b>\$ 101,264,148</b>	<b>\$ 104,283,350</b>	7%
Y-O-Y Increase (%)	12%	12%	7%	5%	3%	
Bps of AUM	10.12	10.67	10.82	10.77	10.48	
<b>Direct Fund Costs</b>						
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%
<b>Total Fund Costs</b>	<b>\$ 9,032,234</b>	<b>\$ 9,512,813</b>	<b>\$ 10,020,120</b>	<b>\$ 10,555,959</b>	<b>\$ 11,122,174</b>	5%
Y-O-Y Increase (%)	9%	5%	5%	5%	5%	
Bps of AUM	1.14	1.13	1.13	1.12	1.12	
<b>Grand Total UTIMCO Budget</b>	<b>\$ 89,321,634</b>	<b>\$ 99,086,082</b>	<b>\$ 106,111,911</b>	<b>\$ 111,820,107</b>	<b>\$ 115,405,524</b>	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

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

Reviewed annually with UTIMCO Board

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# Appendix

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# Cost Benchmarking

UTIMCO cost ratios compare favorably to large Endowment & Foundation peers and Outsourced Chief Investment Officers (CIOs)

- Historical operating cost ratio (total budget in bps of AUM) ranges from **30% to 70% of peers**
- Budget per FTE ranges from **50%-70% of most comparable<sup>+</sup> peers**

	UTIMCO	Cambridge > \$5 B Peers	Endowments					Foundations					Outsourced CIOs and FoFs			
			A	B	C	D	E	AA	BB	CC	DD	EE	1	2	3	4
Budget Year	2023		2023	2023	2023	2023	2023	2022	2022	2022	2022	2022	2023	2023	2023	2023
Budget Year AUM (\$ billion)	~\$72		> \$35	> \$35	> \$35	> \$35	~\$14	~\$18	~\$14	~\$14	~\$9	~\$9	~\$40	~\$27	~\$20	~\$17
Est. Budget (\$ million)	\$76		\$100		\$68		\$34	\$30	\$19	\$19	\$16	\$16	\$100	\$63	\$70	\$60
Est. Budget (bps of AUM)	10.6	15.1	18.0		17.0		24.6	16.8	13.4	13.7	17.7	18.4	25.0	23.5	35.0	35.0
Efficiency as % of UTIMCO		70%	59%		62%		43%	63%	79%	77%	60%	58%	42%	45%	30%	30%
<b>Team Composition</b>																
Investments	56		29	19	23	24	18						20	50	40	19
Support & Control (ex-ISS)*	50		50	18	30	22	22						200	40	36	24
Information Services & Security	28		27	3	5	4	3						30	40	6	4
Total FTE	134		106	40	58	50	43						250	130	80	45
AUM / FTE (\$ million)	\$537		\$525	\$1,100	\$691	\$706	\$322						\$160	\$208	\$250	\$378
AUM / Investor (\$ billion)	\$1,286		\$1,921	\$2,316	\$1,743	\$1,471	\$770						\$2,000	\$540	\$500	\$895
Budget / FTE (\$ million)	\$0.57		\$0.95		\$1.18		\$0.79						\$0.40	\$0.49	\$0.88	\$1.32
UTIMCO Budget / FTE vs. Peer			60%		48%		72%						142%	117%	65%	43%
<b>Operating Metrics</b>																
% of Total FTEs																
Investments	42%		27%	48%	40%	48%	42%						8%	38%	50%	42%
Support & Control (ex-ISS)*	37%		47%	45%	52%	44%	51%						80%	31%	45%	53%
Info Services & Security**	21%		25%	8%	9%	8%	7%						12%	31%	8%	9%

Sources: UTIMCO research; Cambridge Associates Investment Office Oversight Costs Survey (April 2023); Charles Skorina and FoundationMark (2022).  
 Total budget includes UTIMCO costs as well as direct Fund costs. AUM includes assets across PUF, GEF, ITF, and STF.  
 + OCIOs 1 and 2 have significant non-investment client support functions.  
 \* Support & Control (ex-ISS) includes operations, accounting and reporting; legal and compliance; corporate accounting; HR; and administration.  
 \*\* Info Services & Security for several endowment peers is provided by university client.

## **Fiscal Year 2025**

### **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:**

**Terry Hull – Associate Vice Chancellor for Finance**

**Allen Hah – Assistant Vice Chancellor for Finance**

**July 16, 2024**

*Based on UTIMCO Board approval on June 20, 2024*

**Fiscal Year 2025**  
**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 2025 that the UTIMCO Board approved on June 20, 2024, and the U. T. System Board of Regents will consider at its August 21-22, 2024, 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 FY25 is:

	<b>FY25</b> <b>(\$ millions)</b>
UTIMCO Services Budget	80.3
<u>Direct Costs to Funds Budget</u>	<u>9.0</u>
Total Budgeted Costs	<u>\$ 89.3</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 FY25 reflects the proposed implementation of a new 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. The 2024 Strategic Plan aims to keep UTIMCO’s costs at around 11.6bps of the Assets Under Management (“AUM”), which although higher than the FY24 Budget of 10.7bps of AUM, remains below peer expense ratios.
- **Total Forecast Costs for FY24:** Total costs for FY24 are forecast at \$75.8 million, which is \$4.2 million or 5.3% lower than what was budgeted. The decrease is due primarily to lower costs associated with unfilled vacancies.
- **Total Budgeted Costs for FY25:** The FY25 budget is \$89.3 million, an 11.7% increase from FY24:
  - **The UTIMCO Services Budget:** The FY25 budget includes \$80.3 million for the “operating” budget of UTIMCO, a 12.0% increase from the FY24 budget. The increase is due primarily to increases in baseline salaries, changes to the performance compensation formula, promotions, and increased technology and other costs.
  - **The Total Direct Costs to Funds Budget:** The FY25 budget of \$9.0 million for direct fund costs is 8.6% higher than the FY24 budget due primarily to increased custodian fees, legal expenses, costs related to background searches, and tax consulting.
- **UTIMCO Reserves:** A \$12 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 10.5 bps in FY24 and budgeted at 11.3bps for FY25. 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 roughly 30% below industry averages and are favorable compared to peers.

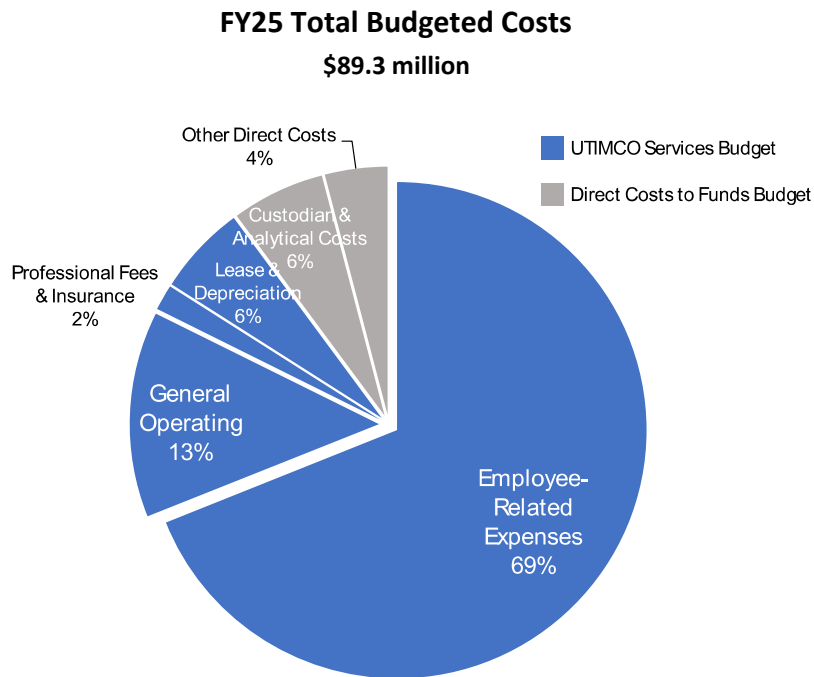
## Budget Analysis and Trends

UTIMCO proposes Total Budgeted Costs for FY25 of \$89.3 million. Table 1 shows the Total Budgeted Costs (Direct Costs to Funds and UTIMCO Services Budget) as a percent of average AUM for FY25 and the Total Actual and Forecast Costs as a percent of average AUM from FY20 to FY24.

**Table 1: Total Actual Costs Trend FY20-FY24 and Total Budgeted Costs FY25**  
(\$ millions)

	FY20	FY21	FY22	FY23	Forecast FY24	Budget FY25
<b>Average Total AUM<sup>1</sup></b>	49,906	59,803	66,392	67,693	72,444	77,030
<b>% Change in AUM</b>	8%	20%	11%	13%	9%	16%
<b>Direct Costs to Funds</b>	6.7	7.6	8.4	8.5	8.2	9.0
<b>% Change in Direct Costs to Funds</b>	-11.7%	14.4%	9.6%	10.8%	-2.1%	8.0%
<b>Direct Costs to Funds % of AUM</b>	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
<b>UTIMCO Services</b>	47.3	55.8	52.7	69.0	67.6	80.3
<b>% Change in UTIMCO Services</b>	13.2%	17.9%	-5.4%	23.7%	28.2%	52.3%
<b>UTIMCO Services % of AUM</b>	0.09%	0.09%	0.08%	0.10%	0.09%	0.10%
<b>Total Costs</b>	54.0	63.4	61.1	77.4	75.8	89.3
<b>% Change in Total Costs</b>	9.4%	17.5%	-3.6%	22.2%	24.1%	46.2%
<b>Total Costs % of AUM</b>	0.11%	0.11%	0.09%	0.11%	0.10%	0.12%

<sup>1</sup> FY24 and FY25 Average Total AUM assumes projected balances based on moderate returns, projected West Texas Land and gift income, and projected distributions.





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 77% 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 FY24 and FY25. Refer to Exhibits A and B at the end of this memo for a detailed budget comparison for FY24-FY25 and actual trend history for FY20-FY24.

**Table 2: FY24 Forecast and FY25 Budget Overview**  
(\$ millions)

	FY24 Forecast				FY25 Budget			
	\$ Budget	\$ Projected	\$ Change vs FY24 Budget	% Change vs FY24 Budget	\$ Budget	\$ Change vs FY24 Projected	% Change vs FY24 Projected	% Change vs FY24 Budget
<b>UTIMCO Services</b>	71.7	67.6	-4.1	-5.7%	80.3	12.7	18.8%	12.0%
<b>Direct Costs to Funds</b>	8.3	8.2	-0.1	-1.6%	9.0	0.8	10.3%	8.6%
<b>Total Budgeted Costs</b>	80.0	75.8	-4.2	-5.3%	89.3	13.5	17.9%	11.7%

## UTIMCO Services Budget

**Strategic Plan:** Growth in the UTIMCO budget for FY25 reflects the proposed implementation of the 2024 Strategic Plan that aims to establish 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 5 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:** FY25 Budgeted Total Personnel Costs, including payroll taxes and benefits, increased by \$7.1M or 13.1% from the FY24 Budget. Salaries increased by \$2.6M or 10.4% primarily related to normal merit raises, market catch-up raises, and promotions. Additionally, performance compensation increased by \$4.9M or 23.2% primarily as a result of the proposed compensation plan changes approved by the UTIMCO Compensation Committee at its June 18, 2024, meeting and approved by the UTIMCO Board of Directors on June 20, 2024.

Total personnel-related expenses including employee benefits account for 77% of UTIMCO’s FY25 Services Budget (or 69% 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 10.6% annually over the last five years as a result of hiring additional employees, promotions, and base salary raises, in line with the 2019 Strategic Plan and reflects the proposed roadmap in the 2024 Strategic Plan.
- Total Compensation per employee has increased 6.5% (annualized) from \$292k to \$400k budgeted in FY25. UTIMCO staff indicates 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.
- AUM has steadily increased since FY20 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 FY20-FY25 (excluding benefits)**

	FY20	FY21	FY22	FY23	Forecast FY24	% Change Since FY20 (annual)	Budget FY25	% Change From FY24	% Change Since FY20 (annual)
Employees (as of year end)	110	115	123	122	124	3.0%	133	7.3%	3.9%
Average Total AUM (\$ millions)	49,906	59,803	66,392	67,693	72,444	9.8%	77,030	6.3%	9.1%
Average AUM/Employee (\$ millions)	454	520	540	555	584	6.5%	579	-0.9%	5.0%
Salaries (\$ millions)	17.0	18.2	20.3	22.3	23.5	8.5%	27.2	15.8%	9.9%
Performance Comp. (\$ millions)	15.2	20.0	12.9	26.0	21.1	8.5%	25.9	23.2%	11.3%
Total Comp. (\$ millions)	32.2	38.2	33.2	48.3	44.6	8.5%	53.2	19.3%	10.6%
Total Comp. per Employee (\$)	292,288	332,006	269,622	395,881	359,594	5.3%	399,930	11.2%	6.5%
Perf. Comp. as % of Salaries	89%	110%	63%	116%	89%		95%		
Perf. Comp. as % of Total Comp.	47%	52%	39%	54%	47%		49%		

**On-Line Data & Subscriptions:** FY25 Budgeted Data & Subscriptions are higher than the FY24 Budget by \$0.5M primarily due to the addition of new IT subscriptions (\$162k), other new data services and subscriptions (\$118k), an increased price for the risk system and related costs (\$118k), and inflation-related increases for other current services (\$102k).

Several services for both online data and subscriptions that were paid by the Funds directly in prior years were moved to the corporate budget in FY24. There are savings in the FY24 Forecast (\$5.9M) compared to FY24 Budget (\$7.1M) due primarily to timing differences of how some of these services were budgeted versus expensed. Additionally, there were subscriptions that were not purchased as anticipated and other budgeted IT-related services that were not fully utilized in FY24 and delayed to later in the fiscal year or to FY25.

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:** FY25 Budgeted Contract Services of \$2.3M is higher than the FY24 Budget by \$860k due to consulting and contract services used for cyber initiatives, modernizing legacy systems, and the continuation of projects to update data governance and data infrastructure, and projects related to AI. IT service contractors are used to accomplish these initiatives to allow flexibility to augment staff in areas where the needs are greatest at any point in time but is not permanently needed.

**Lease and Depreciation Expenses:** FY25 Budgeted Lease and Lease Asset Amortization costs of \$3.4M are \$206k (6.4%) higher than the FY24 Budget but is in-line with FY24 Forecast amounts. The increase is the result of inflation-related lease operating costs and the addition of lease interest expense relating to new accounting rules for lease accounting. Lease expenses have increased in recent years due to the build-out of additional space in the UT System building to accommodate the growth from the 2019 Strategic Plan that was completed in late 2020. Table 4 shows the lease expense trends from FY20-FY25.

**Table 4: UTIMCO Lease Expenses FY20- FY25**

(\$ thousands)

	Actual				Forecast	Budget
	FY20	FY21	FY22	FY23	FY24	FY25
<b>Property Lease and Interest Expense</b>	\$1,942	\$2,394	\$2,373	\$2,351	\$2,328	\$2,304
<b>Operating Lease</b>	583	699	663	750	809	821
<b>Parking Expenses</b>	219	216	236	263	269	279
<b>Total Lease Expenses (net)</b>	\$2,744	\$3,309	\$3,272	\$3,363	\$3,406	\$3,404

Depreciation Expense is budgeted to be flat at \$1.8 million compared to the FY24 forecasted amount as the buildout of expanded lease space, furniture, and new equipment to support additional employees has been completed, and 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 FY24, which is \$0.7 million or 21% lower than the FY24 budget of \$3.4 million. The decrease is primarily due to lower hiring consultant fees paid and lower legal expenses. The FY25 budget of \$3.4 million is in line with the FY24 budget.

## Direct Costs to Funds

Direct Costs to Funds for FY24 are budgeted at \$9.0 million, an 8.6% increase from the FY24 budget. This is primarily due to higher custodian fees associated with the larger AUM and higher legal fees. UTIMCO’s General Counsel continues to add new outside counsel to accommodate the higher number and level of complexity of deals being executed, which is part of a larger plan to utilize internal counsel for most corporate legal matters and to shift more of the investment transaction related legal matters to outside counsel. Additionally, there is a marked increase in tax compliance and consulting fees due to an increase in the number of investments with unrelated business taxable income (“UBTI”).

## UTIMCO Capital Expenditures

The trend for Capital Expenditures for FY20-FY25 is summarized in Table 5 below. Capital expenditures in recent years has been substantially lower since FY21 due to the completion of the build-out of additional leased office space although the FY25 Budget includes upgrades to the UTIMCO conference rooms and network upgrades to the firewall.

**Table 5: UTIMCO Capital Expenditures FY20-FY25**

	FY20	Actual			Forecast FY24	Budget FY25
		FY21	FY22	FY23		
<b>Ongoing: Technology and Software Upgrades</b>	\$200,000	\$119,000	\$25,000	\$266,612	\$82,000	\$520,000
<b>Ongoing: Office Equipment and Fixtures</b>	113,000	89,000	109,000	117,352	80,000	125,000
<b>Expansion: Leasehold Buildout</b> (net of TI allowance)	-	2,352,000	-	-	-	-
<b>Expansion: Furniture and Fixtures</b>	-	423,000	2,730	-	-	-
<b>Total Capital Expenditures (net)</b>	\$313,000	\$2,983,000	\$136,730	\$383,964	\$162,000	\$645,000

## Cash Reserves

UTIMCO maintains a cash reserve of 25% of the annual operating budget and any excess amounts are returned to the funds. Due to unfilled vacancies, FY23 performance awards less than budgeted, ISS subscriptions and consulting projects that started later than projected, and higher interest income, UTIMCO is rebating \$12 million back to the Investment Funds. See Exhibit C for the calculation.

## EXHIBIT A

### Total Budgeted Costs FY24-FY25

	FY24		Change from FY24 Budget		FY25		Change from FY24 Forecast		Change from FY24 Budget
	Budget	Forecast	\$	%	Budget	\$	%	%	
<b>UTIMCO Services</b>									
Salaries	24,680,045	23,534,136	-1,145,909	-4.6%	27,248,025	3,713,889	15.8%	10.4%	
Performance Compensation + Earnings	21,055,462	21,055,462	0	0.0%	25,942,695	4,887,233	23.2%	23.2%	
<b>Total Compensation</b>	<b>45,735,507</b>	<b>44,589,598</b>	<b>-1,145,909</b>	<b>-2.5%</b>	<b>53,190,720</b>	<b>8,601,122</b>	<b>19.3%</b>	<b>16.3%</b>	
<b>Total Payroll taxes</b>	<b>3,828,386</b>	<b>3,323,627</b>	<b>-504,759</b>	<b>-13.2%</b>	<b>3,195,035</b>	<b>-128,591</b>	<b>-3.9%</b>	<b>-16.5%</b>	
403(b) Contributions	1,903,324	1,846,604	-56,720	-3.0%	2,103,319	256,715	13.9%	10.5%	
Insurance, Cell Phone, Learning	2,979,256	2,547,929	-431,327	-14.5%	3,088,692	540,763	21.2%	3.7%	
<b>Employee Benefits</b>	<b>4,882,580</b>	<b>4,394,533</b>	<b>-488,047</b>	<b>-10.0%</b>	<b>5,192,011</b>	<b>797,478</b>	<b>18.1%</b>	<b>6.3%</b>	
<b>Total Employee Related Expenses</b>	<b>54,446,473</b>	<b>52,307,758</b>	<b>-2,138,715</b>	<b>-3.9%</b>	<b>61,577,766</b>	<b>9,270,008</b>	<b>17.7%</b>	<b>13.1%</b>	
<b>On-Line Data Services</b>									
Subscriptions	3,507,324	3,258,531	-248,793	-7.1%	3,669,756	411,225	12.6%	4.6%	
Other	3,489,024	2,593,507	-895,517	-25.7%	3,823,284	1,229,777	47.4%	9.6%	
<b>Total On-Line Data &amp; Subscriptions</b>	<b>7,056,348</b>	<b>5,900,575</b>	<b>-1,155,773</b>	<b>-16.4%</b>	<b>7,555,044</b>	<b>1,654,469</b>	<b>28.0%</b>	<b>7.1%</b>	
<b>Contract Services &amp; Maintenance</b>	<b>1,719,732</b>	<b>1,468,358</b>	<b>-251,374</b>	<b>-14.6%</b>	<b>2,564,124</b>	<b>1,095,766</b>	<b>74.6%</b>	<b>49.1%</b>	
<b>Travel &amp; Meetings, Including BOD</b>	<b>1,469,032</b>	<b>1,362,296</b>	<b>-106,736</b>	<b>-7.3%</b>	<b>1,661,940</b>	<b>299,644</b>	<b>22.0%</b>	<b>13.1%</b>	
<b>Total Office Expense</b>	<b>199,600</b>	<b>157,316</b>	<b>-42,284</b>	<b>-21.2%</b>	<b>202,980</b>	<b>45,664</b>	<b>29.0%</b>	<b>1.7%</b>	
<b>Total Lease Expense</b>	<b>3,198,408</b>	<b>3,405,814</b>	<b>207,407</b>	<b>6.5%</b>	<b>3,403,990</b>	<b>-1,824</b>	<b>-0.1%</b>	<b>6.4%</b>	
<b>Compensation &amp; Hiring Consultants</b>	<b>605,004</b>	<b>311,643</b>	<b>-293,361</b>	<b>-48.5%</b>	<b>305,016</b>	<b>-6,627</b>	<b>-2.1%</b>	<b>-49.6%</b>	
<b>Legal Expenses</b>	<b>333,528</b>	<b>148,716</b>	<b>-184,812</b>	<b>-55.4%</b>	<b>405,000</b>	<b>256,284</b>	<b>172.3%</b>	<b>21.4%</b>	
<b>Recruiting, Relocation &amp; Intern Expenses</b>	<b>407,520</b>	<b>333,478</b>	<b>-74,042</b>	<b>-18.2%</b>	<b>329,508</b>	<b>-3,970</b>	<b>-1.2%</b>	<b>-19.1%</b>	
<b>Accounting fees</b>	<b>116,208</b>	<b>127,740</b>	<b>11,532</b>	<b>9.9%</b>	<b>121,500</b>	<b>-6,240</b>	<b>-4.9%</b>	<b>4.6%</b>	
<b>Board Advisors</b>	<b>30,000</b>	<b>30,000</b>	<b>0</b>	<b>0.0%</b>	<b>60,000</b>	<b>30,000</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Total Professional Fees</b>	<b>1,492,260</b>	<b>951,577</b>	<b>-540,683</b>	<b>-36.2%</b>	<b>1,221,024</b>	<b>269,447</b>	<b>28.3%</b>	<b>-18.2%</b>	
<b>Total Insurance</b>	<b>246,816</b>	<b>227,534</b>	<b>-19,282</b>	<b>-7.8%</b>	<b>277,532</b>	<b>49,998</b>	<b>22.0%</b>	<b>12.4%</b>	
<b>Depreciation</b>	<b>1,850,000</b>	<b>1,820,000</b>	<b>-30,000</b>	<b>-1.6%</b>	<b>1,825,000</b>	<b>5,000</b>	<b>0.3%</b>	<b>-1.4%</b>	
<b>Total Non-Employee Related Expenses</b>	<b>17,232,196</b>	<b>15,293,470</b>	<b>-1,938,726</b>	<b>-11.3%</b>	<b>18,711,634</b>	<b>3,418,164</b>	<b>22.4%</b>	<b>8.6%</b>	
<b>Total UTIMCO Services</b>	<b>71,678,668</b>	<b>67,601,228</b>	<b>-4,077,440</b>	<b>-5.7%</b>	<b>80,289,400</b>	<b>12,688,173</b>	<b>18.8%</b>	<b>12.0%</b>	
<b>Direct Costs to Funds</b>									
<b>Custodian Fees and Other Direct Costs</b>	<b>4,984,000</b>	<b>5,018,386</b>	<b>34,386</b>	<b>0.7%</b>	<b>5,409,000</b>	<b>390,614</b>	<b>7.8%</b>	<b>8.5%</b>	
<b>Consultant Fees</b>	<b>273,000</b>	<b>274,167</b>	<b>1,167</b>	<b>0.4%</b>	<b>286,650</b>	<b>12,483</b>	<b>4.6%</b>	<b>5.0%</b>	
<b>Auditing</b>	<b>890,799</b>	<b>925,569</b>	<b>34,770</b>	<b>3.9%</b>	<b>928,034</b>	<b>2,465</b>	<b>0.3%</b>	<b>4.2%</b>	
<b>Legal Fees</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>0</b>	<b>0.0%</b>	<b>1,620,000</b>	<b>120,000</b>	<b>8.0%</b>	<b>8.0%</b>	
<b>Background Searches &amp; Other</b>	<b>670,000</b>	<b>468,191</b>	<b>-201,809</b>	<b>-30.1%</b>	<b>788,550</b>	<b>320,359</b>	<b>68.4%</b>	<b>17.7%</b>	
<b>Other Direct Costs Total</b>	<b>3,333,799</b>	<b>3,167,927</b>	<b>-165,872</b>	<b>-5.0%</b>	<b>3,623,234</b>	<b>455,307</b>	<b>14.4%</b>	<b>8.7%</b>	
<b>Total Direct Costs to Funds</b>	<b>8,317,799</b>	<b>8,186,313</b>	<b>-131,486</b>	<b>-1.6%</b>	<b>9,032,234</b>	<b>845,921</b>	<b>10.3%</b>	<b>8.6%</b>	
<b>Total Budgeted Costs</b>	<b>79,996,467</b>	<b>75,787,541</b>	<b>-4,208,926</b>	<b>-5.3%</b>	<b>89,321,634</b>	<b>13,534,093</b>	<b>17.9%</b>	<b>11.7%</b>	

Fiscal Year 2025 Review of UTIMCO Services Budget and Other Direct Costs to Funds  
 Prepared by the U. T. System Office of Finance  
 July 16, 2024

## EXHIBIT B

### Total Actual Costs FY20-FY24 and FY25 Budget

	FY20	FY21	FY22	FY23	FY24	FY25
	Actual	Actual	Actual	Actual	Forecast	Budget
<b>UTIMCO Services</b>						
Salaries	16,966,760	18,193,968	20,289,489	22,331,375	23,534,136	27,248,025
Performance Compensation + Earnings	15,184,901	19,986,731	12,873,958	25,966,115	21,055,462	25,942,695
<b>Total Compensation</b>	<b>32,151,661</b>	<b>38,180,699</b>	<b>33,163,447</b>	<b>48,297,490</b>	<b>44,589,598</b>	<b>53,190,720</b>
<b>Total Payroll taxes</b>	<b>1,387,881</b>	<b>2,073,547</b>	<b>2,561,796</b>	<b>2,553,680</b>	<b>3,323,627</b>	<b>3,195,035</b>
403(b) Contributions	1,200,281	1,290,358	1,470,167	1,659,557	1,846,604	2,103,319
Insurance, Cell Phone, Learning	1,597,639	2,005,251	2,396,713	2,373,648	2,547,929	3,088,692
<b>Employee Benefits</b>	<b>2,797,921</b>	<b>3,295,609</b>	<b>3,866,880</b>	<b>4,033,205</b>	<b>4,394,533</b>	<b>5,192,011</b>
<b>Total Employee Related Expenses</b>	<b>36,337,463</b>	<b>43,549,855</b>	<b>39,592,122</b>	<b>54,884,375</b>	<b>52,307,758</b>	<b>61,577,766</b>
<b>On-Line Data &amp; Subscriptions</b>	<b>3,685,726</b>	<b>4,174,090</b>	<b>4,282,170</b>	<b>4,851,165</b>	<b>5,900,575</b>	<b>7,555,044</b>
<b>Contract Services &amp; Maintenance</b>	<b>862,160</b>	<b>1,444,467</b>	<b>1,506,143</b>	<b>1,346,720</b>	<b>1,468,358</b>	<b>2,564,124</b>
<b>Travel &amp; Meetings, Including BOD</b>	<b>583,265</b>	<b>63,459</b>	<b>585,888</b>	<b>1,212,281</b>	<b>1,362,296</b>	<b>1,661,940</b>
<b>Total Office Expense</b>	<b>202,896</b>	<b>191,815</b>	<b>159,832</b>	<b>181,402</b>	<b>157,316</b>	<b>202,980</b>
<b>Total Lease Expense</b>	<b>2,744,234</b>	<b>3,308,824</b>	<b>3,272,032</b>	<b>3,363,351</b>	<b>3,405,814</b>	<b>3,403,990</b>
Compensation & Hiring Consultants	570,516	586,000	532,544	454,563	311,643	305,016
Legal Expenses	171,519	262,928	184,607	193,841	148,716	405,000
Recruiting, Relocation & Intern Expenses	146,509	59,510	247,179	263,626	333,478	329,508
Accounting fees	101,590	96,155	107,201	106,782	127,740	121,500
Board Advisors	30,000	30,000	30,000	30,000	30,000	60,000
<b>Total Professional Fees</b>	<b>1,020,133</b>	<b>1,034,593</b>	<b>1,101,531</b>	<b>1,048,812</b>	<b>951,577</b>	<b>1,221,024</b>
<b>Total Insurance</b>	<b>208,714</b>	<b>219,659</b>	<b>231,430</b>	<b>231,354</b>	<b>227,534</b>	<b>277,532</b>
<b>Depreciation</b>	<b>1,646,105</b>	<b>1,776,348</b>	<b>2,001,103</b>	<b>1,871,313</b>	<b>1,820,000</b>	<b>1,825,000</b>
<b>Total Non-Employee Related Expenses</b>	<b>10,953,232</b>	<b>12,213,255</b>	<b>13,140,129</b>	<b>14,106,398</b>	<b>15,293,470</b>	<b>18,711,634</b>
<b>Total UTIMCO Services</b>	<b>47,290,695</b>	<b>55,763,110</b>	<b>52,732,252</b>	<b>68,990,772</b>	<b>67,601,228</b>	<b>80,289,400</b>
<b>Direct Costs to Funds</b>						
Custodian Fees and Other Direct Costs	4,047,237	4,157,665	4,201,672	4,704,620	5,018,386	5,409,000
Risk Measurement	654,340	1,286,353	1,079,100	838,276	0	0
<b>Custodian and Risk Measurement Costs</b>	<b>4,701,577</b>	<b>5,444,018</b>	<b>5,280,772</b>	<b>5,542,896</b>	<b>5,018,386</b>	<b>5,409,000</b>
Consultant Fees	297,500	297,500	302,167	317,575	274,167	286,650
Auditing	828,919	1,053,346	980,378	849,799	925,569	928,034
Legal Fees	188,455	303,577	544,785	1,050,875	1,500,000	1,620,000
Background Searches & Other	648,894	529,199	1,253,754	690,869	468,191	788,550
<b>Other Direct Costs Total</b>	<b>1,963,768</b>	<b>2,183,622</b>	<b>3,081,084</b>	<b>2,909,118</b>	<b>3,167,927</b>	<b>3,623,234</b>
<b>Total Direct Costs to Funds</b>	<b>6,665,345</b>	<b>7,627,640</b>	<b>8,361,856</b>	<b>8,452,013</b>	<b>8,186,313</b>	<b>9,032,234</b>
<b>Total Budgeted Costs</b>	<b>53,956,040</b>	<b>63,390,750</b>	<b>61,094,107</b>	<b>77,442,785</b>	<b>75,787,541</b>	<b>89,321,634</b>

Fiscal Year 2025 Review of UTIMCO Services Budget and Other Direct Costs to Funds  
 Prepared by the U. T. System Office of Finance  
 July 16, 2024

**EXHIBIT C**  
**UTIMCO Reserve Analysis for August 31, 2024**

Projected Cash Reserves at August 31, 2024		
Cash		\$ 50,900,000
Prepaid Expenses		1,750,000
Less: Accounts Payable (Includes incentive compensation & earnings payable)		(21,650,000)
Projected Cash Reserves at August 31, 2024		\$ 31,000,000
FY25 Proposed Operating Budget	\$80,289,399	
Applicable Percentage	25%	20,072,350
Capital Budget Expenditures		645,000
Depreciation Expense		(1,825,000)
Required Cash Reserves at August 31, 2024		\$ 18,892,350
Balance Available for Distribution		\$ 12,107,650
Recommended Distribution		\$ 12,000,000

8. **U. T. System Board of Regents: The University of Texas/Texas A&M Investment Management Company (UTIMCO) Update**

Mr. Richard Hall, President, Chief Executive Officer and Chief Investment Officer, will provide an update on The University of Texas/Texas A&M Investment Management Company (UTIMCO) using the PowerPoint set forth on the following pages.





# UTIMCO Update

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Mr. Richard Hall, President, Chief Executive Officer and Chief Investment Officer  
U. T. System Board of Regents Meeting  
Finance and Planning Committee  
August 2024

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# Market Update

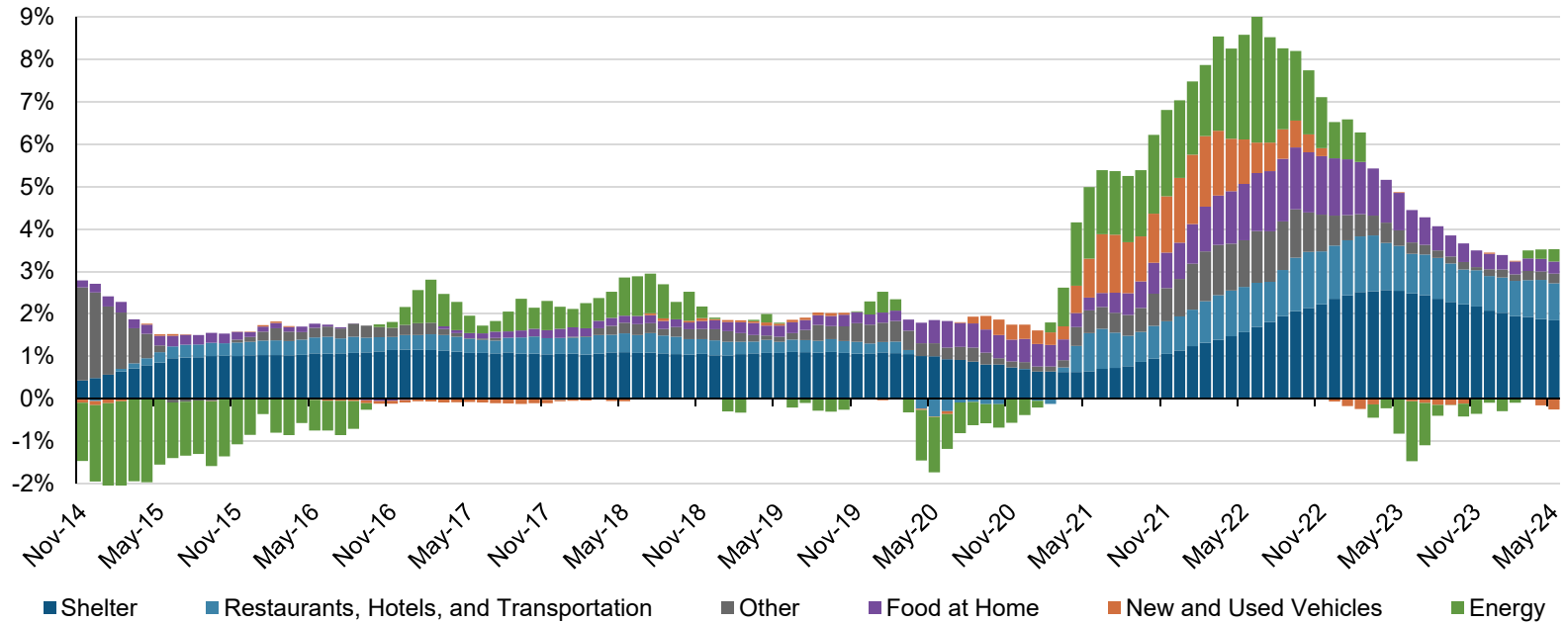
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# Year-over-year (YoY) Inflation

- YoY% inflation has stabilized just above 3%; slightly higher than the Fed target
- Last 3 months Consumer Price Index/Personal Consumption Expenditures annualized at 2.8% and 3.8%\* respectively
- Last 6 months Consumer Price Index/Personal Consumption Expenditures annualized at 3.4% and 2.9%\* respectively

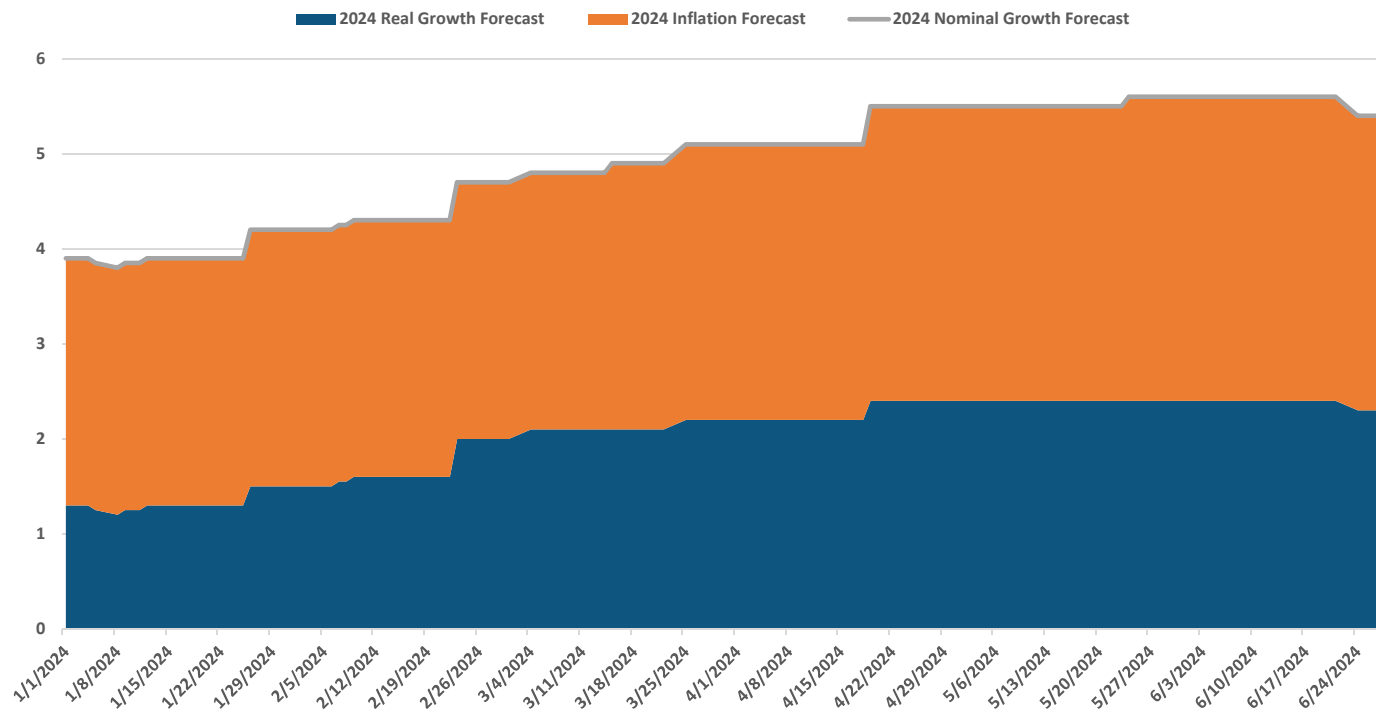


\*As of April 30, 2024



# Growth – Upward Revisions to 2024 Forecasts

2024 Forecasts revised up to 2.3% real growth, 3.1% inflation, 5.4% nominal growth





## Interest Rates – fading expectations for a cut

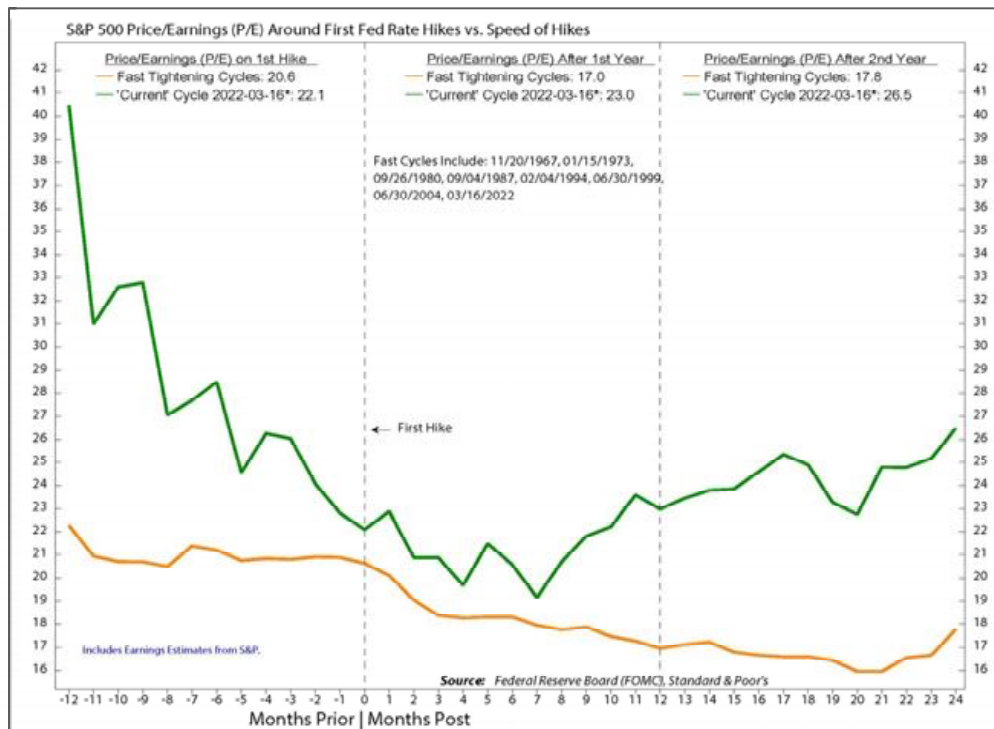
Sticky inflation, resilient consumer and corporate spending, and strong growth have pushed out rate cut expectations





# Price/Earnings Multiples During Tightening Cycle

Price/Earnings Multiples generally trend down for 24 months after first rate hike



26.5 Current Cycle

17.8 Historic Average

Source: Ned Davis Research

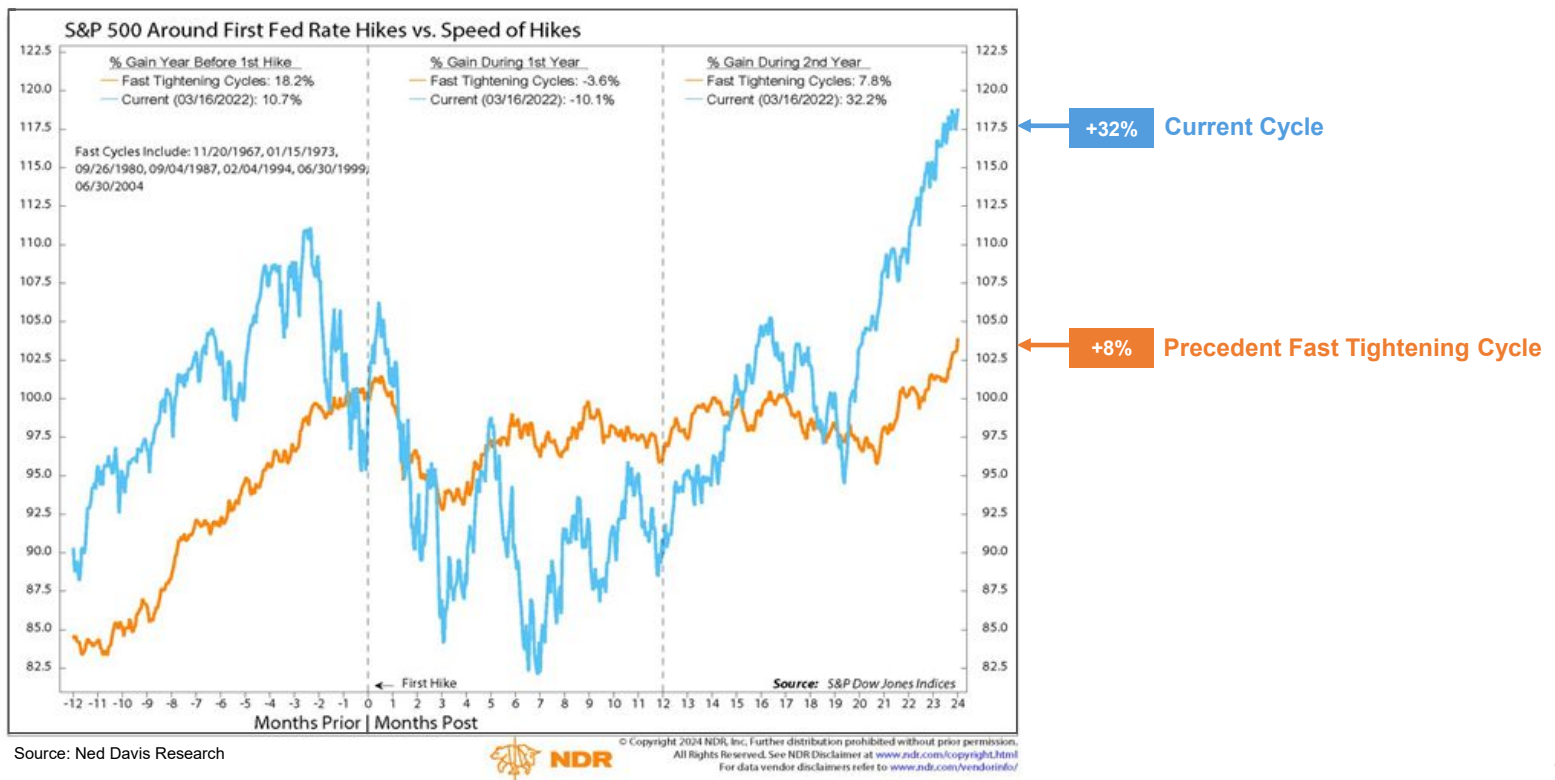


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# Actual Performance During Tightening

Markets have outperformed when compared to average tightening cycle



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# UTIMCO Performance

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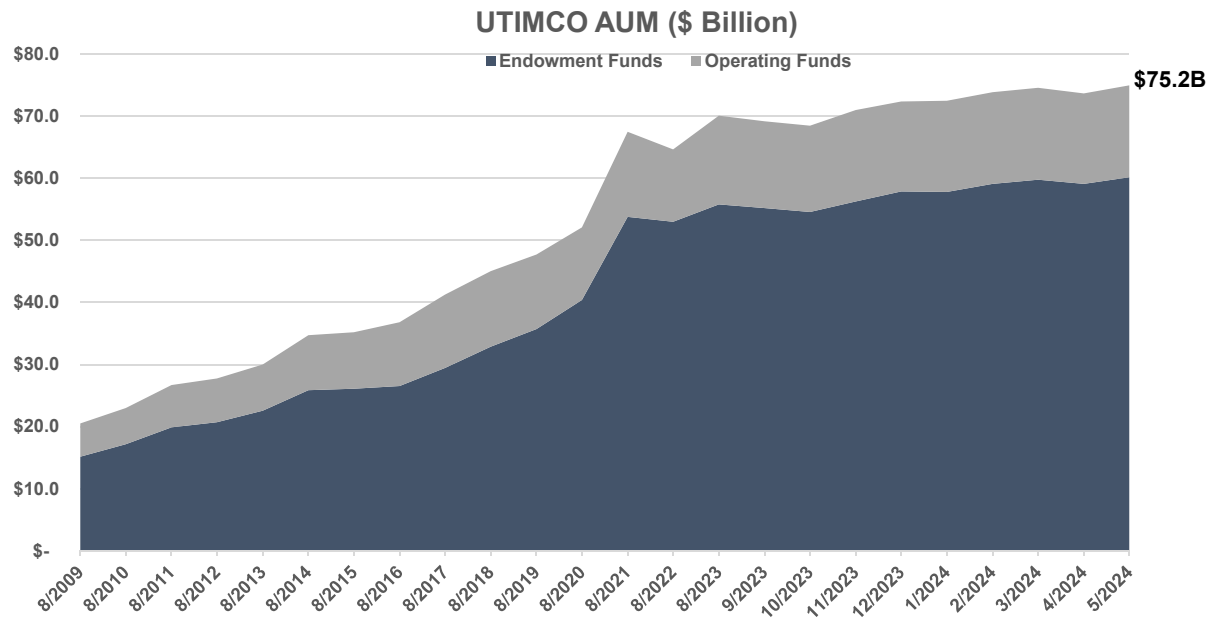






# Growth in Assets Under Management (AUM)

Total Assets through May 31, 2024



### 1-Year Change in AUM

\$ Billion	
<b>Beginning Net Asset Value (NAV)</b>	<b>68.3</b>
Net Contributions	3.6
Net Investment Income	6.2
Distributions	-2.9
<b>Ending Net Asset Value</b>	<b>75.2</b>

### 3-Year Change in AUM

\$ Billion	
<b>Beginning Net Asset Value</b>	<b>64.1</b>
Net Contributions	12.8
Net Investment Income	5.7
Distributions	-7.4
<b>Ending Net Asset Value</b>	<b>75.2</b>

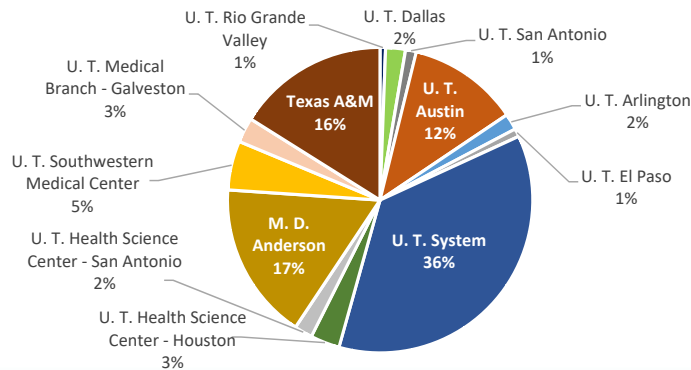
### 5-Year Change in AUM

\$ Billion	
<b>Beginning Net Asset Value</b>	<b>46.1</b>
Net Contributions	18.6
Net Investment Income	22.0
Distributions	-11.5
<b>Ending Net Asset Value</b>	<b>75.2</b>

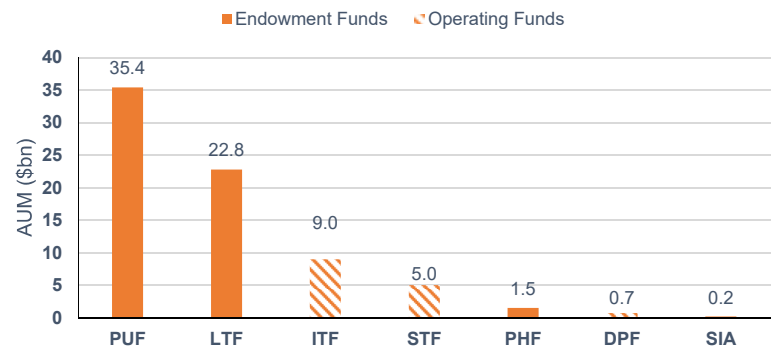


# AUM Breakdown (As of May 31, 2024)

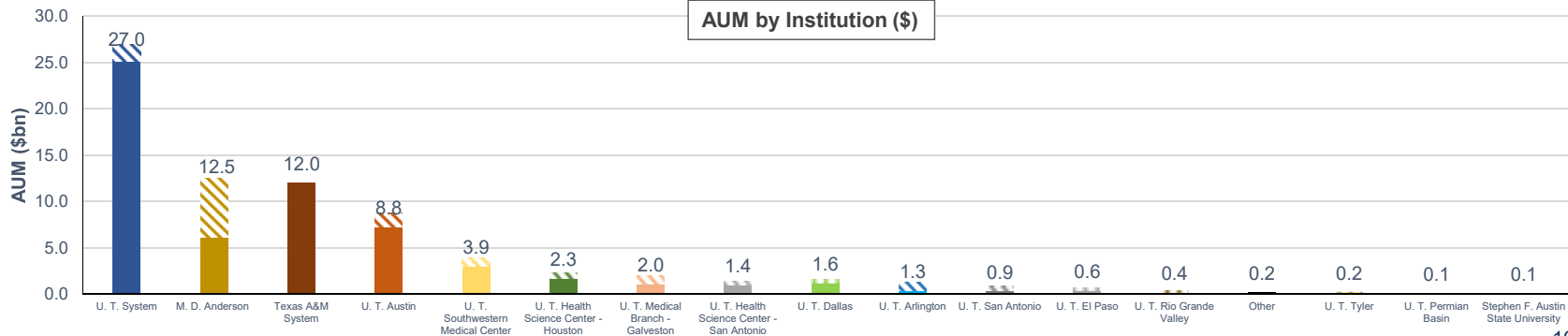
**AUM by Institution (%)**



**AUM by Fund**



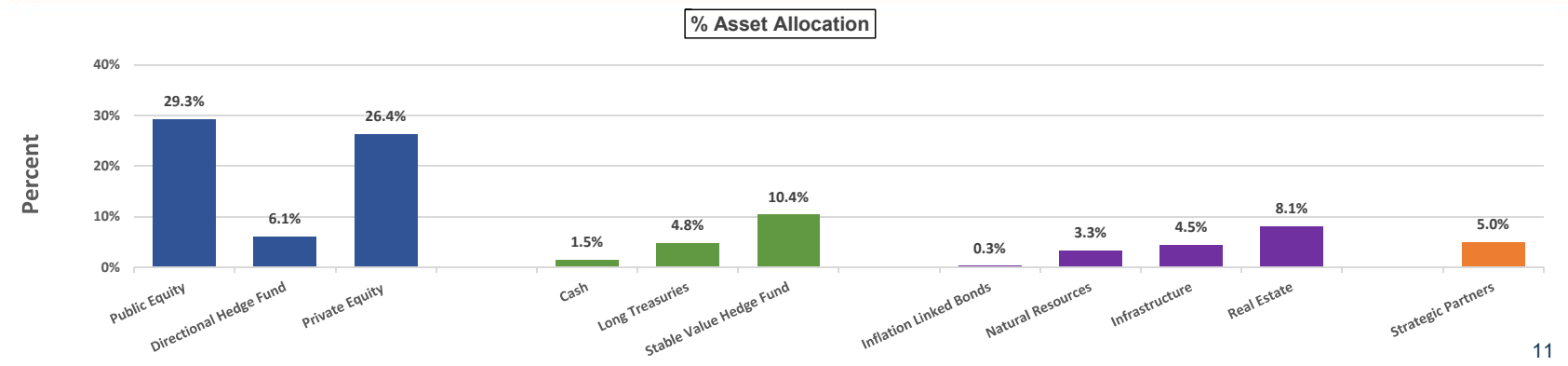
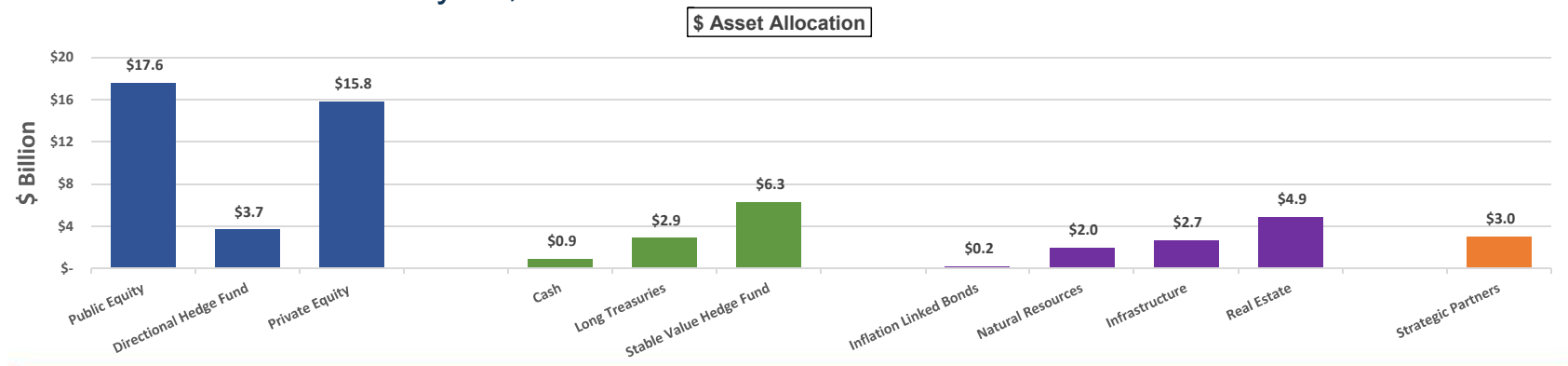
**AUM by Institution (\$)**





# Positioning

Asset allocation as of May 31, 2024

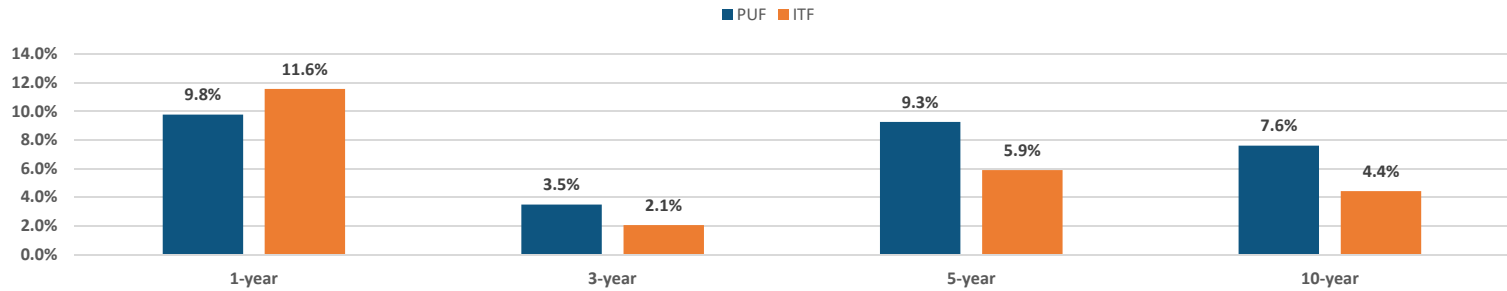




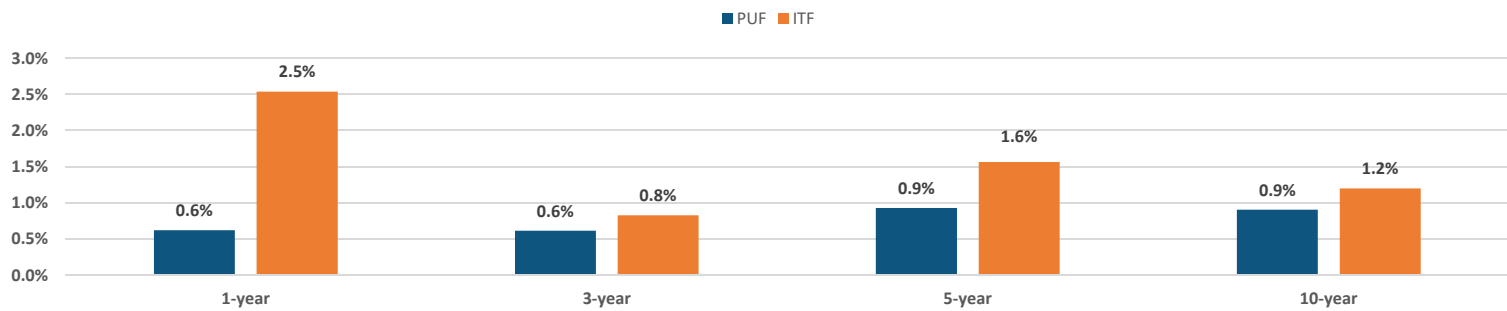
# Portfolio Performance

UTIMCO Returns and Alpha as of May 31, 2024

Total Net Returns



Outperformance vs. Benchmarks

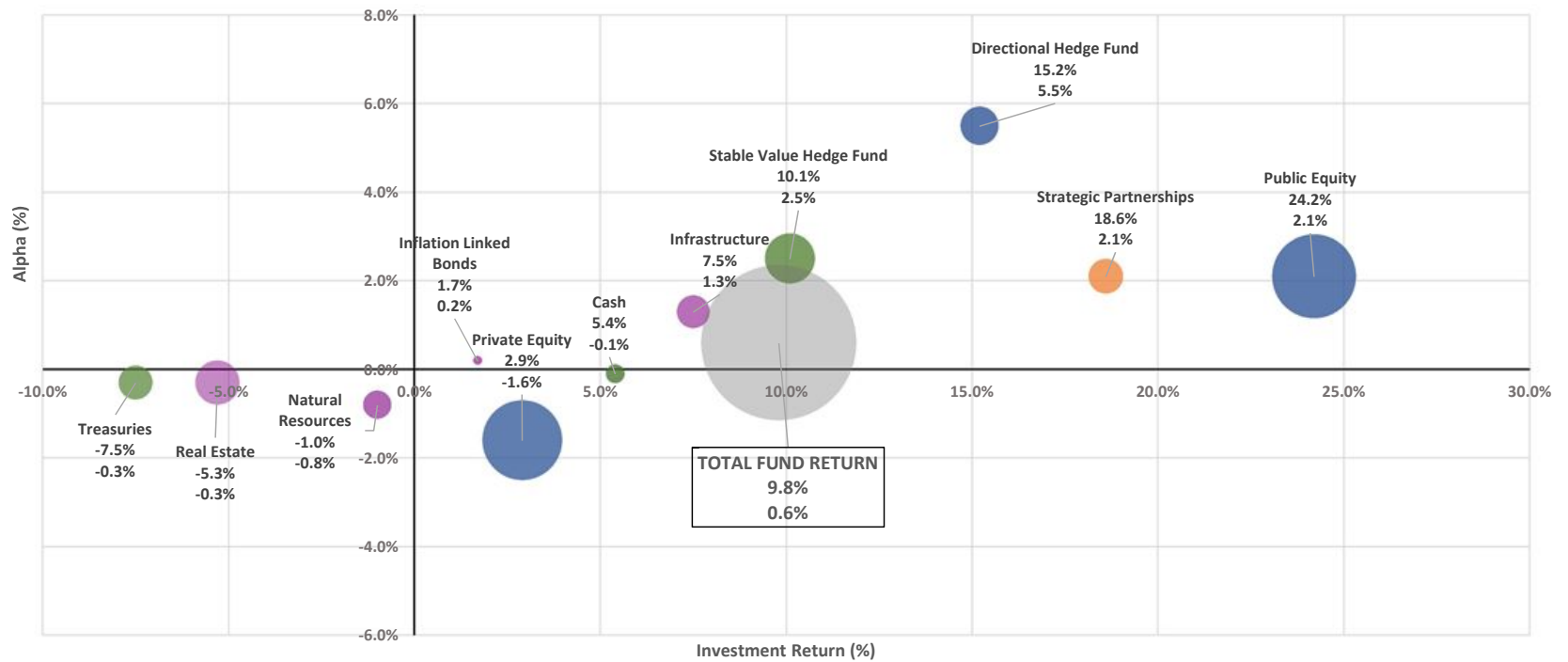




# Performance

## Detailed 1-Year Performance as of May 31, 2024

1 YEAR





# Strategic Plan: 2024-2029

Plan sets out priorities, success metrics, and resources for the next 5 years

- Positions UTIMCO and our clients for **long-term success**
- Supports **expected AUM increase of ~\$20 Billion or ~26%** by 2029
- Requires **~11.6bps** of AUM annual budget, well **below peers at 15 to 25bps**



## TALENT

- Succession Planning
- Competitive Talent Market
- Maturing Organization
- Development
- Total Rewards and Benefits



## DATA & TECHNOLOGY

- Security
- Rapid Evolution of Hardware and Software Tools
- AI
- Exponential Growth of Data
- Must Invest to Stay Competitive, Productive and Efficient



## INVESTMENT DESIGN

- \$100B of Assets in 5 Years
- Scale Creates Opportunities and Challenges
- Innovate to Drive Returns and Maintain Alpha



## LIQUIDITY & LEVERAGE

- Prepare for Future Downturns
- Make Distributions
- Honor Contractual Obligations
- Rebalance
- Play Offense

9. **U. T. Health Science Center - Houston: Discussion and appropriate action regarding the development and construction of an Ambulatory Surgery Center (ASC) within U. T. Health Science Center - Houston's and U. T. Physicians' multi-specialty clinic at Bellaire Station, 6500 W. Loop South, Bellaire, TX 77401; including a) an increase in the allocation and authorization of expenditure of institutional funds for U. T. Health Science Center - Houston's portion of the project from \$35,000,000 to \$54,200,000; b) an increase in the allocation and authorization to finance capital expenditures for U. T. Health Science Center - Houston's portion of the project from \$15,000,000 to \$31,750,000; c) resolution regarding parity debt; and d) reaffirmation of finding of public purpose**

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents

- a. authorize expenditure by U. T. Health Science Center - Houston of up to \$54,200,000 from unrestricted institutional funds for U. T. Health Science Center - Houston's proportionate share of the project costs (construction, equipment, working capital, etc.) with the understanding that no state-appropriated funds or tuition revenues will be used;
- b. authorize up to \$31,750,000 for U. T. Health Science Center - Houston to finance capital costs related to constructing the ambulatory surgery center;
- c. make the findings required under Section 5 of the Amended and Restated Master Resolution establishing the Revenue Financing System relating to the issuance of parity debt on behalf of U. T. Health Science Center - Houston in an estimated amount of \$31,750,000 and that this action satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations*; and
- d. reaffirm the finding of public purpose made by the Board on February 23, 2023, by finding that the project continues to provide adequate consideration to U. T. Health Science Center - Houston and the State of Texas in exchange for U. T. Health Science Center - Houston's capital and other contributions.

#### BACKGROUND INFORMATION

On February 23, 2023, the U. T. System Board of Regents authorized U. T. Health Science Center - Houston, together with Surgical Care Affiliates, LLC, a Delaware limited liability company, and/or its affiliate (SCA), to develop and construct an ambulatory surgery center in U. T. Health Science Center - Houston's and U. T. Physicians' multi-specialty clinic at Bellaire Station, 6500 W. Loop South, Bellaire, TX 77401 and authorized the expenditure of up to \$35,000,000 of institutional funds for U. T. Health Science Center - Houston's portion of the project costs. Approval of this item would increase the expenditure authorization of institutional funds from \$35,000,000 to \$54,200,000 to accommodate a larger project than originally contemplated.

On May 9, 2024, the U. T. System Board of Regents authorized up to \$15,000,000 of Revenue Financing System debt to finance U. T. Health Science Center - Houston's portion of the project's capital costs. Approval of this item would increase the Revenue Financing System authorization from \$15,000,000 to \$31,750,000. The debt is expected to be repaid with clinical revenue. Annual debt service is estimated at \$3,910,000. The institution's Scorecard Rating of 3.5 at fiscal year-end 2023 is below the maximum threshold of 6.0 and demonstrates that the institution has the financial capacity to satisfy its direct obligations related to parity debt. The institution therefore requests that the Board resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that:

- a. parity debt shall be issued to fund all or a portion of the project, including any costs prior to the issuance of such parity debt;
- b. sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the RFS 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;
- c. U. T. Health Science Center - Houston, which is a "Member" as such term is used in the RFS Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of parity debt in an aggregate amount of \$31,750,000; and
- d. this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

The project continues to support the public mission and serve the public purposes appropriate to the functions of U. T. Health Science Center - Houston by enhancing its ability to a) deliver and manage high quality health care services to its patients through alternate delivery settings; b) own and operate surgical facilities in partnership with other clinical partners who share U. T. Health Science Center - Houston's mission of providing quality healthcare services across the entire care continuum; c) offer U. T. Health Science Center - Houston faculty and learners additional training opportunities in the advancement of their educational experience; and d) meet its financial objectives necessary to the fulfillment of its tripartite missions of clinical care, education, and research. All proper and necessary safeguards and controls by U. T. Health Science Center - Houston to ensure the project continues to be in furtherance of the public purposes remain in place. Finally, the consideration and other benefits received by U. T. Health Science Center - Houston and the public remain adequate in exchange for the institution's participation and capital contributions.





## TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

**Committee Meeting:** 8/21/2024

**Board Meeting:** 8/22/2024  
Austin, Texas

Jodie Lee Jiles, *Chairman*  
Christina Melton Crain  
Robert P. Gauntt  
Janiece Longoria  
Nolan Perez  
Stuart W. Stedman

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>2:15 p.m. Chairman Jiles</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<b>Discussion</b>	<b>Action</b>	<b>119</b>
2. <b>U. T. Austin: Presentation on Department of Defense (DOD) Microelectronics Manufacturing Center grant funding awarded to U. T. Austin</b>	<b>Report/Discussion</b> <i>President Hartzell Dr. S.V. Sreenivasan</i>	Not on Agenda	<b>120</b>
3. <b>U. T. System: Discussion and appropriate action regarding proposed Third Agreement of Cooperation in Higher Education and Research with The National Council of Humanities, Sciences and Technologies (CONAHCYT) of Mexico; allocation of \$11.35 million in Available University Funds (AUF) to continue support of the Agreement; and finding that the expenditure of AUF for this purpose is appropriate</b>	<b>Action</b> <i>Dr. Holmes</i>	<b>Action</b>	<b>129</b>
4. <b>U. T. System: Approval of \$695,000 in Available University Funds (AUF) to support the U. T. System Legislative Fellowship Program; and finding that the expenditure of AUF for this purpose is appropriate</b>	<b>Action</b> <i>Dr. Holmes</i>	<b>Action</b>	<b>131</b>
5. <b>U. T. El Paso: Discussion and appropriate action regarding approval of an update to the Campus Master Plan</b>	<b>Action</b> <i>President Wilson</i>	<b>Action</b>	<b>133</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
6. <b>U. T. Tyler: Discussion and appropriate action regarding tuition and fees for the U. T. Tyler Doctor of Pharmacy degree program</b>	<b>Action</b> <i>President Philley</i>	<b>Action</b>	<b>151</b>
7. <b>U. T. Austin: Request to approve the honorific naming of the Center for Electrochemistry as the Allen J. Bard Center for Electrochemistry</b>	<b>Action</b> <i>President Hartzell</i>	<b>Action</b>	<b>153</b>
<b>Adjourn</b>	<i>2:45 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 188](#).

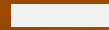
**2. U. T. Austin: Presentation on Department of Defense (DOD) Microelectronics Manufacturing Center grant funding awarded to U. T. Austin**

President Hartzell and Dr. S.V. Sreenivasan, Associate Vice President for Semiconductor Manufacturing Strategies, will present an update on the recent \$840 million dollar award from Defense Advanced Research Project Agency (DARPA) to establish a Department of Defense (DOD) Microelectronics Manufacturing Center at U. T. Austin using the PowerPoint presentation set forth on the following pages.



# TEXAS INSTITUTE FOR ELECTRONICS

A University of Texas at Austin-sponsored public-private partnership



## TIE Summary

DARPA Next Generation Microelectronics Manufacturing (NGMM)

U. T. System Board of Regents Meeting

Academic Affairs Committee

August 2024

# LANDSCAPE AND OPPORTUNITY

- The U.S. is overly-reliant on overseas semiconductor manufacturing, particularly from Taiwan, threatening economic and national security.
- Texas has long been a global leader in semiconductors:
  - First in total exports
  - First in total capacity
  - Second in total employment
- The City of Austin has been at the forefront of the semiconductor industry since the formation of Sematech in the 1980s, including home to a cluster of high-tech companies, earning Austin the nickname “silicon hills.”
- These factors made it the right time for U. T. Austin to take a big bet on Semiconductors.
- That big bet turned into the Texas Institute for Electronics, or TIE.

# LEADERSHIP SUPPORT AND CREATION OF TIE

- In April 2021, TIE grew out of U. T. Austin's Nanomanufacturing Systems Center (NASCENT) by leveraging U. T. Austin's infrastructure (80k square foot cleanroom, Pickle Research Campus, and Taylor, Texas land donation) and faculty expertise in semiconductor Advanced Packing and Heterogeneous integration.
- Since October 2021, the Board of Regents merged \$112M in CCAP funding for U. T. Austin to purchase critical equipment and perform necessary upgrades to the microelectronic center at the Pickle Research Campus in preparation of federal funding.
- In August 2022, Congress, with strong support from the Texas delegation, passed the U.S. CHIPS and Science Act.
- In May 2023, the state legislature passed the Texas CHIPS Act allocating an additional \$440M to modernize critical semiconductor infrastructure at U. T. Austin.

# U. T. Austin Strengths

*High-Performance Computing, Artificial Intelligence, Army Futures Command research hub*



**Nationally recognized microelectronics and semiconductor manufacturing centers**



**World's Fastest Academic Supercomputer**



**Top ranked program in advanced computing, large scale optimization, AI for big-data analytics**

## Pickle Research Campus

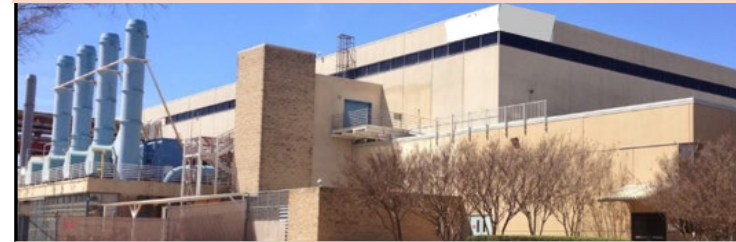
*Microelectronics Research Center, Applied Research Laboratories, etc.*



August 2024

## Montopolis Campus

*Industrial-scale Semiconductor Fabrication Facility, Former Home of Sematech*



TIE DARPA NGMM Overview



# TIE INDUSTRY AND ACADEMIC PARTNERS

<b>TIE STRATEGIC INDUSTRY PARTNERS</b>							
<b>OTHER INDUSTRY PARTNERS</b>							
<b>ACADEMIC PARTNERS</b>							

# THE BIG BET HAS ALREADY PAID OFF

- In July 2024, U. T. Austin was awarded \$840M for Defense Advanced Research Project Agency's (DARPA) Next Generation Microelectronics Manufacturing (NGMM) program.
- TIE will develop the next generation of high-performing semiconductor microsystems for the Department of Defense.
- U. T. Austin beat out teams led by New York, Arizona, Florida and Indiana for this single-site award.
- The DARPA award is a significant return on the Texas Legislature's \$552M investment in TIE, which funded the modernization of two U. T. Austin fabrication facilities to strengthen long-term U.S. technology leadership.
- DARPA's NGMM program is among the largest federal awards ever to any U. T. System institution.
- With the DARPA win as a foundation, U. T. Austin and TIE are well positioned and will compete for more funding from the federal CHIPS Act.

# DARPA Next Gen Microelectronics Manufacturing (NGMM)

*One Department of Defense (DoD) funded nonprofit, open-access, semiconductor center for excellence*

## DARPA NGMM Program Goals:

---

### **3D Heterogenous Integration (HI) Mfg. Technology Roadmap**

Establish a program for leading-edge semiconductor technologies

---

### **Pilot Manufacturing Fab**

Establish a fab for 3DHI microsystem R&D and pilot manufacturing for defense and commercial sectors

---

### **Domestic Pathways for Technology Transfers**

Partner with US production fabs to broadly deploy TIE technologies

---

### **Comprehensive Workforce Development Program**

Make Texas a premier hub for comprehensive semiconductor workforce development

---

# Impact on Defense and Commercial Applications



3. **U. T. System: Discussion and appropriate action regarding (a) proposed Third Agreement of Cooperation in Higher Education and Research with The National Council of Humanities, Sciences and Technologies (CONAHCYT) of Mexico; (b) allocation of \$11.35 million in Available University Funds (AUF) to continue support of the Agreement; and (c) finding that the expenditure of AUF for this purpose is appropriate**

#### RECOMMENDATION

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

- a. approve the U. T. System's Third Agreement with The National Council of Humanities, Sciences and Technologies (CONAHCYT) as described on the following page.
- b. authorize \$11.35 million in Available University Funds (AUF) to continue the support of the agreement with CONAHCYT through Fiscal Year 2030; and
- c. find that expenditure of AUF for this purpose is appropriate under the U. T. System's responsibilities to coordinate the activities of the U. T. System institutions participating in the program, including support and maintenance of the participation of U. T. Austin in the program, with the intent that the expenditure will benefit a broad number of U. T. System institutions.

#### BACKGROUND INFORMATION

A Memorandum of Understanding (MOU) was executed on August 25, 2015, establishing the basis for programs of cooperation between U. T. System and CONAHCYT (then known as The National Council of Science and Technology (CONACYT)) to promote and strengthen relations between both countries in regard to higher education and research. Using the MOU as a platform, the Agreement of Cooperation in Higher Education and Research represents the initial funded series of jointly-funded educational and research programs. On May 12, 2016, the Board of Regents authorized \$5 million in AUF to support that agreement for four years, followed by another \$5 million AUF allocation approved on November 24, 2019. On August 24, 2023 the Board of Regents approved the Second Amendment which extended this arrangement through December 31, 2025. The programs supported through this Agreement include Mexican Ph.D. student education at U. T. System institutions, exchange of postdoctoral fellows, exchange of non-degree students and faculty, and collaborative research projects. The proposed funding provides continued program and administration support. The partnership with CONAHCYT is a U. T. System Administration program administered through an office located on the U. T. San Antonio campus known as the ConTex Office. The office functions under contract with U. T. System Administration through the Office of Academic Affairs. U. T. System Administration reimburses U. T. San Antonio with the allocated AUF based on invoices submitted or other

appropriate means. The allocation of AUF will also be used to reimburse U. T. Austin for expenses related to U. T. Austin's participation in the program. Funds provided by CONAHCYT are used to reimburse the cost of institutional participation for those U. T. System institutions choosing to participate. Most U. T. System institutions have previously participated individually in educational programs funded by CONAHCYT.

Advance notice of this proposed System initiative funded with AUF was provided to the Legislative Budget Board as required by Rider 7, Page III-78 of the current General Appropriations Act.

### SUMMARY OF TERMS OF AGREEMENT

This will be the third Agreement of Cooperation in Research and Higher Education between CONAHCYT and U. T. System. This agreement is for a five-year term, supersedes the Second Agreement with CONAHCYT, and will renew automatically unless terminated by either party. The agreement renews and continues the relationship allowing the parties to undertake activities of cooperation in humanistic and scientific research, technological development and innovation, based on joint initiatives, projects and programs including joint support of doctoral graduate programs for Mexican students who have been selected as awardees of the CONHACYT doctoral scholarship and who are admitted to a doctoral program at a U. T. institution. As part of the collaboration, CONAHCYT will provide a scholarship that will include a monthly stipend, tuition scholarship, and annual support for health insurance for the first four years of the students' doctoral study. During the students' fifth year of study, U. T. System agrees to provide comparable funding support. Additionally, U. T. System will continue supporting the ConTex office, including its operations, which are administered through an office located at U. T. San Antonio, to implement the agreement and ensure the success of the doctoral students.

**4. U. T. System: Approval of \$695,000 in Available University Funds (AUF) to support the U. T. System Legislative Fellowship Program; and finding that the expenditure of AUF for this purpose is appropriate**

**RECOMMENDATION**

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

1. authorize \$695,000 in Available University Funds (AUF) to support the U. T. System Legislative Fellowship Program during the 89th Texas Legislative Session; and
2. find that expenditure of AUF for this purpose is appropriate under the U. T. System's responsibilities to coordinate the activities of the U. T. institutions participating in the program with the intent that the expenditure will benefit students of a broad number of U. T. institutions.

**BACKGROUND INFORMATION**

During the 88th Texas Legislative Session in 2023, U. T. System piloted a Legislative Fellowship Program serving 42 undergraduate, graduate, and law students from seven of the then-eight academic institutions and five Stephen F. Austin State University students. Students interned in 33 legislative offices, committees, and state agencies, elevating the visibility of the U. T. System and its institutions while providing students with valuable leadership and professional experience. Based on the success of the 2023 pilot and the continued interest from students, institutions, and legislative offices and agencies, the program is proposed to be continued for the 89th Texas Legislative Session in 2025.

The pilot program was funded from a non-recurring source for which Board approval was not required. Funding from the AUF, which requires Board action, is requested to continue the program.

Advance notice of this proposed System initiative funded with AUF was provided to the Legislative Budget Board as required by Rider 7, Page III-78 of the current *General Appropriations Act*.

**Funding Details**

For many U. T. System students and their families, participation in a semester away program in Austin is cost-prohibitive because students must relinquish jobs or graduate assistantships while also funding the extra cost of living in Austin, the fifth most expensive city in the U.S.

Funds will 1) increase program accessibility by providing financial support for scholarships/fellowships; 2) increase program excellence through adequate staffing, including a dedicated full time staff member; and 3) expand programming, resulting in a robust experience for participants.

The proposed use of funds is as follows:

\$510,000 Student Funding

- Undergraduate Fellowships (up to \$10,000 per full time intern)
- Graduate Fellowships (up to \$10,000 per full time intern or \$5,000 per part time intern)
- Access to U. T. Austin Campus Resources (bus, health and mental health services, and gym for non-U. T. Austin students)

\$150,000 Staffing

- FTE (Austin-based) to ensure smooth program operations, manage day-to-day operations, and grow public service-learning opportunities at the state level
- PTE (Austin-based) to provide data analytics and/or administrative support

\$35,000 Programmatic Costs

- Orientation and professional development activities, networking events, leadership speaker series, and graduation



**5. U. T. El Paso: Discussion and appropriate action regarding approval of an update to the Campus Master Plan**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve an update to the Campus Master Plan for U. T. El Paso.

**BACKGROUND INFORMATION**

President Wilson will present a proposed Campus Master Plan that will support U. T. El Paso's programs based on analysis of projected space needs and building conditions using the PowerPoint presentation set forth on the following pages. The updated plan integrates U. T. El Paso's 2030 Strategic Plan, Strategic Enrollment Plan, Campus Space Studies, Facilities Condition Index, Capital Expenditure Plan, and multiple utility studies. While new facilities are anticipated in the plan, emphasis was placed on evaluating all buildings to assess their condition and functional use, on determining alignment with current and future needs, and on improving the facilities' condition through cost-effective maintenance and removal of some infrastructure beyond its useful life. This plan also focuses on creating a process for the University to continuously inform and more frequently update the plan to accommodate future needs.

The proposed Master Plan establishes a road map for the next 10 years, detailing how the campus can address short-term and long-term needs. The plan is arranged into three different phases to address near-term, long-term, and priority building renewals.

Portions of the near-term roadmap are currently underway with the construction of the Advance Manufacturing & Aerospace Center and Texas Western Hall. Planning has also begun on the construction of new student housing, a Student Success Center, and the replacement and renovation of the Union Complex.

The plan reinforces the natural and architectural beauty of the campus as a Bhutanese-inspired oasis surrounded by the Franklin Mountains and the cities of El Paso and Ciudad Juarez.



THE UNIVERSITY OF TEXAS AT EL PASO

# 2024 CAMPUS MASTER PLAN

**Dr. Heather Wilson, President**

---

U. T. System Board of Regents Meeting  
Academic Affairs Committee  
August 2024



The University of  
Texas System

# U.T. EL PASO 2024 CAMPUS MASTER PLAN

## Planning Inputs

2030 Strategic Plan

Strategic Enrollment Plan

Space Analysis + Projections

Comprehensive Building Review

Facilities Condition Index

Utility Studies (2006 + 2021)



The University of  
Texas System

# U.T. EL PASO 2024 CAMPUS MASTER PLAN

## Parameters

<b>Enrollment Growth</b> Up to 30,000 students	<b>110,000 GSF</b>
<b>Research Growth</b> Up to \$200M in research expenditures	<b>115,000 GSF</b>
<b>Housing Growth</b> 1,000 additional beds	<b>450,000 GSF</b>
<b>Community Engagement</b> Larger, more frequent events	<b>105,000 GSF</b>







## Long-term Property Acquisition



The University of Texas System





# Campus Overview



The University of Texas System



**Advanced Manufacturing & Aerospace Center**



The University of Texas System





**Advanced Manufacturing & Aerospace Center**



The University of Texas System





**Texas Western Hall**



The University of Texas System



**Texas Western Hall**



The University of Texas System





# Landscape Restoration





# Student Success Building



**Student Union**







# New Student Housing

## U.T. EL PASO 2024 CAMPUS MASTER PLAN

### Major Issue: Maintenance and Repair

- As of Fiscal Year 2023, deferred maintenance is \$341 million.
- UTEP's facilities condition index is 15.64%, one of the highest in the State.



# Facility Condition



## U. T. EL PASO 2024 CAMPUS MASTER PLAN

# Keys To Infrastructure Transformation

- Increase intensity of space use in both classrooms and labs
- Eliminate at least 5% of old infrastructure not worth maintaining
- Review/update charge structure of outside users, and budget percentage of revenue for maintenance and repair (M&R)
- Facilities overhead collected from research must go to facilities
- Gradually increase M&R budget to 2% of replacement cost
- Propose PUF and legislative capital improvement projects that are well justified and mission essential

## U.T. EL PASO 2024 CAMPUS MASTER PLAN

### Next Steps

- Manage current construction on cost/schedule
- Student fee vote on Union renewal
- Legislative request prioritizes Student Success building to move functions out of Union
- Cost-effective student housing – traditional dorm
- PUF request to start M&R recovery
- Work with community on Sun Bowl



**6. U. T. Tyler: Discussion and appropriate action regarding tuition and fees for the U. T. Tyler Doctor of Pharmacy degree program**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the U. T. System Board of Regents approve the proposed change in tuition and fee rates for the Doctor of Pharmacy degree program at The University of Texas at Tyler for Fiscal Year 2025, as recommended by the institutional president.

**BACKGROUND INFORMATION**

The enabling legislation creating the Fisch College of Pharmacy at U. T. Tyler did not authorize formula funding for the program. As a result, on November 14, 2013, the U. T. System Board of Regents approved establishment of the Doctor of Pharmacy program as a self-supporting program and tuition was initially set at a market rate higher than U. T. Tyler's standard published rates. On June 10, 2023, Governor Greg Abbott signed 88(R) H.B. 1794, which made the U. T. Tyler Fisch College of Pharmacy eligible for formula funding by repealing Section 76.026(c) of the *Texas Education Code*, which established the school's ineligibility for such funding. Accordingly, U. T. Tyler is requesting approval to switch from the previous flat-market rate for the program to a new formula-funded rate. All mandatory fees will also be charged. To meet statutory requirements for formula funding eligibility, U. T. Tyler is required to charge tuition based on its published doctoral rates. Eligibility for formula funding will result in a decrease in tuition for resident students. An overview of the institution's tuition proposal for the Doctor of Pharmacy degree program for Fiscal Year 2025 is on the following page.

A public hearing opportunity regarding the proposed change to designated tuition will be provided before the full Board prior to consideration of this item during the Committee meeting.

**The University of Texas at Tyler Ben and Maytee Fisch College of Pharmacy  
Tuition and Fee Proposal Plan Fall 2024  
(Fiscal Year 2025)**

<b>SUMMARY OF TUITION</b>		
	<b>Current Tuition</b>	<b>Proposed Doctor of Pharmacy (Pharm.D.) Program Tuition 2024 -25</b>
<b>Ben and Maytee Fisch College of Pharmacy</b>		
Doctor of Pharmacy (Pharm.D.) Program 36 Semester Credit Hours (SCH) Resident	\$25,006	\$14,760
Doctor of Pharmacy (Pharm.D.) Program 36 Semester Credit Hours (SCH) Non-Resident	\$25,006	\$32,724

<b>DETAILS OF PROPOSED RESIDENT TUITION (NEW)</b>		
<b>Ben and Maytee Fisch College of Pharmacy Doctor of Pharmacy (Pharm.D.) Program</b>		
<b>Statutory Authority</b>	<b>Current Rate</b>	<b>Proposed 2024-25</b>
Statutory-54.051		\$50
Designated-54.0513		\$360
Tuition Total per SCH		\$410
Market Rate Tuition (per year)	\$ 25,006	
<b>TOTAL Annual Tuition @ 36 SCH</b>	<b>\$ 25,006</b>	<b>\$14,760</b>

<b>DETAILS OF PROPOSED NON-RESIDENT TUITION (NEW)</b>		
<b>Ben and Maytee Fisch College of Pharmacy Doctor of Pharmacy (Pharm.D.) Program</b>		
<b>Statutory Authority</b>	<b>Current Rate</b>	<b>Proposed 2024-25</b>
Statutory-54.051		\$460
Designated-54.0513		\$449
Tuition Total per SCH		\$909
Market Rate Tuition (per year)	\$ 25,006	
<b>TOTAL Annual Tuition @ 36 SCH</b>	<b>\$ 25,006</b>	<b>\$32,724</b>

7. **U. T. Austin: Request to approve the honorific naming of the Center for Electrochemistry as the Allen J. Bard Center for Electrochemistry**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, Communications, and Advancement Services, and the institutional president that the U. T. System Board of Regents approve the honorific naming of the Center for Electrochemistry as the Allen J. Bard Center for Electrochemistry to recognize the long history of significant thought leadership by the late Dr. Allen J. Bard.

**BACKGROUND INFORMATION**

The Center for Electrochemistry was established in 2006 to foster collaborative research programs in the electrochemical sciences. Located in Robert A. Welch Hall, the Center's mission is to advance research and solve fundamental and applied problems related to the transfer of electrons or ions at interfaces. It offers a strong coupling between fundamental electrochemistry and materials science and fields that are a foundation for widespread applications in diverse areas such as energy and health. The Center has more than 250 faculty, staff, and student researchers spanning the chemistry, materials, and engineering aspects of electrochemical science.

Dr. Allen J. Bard, who passed away on February 11, 2024, was a faculty member at The University of Texas at Austin for nearly 65 years. Often referred to as the "father of modern electrochemistry," Dr. Bard made global contributions to science, including developing scanning electrochemical microscopy, discovering single-electron electrochemiluminescence, pioneering the photoelectrochemistry and fuel-forming reactions on semiconductor electrodes, and leading the field in analytical single-entry detection methods.

Dr. Bard received many of science's most prestigious awards, including the American Chemistry Society's 2002 Priestley Medal, the 2008 Wolf Prize in Chemistry, a 2011 U.S. National Medal of Science, and the 2019 King Faisal International Prize in Science, among many other honors. An author of more than 1,000 academic papers, Dr. Bard co-wrote three books, secured more than 30 patents, and trained over 75 doctoral students and 150 postdoctoral researchers.

This naming proposal is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to honorific namings to recognize extraordinary contributions. While Rule 80307 generally requires that namings for faculty occur at least five years after the individual's retirement or death, this naming is considered appropriate based on the fact that Dr. Bard was one of the most significant scientists in his field and the naming will bring great distinction to the Center for Electrochemistry and continue his important legacy at U. T. Austin. There is a desire to honor him now due to his exceptional importance to U. T. Austin and to electrochemistry.



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**Board Meeting:** 8/22/2024  
Austin, Texas

*Christina Melton Crain, Chairman*  
*Robert P. Gauntt*  
*Jodie Lee Jiles*  
*Janiece Longoria*  
*Nolan Perez*  
*Stuart W. Stedman*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>2:45 p.m.</i> <i>Chairman Crain</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<b>Discussion</b>	<b>Action</b>	<b>155</b>
2. <b>U. T. Health Science Center - Houston: Approval to establish a Doctor of Philosophy (Ph.D.) in Cognitive and Behavioral Sciences degree program</b>	<b>Action</b> <i>President Colasurdo</i>	<b>Action</b>	<b>156</b>
3. <b>U. T. Health Science Center - Houston: Approval to establish a Doctor of Philosophy (Ph.D.) in Clinical Psychology degree program</b>	<b>Action</b> <i>President Colasurdo</i>	<b>Action</b>	<b>160</b>
4. <b>U. T. Health Science Center - Houston: Approval to establish a Doctor of Psychology (Psy.D.) in Clinical Psychology degree program</b>	<b>Action</b> <i>President Colasurdo</i>	<b>Action</b>	<b>164</b>
5. <b>U. T. Health Science Center - Houston: Discussion and appropriate action regarding tuition and fee proposals for Fiscal Years 2025 through 2029 for the newly created School of Behavioral Health Sciences</b>	<b>Action</b> <i>President Colasurdo</i>	<b>Action</b>	<b>168</b>
6. <b>U. T. System: Approval to distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns and approve rates for the Plan</b>	<b>Action</b> <i>Dr. Zerwas</i> <i>Mr. Sharphorn</i>	<b>Action</b>	<b>170</b>
<b>Adjourn</b>	<i>3:15 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 188](#).

**2. U. T. Health Science Center - Houston: Approval to establish a Doctor of Philosophy (Ph.D.) in Cognitive and Behavioral Sciences degree program**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and the institutional president that authorization, pursuant to Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Doctor of Philosophy (Ph.D.) in Cognitive and Behavioral Sciences degree program; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

**BACKGROUND INFORMATION**

**Program Description**

On November 17, 2022, the U. T. System Board of Regents approved the new School of Behavioral Health Sciences (SBHS) and now seeks to establish new degree programs.

The Doctor of Philosophy (Ph.D.) in Cognitive and Behavioral Sciences (CaBS) will be the first degree program in Texas to integrate psychology, psychiatry, neuroscience, computation science, biochemistry, and genetics to understand how the brain regulates behavior. Comprising 80 semester credit hours, the program will be dedicated to understanding how the central nervous system influences human behavior across the lifespan, including health, disease, typical and atypical development, and will aim to explore the fundamental principles underlying behavior. Students will receive training in experimental design, research techniques, and data analysis, with research emphasis in physiological underpinnings of learning, memory, decision-making, motivation, emotion, service delivery, and treatment effectiveness.

Training in experimental design and research will be conducted through three required 10-week tutorial laboratory rotations with CaBS faculty by observing ongoing research and selecting faculty advisor(s) by the end of the summer of Year 1. In consultation with faculty advisors, students will select the research areas that best support their educational programs. Tutorials are specific to the unique research being conducted in each lab, and are different from, and will precede the formal and hands-on research courses required in Years 2 through 4. Once a 32-credit hour threshold is met, students will develop a prospectus for dissertation with the primary mentor faculty advisor and be continuously enrolled in a collaborative forum to critically evaluate new and landmark key publications, and conduct research until successfully completing and defending the doctoral dissertation.

This unique educational experience is expected to attract a substantial talent pool to meet expanding research and development needs in behavioral health and enhance student learning opportunities and research-related careers.



Need and Student Demand

Given the growing need and complexity of behavioral health disorders, research must necessarily inform new treatments and treatment delivery systems. The Ph.D. in CaBS program is intended to address the student demand and unmet behavioral health research needs in the state of Texas and nation. The U.S. Bureau of Labor Statistics projects employment in the medical sciences (this includes both life sciences and behavioral sciences) to grow 10% from 2022 to 2032. A labor analysis from the Texas Workforce Commission (TWC) has shown that employment for Scientific Research and Development Services grew 50% from 2019 to 2022 and is expected to continue to grow through 2030.

Student demand for the proposed Ph.D. in CaBS program can be estimated by the number of students graduating with a bachelor’s degree that overlaps with the main area of the program. In Texas, there are at least two undergraduate degree programs that may directly feed into the proposed CaBS program based on student data provided by the universities – Rice University and U. T. Dallas. In Academic Year 2020-2021, a reported 43 students earned a Bachelor of Arts in Cognitive Sciences from Rice University, 23 earned a Bachelor of Science in Cognitive Science from U. T. Dallas, and 13 cognitive science majors earned their Master of Science degrees from U. T. Dallas.

Graduates will be trained to enter the workforce in industry and academia, to establish new research or education programs in cognitive and behavioral science, to work in clinical organizations to assist in development of bench-to-bedside treatments, to analyze complex behavioral health data, and to advance patient care by translating research into application.

The table below summarizes the five-year projected enrollment for the Ph.D. in CaBS.

Enrollment	Year 1	Year 2	Year 3	Year 4	Year 5
Full-Time					
In-state	8	8	17	28	32
Total New Students		10	12	12	12
Attrition Headcount		1	1	1	1
Graduates				7	9
Cumulative Headcount	8	17	28	32	34

Given the substantial growth in this field of study, TWC labor analysis, and Bureau of Labor Statistics demand, enrollment is conservatively projected at eight in Year 1 and leveling off with 34 students in Year 5 due to anticipated space constraints.

Program Quality

The Ph.D. in Cognitive and Behavioral Sciences program is projected to have four core faculty, with plans to hire an additional core faculty member in Fall 2027. For the past five years, the core faculty have a combined total of 226 peer-reviewed faculty publications and other scholarly and creative accomplishments. Total federal grant dollars awarded for the past five years are over \$28 million. Total state and institutional grant dollars awarded for the past five years are \$12,564,748.

The program will have five support faculty, with plans to hire an additional support faculty member in Fall 2027.

There is no Ph.D. program in Texas comparable to the proposed program that aims to educate the next generation of scientists to meet the bench-to-treatment development demand for breakthrough advancements specifically in behavioral science and mental health. Accordingly, the Ph.D. in CaBS program may be able to attract more students to seek graduate training in Texas, helping to expand the economic base in research-related behavioral health careers.

Revenue and Expenses

The table below summarizes the five-year projection of revenues and expenses.

<b>Projected Enrollment</b>	<b>5-Year Total</b>
Number of Students Used for Formula Funding Calculation	28
<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$1,086,903
Benefits	\$184,773
<i>Graduate Students</i>	
TA Salaries	\$281,250
TA Benefits	\$80,930
GRA Salaries	\$310,077
GRA Benefits	\$88,288
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary	\$137,500
Administrative Staff Salaries	\$125,962
Staff Benefits	\$73,226
<i>Other Expenses</i>	
Operating Infrastructure: Instructional technology, supplies, materials, and program administration	\$220,000
<b>Total Expenses</b>	<b>\$2,588,909</b>

<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$813,000
Tuition and Fees	\$1,475,243
<i>From Institutional Funds</i>	
Institutional Support	\$200,000
<i>From Grant Funds</i>	
Grant Funds	\$175,000
<b>Total Revenue</b>	<b>\$2,663,243</b>

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for new doctoral degree programs.

**3. U. T. Health Science Center - Houston: Approval to establish a Doctor of Philosophy (Ph.D.) in Clinical Psychology degree program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and the institutional president that authorization, pursuant to Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Doctor of Philosophy (Ph.D.) in Clinical Psychology degree program; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

On November 17, 2022, the U. T. System Board of Regents approved the new School of Behavioral Health Sciences (SBHS) and now seeks to establish new degree programs.

The Doctor of Philosophy (Ph.D.) in Clinical Psychology is a multi-purpose degree to prepare graduates to serve as licensed clinical psychologists in practice, research, and teaching professions, often in an academic setting. This comprehensive program requires 98 semester credit hours and utilizes a scientist-practitioner model to prepare graduates for professional practice by offering scientific didactic education and practical experience working in supervised practicum placements in outpatient and inpatient clinical settings (practicum experiences). Students will collaborate with dedicated research mentors on faculty research projects, publications to build their research portfolios, and a dissertation that places emphasis on research that contributes significantly to the field. This is accomplished through a comprehensive curriculum that includes advanced statistics, literature reviews, data analysis and interpretation, and research methods. In accordance with American Psychological Association (APA) accreditation standards, the program also requires students to complete a one-year APA-accredited or Association of Psychology Postdoctoral and Internship Centers member doctoral internship in clinical psychology.

The proposed Ph.D. in Clinical Psychology is designed to meet the Standards of Accreditation outlined by the APA and licensure requirements for the state of Texas. To be eligible for licensure, students must complete practicum experiences over the course of the program. The degree plan and program requirements, which include expectations that students engage in research and direct clinical services, allow students to focus on areas of interest and specialization while also developing the professional competencies necessary for entry-level clinical practice as health service psychologists. Students will complete year-long practicum beginning in Year 2, first at the in-house general Psychology teaching clinic at SBHS, and in later years in other clinics where qualified licensed psychologists are present to supervise. These experiences are designed to provide direct experience in providing services to patients while receiving careful training and supervision in evidenced-based practices in both

intervention and assessment. In the last year, students will enter internship training at an accredited program. Internship is a required part of the doctoral program. The proposed Ph.D. program will also require students to collaborate with faculty on research projects, publications, and successfully propose, complete, and defend a doctoral dissertation with emphasis on research that contributes significantly to the field of psychology.

### Need and Student Demand

The Ph.D. in Clinical Psychology degree program is designed to create a robust pipeline of mental health providers to help close the gap and meet Texans' behavioral health needs.

In 2018, there were 5,960 registered mental health providers in the three-county area (Harris, Fort Bend, Montgomery) from which the bulk of UTHealth Houston patients come, which is one provider for every 988 residents. Moreover, according to a recent report by Mental Health America, a national nonprofit dedicated to the promotion of mental health, well-being, and illness-prevention, the most current overall ranking of Texas is 50th (last among US states), based on a ranking system that "...indicates how much access to mental health care exists within a state ... measures include access to insurance, access to treatment, quality and cost of insurance, access to special education, and workforce availability." According to a study by the APA covering years 2015-2030, if current health service utilization patterns continue, by the year 2030 Texas is projected to experience a shortage of 2,690 FTEs. Texas is consistently found to be among the lowest states in access to mental health care, with a growing need in multiple employment settings and for multiple populations, such as those affected by severe mental illness, trauma, and substance use disorders, and those who are underserved minorities and/or rural.

Data from the National Center for Education Statistics shows that from 2017 to 2021 the number of clinical psychology programs offering bachelors' graduates to the number of doctoral graduates has increased significantly in Texas, suggesting a demand for doctoral psychology programs. In the U.S., there is a smaller relative increase in bachelors' graduates in psychology, but no increase in the number of graduates from doctoral programs, suggesting that the demand for graduate training in psychology is not being met, especially in Texas.

There are 14 universities in Texas currently offering APA accredited Clinical Psychology Ph.D. programs, including: U. T. Southwestern Medical Center; U. T. Austin; University of North Texas, Denton, TX; Sam Houston State University, Huntsville, TX; Texas Tech University, Lubbock, TX; and Texas A&M University, College Station, TX. According to aggregate programming information available from each university website, the estimated ratio of new students to total applicants for the Ph.D. in Clinical Psychology statewide for Texas is 74 to 1,612 annually.

The table below summarizes the five-year projected enrollment for the Ph.D. in Clinical Psychology.

Enrollment	Year 1	Year 2	Year 3	Year 4	Year 5
Full-Time					
In-state	5	5	9	14	19
Total New Students		5	6	6	6
Attrition Headcount		1	1	1	1
Graduates					5
Cumulative Headcount	5	9	14	19	19

Given that established Ph.D. in Clinical Psychology programs in Texas have an acceptance rate of only between 2% and 10%, a large unmet demand of qualified applicants exists to drive enrollment. In year three, projected student enrollment increases to nine students, which is within the average admission range of six to 10 students at Texas accredited programs, based on information provided at the university websites listed in the above paragraph. By years four and five, above average student admissions are projected.

Program Quality

The Ph.D. in Clinical Psychology program grows out of the programs and resources of the Louis A. Faillace, M.D., Department of Psychiatry and Behavioral Sciences at the John P. and Kathrine G. McGovern Medical School, which includes more than 30 psychologists. The department is home to the APA accredited Doctoral Psychology Internship program. Most of the faculty psychologists are already actively involved in training psychology interns (equivalent to 3<sup>rd</sup> or 4<sup>th</sup> year medical residents), postdoctoral fellows (research and clinical Ph.D. fellows in Psychology), and practicum students (psychology graduate students from other programs seeking clinical training home programs cannot provide). In particular, faculty have clinical and research specialties in areas such as substance use disorders, trauma, pediatric psychology, child, adolescent and family psychology, forensic psychology, eating disorders, severe mental illness, mood disorders, community psychology, and autism. The faculty’s specialties attract psychology interns each year to apply to the internship program and are likewise expected to draw applicants to the doctoral program. Their extensive experience in training will provide a strong basis for developing the new program.

Across the planned masters and doctoral degree programs in SBHS, team training from academic scholars with complementary expertise will provide synergy within the SBHS across degree programs, students, and faculty. Rather than being siloed within specific disciplines, students and faculty within the SBHS will cross programs, research experiences, and field work to facilitate broad multi-disciplinary skill development in preparation for emerging approaches in behavioral/medical health in which teams of clinical practitioners and scientists work in collaborative settings to provide comprehensive transitional care across the lifespan.

The program is projected to have four dedicated core faculty (unique to the Ph.D. program and different from the Psy.D. in Clinical Psychology Program proposed in Health Affairs Committee [Item 4](#)), with plans to hire an additional core faculty member in Spring 2026. For the past five years, the core faculty have a combined total of 150 peer-reviewed faculty publications and other scholarly and creative accomplishments, over \$6 million in total federal grant dollars

awarded, and over \$6.8 million in total state and institutional grant dollars. The program will have 17 support faculty, with plans to hire an additional support faculty member in Fall 2026. The support faculty will overlap partially (not fully) with the Psy.D. in Clinical Psychology program because the Psy.D. and Ph.D. programs will share several foundation courses in the first two years, prior to moving forward individual elective courses and mentored on-site clinical practicums.

Revenue and Expenses

The table below summarizes the five-year projection of revenues and expenses.

<b>Projected Enrollment</b>	<b>5-Year Total</b>
Number of Students Used for Formula Funding Calculation	14
<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$670,572
Benefits	\$187,760
<i>Graduate Students</i>	
TA Salaries	\$105,468
TA Benefits	\$29,631
GRA Salaries	\$195,312
GRA Benefits	\$54,687
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary	\$137,500
Administrative Staff Salaries	\$60,964
Staff Benefits	\$51,474
<i>Other Expenses</i>	
Operating Infrastructure: Instructional technology, supplies, materials, and program administration	\$200,000
<b>Total Expenses</b>	<b>\$1,693,368</b>
<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$405,000
Tuition and Fees	\$818,202
<i>From Institutional Funds</i>	
Institutional Support	\$250,000
<i>From Grant Funds</i>	
Grant Funds	\$250,000
<b>Total Revenue</b>	<b>\$1,723,202</b>

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for new doctoral degree programs.

**4. U. T. Health Science Center - Houston: Approval to establish a Doctor of Psychology (Psy.D.) in Clinical Psychology degree program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and the institutional president that authorization, pursuant to Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Doctor of Psychology (Psy.D.) in Clinical Psychology degree program; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

On November 17, 2022, the U. T. System Board of Regents approved the new School of Behavioral Health Sciences (SBHS) and now seeks to establish new degree programs.

The Doctor of Psychology (Psy.D.) in Clinical Psychology emphasizes clinical application and training to prepare graduates to serve as licensed clinical psychologists, often working in direct clinical settings. This comprehensive program requires 98 semester credit hours and utilizes a practitioner-scientist model to prepare graduates for independent professional practice by offering scientific didactic education and practical experience working in supervised practicum placements in outpatient and inpatient clinical settings (practicum experiences). Students also collaborate with dedicated research mentors on an applied dissertation that focuses on improving clinical approaches and interventions that occur with patient interactions. This is accomplished through a comprehensive curriculum where students review scientific literature and studies to aid them in advancing their clinical work. In accordance with American Psychological Association (APA) accreditation standards, the program also requires students to complete a one-year APA-accredited or Association of Psychology Postdoctoral and Internship Centers member doctoral internship in clinical psychology.

The proposed Psy.D. in Clinical Psychology is designed to meet the Standards of Accreditation outlined by the APA and licensure requirements for the state of Texas. To be eligible for licensure, students must complete practicum experiences over the course of the program. The degree plan and program requirements, which include expectations that students engage in research and direct clinical services, allow students to focus on areas of interest and specialization while also developing the professional competencies necessary for entry-level clinical practice as health service psychologists engaging directly in professional service delivery. Students will complete year-long practicum experiences beginning in Year 2, first at the in-house general Psychology teaching clinic at SBHS, and in later years in other clinics where qualified licensed psychologists are present to supervise. These experiences are designed to provide direct experience in providing services to patients while receiving careful training and supervision in evidenced based practices in both intervention and assessment. In the last year,



students will enter internship training at an accredited program, which is a required part of the doctoral program. The proposed Psy.D. program will require students to successfully propose, complete, and defend a doctoral dissertation to achieve research competence to improve clinical approaches and patient interactions.

Need and Student Demand

The Psy.D. in Clinical Psychology degree program is designed to create a robust pipeline of clinical mental health providers to help meet Texans’ behavioral health needs.

In 2018, there were 5,960 registered mental health providers in the three-county area (Harris, Fort Bend, Montgomery) from which the bulk of UTHealth Houston patients come, which is one provider for every 988 residents. Moreover, according to a recent report by Mental Health America, a national nonprofit dedicated to the promotion of mental health, well-being, and illness-prevention, the most current overall ranking of Texas is 50th (last among US states), based on a ranking system that “...indicates how much access to mental health care exists within a state ... measures include access to insurance, access to treatment, quality and cost of insurance, access to special education, and workforce availability.” According to a study by the APA covering years 2015-2030, if current health service utilization patterns continue, by 2030 the national demand for psychologists is expected to be 101,120 FTEs, an increase of 5,940 FTEs (6%) from 2015, with a projected shortage of 2,690 FTEs.

Currently, our research indicates there are three accredited Psy.D. programs in Texas: University of Houston-Clear Lake, Our Lady of the Lake University, and Baylor University. Therefore, opportunities in Texas for potential graduate students to be admitted to Psy.D. programs in Clinical Psychology is inherently limited.

The table below summarizes the five-year projected enrollment for the Psy.D. in Clinical Psychology.

Enrollment	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Full-Time</b>					
In-state	8	8	15	22	29
Total New Students	8	8	8	8	8
Attrition Headcount		1	1	1	1
Graduates					7
Cumulative Headcount	8	15	22	29	29

Given that established Psy.D. in Clinical Psychology programs in Texas have an acceptance rate of approximately 3%-10% (based on available data from the Psy.D. program university websites), a large unmet demand of qualified applicants exists to drive enrollment. Projected student enrollment of 8 per year is within the average admission range at the three above-listed Psy.D. programs (2 to 8 students annually, based on information available at each university website).

## Program Quality

The Psy.D. in Clinical Psychology program grows out of the programs and resources of the Louis A. Faillace, M.D., Department of Psychiatry and Behavioral Sciences at the John P. and Kathrine G. McGovern Medical School, which includes more than 30 psychologists. The department is home to the APA accredited Doctoral Psychology Internship program. Most of the faculty psychologists are already actively involved in training psychology interns (equivalent to 3<sup>rd</sup> or 4<sup>th</sup> year medical residents), postdoctoral fellows (research and clinical Ph.D. fellows in Psychology), and practicum students (psychology graduate students from other programs seeking clinical training home programs cannot provide). In particular, faculty have clinical and research specialties in important areas such as substance use disorders, trauma, pediatric psychology, child, adolescent and family psychology, forensic psychology, eating disorders, severe mental illness, mood disorders, community psychology, and autism. The faculty's specialties attract psychology interns each year to apply to the internship program and are likewise expected to draw applicants to the doctoral program. Their extensive experience in training will provide a strong basis for developing the new program.

Across the planned masters and doctoral degree programs in SBHS, team training from academic scholars with complementary expertise will provide synergy within the SBHS across degree programs, students, and faculty. Rather than being siloed within specific disciplines, students and faculty within the SBHS will cross programs, research experiences, and field work to facilitate broad multi-disciplinary skill development in preparation for emerging approaches in behavioral/medical health in which teams of clinical practitioners and scientists work in collaborative settings to provide comprehensive transitional care across the lifespan.

The Psy.D. in Clinical Psychology program is projected to have four dedicated core faculty (unique from the Ph.D. in Clinical Psychology program proposed in Health Affairs Committee [Item 3](#), which has four different core faculty), with plans to hire an additional core faculty member in Spring 2026. For the past five years, the core faculty have a combined total of 188 peer-reviewed faculty publications and other scholarly and creative accomplishments, over \$26 million in total federal grant dollars awarded, and \$943,660 in total state and institutional grant dollars awarded. The program will have 17 support faculty, with plans to hire an additional support faculty member in Fall 2026. The support faculty will overlap partially (not fully) with the Ph.D. in Clinical Psychology program because the Psy.D. and Ph.D. programs will share several foundation courses in the first two years, prior to moving forward to individual elective courses and mentored on-site clinical practicums.

Revenue and Expenses

The table below summarizes the five-year projection of revenues and expenses.

<b>Projected Enrollment</b>	<b>5-Year Total</b>
Number of Students Used for Formula Funding Calculation	22
<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$866,658
Benefits	\$147,331
<i>Graduate Students</i>	
TA Salaries	\$263,672
TA Benefits	\$73,828
GRA Salaries	\$117,188
GRA Benefits	\$32,814
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary	\$137,500
Administrative Staff Salaries	\$171,257
Staff Benefits	\$86,452
SCC Operating Benefits	
<i>Other Expenses</i>	
Operating Infrastructure: Instructional technology, supplies, materials, and program administration	\$235,000
<b>Total Expenses</b>	<b>\$2,131,700</b>
<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$639,000
Tuition and Fees	\$1,363,670
<i>From Institutional Funds</i>	
Institutional Support	\$250,000
<i>From Grant Funds</i>	
Grant Funds	\$150,000
<b>Total Revenue</b>	<b>\$2,402,670</b>

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for new doctoral degree programs.

5. **U. T. Health Science Center - Houston: Discussion and appropriate action regarding tuition and fee proposals for Fiscal Years 2025 through 2029 for the newly created School of Behavioral Health Sciences**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the U. T. System Board of Regents approve the proposed tuition and fee rates for the newly created School of Behavioral Health Sciences, as recommended by the institution president, for Fiscal Years 2025 through 2029, as set forth on the following page.

**BACKGROUND INFORMATION**

The School of Behavioral Health Sciences was formally approved by the U. T. System Board of Regents on November 17, 2022. The School of Behavioral Health Sciences plans to admit its first student cohort in Fall 2025 pending final approval of new degree programs by the Texas Higher Education Coordinating Board. As a newly approved school, the tuition revenue will provide ongoing support to critical academic capital projects, academic program growth and development, recruitment and retention of qualified teaching faculty, administrative services to support student success, maintenance and operations, and technology infrastructure required to support students through their academic programs.

On August 24, 2023, the U. T. System Board of Regents approved tuition and fee proposals for Fiscal Years 2024 through 2028 for the five health institutions, including the UTHealth Houston schools. This tuition and fee proposal was similarly developed to align with the institution's strategic planning, development, and growth, and in conjunction with a consultative process with broad student engagement.

A public hearing opportunity regarding the proposed changes to designated tuition will be provided before the full Board prior to consideration of this item during the Committee meeting.

**The University of Texas Health Science Center at Houston (UTHealth Houston)  
 School of Behavioral Health Sciences (SBHS)  
 Tuition and Fee Five-Year Proposal Plans  
 Fall 2024 (FY2025) – Fall 2028 (FY2029)**

**DETAILS OF RESIDENT TUITION, NON-RESIDENT TUITION,  
 MANDATORY AND OTHER FEE INCREASES**

**PROPOSED RESIDENT TUITION (all degree programs)**

<b>Statutory Authority</b>	<b>Proposed 2024-25</b>	<b>Proposed 2025-26</b>	<b>Proposed 2026-27</b>	<b>Proposed 2027-28</b>	<b>Proposed 2028-98</b>
Statutory-TEC* 54.051	\$0	\$50	\$50	\$50	\$50
Designated-TEC 54.0513	\$0	\$250	\$260	\$270	\$280
Differential-TEC 54.008	\$0	\$50	\$50	\$50	\$50
Tuition total per SCH		\$350	\$360	\$370	\$380
<b>TOTAL Tuition @ 30 SCH</b>	<b>\$0</b>	<b>\$10,500</b>	<b>\$10,800</b>	<b>\$11,100</b>	<b>\$11,400</b>

*Mandatory Fees at UTHealth Houston are administrative fees assessed to all enrolled students across all UTHealth Houston schools in support of university student services. These fees are not proposed at the school level and not included in the school tuition and fee proposal. SBHS students will be assessed these approved mandatory fees.*

\* Texas Education Code

**PROPOSED NON-RESIDENT TUITION (all degree programs)**

<b>Statutory Authority</b>	<b>Proposed 2024-25</b>	<b>Proposed 2025-26</b>	<b>Proposed 2026-27</b>	<b>Proposed 2027-28</b>	<b>Proposed 2028-98</b>
Statutory- TEC 54.051	\$0	\$460	\$460	\$460	\$460
Designated-TEC 54.0513	\$0	\$300	\$310	\$320	\$330
Differential-TEC 54.008	\$0	\$460	\$460	\$460	\$460
Tuition total per SCH		\$1,220	\$1,230	\$1,240	\$1,250
<b>TOTAL Tuition @ 30 SCH</b>	<b>\$0</b>	<b>\$36,600</b>	<b>\$36,900</b>	<b>\$37,200</b>	<b>\$37,500</b>

*Mandatory Fees at UTHealth Houston are administrative fees assessed to all enrolled students across all UTHealth Houston schools in support of university student services. These fees are not proposed at the school level and not included in the school tuition and fee proposal. SBHS students will be assessed these approved mandatory fees.*

**6. U. T. System: Approval to distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns and approve rates for the Plan**

RECOMMENDATION

The Chancellor concurs in the recommendation of The University of Texas System Professional Medical Liability Benefit Plan (Plan) Management Committee, chaired by the Vice Chancellor and General Counsel and comprised of the Chair, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Academic Affairs, after consultation with Milliman, Inc., actuary for the Plan, that

- a. overall premium rates remain unchanged; and
- b. \$6 million in premiums be returned to the participating U. T. institutions based on a methodology that considers each institution's losses.

The proposed distribution of \$6 million is set forth as Exhibit 1.

BACKGROUND INFORMATION

The Plan Management Committee (Committee) has consistently recommended significant reductions in total Plan assets to bring the reserve levels to those generally accepted by the industry. The Committee continues balancing Plan revenue from premiums charged and investment income with adequate capitalization from which to pay Plan claims, reserves for future claims, and administrative expenses. As part of this effort, Plan premiums were significantly reduced for several years immediately following tort reform adoption, and since 2007, the premium rates have either been reduced or unchanged. However, Plan premiums are adjusted annually for institutional loss experience.

For the coming year, the Committee recommends maintaining overall premiums at the current rates. Based on Plan investment income and efficient management of claims, the Committee recommends a return to the contributing institutions of \$6 million. The combination of unchanged rates along with these distributions should still allow for adequate capitalization of the Plan.

The methodology for distribution of \$6 million to participating institutions considers the proportion of each institution's payment into the Plan, as well as each institution's loss experience. Thus, those institutions with higher claims receive lower distributions.

Since there are remaining funds previously designated for U. T. System efforts in patient safety enhancements through collaborative projects, as identified by the Executive Vice Chancellor for Health Affairs, no additional funds are recommended for such purposes for this fiscal year.

Exhibit 1  
**The University of Texas System Professional Medical Liability Benefit Plan**  
Proposed Distribution of Plan Returns  
 FY 2024

<i>Institution</i>	<i>Premium Paid</i>	<i>Claims Expense</i>	<i>Net Contribution Amount</i>	<i>Rebate based on Net Contribution</i>
	<i>2022-2024 (3 year)</i>	<i>2022-2024 (3 year)</i>	<i>3 Yr. (Premium - Expenses)</i>	<i>FY 2024</i>
UT Arlington	10,231.00	-	10,231.00	2,340
UT Austin	933,613.61	611,002.68	322,610.93	73,800
UT Dallas	7,460.00	-	7,460.00	1,707
UT El Paso	10,613.70	-	10,613.70	2,428
UT Permian Basin	2,655.00	-	2,655.00	607
UT Rio Grande Valley	1,180,900.35	170,026.19	1,010,874.16	231,246
UT San Antonio	3,671.00	-	3,671.00	840
UT Tyler	1,292,596.45	477,121.08	815,475.37	186,546
Stephen F Austin	555.00	-	555.00	127
UTSWMC	9,087,044.68	4,005,270.06	5,081,774.62	1,162,499
UTMB	5,443,123.51	1,749,793.74	3,693,329.77	844,881
UTHSCH	12,438,194.89	5,358,096.57	7,080,098.32	1,619,633
UTHSCSA	5,835,657.74	1,076,998.53	4,758,659.21	1,088,584
UTMDACC	4,488,053.61	1,057,528.81	3,430,524.80	784,762
<b>Subtotal</b>	<b>40,734,370.54</b>	<b>14,505,837.66</b>	<b>26,228,532.88</b>	<b>6,000,000</b>
<b>TOTAL DISTRIBUTION FY 2024</b>				<b>\$ 6,000,000</b>
<b>TOTAL DISTRIBUTION FY 2022-2024</b>				<b>\$ 20,000,000</b>



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FOR  
FACILITIES PLANNING AND CONSTRUCTION  
COMMITTEE**

**Committee Meeting: 8/21/2024**

**Board Meeting: 8/22/2024**  
Austin, Texas

*Rad Weaver, Chairman*  
*Christina Melton Crain*  
*Robert P. Gauntt*  
*Nolan Perez*  
*Stuart W. Stedman*  
*Kelcy L. Warren*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>			
		<i>3:15 p.m.</i> <i>Chairman Weaver</i>	
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<b>Discussion</b>	<b>Action</b>	<b>173</b>
2. <b>U. T. Austin: Main Building Exterior Restoration and Landscaping - Approval of design development; and appropriation of funds and authorization of expenditure</b>	<b>Action</b> <i>President Hartzell</i>	<b>Action</b>	<b>174</b>
3. <b>U. T. Dallas: Naveen Jindal School of Management Phase III - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt</b>	<b>Action</b> <i>President Benson</i>	<b>Action</b>	<b>176</b>
4. <b>U. T. Medical Branch - Galveston: Infrastructure and Research Space Upgrade for Research Buildings - Phase 2B - Amendment of the current Capital Improvement Program to include Phase 2B of the project; approval of total project cost; and appropriation of funds</b>	<b>Action</b> <i>President Reiser</i>	<b>Action</b>	<b>180</b>
5. <b>U. T. Medical Branch - Galveston: John Sealy Hospital and Emergency Room Building MEP Mitigation - Amendment of the current Capital Improvement Program to increase total project cost; approval to revise funding sources; and appropriation of funds</b>	<b>Action</b> <i>President Reiser</i>	<b>Action</b>	<b>183</b>
6. <b>U. T. M. D. Anderson Cancer Center: MD Anderson Sugar Land - Amendment of the current Capital Improvement Program to include project</b>	<b>Action</b> <i>President Pisters</i>	<b>Action</b>	<b>185</b>
<b>Adjourn</b>		<i>3:45 p.m.</i>	



1. **U. T. System Board of Regents: Approval of Consent Agenda and consideration of any item referred to the full Board**

RECOMMENDATION

The Board will be asked to approve the Consent Agenda beginning on [Page 188](#).

**2. U. T. Austin: Main Building Exterior Restoration and Landscaping - Approval of design development; and appropriation of funds and authorization of expenditure**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the Main Building Exterior Restoration and Landscaping project at The University of Texas at Austin as follows:

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$70,000,000 with funding of \$26,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$26,000,000 from Gifts, and \$18,000,000 from Available University Fund (AUF).

**BACKGROUND INFORMATION**

**Previous Actions**

On November 17, 2022, the Board approved the project for Definition Phase. On February 22, 2024, the project was included in the CIP with a total project cost of \$70,000,000 with funding of \$26,000,000 from PUF Bond Proceeds, \$26,000,000 from Gifts, and \$18,000,000 from AUF.

**Project Description**

The U. T. Austin Main Building, standing at the heart of the historic 40 acres upon which the campus began, is the most iconic building on the university's campus. Designed by Paul Cret and completed in 1937, the building has not undergone any significant renovations of the building exterior. Due to higher than estimated costs, the scope of this request is reduced to restoration of the exterior of the Main Building to its original appearance, including exterior tower lighting, cleaning and repair of masonry, restoration of metal windows and spandrels, waterproofing of the tower observation deck, and gilding of decorative elements, as well as restoration of the clock.

As future funding is identified, U. T. Austin will seek appropriate approval to progress with landscape and grounds redevelopment of the area directly adjacent to the Main Building, and targeted interior rehabilitation to support an enhanced visitor experience including lobbies, restrooms, elevators, lighting, 27th and 29th floor renovations, and wayfinding signage.

**The University of Texas at Austin  
Main Building Exterior Restoration and Landscaping**

**Project Information**

Project Number 102-1450  
 CIP Project Type Repair and Rehabilitation  
 Facility Type Office, High Rise  
 Historically Significant Yes  
 Architecturally Significant Yes  
 Management Type Institutional Management  
 Institution’s Project Advocate Brent Stringfellow, Associate Vice President,  
 Campus Operations  
 Project Delivery Method Construction Manager-at-Risk  
 Gross Square Feet (GSF) 326,230

**Project Funding**

	<u>Current</u>
Permanent University Fund Bond Proceeds	\$26,000,000
Available University Fund	18,000,000
Gifts <sup>1</sup>	<u>26,000,000</u>
<b>Total Project Cost</b>	<b>\$70,000,000</b>

<sup>1</sup> Gifts are not fully collected at this time however, U. T. Austin has the operating reserves to cover any shortfall.

**Project Cost Detail**

	Cost
Building Cost	\$56,385,000
Site Development	100,000
Furniture and Moveable Equipment	-
Institutionally Managed Work	1,920,000
Architectural/Design Services	4,500,000
Project Management	1,750,000
Insurance	1,900,000
Other Professional Fees	1,620,000
Project Contingency	1,225,000
Other Costs	600,000
<b>Total Project Cost</b>	<b>\$70,000,000</b>

**Project Milestones**

Definition Phase Approval	November 2022
Addition to CIP	February 2024
Design Development Approval	August 2024
Construction Notice to Proceed	August 2024
Substantial Completion	August 2027
Final Completion	September 2027

3. **U. T. Dallas: Naveen Jindal School of Management Phase III - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the Naveen Jindal School of Management Phase III project at The University of Texas at Dallas as follows:

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$98,000,000 from Revenue Financing System (RFS) Bond Proceeds; and
- c. 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 project's cost, including any costs 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; and U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its 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 \$98,000,000.

**BACKGROUND INFORMATION**

**Debt Service**

The \$98,000,000 in RFS debt will be repaid from designated tuition. Annual debt service on the \$98,000,000 in RFS debt is expected to be \$5.5 million. The institution's Scorecard Rating of 2.4 at fiscal year-end 2023 is below the maximum threshold of 6.0 and demonstrates that the institution has the financial capacity to satisfy its direct obligations related to parity debt.

**Previous Actions**

On June 20, 2023, the Chancellor approved this project for Definition Phase. On May 9, 2024, the project was included in the CIP with a total project cost of \$98,000,000 from RFS Bond Proceeds.

### Project Description

The Naveen Jindal School of Management (JSOM), with current enrollment of over 10,000 students, projects 30% growth in students and faculty over the next five years. The three-story building will support that growth by providing additional classrooms, meeting rooms, study areas, testing areas, and faculty offices. The proposed project will be constructed on an existing parking lot and will provide a direct connection to the existing JSOM buildings, will provide dedicated spaces to support JSOM student programs, activities, and executive education programs, and will provide outdoor private event space to serve faculty and staff.

Exterior improvements will include landscaping, irrigation, bicycle storage, lighting, sidewalks, and crosswalks. The project will also include infrastructure improvements for telecom and other utilities.

**The University of Texas at Dallas  
Naveen Jindal School of Management Phase III**

**Project Information**

Project Number	302-1468
CIP Project Type	New Construction
Facility Type	Classroom, General
Management Type	Office of Capital Projects
Institution's Project Advocate	Hasan Pirkul, Dean, Naveen Jindal School of Management
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	125,000

**Project Funding**

Revenue Financing System Bond Proceeds <sup>1</sup>	<u>Current</u> <u>\$98,000,000</u>
Total Project Cost	<u>\$98,000,000</u>

<sup>1</sup> Revenue Financing System (RFS) Bond Proceeds to be repaid from Designated Tuition

**Project Cost Detail**

	Cost
Building Cost	\$72,286,351
Fixed Equipment	1,617,125
Site Development	4,338,037
Furniture and Moveable Equipment	2,500,000
Institutionally Managed Work	3,108,923
Architectural/Design Services	5,846,524
Project Management	2,000,000
CIP Support Services	25,000
Insurance	1,593,000
Other Professional Fees	1,745,990
Project Contingency	2,939,050
Other Costs	-
<b>Total Project Cost</b>	<b>\$98,000,000</b>

**Building Cost per GSF Benchmarks (escalated to midpoint of construction)**

Naveen Jindal School of Management, Phase III	\$578
Texas Higher Education Coordinating Board Average - Classroom, General	\$636
	Low Quartile      Median      High Quartile
Other U. T. System Projects	\$475      \$573      \$607
Other National Projects	\$570      \$762      \$1,007

**The University of Texas at Dallas**  
**Naveen Jindal School of Management, Phase III**  
(continued)

**Investment Metrics**

- Increase undergraduate enrollment from 5,564 to 8,000 students per year by 2029
- Increase graduate enrollment from 4,740 to 6,000 students per year by 2029

**Project Milestones**

Definition Phase Approval	June 2023
Addition to CIP	May 2024
Design Development Approval	August 2024
Construction Notice to Proceed	September 2024
Substantial Completion	April 2026
Final Completion	June 2026

**Basis of Design**

The planned building life expectancy includes the following elements:

- Enclosure: 50 years
- Building Systems: 25 years
- Interior Construction: 25 years

4. **U. T. Medical Branch - Galveston: Infrastructure and Research Space Upgrade for Research Buildings - Phase 2B - Amendment of the current Capital Improvement Program to include Phase 2B of the project; approval of total project cost; and appropriation of funds**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Infrastructure and Research Space Upgrade for Research Buildings - Phase 2B project at The University of Texas Medical Branch - Galveston as follows:

- a. amend the current CIP and approve a total project cost of \$33,502,479 for Phase 2B; and
- b. appropriate funds of \$33,502,479 from Permanent University Fund (PUF) Bond Proceeds for Phase 2B.

**BACKGROUND INFORMATION**

**Previous Actions**

On March 29, 2022, the Chancellor approved this project for Definition Phase. On November 17, 2022, Phase 1 of the Infrastructure and Research Space Upgrade for Research Buildings project was included in the CIP with a total project cost of \$16,520,000 from PUF Bond Proceeds. On February 17, 2023, the president approved design development for Phase 1. On August 24, 2023, Phase 2A of the project was included in the CIP with a total project cost of \$69,035,356 with funding of \$59,897,111 from Capital Construction Assistance Project Bond Proceeds and \$9,138,245 from PUF Bond Proceeds. On June 25, 2024, the president approved design development for Phase 2A.

**Project Description**

The proposed Phase 2B portion of the project will upgrade and replace critical infrastructure in the Research Building 6 and renovate interior space to comply with current codes. The infrastructure upgrade includes the removal and replacement of the entire roofing system, replacement of chilled and heating hot water pumps, piping risers, building controls, electrical switchgear distribution equipment, and all sanitary waste and vent systems. Interior renovation includes the demolition and buildout of Level 04 to support administrative functions and the construction of new restroom stacks on Levels 05 and 06 to comply with current plumbing code requirements.

The previously approved Phase 2A renovations to the Medical Research Building include removal and replacement of the roofing system, replacement of all chilled water pumps, heating hot water pumps, piping risers, and building controls. The project will also replace the electrical switchgear distribution equipment, and sanitary waste and vent systems and is expected to begin construction this quarter.



Phase 1 of the project is nearing completion to build-out shell space on the fourth and fifth floors of the Research Building 17 for the newly established Institute for Drug Discovery. The space will include a chemical wet lab with 24 fume hoods, lab support spaces including a nuclear magnetic resonance magnet, offices, both open and closed collaboration spaces, and mechanical space to support research labs.

This proposed Phase 2B Repair and Rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. Pursuant to U. T. System Policy 199, the institution has delegated authority of institutional management of construction projects.

**The University of Texas Medical Branch at Galveston  
Infrastructure and Research Space Upgrade for Research Buildings - Phase 2B**

**Project Information**

Project Number 601-1401  
 CIP Project Type Repair and Rehabilitation  
 Facility Type Laboratory, Medical/Healthcare  
 Management Type Institutional Management  
 Institution’s Project Advocate Steve LeBlanc, Vice President, Business Operations and Facilities  
 Project Delivery Method Competitive Sealed Proposals - Phase 2B  
 Gross Square Feet (GSF) 197,600

**Project Funding**

	<u>Current Phases 1 and 2A</u>	<u>Proposed Phase 2B</u>
Permanent University Fund Bond Proceeds	\$25,658,245	\$33,502,479
Capital Construction Asst. Project Bond Proceeds	<u>59,897,111</u>	<u>-</u>
Total Project Cost	\$85,555,356	\$33,502,479
Total Project Cost All Phases		<u>119,057,835</u>

**Project Cost Detail**

	Phase 2B Cost
Building Cost	\$24,000,000
Fixed Equipment	750,000
Furniture and Moveable Equipment	2,612,699
Institutionally Managed Work	-
Architectural/Design Services	2,185,500
Project Management	836,755
Insurance	509,391
Other Professional Fees	1,100,000
Project Contingency	1,508,134
Total Project Cost	\$33,502,479

**Project Planning**

Definition Phase Completed Yes  
 Owner’s Project Requirements Yes  
 Basis of Design Yes  
 Schematic Design Yes  
 Detailed Cost Estimate Yes

**Phase 2B Project Milestones**

Definition Phase Approval March 2022  
 Addition to CIP August 2024  
 Design Development Approval September 2024  
 Construction Notice to Proceed January 2025  
 Substantial Completion November 2026  
 Final Completion January 2027

**5. U. T. Medical Branch - Galveston: John Sealy Hospital and Emergency Room Building MEP Mitigation - Amendment of the current Capital Improvement Program to increase total project cost; approval to revise funding sources; and appropriation of funds**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) and approve the recommendations for the John Sealy Hospital and Emergency Room Building MEP Mitigation project at the University of Texas Medical Branch at Galveston as follows:

- a. amend the current CIP to increase the total project cost from \$15,211,819 to \$19,461,504;
- b. revise funding sources to include Hospital Revenues; and
- c. appropriate funds of \$4,249,685 from Hospital Revenues.

BACKGROUND INFORMATION

Previous Actions

On May 5, 2022, the Chancellor approved the John Sealy Hospital UTMB MEP Elevation project for Definition Phase. On January 3, 2023, the Assistant Vice Chancellor for Capital Projects approved the project name change to the John Sealy Hospital and Emergency Room Building MEP Mitigation project. On February 23, 2023, the project was included in the CIP with a total project cost of \$15,211,819 with funding from Grants. On October 10, 2023, the president approved design development plans.

Project Description

The proposed increase in scope for both buildings is due to the requirement for elevation and mitigation of additional critical systems to ensure business continuity. In both the John Sealy Hospital and the Emergency Room (ER) Building, medical vacuum pumps, air receivers, and oxygen lines need to be elevated. Additionally in the ER Building, the chilled water system, heated water system, and associated controls must also be elevated.

The original project will install essential mechanical, electrical, and plumbing (MEP) equipment from the first floor of each building to a mechanical space on a floor twenty feet or more above mean sea level. The project will demolish and dispose of remaining decommissioned equipment from the first floors, cut, cap, and abandon in place all existing utility connections, and seal penetrations between floors to maintain required life safety conditions.

This project will reduce deferred maintenance backlog and aligns with the Campus Master Plan by mitigating flood risk for critical infrastructure required to support the university's clinical mission. Mitigating flood risk will improve resiliency against adverse weather conditions and ensure business continuity to serve patients.

**The University of Texas Medical Branch at Galveston  
John Sealy Hospital and Emergency Room Building MEP Mitigation**

**Project Information**

Project Number 601-1409  
 CIP Project Type Repair and Rehabilitation  
 Facility Type Utilities/Infrastructure  
 Management Type Institutional Management  
 Institution’s Project Advocates Steve LeBlanc, Vice President of Business Operations and Facilities  
 Russell Rodecap, Associate Vice President of Property Services  
 Project Delivery Method Competitive Sealed Proposals  
 Gross Square Feet (GSF) 11,855

**Project Funding**

	<u>Current</u>	<u>Proposed</u>
Grants <sup>1</sup>	\$15,211,819	\$15,211,819
Hospital Revenues	-	4,249,685
Total Project Cost	<u>\$15,211,819</u>	<u>\$19,461,504</u>

<sup>1</sup> Development Grant from The Texas General Land Office

**Project Cost Detail**

	Cost
Building Cost	\$16,163,921
Architectural/Design Services	1,166,200
Project Management	701,000
Insurance	506,000
Other Professional Fees	424,383
Project Contingency	500,000
Total Project Cost	<u>\$19,461,504</u>

**Project Milestones**

Definition Phase Approval May 2022  
 Addition to CIP February 2023  
 Design Development Approval October 2023  
 Construction Notice to Proceed March 2024  
 Substantial Completion August 2025  
 Final Completion December 2025

**6. U. T. M. D. Anderson Cancer Center: MD Anderson Sugar Land - Amendment of the current Capital Improvement Program to include project**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the MD Anderson Sugar Land project at The University of Texas M. D. Anderson Cancer Center.

BACKGROUND INFORMATION

Previous Actions

On February 10, 2022, the Chancellor approved this project for Definition Phase with an anticipated total project cost of \$482,000,000. On May 23, 2024, the Chancellor approved an increased anticipated total project cost to \$627,000,000.

Project Description

The proposed MD Anderson Sugar Land project is part of a series of planned regional expansions. This ambulatory healthcare facility will provide multidisciplinary clinical, surgical, imaging, procedural and therapeutic, and outpatient cancer care services in the Sugar Land region. The project includes the development of approximately 31 acres of land along Interstate Highway 69 frontage road and University Boulevard in Sugar Land, Fort Bend County, Texas, on property acquired by U. T. M. D. Anderson Cancer Center, as approved by the Board on February 25, 2021.

The five-story building will include space for comprehensive cancer center services for adult patients with cancer diagnoses and low to medium acuity needs. Inpatients will not be seen in the facility at the completion of this project, but the project is being designed to accommodate a future inpatient tower addition and a parking garage. The facility will include radiation oncology, medical oncology services, infusion therapy services, surgical services with recovery rooms, associated pharmacy services, oncology-specific diagnostic imaging services, interventional radiology, endoscopy, vascular access, laboratory medicine services, and other related services of a comprehensive cancer center. Approximately 12,000 gross square feet (GSF) of the anticipated 474,000 GSF building will remain shelled for future use as additional recovery rooms.

The scope of the project includes the construction of a building utility plant and site developments such as drainage, surface parking, lighting, and landscaping.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. Pursuant to U. T. System Policy 199, effective June 26, 2024, the institution has delegated authority for institutional management of construction projects.

**The University of Texas M. D. Anderson Cancer Center  
MD Anderson Sugar Land**

**Project Information**

Project Number	703-1396
CIP Project Type	New Construction
Facility Type	Healthcare Facility, Hospital
Management Type	Institutional Management
Institution's Project Advocate	Rosanna Morris, Chief Operating Officer
Project Delivery Method	Design/Build
Gross Square Feet (GSF)	474,218
Shell Space (GSF)	11,591

**Project Funding**

Revenue Financing System Bond Proceeds <sup>1</sup>	<u>Proposed</u> \$300,000,000
Hospital Revenues	<u>\$477,000,000</u>
Total Project Cost	<u>\$777,000,000</u>

<sup>1</sup> Revenue Financing System (RFS) Bond Proceeds to be repaid from Hospital Revenues

**Project Cost Detail**

	Cost
Building Cost	\$438,000,000
Fixed Equipment	150,000,000
Site Development	28,000,000
Furniture and Moveable Equipment	20,150,000
Institutionally Managed Work	-
Architectural/Design Services	24,000,000
Project Management	11,500,000
CIP Support Services	-
Insurance	15,200,000
Other Professional Fees	14,500,000
Project Contingency	71,000,000
Other Costs	4,650,000
<b>Total Project Cost</b>	<b>\$777,000,000</b>

**Building Cost per GSF Benchmarks** (escalated to midpoint of construction)

M. D. Anderson Sugar Land	\$924
Texas Higher Education Coordinating Board Average - Healthcare Facility, Hospital	\$799
	Low Quartile
Other U. T. System Projects	\$687
	Median
Other National Projects	\$1,310
	High Quartile
	\$911
	\$2,483

**The University of Texas M. D. Anderson Cancer Center  
MD Anderson Sugar Land**  
(continued)

**Investment Metrics**

- Provide cancer care in close proximity to Sugar Land patients by 2029

**Project Planning**

Definition Phase Completed	Yes
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	February 2022
Addition to CIP	August 2024
Design Development Approval	November 2024
Construction Notice to Proceed	February 2025
Substantial Completion	March 2028
Final Completion	September 2028

**Basis of Design**

The planned building life expectancy includes the following elements:

Enclosure: 30 years  
Building Systems: 30 years  
Interior Construction: 15 years



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Austin, Texas

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**FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

No items for Consent Agenda

## MEETING OF THE BOARD

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held May 8-9, 2024
  
2. Resolution - U. T. System Board of Regents: Adoption of resolution regarding the list of Key Management Personnel authorized to negotiate, execute, and administer classified government contracts (Managerial Group)

To comply with the Department of Defense National Industrial Security Program Operating Manual (NISPOM) requirements, it is recommended that the Board of Regents approve the revised resolution set forth below regarding exclusion of individuals from the list of Key Management Personnel (KMP) authorized to negotiate, execute, and administer classified government contracts. The revisions reflect the appointment of a new Chief Information Security Officer and a new Student Regent, as well as the recent retirement of the Director of Police.

A Resolution amending the Managerial Group list was last adopted by the Board of Regents on July 27, 2023.

NISPOM defines KMP as "all entity officials who either hold majority interest or stock in, or have direct or indirect authority to influence or decide issues affecting the management or operations of, the entity or classified contract performance." The Manual requires that the Senior Management Official (SMO), Facility Security Officer (FSO), and the Insider Threat Program Senior Official (ITPSO) must always be designated as part of the Managerial Group and be cleared at the level of the Facility Clearance. Other officials or KMPs, as determined by the Defense Counterintelligence and Security Agency (DCSA), must be granted Personal Security Clearances or be formally excluded by name from access to classified material.

### RESOLUTION

BE IT RESOLVED:

- a. That those persons occupying the following positions at The University of Texas System and The University of Texas at Austin shall be known as the Managerial Group, having the authority and responsibility for the negotiation, execution, and administration of Department of Defense (DoD) or User Agency contracts, as described in 32 CFR Part 117, "National Industrial Security Program Operating Manual" (NISPOM):

James B. Milliken, J.D., Chancellor, The University of Texas System  
Jay Hartzell, Ph.D., President, The University of Texas at Austin  
Sharon L. Wood, Ph.D., Provost, The University of Texas at Austin  
Daniel T. Jaffe, Ph.D., Vice President for Research, The University of Texas  
at Austin  
Seth J. Wilk, Army Futures Command Director, The University of Texas  
at Austin

Francis J. Landry III, Facility Security Officer (FSO), The University of Texas System/Security Manager, Applied Research Labs, The University of Texas at Austin

Patrick H. Vetter, Insider Threat Program Senior Official (ITPSO), The University of Texas System/Assistant Security Director, Applied Research Labs, The University of Texas at Austin

Brandon H. Norwat, Associate Director, Science and Security, The University of Texas at Austin

James R. (Trey) Atchley III, Chief Inquiry Officer and Chief Research Security Officer, The University of Texas System

George E. Finney, Chief Information Security Officer, The University of Texas System

~~Helen T. Mohrmann, Chief Information Security Officer, The University of Texas System~~

~~Michael J. Heidingsfield, Director of Police, The University of Texas System~~

The Chief Executive Officer (i.e., the Chancellor) is the highest ranking member of the Managerial Group. The Chancellor and the members of the Managerial Group have been processed, or will be processed, for a personnel security clearance for access to classified information to the level of the facility security clearance granted to this institution, as provided for in the NISPOM.

The Managerial Group is hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified information under classified contracts of the DoD or User Agencies of the NISPOM awarded to U. T. System, including U. T. Austin.

- b. That the following named members of the U. T. System Board of Regents shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of U. T. System, including U. T. Austin, and do not occupy positions that would enable them to affect adversely the policies and practices of the U. T. System, including U. T. Austin, in the performance of classified contracts for the Department of Defense or User Agencies of the NISPOM awarded to the U. T. System, including U. T. Austin, and need not be processed for a personnel security clearance:

Members of the U. T. System Board of Regents:

Kevin P. Eltife, Chairman

Janiece Longoria, Vice Chairman

James C. "Rad" Weaver, Vice Chairman

Christina Melton Crain

Robert Paul Gauntt

Jodie Lee Jiles

Nolan E. Perez, M.D.

Stuart W. Stedman

Kelcy L. Warren

Anthony John Dragun, Student Regent from June 1, 2024 to May 31, 2025 (nonvoting)

~~John Michael Austin, Student Regent from June 1, 2023 to May 31, 2024 (nonvoting)~~

3. Approval of Dual Position of Honor, Trust, or Profit - U. T. System: Appointment by Governor Abbott and the Texas Higher Education Coordinating Board of John M. Zerwas, M.D., FASA, Executive Vice Chancellor for Health Affairs, to the Healthcare Workforce Task Force

The following item has been approved by the Chancellor in accordance with Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas System and that there is no conflict between holding this position and the appointment with the System.

The Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas System and that there is no conflict between the position and the System.

Name:	John M. Zerwas, M.D., FASA
Title:	Executive Vice Chancellor for Health Affairs
Position:	Inaugural member of the Healthcare Workforce Task Force
Period:	June 7, 2024, for a term to expire at the pleasure of the Governor
Compensation:	None
Description:	Governor Abbott and the Texas Higher Education Coordinating Board appointed Dr. Zerwas to the newly created Healthcare Workforce Task Force to address healthcare workforce shortages in Texas to meet the demands of our growing state and provide students with the skills they need to succeed.

**AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE**

No items for Consent Agenda



## FINANCE AND PLANNING COMMITTEE

4. Other Fiscal Matters - U. T. System Board of Regents: Approval of funding of space renovations for U. T. Rio Grande Valley's Physical Therapy program; and resolution regarding parity debt

The Executive Vice Chancellor for Business Affairs recommends approval of this item authorizing funding of \$8,600,000 from Revenue Financing System (RFS) bond proceeds for U. T. Rio Grande Valley to remodel existing space on the Edinburg campus to accommodate the new Doctor of Physical Therapy program. The debt is expected to be repaid with local designated funds. Annual debt service is estimated at \$480,000. The institution's Scorecard Rating of 4.4 at the fiscal year-end 2023 is below the maximum threshold of 6.0 and demonstrates that the institution has the financial capacity to satisfy its direct obligations related to parity debt. The institution therefore requests that the Board 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 fund all or a portion of the project's cost, including any costs 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 RFS 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;
- U. T. Rio Grande Valley, which is a "Member" as such term is used in the RFS Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of parity debt in an aggregate amount of \$8,600,000; and
- this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

5. Other Fiscal Matters - U. T. System Board of Regents: Approval of funding of space renovations for U. T. Rio Grande Valley's School of Podiatric Medicine; and resolution regarding parity debt

The Executive Vice Chancellor for Business Affairs recommends approval of this item authorizing funding of \$5,520,000 from Revenue Financing System (RFS) bond proceeds for U. T. Rio Grande Valley to renovate existing space within the current Harlingen Clinic Education Building to support the School of Podiatric Medicine program. The debt is expected to be repaid with local designated funds. Annual debt service is estimated at \$307,000. The institution's Scorecard Rating of 4.4 at the fiscal year-end 2023 is below the maximum threshold of 6.0 and demonstrates that the institution has the financial capacity to satisfy its direct obligations related to parity debt. The institution therefore requests that the Board 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 fund all or a portion of the project's cost, including any costs 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 RFS 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;
- U. T. Rio Grande Valley, which is a "Member" as such term is used in the RFS Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of parity debt in an aggregate amount of \$5,520,000; and
- this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

6. Other Fiscal Matters - U. T. System Board of Regents: Amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Intermediate Term Fund, the Permanent Health Fund, and the Long Term Fund; the Liquidity Policy, and the Derivative Investment Policy

The Chancellor and the Executive Vice Chancellor for Business Affairs concur in the recommendation of the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO) that the U. T. System Board of Regents approve the proposed amendments to the following Investment Policy Statements, the Liquidity Policy, and the Derivative Investment Policy as set forth in congressional style in [Appendices A-G](#).

- a. Permanent University Fund (PUF)
- b. General Endowment Fund (GEF)
- c. Intermediate Term Fund (ITF)
- d. Long Term Fund (LTF)
- e. Permanent Health Fund (PHF)
- f. Liquidity Policy
- g. Derivative Investment Policy

The Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO requires that UTIMCO review the current Investment Policies for each Fund at least annually. The review includes long-term investment return expectations and expected risk levels, Asset Class allocation targets and ranges for each eligible Asset Class, expected returns for each Asset Class and Fund, designated performance benchmarks for each Asset Class, and such other matters as the U. T. System Board or its staff designees may request.

The amended PUF, GEF, PHF, LTF and ITF Investment Policy Statements, the Liquidity Policy, and the Derivatives Investment Policy were approved by the UTIMCO Board on June 20, 2024.

All policies are included in the materials with the proposed tracked changes.

The **Investment Policy Statements** of the Permanent University Fund (PUF), General Endowment Fund (GEF), Permanent Health Fund (PHF), Long Term Fund (LTF), and Intermediate Term Fund (ITF) are being amended to reflect the proposed changes effective September 1, 2024.

The proposed changes to the **PUF Investment Policy Statement** ([Appendix A](#)) are as follows:

*Pages 4, 8:* moves the portable alpha paragraph into its own section entitled “Cross Asset Strategies” and limits application of portable alpha strategies to the Developed Public Equity, Emerging Markets Public Equity, and Long Treasuries asset classes; the definition of portable alpha strategies otherwise remains unchanged.

*Page 5:* clarifies that active extension strategies involve the use of leverage and include offsetting long and short exposures and that such strategies are permitted in Developed Public Equity and Emerging Markets Public Equity asset classes, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

*Page 9:* clarifies that leverage or margin may not be used unless authorized by the UTIMCO Board or by approved policies, conforming this provision to a similar provision regarding short sales.

*Pages 11, 14 (Exhibit A):* moves leverage reference into the Policy from Exhibit A and continues to provide that leverage is permitted up to 110% of net asset value; this section further clarifies what constitutes leverage for purposes of the 110% calculation.

*Other pages* contain various non-substantive, wordsmithing changes, including changing “Chairman” to “Chair,” changing “immediately” to “promptly,” and moving the Performance Measurement section to the section of the Policy where that item is more clearly addressed.

The **GEF Investment Policy Statement** ([Appendix B](#)) will include the same changes as the PUF.

The **ITF Investment Policy Statement** ([Appendix C](#)) will include the same changes as the PUF, except as follows:

*Pages 7, 11 (Exhibit A):* moves leverage reference into the Policy from Exhibit A and continues to provide that leverage is permitted up to 105% of net asset value; this section further clarifies what constitutes leverage for purposes of the 105% calculation.

*Page 11 (Exhibit A):* increases the allocation target range maximum to +10.0% for Developed Public Equity, Total Public Equity, and Total Global Equity.

Recommended changes to the **LTF Investment Policy Statement** ([Appendix D](#)) are as follows:

*Page 6:* lowers quarterly redemption "soft limit" gate from 5% to 2.5%.

*Other pages* contain various non-substantive, wordsmithing changes, including making the definition of "Cash" consistent with the Liquidity Policy, and moving sections regarding compliance and Performance Measurement to sections of the Policy where those items are more logically addressed.

The **PHF Investment Policy Statement** ([Appendix E](#)) will include the same changes as the LTF, except that the quarterly redemption "soft limit" gate on Page 6 remains at 5%.

**Exhibits A of the PUF, GEF, and ITF, and Exhibits B of the LTF and PHF Investment Policy Statements** have been amended to remove China from the IGFI benchmark and, where applicable (all but ITF), change that Cambridge benchmarks are measured against the median.

Recommended changes to the **Liquidity Policy** ([Appendix F](#)) are as follows:

*Page 1, 2:* updates definition of cash to include currencies, clarifies that holdings may include all money market funds within rating thresholds, and permits repurchase agreement and reverse repurchase agreement counterparties to include another entity or agency of the State of Texas.

*Page 2:* moves U. T. System reporting requirement to Reporting section on page 5; language is otherwise materially unchanged.

*Page 3:* removes ability to alter the liquidity status of an investment through derivatives.

*Page 3:* temporarily increases illiquidity limit from 75% to 80% when S&P declines by 25% or more within a rolling one-year period and reverts to 75% no later than 18 months after the 75% illiquidity threshold was first breached.

*Page 3, 4, 5:* removes repetitive language indicating that exceeding illiquidity limits requires prior approval, and clarifies that approval is required from the Investment Risk Committee after consultation with the U. T. System Office of Business Affairs; language and requirements are otherwise unchanged.

*Page 4:* updates Documentation and Controls section to limit authority for determining liquidity categories to Senior Managing Directors, and reflects current reporting and testing protocols.

Recommended changes to the **Derivative Investment Policy** ([Appendix G](#)) are as follows:

*Page 1 (Scope):* clarifies that commingled investment vehicles are governed by their respective agreements.

*Page 4:* clarifies Chief Investment Officer and Chief Compliance Officer duties in the event of noncompliance, and changes “immediately” to “promptly.”

*Page 6 (Exhibit A):* clarifies Agency Agreement definition.

*Page 9, 10 (Exhibit B):* delegates authority to enter into Derivative Investments that manage or hedge equity exposure to style factors, as well as Derivative Investments intended to bring portfolio beta closer to the portfolio target, and removes modeling paragraph, which has been moved to internal procedures.

*Other pages* contain various non-substantive, wordsmithing changes, including clarifying the scope of the Policy, changing “immediately” to “promptly,” changing “Chairman” to “Chair,” and removing repetitive language regarding the objective of the Policy.

The **Short Term Fund Investment Policy Statement**, and the **Separately Invested Funds Investment Policy Statement** were reviewed but no changes were made.

7. Other Fiscal Matters - U. T. System Board of Regents: Revisions to the amended and restated The University of Texas/Texas A&M Investment Management Company (UTIMCO) Compensation Program

The Chancellor and the Executive Vice Chancellor for Business Affairs concur in the recommendation of The University of Texas/Texas A&M Investment Management Company Board of Directors (UTIMCO Board) that the U. T. System Board of Regents (U. T. System Board) approve the amended and restated UTIMCO Compensation Program (Plan) effective July 1, 2024, as set forth in congressional style in [Appendix H](#). The Plan was approved by the UTIMCO Board on June 20, 2024, and amends and restates the UTIMCO Compensation Program that was approved by the U. T. System Board on August 20, 2020 (Prior Plan).

The Plan consists of two elements: base salary and an annual performance plan. The UTIMCO Board has the discretion to interpret the Plan, adopt such rules and regulations it deems necessary to carry out the Plan, and amend the Plan. Mr. Hall will review the recommended changes to the Plan.

The proposed changes ([Appendix H](#)) are as follows:

*Section 1* has been changed to reflect a new effective date of July 1, 2024.

*Section 5.3(c)* has been clarified to reflect that a Participant ceases to be a participant in the Plan immediately following the employee's last day of employment.

*Sections 5.8(a)(1)a and b* have been revised to provide for new methodology for calculating the Entity Performance of the Total Endowment Assets (TEA) and the Intermediate Term Fund (ITF).

*Section 5.8(a)(1)c* has been revised to provide a calculation methodology for calculating a subset of an asset class.

*Section 5.8(a)(2)c* has been revised to provide that the Peer Group component will be measured based on one-year and three-year historical performance, measured independently and each accounting for 50% of the Peer Group performance award.

*Section 5.9(a)* has been revised to provide for a two-year rolling “phase-in” for Entity Performance for the TEA and the ITF when calculating three-year historical performance.

*Section 5.9(b)* has been revised to provide for a two-year rolling “phase-in” for Asset Class Performance when calculating three-year historical performance.

*Section 5.9(e)* has been revised to provide that Plan Participants who become eligible for Asset Class Performance Awards will inherit the historical three-year performance cycle of that asset class, or subset of that asset class, rather than be “phased in” to the asset class performance cycle over a 36-month period. Likewise, Plan Participants who are removed from responsibility for an asset class, or a subset of an asset class, will have no portion of the historical three-year performance cycle applied to their asset class performance award after responsibility for that asset class, or a subset of that asset class, has been removed.

*Section 7.1* has been revised to state that the Board has the authority to provide an increase in performance awards up to 5% of the maximum Award Opportunity, rather than 5% of the earned Performance Awards.

*Section 7.9(a)* has been revised to reflect that the Compensation Program supersedes prior versions of the plan, except as provided in Sections 5.8 and 5.9.

*In Sections 8.17 and 8.34*, the definitions of ITF Policy Portfolio Return and TEA Policy Portfolio Return have been omitted as no longer applicable given the changes to Section 5.8(a).

*In Section 8.18*, a new definition of Net Asset Value (NAV) has been added.

Appendix A has been updated based on Table 1 adjustments to use the Eligible Position of Managing Director Investments as an example, rather than using the CEO, and to reflect proposed Plan design changes.

Table 1 has been changed as follows:

1. increased the Qualitative Weightings and decreased the Quantitative Weightings for several Eligible Positions;
2. increased the maximum Award Opportunities for several Eligible Positions;
3. consolidated several Eligible Positions into similar eligible position categories; and
4. added one additional Eligible Positions of Chief Human Resources Officer.

Table 2 has been changed as follows:

1. removed Maximum Performance Standard for the Entity: Benchmark Total Endowment Funds (TEA);
2. removed Maximum Performance Standard for the Entity: Benchmark Intermediate Term Funds (ITF);
3. changed and/or added the threshold and maximum Performance Standards for several Asset Classes; and
4. added footnote to document that any Asset Class not included in Table 2 would be proportionately counted in Entity Performance and would have a Maximum Performance Standard of 0 bps.

Table 3 has been changed to align the Eligible Positions with Table 1 as follows:

1. revised eligible positions consistent with Table 1; and
2. removed certain eligible positions.



8. Contract (funds going out) - U. T. System: Amendment to Agreement with Aramark Refreshment Services, LLC, to supply and maintain prepared meals in vending machines

Agency: Aramark Refreshment Services, LLC

Funds: \$250,000 over the term of the Agreement, including renewals

Period: July 23, 2024 through June 30, 2025; with two one-year renewal options

Description: Aramark Refreshment Services, LLC, will supply and maintain prepared meals for vending machines at the U. T. System Administration Building.

Board approval for this Agreement is sought in accordance with *Texas Government Code* Section 2203.005(a), which requires governing board approval of such vending machine placement agreements, and in accordance with U. T. Systemwide Policy UTS 130 pertaining to Vending Machine Contracts.

9. Contract (funds going out) - U. T. System: Amendment to Agreement with Grant Thornton, LLP, to provide technical accounting services related to Governmental Accounting Standards Board (GASB)

Agency: Grant Thornton, LLP

Funds: Estimated \$2,300,000 over the term of the contract, inclusive of optional renewals

Period: August 7, 2023 through August 31, 2025

Description: Grant Thornton, LLP, will continue to provide technical accounting services related to Governmental Accounting Standards Board (GASB) pronouncements and other related authoritative accounting guidance applicable to State governments and the higher education sector.

The initial Agreement dated September 24, 2021, the First Amendment effective March 18, 2022, and the Second Amendment effective June 1, 2022, did not require Board approval as the total contract amount was below U. T. System's delegated approval threshold. The Third Amendment, effective September 16, 2022, received Board approval on May 4, 2023, as expenditures under the Agreement were expected to reach \$1,000,000, which was the U. T. System's delegated approval threshold at the time. A Fourth Amendment was effective August 7, 2023, increased the contract value to \$1,950,000, requiring Board approval as the increase is more than 25% of the contract value previously approved by the Board. A Fifth Amendment extends the contract term through August 31, 2025, and increases the contract value to \$2,230,000.

10. Request for Budget Change - **U. T. System**: Transfer \$308,453,000 from the U. T. System share of the special one-time supplemental AUF allocation made by the U. T. System Board of Regents on November 16, 2023, to Unexpended Plant Funds for future capital project uses (RBC No. 13261) -- amendment to the FY 2024 budget
  
11. Other Fiscal Matters - **U. T. System**: Approval for an allocation of \$10,000,000 to U. T. Permian Basin from funds generated through the U. T. System Internal Lending Program to support institutional operations

The Chancellor, with the concurrence of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Business Affairs, recommends approval of an allocation of \$10,000,000 to U. T. Permian Basin from funds generated through the U. T. System Internal Lending Program (ILP) to support institutional operations.

#### BACKGROUND INFORMATION

Executive Vice Chancellor Pruitt has determined that, following the allocation of ILP funds based on Board approval of this item, revenues generated through the internal lending program will exceed amounts needed to maintain a sufficient interest rate buffer, to meet principal and interest due on external debt, and to provide necessary liquidity.

## ACADEMIC AFFAIRS COMMITTEE

12. Lease - U. T. System: Authorization to lease approximately 25,944 rentable square feet of office space located at 15 Smith Road, Midland, Midland County, Texas, from The Old Gulf Building, LLC, for mission and administrative use by the Office of University Lands

Description: Authorization to lease approximately 25,944 rentable square feet of office space located at 15 Smith Road, Midland, Midland County, Texas, from The Old Gulf Building, LLC, for mission and administrative use by the Office of University Lands.

Lessor: The Old Gulf Building, LLC, a Texas limited liability company

Term: The term of the lease will be for approximately 84 months, and any partial month, from the lease commencement date, which is estimated to be September 1, 2024. Lessor will also have the option to extend the term of the lease for two renewal periods of 60 months each. Lessee may have the option to terminate the lease after 60 months from the lease commencement date.

Lease Cost: Estimated base rent for the initial term and potential renewal terms is approximately \$12,790,392.

Base Rent over the initial lease year will be \$25.00 per square foot annually with \$0.50 annual increases thereafter. The base rent for the first potential renewal period will start at the lesser of \$28.50 per square foot annually or fair market value, with \$0.50 annual increases thereafter. The base rent for the second potential renewal period will start at the lesser of \$31.00 per square foot annually or fair market value, with \$0.50 annual increases thereafter. Tenant will be responsible for any future operating expenses over the base year of 2024 (which is approximately \$12.00 per square foot). Assuming 3% annual operating expense increases, estimated operating expenses during the initial term will be approximately \$206,243 and estimated operating expenses for the renewal periods will be approximately \$1,276,173. All utility charges and janitorial expenses for the premises are included in the base rent for the lease, subject to increases above the base year. Tenant will also be provided with approximately 60 covered parking spaces, for an additional parking fee of approximately \$39,600 per year.

Tenant Improvements: U. T. will contribute up to approximately \$500,000 towards improvements to the leased space.

Total Cost: The total estimated lease expense over the initial lease term and potential renewal periods is approximately \$15,446,008, which includes base rent, all operating expenses, proposed tenant improvement paid by University Lands, potential parking expenses, and all additional costs outlined above.

13. Contract (funds going out) - U. T. Arlington: Amendment to Agreement with Turning Tech Intermediate, Inc., dba Echo 360, to provide audiovisual recordings of lectures and events

Agency: Turning Tech Intermediate, Inc., dba Echo 360

Funds: \$2,782,800 over the life of the contract

Period: December 30, 2023 through December 29, 2026

Description: Second Amendment to renew the Agreement for three years and add 10,000 users. Echo 360 provides cloud-based software that enables the automated audiovisual recording of lectures and events in classrooms and other campus venues. It allows U. T. Arlington to make audiovisual recordings available online for virtual attendance to classes and events.

The original contract was competitively procured and approved by the Board of Regents on August 15, 2019, for the amount of \$1,500,000. The First Amendment added automatic speech recognition and provided for three additional one-year renewals. The annual cost increase is due to the addition of automatic speech recognition capabilities and the additional 10,000 users.

14. Request for Budget Change - U. T. Arlington: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Architecture, Planning and Public Affairs</b>		
Architecture		
David Franco	New Hire	Associate Professor (T)
Charles MacBride	Assistant Professor	Associate Professor (T)
Landscape Architecture		
Joowon Im	Assistant Professor	Associate Professor (T)
Public Affairs and Planning		
Deden Rukmana	New Hire	Professor (T)
Jiwon Suh	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>College of Business</b>		
Information Systems and Operations Management Jayarajan Samuel	Assistant Professor	Associate Professor (T)
<b>College of Education</b>		
Curriculum and Instruction Candace Lafferty	Assistant Professor	Associate Professor (T)
John Romig	Assistant Professor	Associate Professor (T)
<b>College of Engineering</b>		
Bioengineering Justyn Jaworski	Assistant Professor	Associate Professor (T)
Civil Engineering Habib Ahmari	Assistant Professor	Associate Professor (T)
Michelle Hummel	Assistant Professor	Associate Professor (T)
Pengfei Li	Assistant Professor	Associate Professor (T)
Computer Science and Engineering Shirin Nilizadeh	Assistant Professor	Associate Professor (T)
Industrial Manufacturing and Systems Engineering Shuchi Deb	Assistant Professor	Associate Professor (T)
Yuan Zhou	Assistant Professor	Associate Professor (T)
Material Science Engineering Ye Cao	Assistant Professor	Associate Professor (T)
Mechanical and Aerospace Engineering Nora Ameri	Assistant Professor	Associate Professor (T)
Shuo Wang	Assistant Professor	Associate Professor (T)
<b>College of Liberal Arts</b>		
Art and Art History Justin Ginsberg	Assistant Professor	Associate Professor (T)
Communication Grace Brannon	Assistant Professor	Associate Professor (T)
Mengqi Zhan	Assistant Professor	Associate Professor (T)
Linguistics and TESOL Andrew Hippisley	New Hire	Professor (T)
Political Science Bai Linh Hoang	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>College of Nursing and Health Innovation</b>		
Kinesiology		
Ann Amuta-Jimenez	New Hire	Associate Professor (T)
Kyrah Brown	Assistant Professor	Associate Professor (T)
Daniel Trott	Assistant Professor	Associate Professor (T)
Nursing		
Jessica Smith	Assistant Professor	Associate Professor (T)
Tanya Sudia	New Hire	Professor (T)
<b>College of Science</b>		
Biology		
Cara Boutte	Assistant Professor	Associate Professor (T)
Luke Frishkoff	Assistant Professor	Associate Professor (T)
Earth and Environmental Sciences		
Behzad Ghanbarian	New Hire	Associate Professor (T)
Math		
Souvik Roy	Assistant Professor	Associate Professor (T)
Physics		
Nevin Weinberg	Associate Professor	Professor (T)
Psychology		
Hunter Ball	Assistant Professor	Associate Professor (T)
Stephen Lomber	New Hire	Professor (T)
<b>School of Social Work</b>		
Social Work		
Tonya Hansel	New Hire	Professor (T)
Catherine LaBrenz	Assistant Professor	Associate Professor (T)
Melissa Lewis	New Hire	Professor (T)
Dana Litt	New Hire	Professor (T)
Jennifer O'Brien	New Hire	Associate Professor (T)
Kathleen Preble	New Hire	Associate Professor (T)
Kathy Siepker	Assistant Professor	Associate Professor (T)
Michelle Washburn	Assistant Professor	Associate Professor (T)

15. Contract (funds going out) - U. T. Austin: Capital Metropolitan Transportation Authority to provide transportation to and from the University for students, faculty, and staff

Agency: Capital Metropolitan Transportation Authority

Funds: \$22,700,000

Period: September 1, 2024 through August 8, 2027

Description: Under the Agreement, Capital Metropolitan Transportation Authority will provide transportation services for U. T. Austin students, faculty, and staff.

16. Contract (funds going out) - U. T. Austin: Amendment to Agreement with Amazon Web Services, Inc., to provide campus-wide cloud computing services

Agency: Amazon Web Services, Inc.

Funds: \$45,000,000

Period: August 1, 2024 through August 1, 2034

Description: Under this Fifth Amendment, Amazon Web Services will continue to provide campus-wide cloud computing services. The Fifth Amendment adds funds to the Agreement and increases the term dates. The Agreement was procured pursuant to a Best Value Determination.

The initial Agreement effective November 12, 2019; the First Amendment effective April 30, 2021; the Second Amendment effective June 29, 2021; the Third Amendment effective November 5, 2021; and the Fourth Amendment, effective June 5, 2024, did not require Board approval as the total contract amount was below the institution's delegated approval threshold of \$5,000,000.

17. Contract (funds going out) - U. T. Austin: Amendment to Agreement with Grep Texas, LLC., dba Greystar, to provide property management services to U. T. Austin

Agency: Grep Texas, LLC., dba Greystar

Funds: \$11,920,000, over the full contract term

Period: August 1, 2024 through August 4, 2026

Description: Grep Texas, LLC., dba Greystar, provides property management services to U. T. Austin at the Lake Austin Boulevard Apartments, located at 2600 Lake Austin Boulevard, to include leasing and maintenance requirements. The initial Agreement had a term of August 5, 2022 through August 4, 2024, and the First Amendment was effective September 1, 2023. The initial Agreement and First Amendment did not require Board approval as the value did not exceed the institution's delegated authority threshold of \$5,000,000. This Second Amendment extends the term for an additional two years, through August 4, 2026, and increases the contract value to \$11,920,000. The Agreement was acquired based on a sole source justification.

18. Contract (funds going out) - U. T. Austin: Amendment to Agreement with Sumaj Staffing to provide temporary staffing services to support the Division of Student Affairs, University Housing and Dining

Agency: Sumaj Staffing

Funds: \$6,000,000

Period: June 20, 2024 through September 30, 2024

Description: Sumaj Staffing will continue to provide temporary staffing services to support the Division of Student Affairs' University Housing and Dining food service operations.

The initial Agreement had a term of September 16, 2022 through September 15, 2023, and a total value of \$950,000. The First and Second Amendments extended the term dates and added additional funds, giving the current Agreement a value of \$5,000,000, and a termination date of April 30, 2024.

The initial Agreement and the first two Amendments did not require Board approval as the value did not exceed the institution's delegated authority threshold of \$5,000,000. Upon approval and execution of this Third Amendment, the total contract value will increase to \$6,000,000 and the termination date will extend to September 30, 2024. The Agreement was procured pursuant to a Best Value Determination.



19. Contract (funds going out) - U. T. Austin: Amendment to Agreement with the Texas Center for Child and Family Studies to provide funding to support statewide programs for families with adopted persons

Agency: Texas Center for Child and Family Studies

Funds: \$9,195,743

Period: From the date of execution of the Agreement through August 31, 2025

Description: The 88th Texas Legislature appropriated \$12,000,000 to U. T. Austin's Center for Societal Impact in the Steve Hicks School of Social Work to create programs for adopted persons. Through this Agreement, U. T. Austin has provided funding to the Texas Center for Child and Family Studies, the largest statewide membership organization for child welfare services in Texas, to support statewide programs for families with adopted persons, to provide critical post-adoption resources, and to deliver statewide training and technical assistance to community organizations.

The initial Agreement had a term of October 3, 2023 through August 31, 2024, and a value of \$4,601,723, and did not require Board approval. This First Amendment increases the contract value to \$9,195,746 and extends the term date. The Agreement was procured pursuant to an Exclusive Acquisition Justification in 2023.

20. Contract (funds coming in and going out) - U. T. Austin: Amendment to Academic and Educational Experience Director Services Agreement with Ascension Seton, The University of Texas at Austin on behalf of the Dell Medical School, and ESP Payroll Services, PA

Agency: Ascension Seton (Seton) and ESP Payroll Services, PA (ESP)

Funds: \$2,000,000 for this Ninth Amendment, for a total contract value of \$12,562,500

Period: July 1, 2024 through June 30, 2025

Description: Physicians or other pertinent personnel employed by or under contract with ESP Payroll Services, PA, dedicate a portion of their professional time to providing academic services for the Dell Medical School’s Emergency Medicine Residency and Pediatric Emergency Medicine Fellowship programs. Seton Family of Hospitals pays U. T. Austin an amount to cover the cost of services to be provided by ESP, and U. T. Austin pays ESP for the services rendered, up to 20% of which will be subject to a satisfactory performance evaluation by the Department Chair.

The initial Agreement, which was approved by the Board of Regents on November 10, 2016, was for a term beginning October 1, 2016 through September 30, 2018, during which time Seton paid \$969,808 per year to U. T. Austin, and U. T. Austin paid that amount to ESP in turn, for a total of \$1,939,616. The First Amendment did not increase the contract value and did not require Board approval. The Second Amendment, which was approved by the Board on November 15, 2018, was for a term beginning October 1, 2018 through September 30, 2019, with one automatic renewal period of 12 months, and increased the annual payments to \$1,009,008, for a total additional amount of \$2,018,016. The Third and Fourth Amendments did not require Board approval. The Fifth Amendment, which was approved by the Board on August 19, 2021, extended the term by one year until June 30, 2022, and increased the total contract value by \$1,845,103, for a total contract value of \$5,802,735. The Sixth Amendment did not require Board approval. The Seventh Amendment extended the term by one year and the total contract value increased to \$8,450,000. The Eighth Amendment had a term of October 1, 2023 through June 30, 2024 and added \$2,112,500 to the Agreement, increasing the total value to \$10,562,500. The Eighth Agreement did not require Board approval as the increase did not exceed 25% of the value previously approved by the Board. This Ninth Amendment extends the Agreement one additional year and adds \$2,000,000 to the total value of the Agreement; increasing the total value to \$12,562,500. The initial Agreement was procured via an Exclusive Acquisition Justification Best Value.

21. Foreign Contract - U. T. Austin: Data Sharing Agreement with City, University of London, to allow exchange of data between the universities

Agency: City, University of London

Funds: None

Period: August 23, 2024 through March 27, 2027

Description: This Data Sharing Agreement governs the sharing of personal student data to facilitate the administration of the student exchange program between U. T. Austin and City, University London, in accordance with the United Kingdom General Data Protection Regulation Legislation and the United Kingdom Data Protection Act of 2018.

22. Foreign Contract - U. T. Austin: Data Sharing Agreement with Universitat de Politècnica de València to allow exchange of data between the universities

Agency: Universitat de Politècnica de València

Funds: None

Period: August 23, 2024 through October 16, 2025

Description: U. T. Austin and Universitat de Politècnica de València, a public university in Portugal, have entered into a Student Exchange and Program Agreement (Affiliation Agreement).

In conjunction with the Affiliation Agreement, and to facilitate the administration of the student exchange program, Universitat de Politècnica de València requires U. T. Austin, on behalf of its Cockrell School of Engineering and School of Architecture, to enter into a Data Sharing Agreement to govern the sharing of personal student data in accordance with the European Union's General Data Protection Regulation Legislation.

23. Foreign Contract (funds going out) - U. T. Austin: Purchase of materials from the Science and Technology Facilities Council of the United Kingdom Research and Innovation

Agency: Science and Technology Facilities Council of the United Kingdom Research and Innovation, a part of the government of the United Kingdom

Funds: \$44,000

Description: Request for approval to purchase a compact, pixelated high-energy detector system for research to develop adaptive robot-assisted imaging systems for nuclear medicine applications for work to be completed by the Cockrell School of Engineering's Mechanical Engineering Department.

24. Foreign Contract (funds going out) - U. T. Austin: Sponsorship Agreement with Benue State University

Agency: Benue State University, a public university in Nigeria

Funds: \$10,000

Period: July 27, 2024 through October 1, 2024

Description: U. T. Austin's College of Liberal Arts' Department of History will provide sponsorship funds to Benue State University in the amount of \$10,000. These funds will support an international conference to be held in Nigeria entitled "Water Bodies and Development in Africa." Under the Agreement, sponsorship funds will be used for various conference-related charges. In exchange for the sponsorship, U. T. Austin will receive acknowledgment in all conference publicity announcements and publications relating to the conference as well as complimentary copies of the publications and/or abstracts distributed during the event.

25. Foreign Contract (funds going out) - U. T. Austin: Sponsorship Agreement with Nova School of Business and Economics

Agency: Nova School of Business and Economics, a public university in Lisbon, Portugal

Funds: \$1,250

Period: June 14, 2024 through August 23, 2024

Description: U. T. Austin is sponsoring an international conference hosted by Nova School of Business and Economics. The “20th Symposium on Statistical Challenges in Electronic Commerce Research” focuses on topics of econometric analyses, machine learning algorithms, and statistical inference techniques. In exchange for the sponsorship, U. T. Austin will receive access to the materials presented as well as name recognition for the McCombs School of Business.

26. Foreign Contract (funds coming in and going out) - U. T. Austin: Art Loan Agreement with National Library of Colombia and Fundación Gabo

Agency: National Library of Colombia and Fundación Gabo

Funds: Initial expense of \$55,000 to be reimbursed by National Library of Colombia and Fundación Gabo

Period: March 11, 2025 through August 16, 2025

Description: U. T. Austin’s Harry Ransom Center will loan to the National Library of Colombia and Fundación Gabo, a public entity in Colombia, 89 pieces of art, writings, and other materials related to Gabriel García Márquez. These materials will be displayed in an exhibition entitled “Gabriel García Márquez: The Making of a Global Writer,” from April 29, 2025 through August 2, 2025.

U. T. Austin will pay certain shipping expenses, which will be reimbursed by the National Library of Colombia and Fundación Gabo.

27. Request for Budget Change - U. T. Austin: Tenure Appointments -- amendments to the FY 2024 budget

The following Requests for Budget Change (RBC) have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>	<u>RBC #</u>
<b>Dell Medical School</b>			
Medicine Paul Mueller	New Hire	Professor (T)	13177
Psychiatry Young Kim	New Hire	Professor (T)	13178
<b>College of Natural Sciences</b>			
Molecular Biosciences Kenneth Keiler	New Hire	Professor (T)	13179

28. Request for Budget Change - U. T. Austin: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Architecture</b>		
Architecture Aleksandra Jaeschke	Assistant Professor	Associate Professor (T)
Katherine Lieberknecht	Assistant Professor	Associate Professor (T)
<b>McCombs School of Business</b>		
Accounting Eric Chan	Assistant Professor	Associate Professor (T)
Finance Mindy Xiaolan	Assistant Professor	Associate Professor (T)
Information, Risk, and Operations Management Jared Murray	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Civic Leadership</b>		
Civic Leadership Carola Binder	New Hire	Associate Professor (T)
<b>Moody College of Communication</b>		
Journalism and Media Samuel Woolley	Assistant Professor	Associate Professor (T)
Speech, Language, and Hearing Sciences Spencer Smith	Assistant Professor	Associate Professor (T)
<b>College of Education</b>		
Curriculum and Instruction Denise Davila	Assistant Professor	Associate Professor (T)
Carlos Nicolas Gómez Marchant	Assistant Professor	Associate Professor (T)
Educational Leadership and Policy Joshua Childs	Assistant Professor	Associate Professor (T)
Denisa Gandara	Assistant Professor	Associate Professor (T)
Educational Psychology Hyeon-Ah Kang	Assistant Professor	Associate Professor (T)
Katherine Muenks	Assistant Professor	Associate Professor (T)
Special Education Peng Peng	Assistant Professor	Associate Professor (T)
Natasha Strassfeld	Assistant Professor	Associate Professor (T)
<b>Cockrell School of Engineering</b>		
Aerospace Engineering and Engineering Mechanics Jingyi Chen	Assistant Professor	Associate Professor (T)
Takashi Tanaka	Assistant Professor	Associate Professor (T)
Biomedical Engineering Sapun Parekh	Assistant Professor	Associate Professor (T)
Chemical Engineering Adrienne Rosales	Assistant Professor	Associate Professor (T)
Electrical and Computer Engineering Edison Thomaz	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Mechanical Engineering		
Nicholas Fey	Assistant Professor	Associate Professor (T)
Yuanyue Liu	Assistant Professor	Associate Professor (T)
Filippo Mangolini	Assistant Professor	Associate Professor (T)
<b>College of Fine Arts</b>		
Music		
Joel Braun	Associate Professor	Associate Professor (T)
Omar Thomas	Assistant Professor	Associate Professor (T)
Theatre and Dance		
Raquel Barreto	Associate Professor	Associate Professor (T)
<b>Jackson School of Geosciences</b>		
Earth and Planetary Sciences		
Nicola Tisato	Assistant Professor	Associate Professor (T)
<b>College of Liberal Arts</b>		
African and African Diaspora Studies		
Abimbola Adelokun	Assistant Professor	Associate Professor (T)
Anthropology		
Aaron Sandel	Assistant Professor	Associate Professor (T)
James Slotta	Assistant Professor	Associate Professor (T)
Economics		
Christoph Boehm	Assistant Professor	Associate Professor (T)
Nitya Pandalai-Nayar	Assistant Professor	Associate Professor (T)
English		
Ana Schwartz	Assistant Professor	Associate Professor (T)
Government		
Tiffany Barnes	New Hire	Professor (T)
Jesse Johnson	New Hire	Associate Professor (T)
History		
Carlos Blanton	New Hire	Professor (T)
Joshua Frens-String	Assistant Professor	Associate Professor (T)
Middle Eastern Studies		
Samy Ayoub	Assistant Professor	Associate Professor (T)



College, Department, and Name	From	To
Psychology		
Kaya De Barbaro	Assistant Professor	Associate Professor (T)
Andrew Gaudet	Assistant Professor	Associate Professor (T)
Robbe Goris	Assistant Professor	Associate Professor (T)
Rhetoric and Writing		
Vox Jo Hsu	Assistant Professor	Associate Professor (T)
Sociology		
Lauren Gaydosh	Assistant Professor	Associate Professor (T)
Women's, Gender, and Sexuality Studies		
Ann Cvetkovich	New Hire	Professor (T)
<b>Dell Medical School</b>		
Psychiatry		
Joseph Dunsmoor	Assistant Professor	Associate Professor (T)
<b>College of Natural Sciences</b>		
Astronomy		
Brendan Bowler	Assistant Professor	Associate Professor (T)
Caroline Morley	Assistant Professor	Associate Professor (T)
Computer Science		
Alexander Huth	Assistant Professor	Associate Professor (T)
Integrative Biology		
Justin Havird	Assistant Professor	Associate Professor (T)
Marine Science		
Robert Griffitt	New Hire	Professor (T)
Molecular Biosciences		
Can Cenik	Assistant Professor	Associate Professor (T)
Daniel Dickinson	Assistant Professor	Associate Professor (T)
Nutritional Sciences		
Ryan Gray	Assistant Professor	Associate Professor (T)
Physics		
Aaron Zimmerman	Assistant Professor	Associate Professor (T)
Statistics and Data Sciences		
Abhra Sarkar	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>School of Nursing</b>		
Nursing		
Ashley Henneghan	Assistant Professor	Associate Professor (T)
<b>College of Pharmacy</b>		
Pharmacy		
Laura Fonken	Assistant Professor	Associate Professor (T)
Grace Lee	Assistant Professor	Associate Professor (T)
<b>Lyndon B. Johnson School of Public Affairs</b>		
Public Affairs		
Anna Gunderson	New Hire	Associate Professor (T)
<b>School of Social Work</b>		
Social Work		
Mary-Ellen Brown	New Hire	Associate Professor (T)
Kasey Claborn	Assistant Professor	Associate Professor (T)

29. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Head Baseball Coach Jim Schlossnagle

The following terms of the Employment Agreement for new Head Baseball Coach Jim Schlossnagle have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the terms are approved, total annual compensation will be in excess of \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed: **Guaranteed compensation:**

Annual Salary  
 Contract Year 1 (June 25, 2024 - June 30, 2025): \$1,000,000  
 Contract Year 2 (July 1, 2025 - June 30, 2026): \$1,000,000  
 Contract Year 3 (July 1, 2026 - June 30, 2027): \$2,680,000  
 Contract Year 4 (July 1, 2027 - June 30, 2028): \$2,680,000  
 Contract Year 5 (July 1, 2028 - June 30, 2029): \$2,680,000  
 Contract Year 6 (July 1, 2029 - June 30, 2030): \$2,680,000  
 Contract Year 7 (July 1, 2030 - June 30, 2031): \$2,680,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures, and based on availability and business need

Relocation and Temporary Housing Allowance: \$40,000

Tickets available upon request for use in accordance with Athletics Department's policies and procedures:

- (a) Up to 16 tickets to all home regular season and postseason baseball games; and
- (b) Up to eight tickets for away regular season and postseason baseball games; and
- (c) Up to two tickets for home games for all other sports

**Nonguaranteed compensation:**

Sports Camps and Clinics: In accordance with Athletics Department's policies and procedures and as determined by the Vice President and Athletics Director

Incentives:

Performance incentives: maximum of \$500,000 annually:

- (1) Conference Champion (not to exceed \$100,000):
  - (a) \$50,000 in any contract year in which the team participates in the Regular Season Conference Championship Game; and
  - (b) \$50,000 in any contract year in which team wins the Conference Tournament Championship; and
- (2) The highest of the following NCAA Division I Baseball Tournament Championship achievements (not cumulative – not to exceed \$300,000):
  - (a) \$50,000 in any contract year in which the team participates in the NCAA Division I Regional Baseball Tournament; or
  - (b) \$100,000 in any contract year in which the team advances to the NCAA Division I Super Regional Baseball Series; or
  - (c) \$150,000 in any contract year in which the team advances to the NCAA Division I College Baseball World Series; or
  - (d) \$200,000 in any contract year in which the team advances to the NCAA Division I College Baseball World Series Championship Series; or
  - (e) \$300,000 in any contract year in which the team wins the NCAA Division I Baseball National Championship; and
- (3) Coaching Recognition (not to exceed \$100,000):
  - (a) \$50,000 in any contract year in which Coach is named Conference Coach of the Year (Coaches' Vote);and
  - (b) \$50,000 in any contract year in which Coach is named National Coach of the Year (Coaches' Association)

Source of Funds: Intercollegiate Athletics

Period: June 25, 2024 through June 30, 2031

30. Employment Agreement - U. T. Austin: Report for the Record concerning Change of Name for Limited Liability Company holding the Professional Services and Intellectual Property Agreement for Head Football Coach Steve Sarkisian and approval of conforming nonsubstantive changes to the current Employment Agreement for Coach Sarkisian and the related Professional Services and Intellectual Property Agreement

On February 25, 2021, the U. T. System Board of Regents approved the terms of an Employment Agreement with Head Football Coach Sarkisian and a related Professional Services and License Agreement with a to-be-named Limited Liability Company (LLC). On February 22, 2024, the Board of Regents approved changes to the terms of the Employment Agreement and to the Professional Services and Intellectual Property Agreement with Sark Enterprises, Inc. The Board is now asked to approve Second Amendments to the Employment Agreement and the Professional Services and Intellectual Property Agreement to update references to the entity that performs services and receives funds under the Professional Services Agreement from Sark Enterprises, Inc. to Fourth and Short, Inc. The requested changes have been reviewed by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the Board.

There are no additional proposed changes to the terms of the Employment Agreement or the Professional Services and Intellectual Property Agreement, and the amendments recommended for approval do not change the term of the Agreements or the terms of approved compensation, including the source of funds (Intercollegiate Athletics) and the contract end date (December 31, 2030).

31. Sale of Surplus Property - U. T. Austin: Authorization for the Center for Energy and Environmental Resources to sell equipment

The following sale of surplus property has been administratively approved by the Executive Vice Chancellor for Academic Affairs. A sale in the amount of \$100,000 or more requires approval through the Consent Agenda by the U. T. System Board of Regents to comply with Regents' *Rules and Regulations*, Rule 80201.

Item to be Sold: High-Temperature Two-Stage Skid Asset

Amount: \$125,000

Purchaser: Brigham Young University

Explanation: U. T. Austin will sell a high-temperature two-stage skid asset owned by the Center for Energy and Environmental Resources, currently housed at the Pickle Research Center. The equipment was purchased on October 10, 2011, for \$577,958.67. Disposal of the equipment is necessary to clear space for facility upgrades associated with a recently awarded Department of Energy grant. The equipment is not useful to U. T. Austin faculty.

Method of Sale: Negotiated Bid

32. Contract (funds going out) - U. T. Dallas: Attain Consulting Group LLC, dba Attain Partners, to provide implementation services via a campus-wide enterprise Customer Relationship Management (CRM) system

Agency: Attain Consulting Group LLC, dba Attain Partners

Funds: \$3,573,372

Period: April 15, 2024 through July 15, 2025

Description: U. T. Dallas seeks to implement an enterprise Customer Relationship Management (CRM) solution providing a 360-degree view of all student interactions and engagement with faculty and staff over the complete student life cycle, from prospective applicant through alumnus/a. This implementation includes integration with other systems and migration of data from other platforms currently used on campus and centralizes student and alumni information and communications. This campus-wide implementation will enhance reporting and analysis to enable U. T. Dallas to support strategic enrollment impacts of shaping recruitment, onboarding new students, improving retention and student success, and decreasing time to graduation. This Agreement was competitively bid.

33. Purchase Order - U. T. Dallas: Purchase from Mr. Jeffrey Montgomery of Artworks for The Crow Museum of Asian Art

Agency: Mr. Jeffrey Montgomery

Funds: \$3,553,350

Source of Funds: Unrestricted investment earnings

Description: Purchase of approximately 1,200 works of Japanese art from the Montgomery Collection of Japanese antiquities in Lugano, Switzerland, for addition to the permanent collection of The Crow Museum of Asian Art of the University of Texas at Dallas.

34. Request for Budget Change - U. T. Dallas: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Harry W. Bass Jr. School of Arts, Humanities, and Technology</b>		
Arts, Technology, and Emerging Communication		
Hong-An Wu	Assistant Professor	Associate Professor (T)
History		
Whitney Stewart	Assistant Professor	Associate Professor (T)
Literature		
Erin Greer	Assistant Professor	Associate Professor (T)
<b>School of Behavioral and Brain Sciences</b>		
Dean		
Adam Woods	New Hire	Professor (T)
<b>School of Economic, Political and Policy Sciences</b>		
Economics		
Darwin (Trey) Miller	Associate Professor	Associate Professor (T)
Public and Nonprofit Management		
Elizabeth Searing	Assistant Professor	Associate Professor (T)
<b>Erik Jonsson School of Engineering and Computer Science</b>		
Computer Science		
Shuang Hao	Assistant Professor	Associate Professor (T)
Wei Yang	Assistant Professor	Associate Professor (T)
Electrical and Computer Engineering		
Ifana Mahbub	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Mechanical Engineering		
Rodrigo Bernal Montoya	Assistant Professor	Associate Professor (T)
Nandika D'Souza	New Hire	Professor (T)
Justin Koeln	Assistant Professor	Associate Professor (T)
Yue Zhou	Assistant Professor	Associate Professor (T)
<b>Naveen Jindal School of Management</b>		
Finance		
Alejandro Rivera Mesias	Assistant Professor	Associate Professor (T)
Simon Siegenthaler	Assistant Professor	Associate Professor (T)
Luis Felipe Varas Greene	New Hire	Associate Professor (T)
Information Systems		
Radha Mookerjee	Assistant Professor	Associate Professor (T)
Marketing		
Tongil Kim	Assistant Professor	Associate Professor (T)
Operations Management		
Guihua Wang	Assistant Professor	Associate Professor (T)
Yining Wang	Associate Professor	Associate Professor (T)
<b>School of Natural Sciences and Mathematics</b>		
Biological Sciences		
Nicole DeNisco	Assistant Professor	Associate Professor (T)
Mathematical Sciences		
Carlos Arreche Aguayo	Assistant Professor	Associate Professor (T)
Xiwei Tang	New Hire	Associate Professor (T)
Nathan Williams	Assistant Professor	Associate Professor (T)
Physics		
Michael Kolodrubetz	Assistant Professor	Associate Professor (T)
Kaloyan Penev	Assistant Professor	Associate Professor (T)
Bei Zeng	New Hire	Professor (T)

35. Gift - U. T. Dallas: Authorization to accept the gift of sculpture entitled “Enlightened One” by Liu Yonggang to be placed outside the Edith and Peter O’Donnell Jr. Athenaeum

Description:

U. T. Dallas is requesting approval to accept a gift of outdoor art from Trammell S. Crow of a sculpture to be placed outside the northwest corner of the Edith and Peter O’Donnell Jr. Athenaeum. A three-dimensional “character,” Enlightened One is a sculptural exploration of written language. The 18-foot-tall sculpture is almost readable as the Chinese character 佛 (fo), which means “enlightened one,” but the strong lines of the character forged from columns of steel are a blend of several types of script. These calligraphic lines are also softened in places, positioned as if intertwined limbs of two beings. Other written languages also play a role in the artist’s exploration, including inscriptions on ancient oracle bones, seal script, and scripts from his native Mongolia.

Made of painted steel and weighing nearly 2,000 pounds, Enlightened One stands 18.4 feet tall, 10.5 feet wide and 6.6 feet deep. The donor estimates the sculpture’s retail value at \$150,000, without entering into a formal appraisal process.

Artist Liu Yonggang was born in 1964 in Genhe City, Inner Mongolia. He graduated from Central Academy of Fine Arts in 1986 and the Art Department of Nuremberg College of Fine Arts in Germany in 1997 before serving as a visiting professor at the China Academy of Art in 2012. Yonggang has won numerous international awards, including the 2017 Silver Award “Liu Kaiqu” prize, and currently resides in Beijing, Huizhou, and Berlin.

Originally commissioned by Trammell S. Crow for the Trammell Crow Public Sculpture Garden at the Crow Museum of Asian Art’s downtown Dallas location, the sculpture was a beloved icon in the Dallas Arts District. Bringing the piece into U. T. Dallas’ permanent art collection will further the connection between the museum’s original facility and its forthcoming space on campus while serving as a visible gateway to U. T. Dallas’s new arts complex.

This sculpture will be one of the initial art pieces installed across the O’Donnell Athenaeum. Designed to enhance the plaza areas and engage the community, such pieces will extend traditional gallery space outdoors and greet visitors as they come to campus.

Acceptance of this sculpture also aligns with the university’s campus master plan, as well as the current strategic plan with a theme structured around enriching the arts at U. T. Dallas.



Donor: Trammell S. Crow is the founder of EarthX, the largest annual exposition and forum showcasing the latest initiatives, discoveries, research, policies, and corporate practices serving to re-shape the future. EarthX's signature event has become the largest annual environmental event in the world, growing to include over 177,000 attendees, 2,000 environmental leaders, 700 exhibitors and 450 speakers in 2019. He also founded the *In This Together* Campaign and co-authored *In This Together* which focuses on inspiring environmental leadership across sectors and party lines.

Prior to assuming his present responsibilities, Crow was formerly the president of the Crow Museum of Asian Art from 1998-2018. He also held various other positions within the Crow family businesses. He began his career as a warehouse leasing agent in Denver. He transferred to Houston, developed residential subdivisions, and leased retail space. By 1985, he managed the Dallas Communications Complex, the Studios at Las Colinas, INFOMART, and the Dallas/Fort Worth Teleport. From 1986 to 1993, Crow was chief executive officer of Trammell Crow International, overseeing the Brussels International Trade Mart (the largest in Europe) and developing additional trade marts in Asia.

Value: Donor estimates the cost of the sculpture is \$150,000. U. T. Dallas has allocated \$52,363 to cover expenses related to acceptance of the gift, including but not limited to, transport from the downtown Dallas site, and installation at the Athenaeum. Ongoing maintenance of the sculpture will be funded by the university's arts conservation funds.



36. Request for Budget Change - U. T. El Paso: Transfer \$3,281,000 from Road Shows and Special Events Revenue to Road Shows and Special Events Maintenance and operations to adjust budget related to increased concert and stadium event activities (RBC No. 13267) -- amendment to the FY 2024 budget

37. Request for Budget Change - U. T. El Paso: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Education</b>		
Counseling, Special Educational and Educational Psychology Anjanette Todd	Assistant Professor	Associate Professor (T)
Educational Leadership and Foundations Erin Doran	New Hire	Associate Professor (T)
Teacher Education Daniel Heiman	Assistant Professor	Associate Professor (T)
<b>College of Engineering</b>		
Aerospace and Mechanical Engineering Md Mahamudur Rahman	Assistant Professor	Associate Professor (T)
Computer Science Deepak Tosh	Assistant Professor	Associate Professor (T)
Industrial, Manufacturing and Systems Engineering Amit Lopes	Assistant Professor	Associate Professor (T)
Metallurgy, Materials, and Biomedical Engineering Pedro Cortes	New Hire	Professor (T)
<b>College of Health Sciences</b>		
Kinesiology Jeffrey D. Eggleston	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>College of Liberal Arts</b>		
Art Department		
J Angel Cabrales	Assistant Professor	Associate Professor (T)
Heather G. Kaplan	Assistant Professor	Associate Professor (T)
Jessica L. Tolbert	Assistant Professor	Associate Professor (T)
Communication		
Carlos A. Tarin	Assistant Professor	Associate Professor (T)
Criminal Justice and Security Studies		
Caitlyn N. Muniz	Assistant Professor	Associate Professor (T)
English		
Elisabet Takehana	New Hire	Associate Professor (T)
History		
Leslie Waters	Assistant Professor	Associate Professor (T)
Music		
Brian E. Jarvis	Assistant Professor	Associate Professor (T)
Political Science and Public Administration		
Ljubinka Andonoska	Assistant Professor	Associate Professor (T)
Psychology		
April G. Thomas	Assistant Professor	Associate Professor (T)
<b>College of Science</b>		
Biological Sciences		
Kendall Hirschi	New Hire	Professor (T)
Sourav Roy	Assistant Professor	Associate Professor (T)
Chemistry and Biochemistry		
Sreeprasad T. Sreenivasan	Assistant Professor	Associate Professor (T)
Earth, Environmental and Resource Sciences		
Hind Al-Abadleh	New Hire	Professor (T)
Hugo A. Gutierrez-Jurado	Assistant Professor	Associate Professor (T)
Hernan A. Moreno Ramirez	Assistant Professor	Associate Professor (T)
Jason W. Ricketts	Assistant Professor	Associate Professor (T)
Physics		
Harikrishnan S. Nair	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Pharmacy</b>		
Pharmaceutical Sciences		
Ian A. Mendez	Assistant Professor	Associate Professor (T)
<b>Woody L. Hunt College of Business</b>		
Economics and Finance		
Chia-Chun Chiang	Assistant Professor	Associate Professor (T)

38. Request for Budget Change - U. T. Permian Basin: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Arts and Sciences</b>		
Department of Communication		
Jeremy Cox	Assistant Professor	Associate Professor (T)
Rachel Harlow	Associate Professor	Professor (T)
Department of Geosciences		
Miles Henderson	Assistant Professor	Associate Professor (T)
Mohamed Zobaa	Assistant Professor	Associate Professor (T)
<b>College of Business</b>		
Department of Management, Marketing and Industrial Technology		
Pinyarat Sirisomboonsuk	Assistant Professor	Associate Professor (T)
Moratza Zare	Assistant Professor	Associate Professor (T)

39. Request for Budget Change - U. T. Rio Grande Valley: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>Robert C. Vackar College of Business and Entrepreneurship</b>		
Economics		
Jean-Baptiste Tondji	Assistant Professor	Associate Professor (T)
Information Systems		
Xuan Wang	Assistant Professor	Associate Professor (T)
Finance		
Nam Nguyen	Assistant Professor	Associate Professor (T)
<b>College of Education and P-16 Integration</b>		
Teaching and Learning		
Paul Badenhorst	Assistant Professor	Associate Professor (T)
Bilingual and Literacy Studies		
Xiaodi Zhou	Assistant Professor	Associate Professor (T)
<b>College of Fine Arts</b>		
School of Art and Design		
Gina Palacios	Assistant Professor	Associate Professor (T)
<b>College of Health Professions</b>		
Health and Biomedical Sciences		
Tracia Forman	Assistant Professor	Associate Professor (T)
Alejandro Lopez-Juarez	Assistant Professor	Associate Professor (T)
Physical Therapy		
George Davies	New Hire	Professor (T)
Alex Zuo	New Hire	Professor (T)
<b>College of Liberal Arts</b>		
Sociology		
Katarzyna Sepielak	Assistant Professor	Associate Professor (T)
Literatures and Cultural Studies		
Andre Fleck	New Hire	Professor (T)
Barbara Zimbalist	New Hire	Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Sciences</b>		
School of Integrative Biological and Chemical Sciences		
Debasish Bandyopadhyay	Assistant Professor	Associate Professor (T)
Physics and Astronomy		
Hyeongjun Kim	Assistant Professor	Associate Professor (T)
School of Integrative Biological and Chemical Sciences		
Nirakar Sahoo	Assistant Professor	Associate Professor (T)
Pushpa Soti	Assistant Professor	Associate Professor (T)
School of Earth, Environmental, and Marine Sciences		
Veerachandra Yemmireddy	Assistant Professor	Associate Professor (T)
Roldan Valverde	New Hire	Professor (T)
<b>College of Engineering and Computer Science</b>		
Computer Science		
Marziehossadat Ayati	Assistant Professor	Associate Professor (T)

40. Lease - U. T. Rio Grande Valley: Authorization to lease approximately 89,893 rentable square feet of space located at 80 Fort Brown Road, Brownsville, Cameron County, Texas, on the Texas Southmost College campus, from the Texas Southmost College District, for mission uses, including administrative, office, classroom, and laboratory uses

Description: Lease of space for a total of approximately 89,893 square feet located in various buildings and suites on the Texas Southmost College campus located at 80 Fort Brown Road, Brownsville, Cameron County, Texas, for administrative, office, classroom, and laboratory uses.

On August 25, 2022, the Board of Regents approved a lease by the institution of approximately 157,842 square feet of space at this location; U. T. Rio Grande Valley is currently occupying a portion of the space in holdover status relating to that prior lease. U. T. Rio Grande Valley plans to continue to periodically reduce the size of the leased area during the term as it relocates to other, more conducive space to better serve the institution's long-term needs.

Lessor: Texas Southmost College District

Term: The lease term for each of the spaces shall be for two years, projected to begin on September 1, 2024, and to expire on August 31, 2026. The original lease of space commenced on September 1, 2013, shortly after the dissolution of the affiliation between U. T. Brownsville and Texas Southmost College District.

Lease Cost: Not to exceed fair market value as established by an independent appraisal. Appraisal is confidential pursuant to *Texas Education Code* Section 51.951. The Lease is a full-service gross lease with Lessor responsible for operating expenses including janitorial services.



41. Contract (funds going out) - U. T. San Antonio: Global Education Ventures, Srl. (GEV) to provide support for Urbino Italy Study Abroad Program

Agency: Global Education Ventures, Srl. (GEV)

Funds: Approximately \$20,000,000 (current Euro value) in possible total cost to U. T. San Antonio for the initial term and the two optional renewal terms. Payments are anticipated to be "pass-through" payments with each student that desires to participate in each semester's study abroad program paying U. T. San Antonio, and U. T. San Antonio utilizing the funds to pay GEV.

Period: April 1, 2024 through August 31, 2030; with two additional 24-month renewal periods upon the mutual written agreement of the parties.

Description: The Agreement secures room and board, academic space, office space, and various as-requested academic services on an as-needed, indefinite quantity, per semester basis, all to support U. T. San Antonio's study abroad program in Urbino Italy. Services will be secured for each necessary semester through template Order Forms to be executed between GEV and U. T. San Antonio as established in and in accordance with the terms of the Agreement. The facilities and services will be provided primarily on the campus of the University of Urbino, in Urbino Italy. GEV is the University of Urbino's contracted facility management provider, and the Agreement specifically requires GEV to maintain this contractual relationship.

42. Contracts (funds going out) - U. T. San Antonio: The Pounds Group LLC, dba Sullivan Contracting Services; Noble Texas Builders, LLC; J.T. Vaughn Construction, LLC; and Skanska USA Building Inc. to provide job order contracting services for minor construction projects

Agencies: 1. The Pounds Group LLC, dba Sullivan Contracting Services  
 2. Noble Texas Builders, LLC  
 3. J.T. Vaughn Construction, LLC  
 4. Skanska USA Building Inc.

Funds: Possible fees of up to \$12,500,000 for each agreement for the entire term, including all renewal terms. Total fees may increase or decrease depending on volume of construction projects. Each job order issued under each Agreement will be independently evaluated and executed.

Period: February 1, 2024 through February 1, 2026; with two additional one-year renewal options, with each renewal option being at U. T. San Antonio's discretion

Description: The Agreement secures as-needed, indefinite quantity job order contracting services to support U. T. San Antonio's minor construction and renovation projects.

43. Request for Budget Change - U. T. San Antonio: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Education and Human Development</b>		
Department of Counseling		
Claudia Interiano-Shiverdecker	Assistant Professor	Associate Professor (T)
Devon Romero	Assistant Professor	Associate Professor (T)
Priscilla Prasath	Assistant Professor	Associate Professor (T)
Peggy Ceballos	New Hire	Professor (T)
Department of Educational Leadership and Policy Studies		
Vanessa Sansone	Assistant Professor	Associate Professor (T)
Department of Interdisciplinary Learning and Teaching		
Idalia Nunez	New Hire	Associate Professor (T)

College, Department, and Name	From	To
<b>College of Liberal and Fine Arts</b>		
Department of Anthropology		
Fernando Campos	Assistant Professor	Associate Professor (T)
Eva Wikberg	Assistant Professor	Associate Professor (T)
Department of Modern Languages and Literatures		
Pablo Requena	Assistant Professor	Associate Professor (T)
Interdisciplinary School for Engagement in the Humanities and Social Sciences		
Emilie Amrein	New Hire	Professor (T)
<b>College of Sciences</b>		
Department of Computer Science		
Wei Wang	Assistant Professor	Associate Professor (T)
Department of Neuroscience, Developmental and Regenerative Biology		
Lindsey Macpherson	Assistant Professor	Associate Professor (T)
<b>College for Health, Community and Policy</b>		
Department of Criminology and Criminal Justice		
Cashen Boccio	Assistant Professor	Associate Professor (T)
Chantal Fahmy	Assistant Professor	Associate Professor (T)
Department of Demography		
Ying Huang	Assistant Professor	Associate Professor (T)
Department of Public Administration		
Maria Veronica Elias	Assistant Professor	Associate Professor (T)
Department of Psychology		
Willie Hale	Assistant Professor	Associate Professor (T)
Alan Meca	Assistant Professor	Associate Professor (T)
Nora Charles	New Hire	Associate Professor (T)

College, Department, and Name	From	To
<b>Klesse College of Engineering and Integrated Design</b>		
Department of Biomedical and Chemical Engineering		
Gary Jacobs	Assistant Professor	Associate Professor (T)
Esteban Urena-Benavides	Assistant Professor	Associate Professor (T)
School of Civil & Environmental Engineering, and Construction Management		
Ibukun Awolusi	Assistant Professor	Associate Professor (T)
Sandeep Langar	Assistant Professor	Associate Professor (T)
Department of Mechanical Engineering		
David Restrepo	Assistant Professor	Associate Professor (T)
Brendy Rincon Troconis	Assistant Professor	Associate Professor (T)
Department of Electrical and Computer Engineering		
Diana Huffaker	New Hire	Professor (T)
<b>Alvarez College of Business</b>		
Department of Management		
Xiaohong (Violet) Xu	Assistant Professor	Associate Professor (T)
Department of Management Science and Statistics		
Muge Yayla-Kullu	New Hire	Associate Professor (T)

44. Employment Agreement - U. T. San Antonio: Approval of terms of Employment Agreement for new Head Men's Basketball Coach James Austin Claunch

The following terms of the Employment Agreement for new Head Men's Basketball Coach James Austin Claunch have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. If the terms are approved, the possible annual compensation could be in excess of \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at San Antonio is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at San Antonio. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed: **Guaranteed compensation:**

Base Salary: \$400,000 annually

Supplemental Compensation: \$150,000 annually (for participation in media and fundraising events)

Automobile: Courtesy automobile or (if unable to secure a courtesy automobile) a \$500 monthly allowance (\$6,000 annually)

Country Club Membership: One membership at a country club to be determined by U. T. San Antonio, at a total annual value not to exceed \$12,000

Spouse travel: Reimbursed when engaged in official functions on behalf of U. T. San Antonio, subject to U. T. San Antonio policies and prior approval

Tickets: Annually up to eight season tickets for all home sports as well as men's basketball postseason games

Moving Expenses: Relocation allowance of up to \$20,000 according to U. T. San Antonio policies (including transitional housing); voluntary separation within one year requires repayment

Transitional Housing: If requested, transitional housing reimbursement for up to one month consistent with the Travel Reimbursement rates promulgated by the Texas Comptroller's Office, not to exceed a maximum of \$150 per night without prior written approval of the University (up to \$4,650)

**Nonguaranteed compensation:**

Summer Basketball Camps: Estimated annual compensation of \$2,000 resulting from a percentage of the net proceeds for services related to basketball campus sponsored by U. T. San Antonio, with such percentage to be determined by the Athletic Director using fair and reasonable judgment each camp

Team Program Incentives (maximum of \$500,000 annually):

- (a) \$50,000 in any contract year if Team achieves Conference record of 0.500 or above winning percentage; and
- (b) \$25,000 in any contract year if Team achieves 20 NCAA Division I wins, or \$50,000 in any contract year if Team achieves 25 NCAA Division I wins; and
- (c) \$50,000 in any contract year if Team wins Conference Regular Season Championship; and
- (d) \$50,000 in any contract year if Team wins Conference Tournament Championship; and
- (e) \$50,000 in any contract year if Team receives NCAA Tournament At-large Berth; and
- (f) \$25,000 in any contract year if Team wins NCAA First Four round game; and
- (g) \$50,000 in any contract year for each NCAA Tournament game win (excluding First Four round); and
- (h) \$25,000 in any contract year if Coach is named Conference Coach of the Year; and
- (i) \$100,000 in any contract year if Coach is named National Coach of the Year; and
- (j) \$50,000 in any contract year if Team is ranked in Top 25 in final AP poll

Liquidated damages for early resignation:

- (a) Resignation prior to March 31, 2025: 100% of remaining Base Salary
- (b) Resignation prior to March 31, 2026: 75% of remaining Base Salary
- (c) Resignation prior to March 31, 2027: 50% of remaining Base Salary
- (d) Resignation prior to March 31, 2028: 25% of remaining Base Salary
- (e) Resignation after March 31, 2028: None

Source of Funds: Intercollegiate Athletics

Period: April 9, 2024 through March 31, 2029

45. Lease - U. T. San Antonio: Authorization to lease approximately 26,228 rentable square feet of warehouse and office space located at 7310 Silent Sunrise, San Antonio, Bexar County, Texas, from Velocis Leon Creek JV, LP, for mission purposes, including the temporary storage of exhibits, artifacts, and archives

Description: Authorization to lease approximately 26,228 rentable square feet of warehouse and office space located at 7310 Silent Sunrise, San Antonio, Bexar County, Texas, from Velocis Leon Creek JV, LP, for mission purposes, including the temporary storage of exhibits, artifacts, and archives.

Lessor: Velocis Leon Creek, JV, LP, a Texas limited partnership

Term: The term of the lease will be for 60-62 months and any partial month, which will commence on the date the Leased Premises is delivered to Lessee. Lessee will also have the option to further extend the term of the lease for one renewal period of approximately 24 months at fair market rent. The base rent may be abated for the initial two months following the commencement date.

Lease Cost: Base Rent over the initial period will be approximately \$10.00 per square foot annually for the first lease year and then will increase by 3.5% annually thereafter.

The base rent for the potential renewal period will be at the then fair market value. Lessee will be responsible for any additional operating expense, which is initially estimated to be approximately \$2.15 per square foot. Assuming 3% annual operating expense increases, the operating expenses during the initial period are estimated to be approximately \$299,383 and for the renewal period are estimated to be approximately \$132,705. Lessee will be responsible to pay utility charges and for janitorial service, which costs are estimated to be approximately \$131,140 per year and may be paid directly to the utility company and janitorial provider for the Lessee's premises.

Tenant Improvements: The institution will contribute approximately \$130 per square foot, estimated to be \$3,409,640 towards improvements to the leased space. U. T. San Antonio may remove from the Leased Premises at any time, any and all improvements installed and paid for by the institution, including mechanical and HVAC equipment.

Total Cost: The total estimated lease expense over the initial lease term and potential renewal period is approximately \$6,886,936, which includes estimated rent, estimated operating expenses, taxes, and insurance, and tenant improvement expenses.

46. Purchase - U. T. San Antonio: Authorization to purchase approximately 2.195 acres of land improved with a commercial office building and a parking garage located at 700 North Saint Mary's Street, San Antonio, Bexar County, Texas, from 1 Riverwalk LLC, for future campus expansion and to market and lease space in the building to to-be-determined tenants; and resolution regarding parity debt

Description: Authorization to purchase approximately 2.195 acres of land improved with approximately 264,900 rentable square feet of space in an 18-story office building an approximately 550-space parking garage located at 700 North Saint Mary's Street, in downtown San Antonio, Bexar County, Texas.

The facility was built in 1981, and most of the space was extensively retrofitted between 2014 and 2019. Approximately 30,000 rentable square feet of space consists of older second-generation space or vacant space in a basic shell condition.

The property is adjacent to the San Antonio Riverwalk. The North Saint Mary's Street bridge over the San Antonio River provides easy access from the subject property to U. T. San Antonio's Southwest Campus, which houses a portion of the institution's college of Liberal and Fine Arts. Both properties abut the bridge on opposite banks of the river. The subject property will further strengthen the institution's presence in San Antonio's downtown arts district.

Seller: 1 Riverwalk LLC, a Texas limited liability company, and successors or assigns.

Leases: The building is currently approximately 26% leased to third party tenants. The institution will acquire the facility subject to the existing leases.

In addition, the institution may lease space in the facility to other, to-be-determined lessees. U. T. San Antonio may hire brokers, consultants, project managers, designers and contractors to market, lease and build out space. The institution seeks authority to amend and extend existing leases, as well as to enter into new future leases with related lessees or unrelated lessees in accordance with Regents' Rule 70301 (Matters Relating to Interests in Real Property). U. T. San Antonio will seek requisite Board authorization for such future lease renewals, lease amendments, and new leases with a total cost or monetary value greater than the institution's delegated authority threshold.



Purchase Price and Rental Rates: The purchase price shall not exceed fair market value as determined by independent appraisal; appraisal confidential pursuant to *Texas Education Code* Section 51.951. Amendments and extensions of existing leases and new future leases will be at terms, including concessions, tenant improvements packages, and rents consistent with the market.

Use: The property will be used for campus expansion, including primarily mission uses. U. T. San Antonio anticipates its immediate mission use will be for academic programs.

Source of Funds: Revenue Financing System debt to be repaid out of institutional funds. The institution's Scorecard Rating of 3.3 at fiscal year-end 2023 is below the maximum threshold of 6.0 and demonstrates that the institution has the financial capacity to satisfy its direct obligations related to parity debt.

In approving this item, the Board will be making the findings required under Section 5 of the Amended and Restated Master Resolution establishing the Revenue Financing System relating to the issuance of parity debt on behalf of U. T. San Antonio in an aggregate amount not to exceed fair market value as established by independent appraisal, and this action satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations*.

47. Contract (funds coming in) - **Stephen F. Austin State University**: Coca-Cola Southwest Beverages-Arca Continental to provide exclusive beverage vending and pouring rights

Agency: Coca-Cola Southwest Beverages-Arca Continental

Funds: Approximate value of funds coming in, including estimated royalties, total \$1,400,000

Period: September 1, 2024 through August 31, 2029

Description: Exclusive Beverage vending, pouring rights provider for Stephen F. Austin State University, which includes sponsorships and marketing opportunities. Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that the beverage vending and pouring rights provider should be selected. Board approval for this Agreement is sought in accordance with *Texas Government Code* Section 2203.005(a), which requires governing board approval of vending machine placement agreements, and The University of Texas Systemwide Policy UTS 130 pertaining to Vending Machine Contracts. This contract was competitively bid.

48. Request for Budget Change - **Stephen F. Austin State University**: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Rusche College of Business</b>		
Economics and Finance		
Rebecca Davis	Assistant Professor	Associate Professor (T)
Management and Marketing		
Wenjing Li	Assistant Professor	Associate Professor (T)
Schlief School of Accountancy		
Jose Vega	Assistant Professor	Associate Professor (T)
<b>Perkins College of Education</b>		
Kinesiology and Health Sciences		
Mihae Bae	Assistant Professor	Associate Professor (T)
Education Studies		
Amber Wagnon	Associate Professor	Associate Professor (T)
Summer Koltonski	Assistant Professor	Associate Professor (T)
Sarah Straub	Associate Professor	Associate Professor (T)
<b>College of Liberal and Applied Arts</b>		
Government		
Spencer Willardson	Assistant Professor	Associate Professor (T)
<b>College of Sciences and Mathematics</b>		
Geology		
Julie Bloxson	Assistant Professor	Associate Professor (T)
Liane Stevens	Assistant Professor	Associate Professor (T)
Biology		
Jason Bruck	Assistant Professor	Associate Professor (T)
Carmen Montana-Schalk	Assistant Professor	Associate Professor (T)

49. Other Matters - **Stephen F. Austin State University**: Formal approval to conclude negotiations and authorize execution of necessary document(s) for athletic conference membership in the Southland Conference

The Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel support the request that the institutional president be delegated authority to conclude negotiations and execute necessary document(s) for membership in the Southland Conference (Southland), with significant terms as outlined below:

1. Stephen F. Austin will join Southland on July 1, 2024.
2. The Southland Conference waived the one-time entrance fee of \$250,000.
3. Stephen F. Austin will be responsible for annual Southland membership dues of \$56,000 beginning on July 1, 2024.
4. Stephen F. Austin will be responsible for paying of the institution's withdrawal fee from the Western Athletic Conference, not to exceed \$2,000,000. Stephen F. Austin will recoup this withdrawal fee via significantly reduced athletic team travel savings.

The change in conference members was reviewed in May 2024 following the process provided for certain time-sensitive athletics matters as allowed by Regents' Rule 10501, Subsection 2.2.13, upon determination of special circumstances.

Stephen F. Austin has determined that Southland is the most suitable conference as it is geographically and financially advantageous to an enhanced student-athlete experience through in-state, natural rivalries within the institution's primary recruiting base, some of which still exist from the 34 years of prior membership in the Southland. Membership in the Southland is also expected to facilitate parents' attendance and to support student-athletes academically through reduced travel time.

50. Request for Budget Change - U. T. Tyler: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Arts and Sciences</b>		
Art and Art History Christopher Stewart	New Hire	Professor (T)
Communication Brent Yergensen	Associate Professor	Associate Professor (T)
Mathematics Madeline Dawsey Joseph Vandehey	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
<b>College of Education and Psychology</b>		
Psychology and Counseling Lauren Kirby Adam McGuire	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
School of Education Christopher Thomas	Assistant Professor	Associate Professor (T)
<b>Soules College of Business</b>		
Human Resources Development Shinee Jeong Poonam Kumar	New Hire New Hire	Associate Professor (T) Associate Professor (T)
<b>College of Engineering</b>		
Electrical and Computer Engineering Prabha Sundaravadivel	Assistant Professor	Associate Professor (T)
<b>Fisch College of Pharmacy</b>		
Pharmaceutical Sciences May Abdelaziz	Assistant Professor	Associate Professor (T)
<b>School of Health Professions</b>		
Public Health Hosik Min Gilbert Ramirez	New Hire New Hire	Associate Professor (T) Professor (T)
<b>School of Medicine</b>		
Cellular and Molecular Biology Xia Guo Guoqing Qian	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)

51. Employment Agreement - U. T. Tyler: Approval of terms of Employment Agreement with Julie V. Philley, M.D., as President of The University of Texas at Tyler

The following agreement has been approved by the Chancellor and Executive Vice Chancellor for Academic Affairs, has been signed by Dr. Philley, and is recommended for approval by the U. T. System Board of Regents. Terms of employment under this agreement are subject to Regents' *Rules and Regulations*, Rules 10501 and 20201, and *Texas Education Code* Section 51.948.

Item: President

Funds: \$1,100,000 annually

Period: Beginning June 1, 2024

Description: Agreement for employment of Dr. Julie V. Philley, as President of The University of Texas at Tyler. The President reports to the Chancellor and shall hold office without fixed term, subject to the pleasure of the Chancellor following input by the Executive Vice Chancellor for Academic Affairs and approval by the Board of Regents. The employment agreement is on the following pages.



# The University of Texas System

OFFICE OF THE CHANCELLOR  
210 WEST SEVENTH STREET  
AUSTIN, TX 78701  
512.499.4201  
[UTSYSTEM.EDU](http://UTSYSTEM.EDU)

May 8, 2024

Julie V. Philley, M.D.  
Executive Vice President of Health Affairs and Vice Provost  
The University of Texas at Tyler  
3900 University Blvd.  
Tyler, Texas 75799

Dear Julie:

On behalf of the Board of Regents of The University of Texas System, I am pleased to offer you the position of President of The University of Texas at Tyler, effective June 1, 2024. Your total annual compensation will be \$ 1,100,000, payable in monthly installments. You will be eligible for annual increases in salary upon the recommendation of the Chancellor to the Board of Regents, beginning in August 2025.

You will not be compensated for your position as Professor of Medicine while President. If you transition to full-time faculty in the future, your compensation will equal the average academic rate of the three then-most highly compensated, full-time, tenured faculty members in the Department of Medicine. You will also be entitled to faculty development leave consistent with Regents' policy and Texas law.

State law also entitles you to applicable fringe benefits. These benefits include State-paid OASI, longevity pay, workers' compensation liability, insurance coverage, retirement, insurance premium sharing, and paid leave. Information about these benefits and any others offered by the UT System will be transmitted under separate cover.

Under Regents' Rules, presidents of UT institutions are selected by the Board of Regents and serve without a fixed term, subject to the approval of the Chancellor and the Board. Your performance as President of UTT will be evaluated annually, and you will be asked to present your vision and goals for UTT to the Board within 12 to 18

Julie V. Philley, M.D.  
May 8, 2024  
Page 2

months of taking office. I look forward to working with you as President of The University of Texas at Tyer.

Please sign and date this letter and return it to my office if these terms are agreeable. If you have any questions, please let me know.

Sincerely,



James B. Milliken  
Chancellor

Accepted:



Julie V. Philley, M.D.

13/may/2024  
Date

- cc: Archie Holmes, Executive Vice Chancellor for Academic Affairs  
John Zerwas, Executive Vice Chancellor for Health Affairs  
Jonathan Pruitt, Executive Vice Chancellor for Business Affairs  
Dwain Morris, Executive Vice President of Administration, Chief Business Officer  
Stacey Napier, General Counsel to the Board of Regents

## HEALTH AFFAIRS COMMITTEE

52. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide information technology services to Southwestern Health Resources Clinically Integrated Network

Agency: Southwestern Health Resources Clinically Integrated Network, a not-for-profit corporation

Funds: \$37,418,535

Period: September 1, 2024 through August 31, 2029

Description: U. T. Southwestern Medical Center will provide information technology services to Southwestern Health Resources Clinically Integrated Network.

53. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide professional and technical services to support the operations of UT Southwestern Moncrief Cancer Center

Agency: UT Southwestern Moncrief Cancer Center, a not-for-profit corporation

Funds: \$37,388,474, over the full contract term, including renewal options

Period: September 1, 2024 through August 31, 2027; with the option to renew for two additional one-year terms

Description: U. T. Southwestern Medical Center will provide professional and technical services to UT Southwestern Moncrief Cancer Center (MCI). MCI will reimburse U. T. Southwestern Medical Center for the cost of leasing employees. These services and leased employees will support the general operations of MCI.



54. Contract (funds coming in) - U. T. Southwestern Medical Center: Memorandum of Understanding for Children's Health Systems of Texas to reimburse U. T. Southwestern Medical Center for certain expenses related to the development of Child and Adolescent Population Health Program

Agency: Children's Health Systems of Texas

Funds: \$7,051,362

Period: July 1, 2024 through June 30, 2029

Description: Pursuant to a Memorandum of Understanding, Children's Health Systems of Texas (Children's) will reimburse U. T. Southwestern Medical Center for certain expenses related to the development of Child and Adolescent Population Health Program being developed at U. T. Southwestern Medical Center. This Agreement falls under the Joint Pediatric Enterprise, and funds will help cover the cost of program development, including faculty and staff recruitment, and expenditures required to build out the new program within the Peter O'Donnell Jr. School of Public Health. Children's will reimburse U. T. Southwestern Medical Center \$5,000,000 over the contract term for programmatic costs and U. T. Southwestern Medical Center commits to internally fund the program for the remaining \$2,050,000.

55. Contract (funds coming in) - U. T. Southwestern Medical Center: Amendment to Agreement to provide personnel to perform onsite Neurosurgery Physician Services to the United States Department of Veterans Affairs

Agency: United States Department of Veterans Affairs

Funds: \$10,957,998

Period: March 1, 2024 through February 28, 2025, with no remaining renewals

Description: U. T. Southwestern Medical Center will continue to provide personnel to perform onsite Neurosurgery Physician Services to the United States Department of Veterans Affairs.

The initial Agreement was effective March 1, 2020 through February 28, 2021, with a contract value of \$2,191,511 and four one-year renewal options. Three of the four options have been exercised and the current contract value is \$8,766,044. The subsequent Amendments beyond the institution's delegated approval threshold were not previously presented to the Board for approval because of an inadvertent administrative error. This Agreement exercises the final renewal option and increases the contract value to \$10,957,988.

56. Contract (funds going out) - U. T. Southwestern Medical Center: Amendment to Agreement with Hill International, Inc., to provide project management services

Agency: Hill International, Inc.

Funds: \$10,000,000, over the full contract term, including renewal options

Period: July 1, 2023 through June 30, 2025; with the option to renew for two additional one-year terms

Description: Hill International, Inc., will provide project management and construction support services on a per-project basis for required capital improvement projects. This First Amendment seeks to increase the total contract value to \$10,000,000. The initial Agreement was within the institution's contractual delegated authority and did not require Board approval. The Agreement was competitively bid.

57. Request for Budget Change - U. T. Southwestern Medical Center: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Biophysics</b>		
Biophysics		
Jan Erzberger	Assistant Professor (T)	Associate Professor (T)
<b>College of Immunology</b>		
Immunology		
Tiffany Reese	Assistant Professor (T)	Associate Professor (T)
<b>College of Internal Medicine</b>		
Internal Medicine		
David Greenberg	Professor	Professor (T)
<b>Lyda Hill Department of Bioinformatics</b>		
Bioinformatics		
Reto Fiolka	Assistant Professor (T)	Associate Professor (T)
Milo Lin	Assistant Professor (T)	Associate Professor (T)
Albert Montillo	Assistant Professor (T)	Associate Professor (T)

College, Department, and Name	From	To
<b>College of Molecular Biology</b>		
Molecular Biology		
Ping Mu	Assistant Professor (T)	Associate Professor (T)
<b>College of Neuroscience</b>		
Neuroscience		
Brad Pfeiffer	Assistant Professor (T)	Associate Professor (T)
Lenora Volk	Assistant Professor (T)	Associate Professor (T)
Wei Xu	Assistant Professor (T)	Associate Professor (T)
<b>College of Pathology</b>		
Pathology		
Srinivas Malladi	Assistant Professor (T)	Associate Professor (T)
<b>College of Pediatrics</b>		
Pediatrics		
Lina Chalak	Professor	Professor (T)
Andrew Koh	Associate Professor	Professor (T)
<b>College of Psychiatry</b>		
Psychiatry		
Shawn McClintock	Professor	Professor (T)
<b>College of Radiation Oncology</b>		
Radiation Oncology		
Anthony Davis	Assistant Professor (T)	Associate Professor (T)

58. Lease - U. T. Southwestern Medical Center: Authorization to lease approximately 10,991 rentable square feet of space located at 1125 East Campbell Road, Richardson, Dallas County, Texas, from SRC Campbell Glen Owner, LP, for mission uses, including ophthalmology and medical office use

Description: Authorization to lease approximately 10,991 rentable square feet of space located at 1125 East Campbell Road, Richardson, Dallas County, Texas, from SRC Campbell Glen Owner, LP, a Delaware limited partnership, for ophthalmology and medical office use.

Lessor: SRC Campbell Glen Owner, LP, a Delaware limited partnership

Term: The term of the lease will be for approximately 120 months, plus a partial month if applicable, which will commence on the delivery date of the proposed space. Lessee will also have the option to further extend the term of the lease for two renewal periods of approximately 60 months each.

**Lease Cost:** Base rent will be approximately \$20.00 per square foot annually for the first year and then will increase by \$0.50 per square foot annually thereafter. The base rent, operating expense and tax expense will be abated entirely for a total of nine months, structured as the abatement of rent occurring the first three full months at the beginning of the first, second and third lease years.

The base rent for the potential renewal periods will be at the then fair market value. Lessee will be responsible for annual operating expenses as additional rent, which are initially estimated to be approximately \$6.69 per square foot. Assuming 3% annual operating expense increases, the operating expenses during the initial term are estimated to be approximately \$842,937 and during the two renewal terms are estimated to be approximately \$1,132,837. Lessee will also be provided with up to forty-four unreserved parking spaces at no additional charge, with the option to have three of the parking spaces as covered reserved spaces initially at \$35.00 per space per month.

**Tenant Improvements:** The Lessor will contribute a tenant improvement allowance of approximately \$73.00 per square foot, which is estimated to be approximately \$802,343. Additionally, the institution estimates that it will contribute approximately \$127.00 per square foot, or approximately \$1,395,857 towards improvements to the leased space.

**Total Cost:** The institution’s total estimated lease expense over the initial lease term and potential renewal periods is approximately \$8,611,571, which includes the estimated amounts for rent, operating expenses, abated rent, its share of the proposed tenant improvement expense, and potential parking fees.

59. Request for Budget Change - U. T. Medical Branch - Galveston: Tenure Appointments -- amendment to the FY 2024 budget

The following Requests for Budget Change (RBC) have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

College, Department, and Name	From	To	RBC #
<b>School of Medicine</b>			
Internal Medicine			
Salim Hayek	New Hire	Professor (T)	13183
Sanja Sever	New Hire	Professor (T)	13148
Internal Medicine - Geriatrics			
Alan Landay	New Hire	Professor (T)	13155

60. Request for Budget Change - U. T. Medical Branch - Galveston: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>John Sealy School of Medicine</b>		
Neurology Agenor Limon	Associate Professor	Associate Professor (T)
Obstetrics and Gynecology Brandie Taylor	Professor	Professor (T)
Biochemistry and Molecular Biology Matthieu Gagnon	Assistant Professor	Associate Professor (T)
Pathology Rong Fang	Associate Professor	Associate Professor (T)
<b>School of Health Professions</b>		
Nutrition Sciences and Health Behavior Crystal Douglas	Associate Professor	Associate Professor (T)
Clinical Laboratory Sciences Jose Salazar	Associate Professor	Professor (T)
Respiratory Care Brian Walsh	Associate Professor	Professor (T)

61. Lease - U. T. Medical Branch - Galveston: Authorization to extend the lease of approximately 62,312 square feet of space in a building located at 20740 Gulf Freeway, Webster, Harris County, Texas, from Clear Lake Center, L.P., for mission purposes, including operation and administrative use

Description: Authorization to extend the lease of approximately 62,312 square feet of space in a building located at 20740 Gulf Freeway, Webster, Harris County, Texas, from Clear Lake Center, L.P. for mission purposes, including operation and administrative use.

Lessor: Clear Lake Center, L.P., a Texas Limited Partnership or successors and/or assigns

Term: The term of the lease is for 60 months, which commenced on September 1, 2023, and will expire on August 31, 2028. Additionally, Lessee has two five-year renewal options. The multiple leases within the building initially commenced between 2009 and 2012 but did not require Board authorization at that time as the total lease costs was within the institution's delegated authority. On February 27, 2019, the Board approved additional extensions of the leases through August 31, 2023. On August 23, 2023, the Board approved a five-year lease extension through August 31, 2028, but after further negotiations with the Lessor, U. T. Medical Branch - Galveston was able to secure two additional five-year renewal options that require further Board approval. All separate leases in the building were consolidated into one lease.

Lease Cost: The term is estimated to include approximately \$6,055,000 in base rent and operating expenses. The proposed two additional five-year renewal options are estimated to cost approximately \$14,887,532 in base rent and operating expenses.

Tenant Improvements: U. T. Medical Branch - Galveston will contribute approximately \$3,500,000 towards improvements to the lease space.

Total Cost: The estimated total lease cost, which includes all previous lease years, the current lease term, potential renewal terms, and tenant improvement costs is estimated to be approximately \$53,392,326, which exceeds the prior Board approved amount of \$39,082,214 by approximately \$14,310,112.

62. Request for Budget Change - U. T. Health Science Center - Houston: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>McGovern Medical School</b>		
Anesthesiology Wei Cao	Professor	Professor (T)
Family and Community Medicine Thomas Northrup	Associate Professor	Professor (T)
Integrative Biology and Pharmacology Andrew Pickering	Associate Professor	Associate Professor (T)
Internal Medicine (Gastroenterology) Brooks Cash	Professor	Professor (T)
	Faraz Bishehsari Professor	Professor (T)
Institute of Molecular Medicine Melissa Aldrich	Associate Professor	Associate Professor (T)
Microbiology and Molecular Genetics	Bo Hu	Assistant Professor
	Jose Christian Perez	Associate Professor
	Yoonkyung Oh	Assistant Professor
Neurobiology and Anatomy Fabricio Do Monte	Assistant Professor	Associate Professor (T)
Neurology	Bhanu Priya Ganesh	Assistant Professor
	John Mosher	Professor
	Anjail Sharrief	Associate Professor
		Associate Professor (T)
Neurosurgery	Devin McBride	Assistant Professor
	Xuefang Sophie Ren	Assistant Professor
	Ji Young Yoo	Assistant Professor
		Associate Professor (T)
Pediatrics - Children's Learning Institute	April Crawford	Associate Professor
	Manish Shah	Associate Professor
		Professor (T)
		Associate Professor (T)

College, Department, and Name	From	To
<b>School of Dentistry</b>		
Diagnostic and Biomedical Sciences		
Daniel A. Harrington	Assistant Professor	Associate Professor (T)
Robert D. Spears	Professor	Professor (T)
Oral and Maxillofacial Surgery		
James C. Melville	Associate Professor	Professor (T)
Orthodontics		
Wanida Ono	Associate Professor	Professor (T)
<b>School of Public Health</b>		
Health Promotion and Behavioral Sciences		
Laura Aubree Shay	Assistant Professor	Associate Professor (T)

63. Purchase - U. T. Health Science Center - Houston: Authorization to purchase approximately 11.401 acres of land improved with a commercial office building and a parking garage located at 6500 West Loop South, Bellaire, Harris County, Texas, from CCI Bellaire I LP, for future campus expansion and use as a clinical and medical office building and to market and lease space in the building to to-be-determined tenants; and resolution regarding parity debt

Description: Authorization to purchase approximately 11.401 acres of land improved with approximately 364,113 rentable square feet of space in a 5-story office building including surface parking and a structured parking garage with a combined total of approximately 1094 parking spaces at 6500 West Loop South, Bellaire, Harris County, Texas.

The facility was built in approximately 1975, and until 2020 was used primarily by AT&T. U. T. Health Science Center - Houston anticipates initially using the property to augment its outpatient clinical services through UT Physicians. In addition, the institution may lease space in the facility to unrelated lessees.

Seller: CCI Bellaire I LP, a Texas limited partnership, and its successors or assigns. The Seller is an affiliate of Capital Commercial Investments, Inc.



Leases: The facility is currently approximately 58% leased. UT Physicians currently leases portions of two floors for medical office and clinical uses, and a third-party leases one floor for office use. The institution will acquire the facility subject to the existing leases.

U. T. Health Science Center - Houston may lease additional space in the building to UT Physicians or other affiliated entities, and build out the space, including in part for an ambulatory surgical center, as approved by the Board on February 23, 2023. In addition, U. T. Health Science Center - Houston may lease space in the facility to other, to-be-determined lessees. The institution may hire brokers, consultants, project managers, designers and contractors to market, lease and build out space. The institution seeks authority to amend and extend existing leases, as well as to enter into new future leases with related lessees or unrelated lessees in accordance with Regents' Rule 70301 (Matters Relating to Interests in Real Property). U. T. Health Science Center - Houston will seek requisite Board authorization for such future lease renewals, lease amendments, and new leases with a total cost or monetary value greater than the institution's delegated authority threshold.

Purchase Price and Rental Rates: The purchase price shall not exceed fair market value as determined by independent appraisal; appraisal confidential pursuant to *Texas Education Code* Section 51.951. Amendments and extensions of existing leases and new future leases will be at terms, including concessions, tenant improvement packages, and rents consistent with the market.

Source of Funds: Revenue Financing System debt to be repaid out of institutional funds. The institution's Scorecard Rating of 3.5 at fiscal year-end 2023 is below the maximum threshold of 6.0 and demonstrates that the institution has the financial capacity to satisfy its direct obligations related to parity debt.

In approving this item, the Board will be making the findings required under Section 5 of the Amended and Restated Master Resolution establishing the Revenue Financing System relating to the issuance of parity debt on behalf of U. T. Health Science Center - Houston in an aggregate amount not to exceed fair market value as established by independent appraisal, and this action satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations*.

64. Request for Budget Change - U. T. Health Science Center - San Antonio: Tenure Appointments -- amendment to the FY 2024 budget

The following Requests for Budget Change (RBC) have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>	<u>RBC #</u>
<b>Long School of Medicine</b>			
Biochemistry and Structural Biology			
Anna Malkova	New Hire	Professor (T)	13142
Medicine- Gastroenterology			
Prabhleen Chahal	New Hire	Professor (T)	13143
Medicine and Population Health Science			
Simon Andrew Gayther	New Hire	Professor (T)	13144
Medicine			
Matthew Dacso	New Hire	Professor (T)	13156
OB-Gyn			
Kate Gayther	New Hire	Associate Professor (T)	13158
Orthopedics			
Lawrence Lavery	New Hire	Professor (T)	13184
Pathology and Laboratory Medicine			
Linh Thuy Phung	New Hire	Professor (T)	13157
Population Health Sciences			
Rebeca Wong	New Hire	Professor (T)	13182
<b>UT School of Public Health</b>			
Quantitative and Qualitative Health Sciences			
Erika Thompson	New Hire	Associate Professor (T)	13180

65. Request for Budget Change - U. T. Health Science Center - San Antonio: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Medicine</b>		
Biochemistry and Structural Biology		
David Libich	Assistant Professor	Associate Professor (T)
Medicine		
Anand Prasad	Professor	Professor (T)
Josephine Taverna	Assistant Professor	Associate Professor (T)
Molecular Medicine		
Masahiro Morita	Assistant Professor	Associate Professor (T)
Ophthalmology		
Jeong-Hyeon Sohn	Associate Professor	Professor (T)
Pathology and Laboratory Medicine		
Kevin Bieniek	Assistant Professor	Associate Professor (T)
Population Health Sciences		
Claudia Satizabal	Associate Professor	Associate Professor (T)
Siyuan Zheng	Assistant Professor	Associate Professor (T)
Psychiatry and Behavioral Sciences		
Cindy McGeary	Associate Professor	Professor (T)
Radiology		
Mohamad Habes	Assistant Professor	Associate Professor (T)
Urology		
Sylvia Botros-Brey	Associate Professor	Professor (T)
<b>School of Health Professions</b>		
Speech Language Pathology		
Rocio Norman	Assistant Professor	Associate Professor (T)
Physical Therapy		
Gustavo Almeida	Assistant Professor	Associate Professor (T)
Sandeep Subramanian	Assistant Professor	Associate Professor (T)

66. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to Agreement with Engineered Air Balance Co., Inc., to provide facility testing, adjusting, and balancing services

Agency: Engineered Air Balance Co., Inc.

Funds: The total contract value, including the renewal periods, is estimated to be \$20,000,000, although the maximum amount is indeterminable at this time.

Period: May 20, 2024 through October 2, 2025; with two remaining renewals of 12 months each

Description: Under this Agreement, Engineered Air Balance Co., Inc., will function as a general contractor to provide facility testing, adjusting and balancing services related to new construction projects, facility renovation projects, re-commissioning of existing systems, or facility system assessments to ensure that all systems are complete and functioning in accordance with the project construction documents at the onset of substantial completion, and that U. T. M. D. Anderson Cancer Center's construction contractor has provided U. T. M. D. Anderson Cancer Center's facility staff with adequate system documentation and training prior to U. T. M. D. Anderson Cancer Center's acceptance of substantial completion of a given project. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.

This First Amendment, effective as of May 20, 2024, increases the cap amount to \$20,000,000. There are two remaining renewals of twelve months each. The initial Agreement was competitively bid. The initial Agreement, effective as of October 3, 2022, did not require Board approval as the anticipated contract value was within the institution's delegated approval threshold. The contract value is now estimated to be \$20,000,000, although the maximum amount is indeterminable at this time.

67. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to Agreement with Linbeck Group, LLC, to provide job order contracting services

Agency: Linbeck Group, LLC

Funds: The total contract value, including the renewal periods, is estimated to be \$70,000,000, although the maximum amount is indeterminable at this time.

Period: January 1, 2024 through December 31, 2025; with no remaining renewals

Description: Under this job order contracting Agreement, Linbeck Group, LLC (Linbeck), will function as a general contractor to provide general and specific construction services for projects on a per-project basis. Linbeck will provide all material, labor, equipment, and services necessary for completion of each project. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.

The First Amendment, effective January 1, 2024, extends the term to December 31, 2025. There are no remaining renewals. The initial Agreement, effective December 1, 2021, was competitively bid. The initial Agreement did not require Board approval as the anticipated contract value was within the institution's delegated approval threshold. The total contract value is estimated to be \$70,000,000, although the maximum amount is undeterminable at this time.

68. Request for Budget Change - U. T. M. D. Anderson Cancer Center: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2025 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Department of Genitourinary Medical Oncology		
Ana Aparicio	Professor	Professor (T)
Sangeeta Goswami	Assistant Professor	Associate Professor (T)
Guocan Wang	Assistant Professor	Associate Professor (T)
Department of General Internal Medicine		
Edwin J. Ostrin	Assistant Professor	Associate Professor (T)
Department of Health Disparities Research		
Scherezade K. Mama	Assistant Professor	Associate Professor (T)
Department of Leukemia		
Ghayas C. Issa	Assistant Professor	Associate Professor (T)
Department of Experimental Therapeutics		
Sara Zanivan	New Hire	Assistant Professor (T)
Department of Investigational Cancer Therapeutics		
Jordi Rodon	Associate Professor	Professor (T)
Department of Hematopoietic Biology and Malignancy		
Deepa Sampath	Associate Professor	Professor (T)
Department of Plastic Surgery		
Peirong Yu	Professor	Professor (T)
Department of Melanoma		
Jennifer L. McQuade	Associate Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Department of Anesthesia and Perioperative Medicine Juan Cata	Associate Professor	Professor (T)
Department of Stem Cell Transplantation May Daher	Assistant Professor	Associate Professor (T)
Department of Thoracic Head and Neck Renata Ferrarotto	Professor	Professor (T)
Department of Surgical Oncology Naruhiko Ikoma	Assistant Professor	Associate Professor (T)
Department of Imaging Physics Jia Wu	Assistant Professor	Associate Professor (T)
Department of Breast Medical Oncology Clinton Yam	Assistant Professor	Associate Professor (T)
Department of Cancer Biology Oren Rom	New Hire	Associate Professor (T)
Department of Translational Molecular Pathology Wantong Yao	Assistant Professor	Associate Professor (T)
Department of Lymphoma Myeloma Paolo Strati	Assistant Professor	Associate Professor (T)

**FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

No items for Consent Agenda

# APPENDIX A



**THE UNIVERSITY OF TEXAS SYSTEM  
PERMANENT UNIVERSITY FUND  
INVESTMENT POLICY STATEMENT**

**Purpose**

The Permanent University Fund (the “PUF”) is a public endowment contributing to the support of eligible institutions of The University of Texas System and The Texas A&M University System as provided in Article VII, Section 18 of the *Texas Constitution*.

**PUF Organization**

The PUF was established in the *Texas Constitution* of 1876 through the appropriation of land grants previously given to The University of Texas at Austin plus one million acres. The land grants to the PUF were completed in 1883 with the contribution of an additional one million acres of land. Today, the PUF contains 2,109,190 acres of land (the “PUF Lands”) located in 19 counties primarily in West Texas.

The 2.1 million acres comprising the PUF Lands produce two streams of income: a) mineral income, primarily in the form of oil and gas royalties and b) surface income, primarily from surface leases and easements. Under the Texas Constitution, mineral income, as a non-renewable source of income, remains a non-distributable part of PUF corpus, and is invested pursuant to this Policy Statement. Surface income, as a renewable source of income, is distributed to the Available University Fund (the “AUF”), as received. The Constitution also requires that all surface income and investment distributions paid to the AUF be expended for certain authorized purposes.

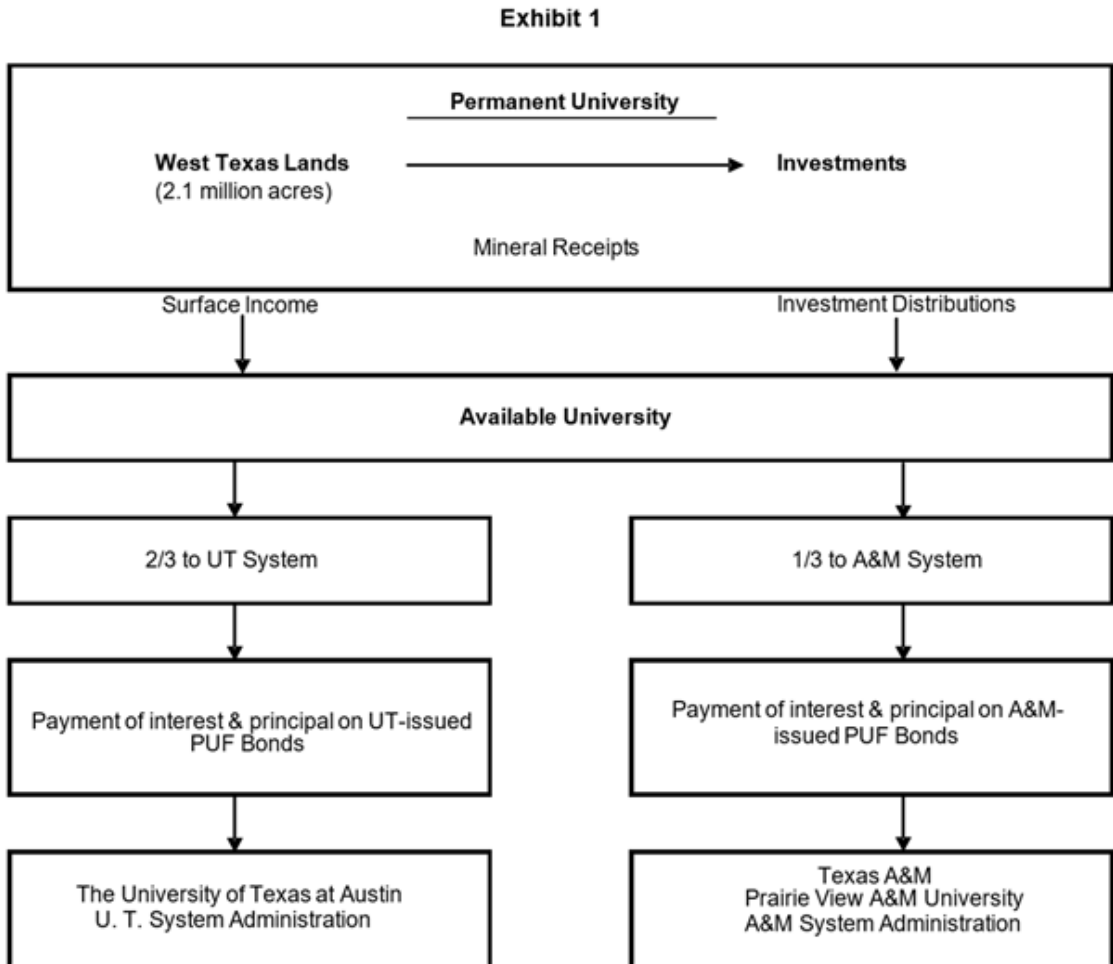
The expenditure of the AUF is subject to a prescribed order of priority:

First, following a 2/3rds and 1/3rd allocation of AUF receipts to the U. T. System and the A&M System, respectively, AUF receipts are expended for debt service on PUF bonds. Article VII of the *Texas Constitution* authorizes the U. T. System Board of Regents (the “Board of Regents”) and the Texas A&M University System Board of Regents (the “TAMUS Board”) to issue bonds payable from their respective interests in AUF receipts to finance permanent improvements and to refinance outstanding PUF obligations. The Constitution limits the amount of bonds and notes secured by each System’s interest in divisible PUF income to 20% and 10% of the book value of PUF investment securities, respectively. Bond resolutions adopted by both Boards also prohibit the issuance of additional PUF parity obligations unless the interest of the related System in AUF receipts during the preceding fiscal year covers projected debt service on all PUF Bonds of that System by at least 1.5 times.

*Permanent University Fund Investment Policy Statement (continued)*

Second, AUF receipts are expended to fund a) excellence programs specifically at U. T. Austin, Texas A&M University and Prairie View A&M University and b) the administration of the university Systems.

The payment of surface income and investment distributions from the PUF to the AUF and the associated expenditures is depicted below in Exhibit 1:



**PUF Management**

Article VII, Section 11b of the *Texas Constitution* assigns fiduciary responsibility for managing and investing the PUF to the Board of Regents. Article VII, Section 11b authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the PUF in any kind of investments and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that

*Permanent University Fund Investment Policy Statement (continued)*

prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

Ultimate fiduciary responsibility for the PUF rests with the Board of Regents. Section 66.08 of the *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company ("UTIMCO"), the PUF shall be managed by UTIMCO, which shall a) recommend investment policy for the PUF, b) recommend specific Asset Class allocation targets, ranges and performance benchmarks consistent with PUF objectives, and c) monitor PUF performance against PUF objectives. UTIMCO shall invest the PUF's assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges, and performance benchmarks, are subject to approval by the Board of Regents.

UTIMCO may select and terminate unaffiliated investment managers subject to the Delegation of Authority Policy approved by the UTIMCO Board. Managers shall be monitored for performance and adherence to investment disciplines.

### **PUF Administration**

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized ~~so as~~ to provide for responsible separation of duties and adequacy of an audit trail. Custody of PUF assets shall comply with applicable law and be structured ~~so as~~ to provide essential safekeeping and trading efficiency.

### **PUF Investment Objectives**

The PUF and the General Endowment Fund (the "GEF") are managed similarly for efficient investment purposes. The primary investment objective of the PUF shall be to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses. Additional expenses include U.T. System administrative fees charged to the fund.

Investments must be prudently diversified, and within the approved Policy Downside Volatility Bounds, as defined in Exhibit A, and measured at least monthly by UTIMCO's risk model. Liquidity of the PUF will be governed by the Liquidity Policy, overseen by the Investment Risk Committee of the UTIMCO Board.

*Permanent University Fund Investment Policy Statement (continued)*

PUF return, Asset Class allocations, and downside volatility targets are subject to adjustment from time to time by the Board of Regents.

**Asset Class Allocation and Policy**

Asset Class allocation is the primary determinant of the volatility of investment return and, subject to the Asset Class allocation ranges specified in Exhibit A, is the responsibility of UTIMCO. UTIMCO is responsible for measuring actual Asset Class allocation at least monthly (incorporating the impact of derivative positions covered under the Derivative Investment Policy), and for reporting the actual portfolio Asset Class allocation to the UTIMCO Board and the Board of Regents at least quarterly. While specific Asset Class allocation positions may be changed within the ranges specified in Exhibit A based on the economic and investment outlook from time to time, the range limits cannot be intentionally breached without prior approval of the Board of Regents.

In the event that actual portfolio positions in Asset Classes or the Portfolio Projected Downside Volatility move outside the ranges indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will ~~immediately~~promptly report this situation to the UTIMCO Board ~~Chairman~~Chair and take steps to rebalance portfolio positions back within the policy ranges in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the PUF asset values could warrant requesting approval of the UTIMCO Board ~~Chairman~~Chair to waive immediate remedial action.

~~Portable alpha strategies are permitted within and across regimes and generally involve the use of leverage. Each Asset Class may include investments that collectively target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.~~

Within the general investment regimes of Global Equity, Stable Value, and Real Return, PUF assets shall be allocated among the following broad Asset Classes based upon their individual return/risk characteristics and relationships to other Asset Classes:

**Global Equity:**

Developed Public Equity – Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (including the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to

*Permanent University Fund Investment Policy Statement (continued)*

become public or otherwise freely marketable within three years after the initial investment. Developed Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Developed Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Emerging Markets Public Equity – Emerging Markets Public Equity invests primarily in the equity securities of companies that are domiciled in (i) the emerging countries that are part of the MSCI Emerging Markets Index or (ii) countries that have yet to reach MSCI Emerging Markets Index qualification status. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Emerging Markets Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Emerging Markets Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Directional Hedge Funds – Directional Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Directional Hedge Funds exhibit moderate market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, credit (loans, bonds, asset-backed securities, direct lending and distressed) and global macro.

Private Equity – Private Equity investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in controlling or minority ownership interests in private or publicly-traded companies. These investments are acquired by purchasing publicly-traded or privately-issued common and preferred stocks, convertible securities, warrants, rights, options or debt obligations of private or publicly-traded companies. Private Equity investments often have transfer restrictions and are not as liquid as publicly-traded securities. Private Equity investments are often classified by strategy including: buyouts, venture capital and private credit.

*Permanent University Fund Investment Policy Statement (continued)*

**Stable Value:**

Investment Grade Fixed Income – Investment Grade Fixed Income represents ownership of fixed income instruments across all maturities, U.S. and non-U.S., that are rated investment grade. These include debt issued by the Sovereign Governments, various government enterprises and agencies, and corporations. The principal securities include bonds, notes, bills, mortgage and asset-backed securities and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Investment Grade Fixed Income.

Long Treasuries – Long Treasuries represents ownership of fixed income instruments across long-dated maturities issued by the U.S. government. The principal securities may include bonds, notes, bills and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Long Treasuries.

Credit-Related Fixed Income – Credit-Related Fixed Income represents ownership of fixed income instruments across all maturities, including real and nominal, U.S. and non-U.S., that are rated below investment grade.

Stable Value Hedge Funds – Stable Value Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Stable Value Hedge Fund investments exhibit little to no market sensitivity, as defined by beta to public equities, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, relative value, trend following, direct lending, specialty credit and global macro.

Cash – Cash has the same meaning as given to the term “Cash” in the Liquidity Policy and includes, for example, cash in any currencies and other overnight funds that have not been allocated to a specific Asset Class.

**Real Return:**

Inflation Linked Bonds – Inflation Linked Bonds include fixed income investments issued by both U.S. and Non-U.S. Governments where the principal value of the bond has been indexed to some rate of inflation, as well as ETFs and derivatives referencing Inflation Linked Bonds or directly linked to inflation rates, including but not limited to inflation swaps. Inflation Linked Bonds are intended to provide some degree of inflation protection.

Commodities – Commodities investments represent ownership of fungible goods such as metals, grains, foods and energy products or any other investment defined by regulators as a commodity. These investments can be made through actual physical ownership of the goods, or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

*Permanent University Fund Investment Policy Statement (continued)*

Natural Resources – Natural Resources investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in a controlling or minority ownership interest in a company involved in the production of natural resources including, but not limited to: energy, precious metals, metals, minerals, agriculture, livestock, and timber. Some Natural Resource investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Infrastructure – Infrastructure investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in ownership of companies or assets that provide an essential service that contributes to the economic or social productivity of an organization, community, or society at large with real assets in the water, transportation, energy, communication or social sectors. Investments generally have structure features that include a monopolistic or oligopolistic market position with high barriers to entry; a low elasticity of demand due to their essential functions; stable, predictable, and long-term revenue contracts; or inflation protection through inflation adjustment mechanisms in underlying contracts. Some Infrastructure investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Real Estate – Real Estate investments may be public, made principally in companies that are part of the MSCI US REIT Gross Total Return Index (RMSG) and that own or manage equity or debt interests in portfolios of real estate. Public Real Estate investments generally trade in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Real Estate investments may also be private. Private Real Estate investments may have transfer restrictions and may not be as liquid as publicly-traded securities. Real Estate investments may be made by purchasing or selling: physical real estate; privately issued securities such as interests in private limited partnerships, joint ventures or other special purpose vehicles (which in each case could result in a controlling or minority ownership interest in a real estate focused company); common or preferred stocks; depositary receipts; exchange traded funds; secured or subordinated debt; mortgage-related investments; real estate investment trusts (“REITs”) or any other instrument commonly used by institutional investors and derivatives based on any of the foregoing. Real Estate investments are often classified by strategy including: core, core-plus, value-added, opportunistic and special situations.

**Strategic Partnerships:**

Strategic Partnerships are multi-asset investment portfolios designed to generate investment returns through a combination of security selection and tactical asset allocation. Strategic Partnerships may invest long or short in equities, fixed income, commodities, currencies, funds, and other global market



*Permanent University Fund Investment Policy Statement (continued)*

instruments, including derivatives. Strategies utilized by Strategic Partnerships may involve the use of leverage to enhance the portfolio's risk-adjusted returns.

**Cross-Asset Strategies:**

Portable alpha strategies are investment strategies within and across regimes and generally involve the use of leverage. Such strategies are permitted in the Developed Public Equity, Emerging Markets Public Equity and the Long Treasuries Asset Classes, provided that such strategies target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.

**Innovation and Disruption:**

The Innovation and Disruption portfolio comprises investments in emerging asset types or industries that are innovative or disruptive. Innovation and Disruption investments have the potential to become large and institutional markets over time. This portfolio provides a nimble and timely means to identify and invest in these opportunities with the primary objectives of developing a deeper understanding of the assets and benefitting from the returns earned by early movers. To manage the risk of this portfolio, UTIMCO will develop and maintain portfolio guidelines that determine the investment selection process and limit the maximum size of the portfolio and the maximum size of individual investments. Over time, UTIMCO will assess if these investments should become larger and more permanent elements of funds managed by UTIMCO, either as part of an existing or a newly defined Asset Class.

All mandates investments will be categorized at inception and on an ongoing basis by Asset Class.

**Performance Measurement**

~~The investment performance of the PUF will be measured by the PUF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board and compared against the stated Policy Benchmarks of the PUF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices weighted to reflect PUF's Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.~~



*Permanent University Fund Investment Policy Statement (continued)*

## **Investment Guidelines**

The PUF must be invested at all times in strict compliance with applicable law.

Investment guidelines include the following:

### General

- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief Investment Officer prior to investment of PUF assets in such investments.
- No securities may be purchased or held which would jeopardize the PUF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- The PUF's investments in warrants shall not exceed more than 5% of the PUF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The PUF may utilize derivatives only in accordance with the Derivative Investment Policy. The aggregate prorated annual premium of Derivative Investments utilized to reduce exposure to an Asset Class or hedge against risk shall not exceed 75 basis points of PUF value.

### Investment Grade and Credit-Related Fixed Income

- Not more than 5% of the market value of fixed income securities may be invested in corporate and municipal bonds of a single issuer.

### Public Real Estate, and Public Equity

- Not more than 25% of the market value of equity securities may be invested in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at cost.

*Permanent University Fund Investment Policy Statement (continued)*

- Not more than 5% of the market value of equity securities may be invested in the securities of one corporation at cost.

Stable Value

- Not more than 7.5% of the market value of equity and fixed income securities taken together may be invested in one corporation at cost.

**PUF Distributions**

The PUF shall balance the needs and interests of present beneficiaries with those of the future. PUF spending policy objectives shall be to:

- provide a predictable, stable stream of distributions over time;
- ensure that the ~~inflation-adjusted~~inflation-adjusted value of distributions is maintained over the long term; and
- ensure that the ~~inflation-adjusted~~inflation-adjusted value of PUF assets after distributions is maintained over rolling 10-year periods.

The goal is for the PUF's average spending rate over time not to exceed the PUF's average annual investment return after inflation and expenses in order to preserve the purchasing power of PUF distributions and underlying assets.

Annually, the Board of Regents will approve a distribution amount to the AUF pursuant to Regents' Rule 80303, Section 2.2.

Following approval of the distribution amount, distributions from the PUF to the AUF will be made at the discretion of UTIMCO management in consultation with the U. T. System Office of Finance and The Texas A&M University System Office of Treasury Services.

*Permanent University Fund Investment Policy Statement (continued)*

**Leverage**

The PUF can incur Leverage directly through derivatives and facilities such as repurchase agreements and reverse repurchase agreements, prime broker loans and other funding mechanisms (collectively "Leverage"). The Total Asset Class exposure, including these forms of Leverage, shall not exceed 110% of the net asset value of the PUF. Asset Class exposure will include applicable leverage and must remain within the policy limits provided in Exhibit A. Derivatives and other leverage facilities incurred by external managers operating under limited partnership agreements, through corporations, or through other limited liability entities are not included in any Asset Class exposure.

**PUF Accounting**

The fiscal year of the PUF shall begin on September 1st and end on August 31st. Market value of the PUF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles ("GAAP"), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO's Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be "other than temporarily impaired" as defined by GAAP shall be written off and reported to UTIMCO's Chief Investment Officer and the UTIMCO Board when material. The PUF's financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

**Valuation of Assets**

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all PUF net assets. Valuation of PUF assets shall be based on the books and records of the custodian for the valuation date. The final determination of PUF net assets for a month end close shall normally be completed within seven business days but determination may be longer under certain circumstances.

The fair market value of the PUF's net assets shall include all related receivables and payables of the PUF on the valuation. Such valuation shall be final and conclusive.

**Performance Measurement**

The investment performance of the PUF will be measured by the PUF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board and compared against the stated Policy Benchmarks of the PUF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices weighted to reflect PUF's Asset Class allocation policy targets as defined in Exhibit A. Monthly performance

*Permanent University Fund Investment Policy Statement (continued)*

data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

### **Compliance**

Compliance with this Policy will be monitored by UTIMCO's Chief Compliance Officer. UTIMCO's Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO's compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO's Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO's Chief Executive Officer and approved by the ~~Chairman~~Chair of the UTIMCO Board with timelines for bringing the non-compliant activity within this Policy.

### **Securities Lending**

The PUF may participate in a securities lending contract with a bank or nonbank security lending agent for purposes of realizing additional income. Loans of securities by the PUF shall be collateralized by cash, letters of credit or securities issued or guaranteed by the U.S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate.

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the lending agent shall be reviewed by UTIMCO staff to ensure compliance with contract provisions.

### **Investor Responsibility**

As a shareholder, the PUF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the PUF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the PUF solely in the interest of the U. T. System and the A&M System, in compliance with the Proxy Voting Policy then in effect, and shall not invest the PUF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

### **Amendment of Policy Statement**

The Board of Regents reserves the right to amend this Policy Statement as it deems necessary or advisable.

*Permanent University Fund Investment Policy Statement (continued)*

**Effective Date**

The effective date of this Policy shall be September 1, ~~2023~~2024.

**EXHIBIT A**  
**ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE SEPTEMBER 1, 2023-2024**

Asset Class	Min v Target <sup>(1)</sup>	Target <sup>(2)(3)</sup>	Max v Target <sup>(1)</sup>	Benchmark
<b>Global Equity:</b>				
Developed Public Equity	-5.0%	20.0%	+15.0%	MSCI World Index with Net Dividends Blended 67% MSCI Emerging Markets with China All Shares and 33% MSCI Emerging Markets ex-China
Emerging Markets Public Equity	-5.0%	6.4%	+5.0%	
<i>Total Public Equity</i>	-5.0%	26.4%	+15.0%	HFRI Fund of Funds Composite Blended <b>Median</b> Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Directional Hedge Funds	-5.0%	6.0%	+5.0%	
Private Equity <sup>(3)</sup>	17.5%	27.5%	37.5%	
<b>Total Global Equity</b>	<b>-7.0%</b>	<b>59.9%</b>	<b>+15%</b>	
<b>Stable Value:</b>				
Investment Grade Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Global Aggregate Index <b>x-CNY</b> - Hedged Bloomberg US Treasury Long Index
Long T Treasuries	-5.0%	5.1%	+5.0%	
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index 3 month T-Bills
<i>Total Fixed Income</i>	-5.0%	5.1%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	HFRI Fund of Funds Conservative
Stable Value Hedge Funds	-5.0%	10.5%	+5.0%	
<b>Total Stable Value</b>	<b>-10.0%</b>	<b>17.6%</b>	<b>+6.0%</b>	
<b>Real Return:</b>				
Inflation Linked Bonds	-5.0%	0.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index Gold Spot Price (XAU)
Gold	-5.0%	0.0%	+5.0%	
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI Blended <b>Median</b> Cambridge PE Energy and Upstream & Royalty (ex Mining), PE Energy (Mining) and Timber
<i>Total Commodities</i>	-5.0%	0.0%	+5.0%	
Natural Resources <sup>(3)</sup>	0.0%	3.3%	8.0%	<b>Median</b> Cambridge Infrastructure Blended MSCI US REIT Gross Total Return Index (RMSG) and <b>Median</b> Cambridge Total Real Estate
Infrastructure <sup>(3)</sup>	0.0%	4.5%	10.0%	
Real Estate <sup>(3)</sup>	5.0%	9.7%	15.0%	
<b>Total Real Return</b>	<b>-6.0%</b>	<b>17.5%</b>	<b>+6.0%</b>	
<b>Strategic Partnerships</b>	<b>-5.0%</b>	<b>5.0%</b>	<b>+5.0%</b>	Blended Bloomberg US Treasury Long Index, MSCI World Index with Net Dividends, MSCI Emerging Markets Index with Net Dividends, and HFRI Macro
<b>Innovation &amp; Disruption</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5.0%</b>	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
<b>Total All Asset Classes</b>		<b>100.0%</b>	<b>110.0%</b>	

~~The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 110% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.~~

POLICY/TARGET RETURN/RISKS <sup>(2)</sup>	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	5.19%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	6.43%
One Year Downside Volatility	8.24%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) When preceded by a "-" or "+", in relation to the Asset Class Target; with the exception of Cash, "Min" will not be below zero

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

(3) The Adjusted Target weight of each of Private Equity, Real Estate, Natural Resources and Infrastructure, will be set each month as the average ending actual weight of the combined PUF and GEF from the prior month. Any difference in the calculated Private Equity, Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using 100% Developed Public Equity.

# APPENDIX B

## THE UNIVERSITY OF TEXAS SYSTEM GENERAL ENDOWMENT FUND INVESTMENT POLICY STATEMENT

### Purpose

The General Endowment Fund (the "GEF"), established by the Board of Regents of The University of Texas System (the "Board of Regents") March 1, 2001, is a pooled fund for the collective investment of certain long-term funds under the control and management of the Board of Regents. The GEF provides for greater diversification of investments than would be possible if each account were managed separately.

### GEF Organization

The GEF functions like a mutual fund in which each eligible fund purchases and redeems GEF units as provided herein. The ownership of GEF assets shall at all times be vested in the Board of Regents. Such assets shall be deemed to be held by the Board of Regents, as a fiduciary, regardless of the name in which the assets may be registered.

### GEF Management

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of ~~investment~~investments and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Section 51.0031(c) of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the GEF.

Ultimate fiduciary responsibility for the GEF rests with the Board of Regents. Section 66.08, ~~of the~~ *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.



*General Endowment Fund Investment Policy Statement (continued)*

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company (“UTIMCO”), the GEF shall be managed by UTIMCO, which shall a) recommend investment policy for the GEF, b) recommend specific Asset Class allocation targets, ranges, and performance benchmarks consistent with GEF objectives, and c) monitor GEF performance against GEF objectives. UTIMCO shall invest the ~~GEF~~GEF’s assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

UTIMCO may select and terminate unaffiliated investment managers subject to the Delegation of Authority Policy approved by the UTIMCO Board. Managers shall be monitored for performance and adherence to investment disciplines.

### **GEF Administration**

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized ~~so as~~ to provide for responsible separation of duties and adequacy of an audit trail. Custody of GEF assets shall comply with applicable law and be structured ~~so as~~ to provide essential safekeeping and trading efficiency.

### **Funds Eligible to Purchase GEF Units**

No fund shall be eligible to purchase units of the GEF unless it is under the sole control, with full discretion as to investments, of the Board of Regents.

Any fund whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the GEF.

Currently, the Long Term Fund (the “LTF”) and the Permanent Health Fund (the “PHF”) purchase units in the GEF.

### **GEF Investment Objectives**

The GEF and the PUF are managed similarly for efficient investment purposes. The primary investment objective of the GEF shall be to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses.

Investments must be prudently diversified, and within the approved Policy Downside Volatility Bounds, as defined in Exhibit A, and measured at least monthly by UTIMCO’s risk model. Liquidity of the GEF will be governed by the Liquidity Policy, overseen by the Investment Risk Committee of the UTIMCO Board.

*General Endowment Fund Investment Policy Statement (continued)*

GEF return, Asset Class allocations, and downside volatility targets are subject to adjustment from time to time by the Board of Regents.

**Asset Class Allocation and Policy**

Asset Class allocation is the primary determinant of the volatility of investment return and, subject to the Asset Class allocation ranges specified in Exhibit A, is the responsibility of UTIMCO. UTIMCO is responsible for measuring actual Asset Class allocation at least monthly (incorporating the impact of derivative positions covered under the Derivative Investment Policy), and for reporting the actual portfolio Asset Class allocation to the UTIMCO Board and the Board of Regents at least quarterly. While specific Asset Class allocation positions may be changed within the ranges specified in Exhibit A based on the economic and investment outlook from time to time, the range limits cannot be intentionally breached without prior approval of the Board of Regents.

In the event that actual portfolio positions in Asset Classes or the Portfolio Projected Downside Volatility move outside the ranges indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will ~~immediately~~promptly report this situation to the UTIMCO Board ~~Chairman~~Chair and take steps to rebalance portfolio positions back within the policy ranges in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the GEF asset values could warrant requesting approval of the UTIMCO Board ~~Chairman~~Chair to waive immediate remedial action.

~~Portable alpha strategies are permitted within and across regimes and generally involve the use of leverage. Each Asset Class may include investments that collectively target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.~~

Within the general investment regimes of Global Equity, Stable Value, and Real Return, GEF assets shall be allocated among the following broad Asset Classes based upon their individual return/risk characteristics and relationships to other Asset Classes:

**Global Equity:**

Developed Public Equity – Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (including the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial

*General Endowment Fund Investment Policy Statement (continued)*

investment. Developed Public Equity includes common stocks, depository receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Developed Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Emerging Markets Public Equity – Emerging Markets Public Equity invests primarily in the equity securities of companies that are domiciled in (i) the emerging countries that are part of the MSCI Emerging Markets Index or (ii) countries that have yet to reach MSCI Emerging Markets Index qualification status. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Emerging Markets Public Equity includes common stocks, depository receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Emerging Markets Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Directional Hedge Funds – Directional Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Directional Hedge Funds exhibit moderate market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, credit (loans, bonds, asset-backed securities, direct lending and distressed) and global macro.

Private Equity – Private Equity investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in controlling or minority ownership interests in private or publicly-traded companies. These investments are acquired by purchasing publicly-traded or privately-issued common and preferred stocks, convertible securities, warrants, rights, options or debt obligations of private or publicly-traded companies. Private Equity investments often have transfer restrictions and are not as liquid as publicly-traded securities. Private Equity investments are often classified by strategy including: buyouts, venture capital and private credit.

**Stable Value:**

Investment Grade Fixed Income – Investment Grade Fixed Income represents ownership of fixed income instruments across all maturities, U.S. and non-U.S.,

*General Endowment Fund Investment Policy Statement (continued)*

that are rated investment grade. These include debt issued by the Sovereign Governments, various government enterprises and agencies, and corporations. The principal securities include bonds, notes, bills, mortgage and asset-backed securities and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Investment Grade Fixed Income.

Long Treasuries – Long Treasuries represents ownership of fixed income instruments across long-dated maturities issued by the U.S. government. The principal securities may include bonds, notes, bills and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Long Treasuries.

Credit-Related Fixed Income – Credit-Related Fixed Income represents ownership of fixed income instruments across all maturities, including real and nominal, U.S. and non-U.S., that are rated below investment grade.

Stable Value Hedge Funds – Stable Value Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Stable Value Hedge Fund investments exhibit little to no market sensitivity, as defined by beta to public equities, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, relative value, trend following, direct lending, specialty credit and global macro.

Cash – Cash has the same meaning as given to the term “Cash” in the Liquidity Policy and includes, for example, cash in any currencies and other overnight funds that have not been allocated to a specific asset class.

**Real Return:**

Inflation Linked Bonds – Inflation Linked Bonds include fixed income investments issued by both U.S. and Non-U.S. Governments where the principal value of the bond has been indexed to some rate of inflation, as well as ETFs and derivatives referencing Inflation Linked Bonds or directly linked to inflation rates, including but not limited to inflation swaps. Inflation Linked Bonds are intended to provide some degree of inflation protection .

Commodities – Commodities investments represent ownership of fungible goods such as metals, grains, foods and energy products or any other investment defined by regulators as a commodity. These investments can be made through actual physical ownership of the goods, or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

Natural Resources – Natural Resources investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in a controlling or minority ownership interest in a company involved in the

*General Endowment Fund Investment Policy Statement (continued)*

production of natural resources including, but not limited to: energy, precious metals, metals, minerals, agriculture, livestock, and timber. Some Natural Resource investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Infrastructure – Infrastructure investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in ownership of companies or assets that provide an essential service that contributes to the economic or social productivity of an organization, community, or society at large with real assets in the water, transportation, energy, communication or social sectors. Investments generally have structure features that include a monopolistic or oligopolistic market position with high barriers to entry; a low elasticity of demand due to their essential functions; stable, predictable, and long-term revenue contracts; or inflation protection through inflation adjustment mechanisms in underlying contracts. Some Infrastructure investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Real Estate – Real Estate investments may be public, made principally in companies that are part of the MSCI US REIT Gross Total Return Index (RMSG) and that own or manage equity or debt interests in portfolios of real estate. Public Real Estate investments generally trade in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Real Estate investments may also be private. Private Real Estate investments may have transfer restrictions and may not be as liquid as publicly-traded securities. Real Estate investments may be made by purchasing or selling: physical real estate; privately issued securities such as interests in private limited partnerships, joint ventures or other special purpose vehicles (which in each case could result in a controlling or minority ownership interest in a real estate focused company); common or preferred stocks; depositary receipts; exchange traded funds; secured or subordinated debt; mortgage-related investments; real estate investment trusts (“REITs”) or any other instrument commonly used by institutional investors and derivatives based on any of the foregoing. Real Estate investments are often classified by strategy including: core, core-plus, value-added, opportunistic and special situations.

**Strategic Partnerships:**

Strategic Partnerships are multi-asset investment portfolios designed to generate investment returns through a combination of security selection and tactical asset allocation. Strategic Partnerships may invest long or short in equities, fixed income, commodities, currencies, funds, and other global market instruments, including derivatives. Strategies utilized by Strategic Partnerships may involve the use of leverage to enhance the portfolio’s risk-adjusted returns.

*General Endowment Fund Investment Policy Statement (continued)*

**Cross-Asset Strategies:**

Portable alpha strategies are investment strategies within and across regimes and generally involve the use of leverage. Such strategies are permitted in the Developed Public Equity, Emerging Markets Public Equity and the Long Treasuries Asset Classes, provided that such strategies target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.

**Innovation and Disruption:**

The Innovation and Disruption portfolio comprises investments in emerging asset types or industries that are innovative or disruptive. Innovation and Disruption investments have the potential to become large and institutional markets over time. This portfolio provides a nimble and timely means to identify and invest in these opportunities with the primary objectives of developing a deeper understanding of the assets and benefitting from the returns earned by early movers. To manage the risk of this portfolio, UTIMCO will develop and maintain portfolio guidelines that determine the investment selection process and limit the maximum size of the portfolio and the maximum size of individual investments. Over time, UTIMCO will assess if these investments should become larger and more permanent elements of funds managed by UTIMCO, either as part of an existing or a newly defined Asset Class.

All mandates investments will be categorized at inception and on an ongoing basis by Asset Class.

**Performance Measurement**

~~The investment performance of the GEF will be measured by the GEF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated Policy Benchmarks of the GEF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices weighted to reflect GEF's Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.~~

*General Endowment Fund Investment Policy Statement (continued)*

**Investment Guidelines**

The GEF must be invested at all times in strict compliance with applicable law.

Investment guidelines include the following:

General

- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief Investment Officer prior to investment of GEF assets in such investments.
- No securities may be purchased or held which would jeopardize the GEF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized in the [Delegation of Authority Policy, the Derivative Investment Policy or](#) by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- The GEF's investments in warrants shall not exceed more than 5% of the GEF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The GEF may utilize derivatives only in accordance with the Derivative Investment Policy. The aggregate prorated annual premium of Derivative Investments utilized to reduce exposure to an Asset Class or hedge against risk shall not exceed 75 basis points of GEF value.

Investment Grade and Credit-Related Fixed Income

- Not more than 5% of the market value of fixed income securities may be invested in corporate and municipal bonds of a single issuer.

Public Real Estate, and Public Equity

- Not more than 25% of the market value of equity securities may be invested in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at cost.



*General Endowment Fund Investment Policy Statement (continued)*

- Not more than 5% of the market value of equity securities may be invested in the securities of one corporation at cost.

Stable Value

- Not more than 7.5% of the market value of equity and fixed income securities taken together may be invested in one corporation at cost.

**Leverage**

The GEF can incur Leverage directly through derivatives and facilities such as repurchase agreements and reverse repurchase agreements, prime broker loans and other funding mechanisms (collectively “Leverage”). The Total Asset Class exposure, including these forms of Leverage, shall not exceed 110% of the net asset value of the GEF. Asset Class exposure will include applicable leverage and must remain within the policy limits provided in Exhibit A. Derivatives and other leverage facilities incurred by external managers operating under limited partnership agreements, through corporations, or through other limited liability entities are not included in any Asset Class exposure.

**GEF Accounting**

The fiscal year of the GEF shall begin on September 1st and end on August 31st. Market value of the GEF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles (“GAAP”), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO’s Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be “other than temporarily impaired” as defined by GAAP shall be written off and reported to UTIMCO’s Chief Investment Officer and the UTIMCO Board when material. The GEF’s financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

**Valuation of Assets**

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all GEF net assets and the net asset value per unit of the GEF. Valuation of GEF assets shall be based on the books and records of the custodian for the valuation date. The final determination of GEF net assets for a month end close shall normally be completed within seven business days but determination may be longer under certain circumstances.

The fair market value of the GEF’s net assets shall include all related receivables and payables of the GEF on the valuation date and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.



*General Endowment Fund Investment Policy Statement (continued)*

### **Performance Measurement**

The investment performance of the GEF will be measured by the GEF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board and compared against the stated Policy Benchmarks of the GEF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices weighted to reflect GEF's Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

### **Compliance**

Compliance with this Policy will be monitored by UTIMCO's Chief Compliance Officer. UTIMCO's Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO's compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO's Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO's Chief Executive Officer and approved by the ~~Chairman~~Chair of the UTIMCO Board with timelines for bringing the non-compliant activity within this Policy.

### **Purchase of GEF Units**

Purchase of GEF units may be made on any quarterly purchase date (September 1, December 1, March 1, and June 1 of each fiscal year or the first business day subsequent thereto) upon payment of cash to the GEF or contribution of assets approved by UTIMCO's Chief Investment Officer, at the net asset value per unit of the GEF as of the most recent quarterly valuation date. Each fund whose monies are invested in the GEF shall own an undivided interest in the GEF in the proportion that the number of units invested therein bears to the total number of all units comprising the GEF.

### **Redemption of GEF Units**

Redemption of GEF units shall be paid in cash as soon as practicable after the quarterly valuation date of the GEF. Withdrawals from the GEF shall be at the market value price per unit determined at the time of the withdrawal.

### **Securities Lending**

The GEF may participate in a securities lending contract with a bank or nonbank security lending agent for purposes of realizing additional income. Loans of securities by the GEF shall be collateralized by cash, letters of credit, or securities

*General Endowment Fund Investment Policy Statement (continued)*

issued or guaranteed by the U.S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate.

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the lending agent shall be reviewed by UTIMCO staff to ensure compliance with contract provisions.

**Investor Responsibility**

As a shareholder, the GEF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the GEF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the GEF solely in the interest of GEF unit holders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the GEF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

**Amendment of Policy Statement**

The Board of Regents reserves the right to amend this Policy Statement as it deems necessary or advisable.

**Effective Date**

The effective date of this Policy shall be September 1, ~~2023~~2024.

**EXHIBIT A**  
**ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE SEPTEMBER 1, 2023-2024**

Asset Class	Min v Target <sup>(1)</sup>	Target <sup>(2)(3)</sup>	Max v Target <sup>(1)</sup>	Benchmark
<b>Global Equity:</b>				
Developed Public Equity	-5.0%	20.0%	+15.0%	MSCI World Index with Net Dividends Blended 67% MSCI Emerging Markets with China All Shares and 33% MSCI Emerging Markets ex-China
Emerging Markets Public Equity	-5.0%	6.4%	+5.0%	
<i>Total Public Equity</i>	-5.0%	26.4%	+15.0%	HFRI Fund of Funds Composite Blended <b>Median</b> Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Directional Hedge Funds	-5.0%	6.0%	+5.0%	
Private Equity <sup>(3)</sup>	17.5%	27.5%	37.5%	
<b>Total Global Equity</b>	<b>-7.0%</b>	<b>59.9%</b>	<b>+15%</b>	
<b>Stable Value:</b>				
Investment Grade Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Global Aggregate Index <b>x-CNY</b> - Hedged Bloomberg US Treasury Long Index
Long Treasuries	-5.0%	5.1%	+5.0%	
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index 3 month T-Bills
<i>Total Fixed Income</i>	-5.0%	5.1%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	HFRI Fund of Funds Conservative
Stable Value Hedge Funds	-5.0%	10.5%	+5.0%	
<b>Total Stable Value</b>	<b>-10.0%</b>	<b>17.6%</b>	<b>+6.0%</b>	
<b>Real Return:</b>				
Inflation Linked Bonds	-5.0%	0.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index Gold Spot Price (XAU)
Gold	-5.0%	0.0%	+5.0%	
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI Blended <b>Median</b> Cambridge PE Energy and Upstream & Royalty (ex Mining), PE Energy (Mining) and Timber
<i>Total Commodities</i>	-5.0%	0.0%	+5.0%	
Natural Resources <sup>(3)</sup>	0.0%	3.3%	8.0%	<b>Median</b> Cambridge Infrastructure Blended MSCI US REIT Gross Total Return Index (RMSG) and <b>Median</b> Cambridge Total Real Estate
Infrastructure <sup>(3)</sup>	0.0%	4.5%	10.0%	
Real Estate <sup>(3)</sup>	5.0%	9.7%	15.0%	
<b>Total Real Return</b>	<b>-6.0%</b>	<b>17.5%</b>	<b>+6.0%</b>	
<b>Strategic Partnerships</b>	<b>-5.0%</b>	<b>5.0%</b>	<b>+5.0%</b>	Blended Bloomberg US Treasury Long Index, MSCI World Index with Net Dividends, MSCI Emerging Markets Index with Net Dividends, and HFRI Macro
<b>Innovation &amp; Disruption</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5.0%</b>	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
<b>Total All Asset Classes</b>		<b>100.0%</b>	<b>110.0%</b>	

~~The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 110% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.~~

<b>POLICY/TARGET RETURN/RISKS<sup>(2)</sup></b>	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	5.19%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	6.43%
One Year Downside Volatility	8.24%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) When preceded by a "-" or "+", in relation to the Asset Class Target; with the exception of Cash, "Min" will not be below zero

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

(3) The Adjusted Target weight of each of Private Equity, Real Estate, Natural Resources and Infrastructure, will be set each month as the average ending actual weight of the combined PUF and GEF from the prior month. Any difference in the calculated Private Equity, Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using 100% Developed Public Equity.

# APPENDIX C

## **THE UNIVERSITY OF TEXAS SYSTEM INTERMEDIATE TERM FUND INVESTMENT POLICY STATEMENT**

### **Purpose**

The University of Texas System Intermediate Term Fund (the "ITF") was established by the Board of Regents of The University of Texas System (the "Board of Regents") as a pooled fund for the collective investment of operating funds and other intermediate and long-term funds held by U. T. System institutions and U. T. System Administration.

### **ITF Organization**

The ITF functions as a mutual fund in which each eligible account purchases and redeems ITF units as provided herein. The ownership of ITF assets shall at all times be vested in the Board of Regents. Such assets shall be deemed to be held by the Board of Regents, as a fiduciary, regardless of the name in which the assets may be registered.

### **ITF Management**

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of ~~investment~~investments and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Section 51.0031(c) of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the ITF.

Ultimate fiduciary responsibility for the ITF rests with the Board of Regents. Section 66.08, ~~of the~~ of the *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company ("UTIMCO"), the ITF shall be managed by UTIMCO, which shall a) recommend investment policy for the ITF, b) recommend specific Asset Class allocation targets, ranges, and performance benchmarks consistent with ITF objectives, and c) monitor ITF performance against ITF objectives. UTIMCO shall invest the ITF assets in conformity

*Intermediate Term Fund Investment Policy Statement (continued)*

with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

UTIMCO may select and terminate unaffiliated investment managers subject to the Delegation of Authority Policy approved by the UTIMCO Board. Managers shall be monitored for performance and adherence to investment disciplines.

### **ITF Administration**

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized ~~so as~~ to provide for responsible separation of duties and adequacy of an audit trail. Custody of ITF assets shall comply with applicable law and be structured ~~so as~~ to provide essential safekeeping and trading efficiency.

### **Funds Eligible to Purchase ITF Units**

No account shall be eligible to purchase units of the ITF unless it is under the sole control, with full discretion as to investments, by the Board of Regents. Any account whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the ITF.

### **ITF Investment Objectives**

The ITF consists of intermediate and long-term funds held by the U. T. System Board of Regents, as a fiduciary, for the benefit of U. T. System institutions, U. T. System Administration, and other affiliated funds. ITF assets are pooled for efficient investment purposes and managed by UTIMCO over the intermediate to longer term.

The primary investment objective of the ITF is to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate.

The secondary investment objective is to preserve the purchasing power of ITF assets by earning a compound annualized return over rolling five-year periods, net of all direct and allocated expenses, of at least inflation as measured by the Consumer Price Index (CPI-U) plus 3% and to generate average annual returns net of all investment-related expenses, in excess of the approved Policy Portfolio over rolling five-year periods. Investment returns are expressed net of all investment-related expenses. Additional expenses include U. T. System administrative fees charged to the fund.

Investments must be prudently diversified, and within the approved Policy Downside Volatility Bounds, as defined in Exhibit A, and measured at least monthly by UTIMCO's risk model. Liquidity of the ITF will be governed by the Liquidity Policy, overseen by the Investment Risk Committee of the UTIMCO Board.

*Intermediate Term Fund Investment Policy Statement (continued)*

ITF return, Asset Class allocations, and downside volatility targets are subject to adjustment from time to time by the Board of Regents.

### **Asset Class Allocation and Policy**

Asset Class allocation is the primary determinant of the volatility of investment return and, subject to the Asset Class allocation ranges specified in Exhibit A, is the responsibility of UTIMCO. The Asset Class allocation is designed to accommodate the intermediate investment horizon of the ITF assets with enhanced returns at moderate managed risk levels. UTIMCO is responsible for measuring actual Asset Class allocation at least monthly (incorporating the impact of derivative positions covered under the Derivative Investment Policy), and for reporting the actual portfolio Asset Class allocation to the UTIMCO Board and the Board of Regents at least quarterly. While specific Asset Class allocation positions may be changed within the ranges specified in Exhibit A based on the economic and investment outlook from time to time, the range limits cannot be intentionally breached without prior approval of the Board of Regents.

In the event that actual portfolio positions in Asset ClassClasses or the Portfolio Projected Downside Volatility move outside the ranges indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will immediatelypromptly report this situation to the UTIMCO Board ChairmanChair and take steps to rebalance portfolio positions back within the policy ranges in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the ITF asset values could warrant requesting approval of the UTIMCO Board ChairmanChair to waive remedial action.

~~Portable alpha strategies are permitted within and across regimes and generally involve the use of leverage at the underlying strategy level. Each Asset Class may include investments that collectively target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.~~

Within the general investment regimes of Global Equity, Stable Value, and Real Return, ITF assets shall be allocated among the following broad Asset Classes based upon their individual return/risk characteristics and relationships to other Asset Classes:

#### **Global Equity:**

Developed Public Equity – Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (including the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise

*Intermediate Term Fund Investment Policy Statement (continued)*

freely marketable within three years after the initial investment. Developed Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Developed Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Emerging Markets Public Equity – Emerging Markets Public Equity invests primarily in the equity securities of companies that are domiciled in (i) the emerging countries that are part of the MSCI Emerging Markets Index or (ii) countries that have yet to reach MSCI Emerging Markets Index qualification status. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Emerging Markets Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Emerging Markets Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Directional Hedge Funds – Directional Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Directional Hedge Funds exhibit moderate market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, credit (loans, bonds, asset-backed securities, direct lending and distressed) and global macro.

**Stable Value:**

Investment Grade Fixed Income – Investment Grade Fixed Income represents ownership of fixed income instruments across all maturities, U.S. and non-U.S., that are rated investment grade. These include debt issued by the Sovereign Governments, various government enterprises and agencies, and corporations. The principal securities include bonds, notes, bills, mortgage and asset-backed securities and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Investment Grade Fixed Income.

Long Treasuries – Long Treasuries represents ownership of fixed income instruments across long-dated maturities issued by the U.S. government. The principal securities may include bonds, notes, bills and ETFs. In addition, derivative



*Intermediate Term Fund Investment Policy Statement (continued)*

applications that serve as a fixed income substitute may be classified as Long Treasuries.

Stable Value Hedge Funds – Stable Value Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Stable Value Hedge Fund investments exhibit little to no market sensitivity, as defined by beta to public equities, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, relative value, trend following, direct lending, specialty credit and global macro.

Cash – Cash has the same meaning as given to the term “Cash” in the Liquidity Policy and includes, for example, cash in any currencies and other overnight funds that have not been allocated to a specific Asset Class.

**Real Return:**

Inflation Linked Bonds – Inflation Linked Bonds include fixed income investments issued by both U.S. and Non-U.S. Governments where the principal value of the bond has been indexed to some rate of inflation, as well as ETFs and derivatives referencing Inflation Linked Bonds or directly linked to inflation rates, including but not limited to inflation swaps. Inflation Linked Bonds are intended to provide some degree of inflation protection.

Commodities – Commodities investments represent ownership of fungible goods such as metals, grains, foods and energy products or any other investment defined by regulators as a commodity. These investments can be made through actual physical ownership of the goods, or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

Public Real Estate – Public Real Estate invests principally in companies that are part of the MSCI US REIT Gross Total Return Index (RMSG) and that own or manage equity or debt interests in portfolios of real estate or real assets. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Public Real Estate includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).

**Cross-Asset Strategies:**

Portable alpha strategies are investment strategies within and across regimes and generally involve the use of leverage. Such strategies are permitted in the Developed Public Equity, Emerging Markets Public Equity and the Long Treasuries

*Intermediate Term Fund Investment Policy Statement (continued)*

Asset Classes, provided that such strategies target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.

All mandates investments will be categorized at inception and on an ongoing basis by Asset Class.

**Performance Measurement**

~~The investment performance of the ITF will be measured by the ITF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, compared against the stated Policy Benchmarks of the ITF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices reported by the independent custodian and weighted to reflect ITF's approved Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.~~

**Investment Guidelines**

The ITF must be invested at all times in strict compliance with applicable law. Investment guidelines include the following:

General

- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief Investment Officer prior to investment of ITF assets in such investments.
- No securities may be purchased or held which would jeopardize the ITF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.

*Intermediate Term Fund Investment Policy Statement (continued)*

- The ITF's investments in warrants shall not exceed more than 5% of the ITF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The ITF may utilize derivatives only in accordance with the Derivative Investment Policy. The aggregate prorated annual premium of Derivative Investments utilized to reduce exposure to an Asset Class or hedge against risk shall not exceed 50 basis points of ITF value.

Investment Grade Fixed Income

- Not more than 5% of the market value of fixed income securities may be invested in corporate and municipal bonds of a single issuer.

Public Real Estate and Public Equity

- Not more than 25% of the market value of equity securities may be invested in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at cost.
- Not more than 5% of the market value of equity securities may be invested in the securities of one corporation at cost.

Stable Value

- Not more than 7.5% of the market value of equity and fixed income securities taken together may be invested in one corporation at cost.

**Leverage**

The ITF can incur Leverage directly through derivatives and facilities such as repurchase agreements and reverse repurchase agreements, prime broker loans and other funding mechanisms (collectively "Leverage"). The Total Asset Class exposure, including these forms of Leverage, shall not exceed 105% of the net asset value of the ITF. Asset Class exposure will include applicable leverage and must remain within the policy limits provided in Exhibit A. Derivatives and other leverage facilities incurred by external managers operating under limited partnership agreements, through corporations, or through other limited liability entities are not included in any Asset Class exposure.

**ITF Accounting**

The fiscal year of the ITF shall begin on September 1st and end on August 31st. Market value of the ITF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles ("GAAP"), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO's Chief Investment Officer

*Intermediate Term Fund Investment Policy Statement (continued)*

and reported to the UTIMCO Board. Assets deemed to be “other than temporarily impaired” as defined by GAAP shall be written off and reported to UTIMCO’s Chief Investment Officer and the UTIMCO Board when material. The ITF’s financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

### **Valuation of ITF Assets**

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all ITF net assets and the net asset value per unit of the ITF. Valuation of ITF assets shall be based on the books and records of the custodian for the valuation date. The final determination of ITF net assets for a month end close shall normally be completed within seven business days but determination may be longer under certain circumstances. ~~Valuation of ITF assets shall be based on the books and records of the custodian for the valuation date.~~

The fair market value of the ITF’s net assets shall include all related receivables and payables of the ITF on the valuation date and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

### **Performance Measurement**

The investment performance of the ITF will be measured by the ITF’s custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board and compared against the stated Policy Benchmarks of the ITF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices weighted to reflect the ITF’s Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

### **Compliance**

Compliance with this Policy will be monitored by UTIMCO’s Chief Compliance Officer. UTIMCO’s Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO’s compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO’s Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO’s Chief Executive Officer and approved by the ~~Chairman~~Chair of the UTIMCO Board with timelines for bringing the noncompliant activity within this Policy.

### **ITF Distributions**

*Intermediate Term Fund Investment Policy Statement (continued)*

The ITF shall provide monthly distributions to the unit holders. The Board of Regents will approve an annual distribution amount. Distributions from the ITF to the unit holders shall be made monthly on the first business day of each month. To calculate the monthly distribution, the distribution rate (% divided by 12) will be multiplied by each unit holder's account, determined as follows:

- Net asset value of each unit holder's account on the last business day of the second prior month;
- Plus value of each unit holder's net purchase/redemption amount on the first business day of the prior month;
- Less the distribution amount paid to each unit holder's account on the first business day of the prior month.

### **Purchase and Redemption of ITF Units**

The ITF participants may purchase units on the first business day of each month upon payment of cash or reinvestment of distributions to the ITF, at the net asset value per unit of the ITF as of the prior month ending valuation date. Such purchase commitments are binding. The ITF participants may redeem ITF units on a monthly basis. The unit redemption shall be paid in cash as soon as practicable after the month end valuation date of the ITF. Redemptions from the ITF shall be at the market price per unit determined at the time of the redemption. Such redemption commitments are binding.

Participants of the ITF are required to provide notification of purchases and redemptions based on specific notification requirements as set forth in The University of Texas System Allocation Policy for Non-Endowment Funds.

### **Securities Lending**

The ITF may participate in a securities lending contract with a bank or ~~non-~~banknonbank security lending agent for purposes of realizing additional income. Loans of securities by the ITF shall be collateralized by cash, letters of credit, or securities issued or guaranteed by the U.S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate.

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the lending agent shall be reviewed by UTIMCO staff to ensure compliance with contract provisions.

### **Investor Responsibility**

As a shareholder, the ITF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for

*Intermediate Term Fund Investment Policy Statement (continued)*

the economic benefit of the ITF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the ITF solely in the interest of ITF unitholders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the ITF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

**Amendment of Policy Statement**

The Board of Regents reserves the right to amend ~~the Investment~~this Policy Statement as it deems necessary or advisable.

**Effective Date**

The effective date of this Policy shall be September 1, ~~2023~~2024.

**EXHIBIT A**  
**ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE SEPTEMBER 1, 2023 2024**

Asset Class	Min v Target <sup>(1)</sup>	Target <sup>(2)</sup>	Max v Target <sup>(1)</sup>	Benchmark
<b>Global Equity:</b>				
Developed Public Equity	-5.0%	11.5%	+5.0% +10.0%	MSCI World Index with Net Dividends Blended 67% MSCI Emerging Markets with China All Shares and 33% MSCI Emerging Markets ex-China
Emerging Markets Public Equity	-5.0%	3.5%	+5.0%	
<i>Total Public Equity</i>	-5.0%	15.0%	+5.0% +10.0%	
Directional Hedge Funds	-5.0%	35.0%	+5.0%	HFRI Fund of Funds Composite
<b>Total Global Equity</b>	<b>-7.0%</b>	<b>50.0%</b>	<b>+7.0% +10.0%</b>	
<b>Stable Value:</b>				
Investment Grade Fixed Income	-5.0%	6.0%	+5.0%	Bloomberg Global Aggregate Index x-CNY - Hedged Bloomberg US Treasury Long Index
Long Treasuries	-5.0%	7.0%	+5.0%	
<i>Total Fixed Income</i>	-5.0%	13.0%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	3 month T-bills
Stable Value Hedge Funds	-5.0%	25.0%	+5.0%	HFRI Fund of Funds Conservative
<b>Total Stable Value</b>	<b>-10.0%</b>	<b>40.0%</b>	<b>+6.0%</b>	
<b>Real Return:</b>				
Inflation Linked Bonds	-5.0%	5.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)
Commodities	-5.0%	2.5%	+5.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	-5.0%	2.5%	+5.0%	
Public Real Estate	-5.0%	2.5%	+5.0%	MSCI US REIT Gross Total Return Index (RMSG)
<b>Total Real Return</b>	<b>-6.0%</b>	<b>10.0%</b>	<b>+6.0%</b>	
<b>Total All Asset Classes</b>		<b>100.0%</b>	<b>105.0%</b>	

~~The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.~~

POLICY/TARGET RETURN/RISKS <sup>(2)</sup>	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	2.30%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	4.30%
One Year Downside Volatility	3.80%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) In relation to the Asset Class Target with the exception of Cash, "Min" will not be below zero

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

# APPENDIX D



**THE UNIVERSITY OF TEXAS SYSTEM  
LONG TERM FUND  
INVESTMENT POLICY STATEMENT**

**Purpose**

The Long Term Fund (the "LTF"), succeeded the Common Trust Fund in February 1995, and was established by the Board of Regents of The University of Texas System (the "Board of Regents") as a pooled fund for the collective investment of private endowments and other long-term funds supporting various programs of The University of Texas System. The LTF provides for greater diversification of investments than would be possible if each account were managed separately.

**LTF Organization**

The LTF functions like a mutual fund in which each eligible account purchases and redeems LTF units as provided herein. The ownership of LTF assets shall at all times be vested in the Board of Regents. Such assets shall be deemed to be held by the Board of Regents, as a fiduciary, regardless of the name in which the assets may be registered.

**LTF Management**

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of ~~investment~~investments and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Section 51.0031(c) of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the LTF.

Ultimate fiduciary responsibility for the LTF rests with the Board of Regents. Section 66.08, ~~of the~~ *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management

*Long Term Fund Investment Policy Statement (continued)*

Company (“UTIMCO”), the LTF shall be managed by UTIMCO, which shall a) recommend investment policy for the LTF, b) recommend specific Asset Class allocation targets, ranges, and performance benchmarks consistent with LTF objectives, and c) monitor LTF performance against LTF objectives. UTIMCO shall invest the LTF assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

### **LTF Administration**

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized ~~so as~~ to provide for responsible separation of duties and adequacy of an audit trail. Custody of LTF assets shall comply with applicable law and be structured ~~so as~~ to provide essential safekeeping and trading efficiency.

### **Funds Eligible to Purchase LTF Units**

No account shall be eligible to purchase units of the LTF unless it is under the sole control, with full discretion as to investments, of the Board of Regents.

Any account whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the LTF.

### **LTF Investment Objectives**

The primary investment objective shall be to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses. Additional expenses include U. T. System administrative fees charged to the fund. The LTF’s success in meeting its objectives depends upon its ability to generate high returns in periods of low inflation that will offset lower returns generated in years when the capital markets underperform the rate of inflation.

### **Asset Allocation and Policy**

LTF assets shall be allocated among the following investments.

- A. Cash ~~and Cash Equivalents~~ ~~Cash and Cash Equivalents~~ has the same meaning as given to the term “Cash” in the Liquidity Policy.
- B. U. T. System General Endowment Fund (GEF) - See Exhibit B for the current GEF allocation, which is subject to changes by the Board of

*Long Term Fund Investment Policy Statement (continued)*

Regents. Upon any change to the GEF asset allocation, Exhibit B shall be revised accordingly.

~~In the event that actual Cash and Cash Equivalents positions move outside the range indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will immediately report this situation to the UTIMCO Board Chairman and take steps to rebalance Cash and Cash Equivalents positions back within the policy range in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the LTF asset values could warrant requesting approval of the UTIMCO Board Chairman to waive immediate remedial action.~~

### **Performance Measurement**

~~The investment performance of the LTF will be measured by the LTF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated Policy Benchmarks of the PHF, as indicated in Exhibits A and B (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.~~

### **Investment Guidelines**

The LTF must be invested at all times in strict compliance with applicable law. Investment guidelines for the ~~U. T. System~~ GEF shall be as stated in the GEF Investment Policy Statement.

### **LTF Distributions**

The LTF shall balance the needs and interests of present beneficiaries with those of the future. LTF spending policy objectives shall be to:

- A. provide a predictable, stable stream of distributions over time;
- B. ensure that the ~~inflation-adjusted~~inflation-adjusted value of distributions is maintained over the long term; and
- C. ensure that the ~~inflation-adjusted~~inflation-adjusted value of LTF assets after distributions is maintained over the long term.

The goal is for the LTF's average spending rate over time not to exceed the LTF's average annual investment return after inflation and expense ratio in order to preserve the purchasing power of LTF distributions and underlying assets.

Generally, pursuant to the Uniform Prudent Management of Institutional Funds Act, Chapter 163, *Texas Property Code*, as amended, ("~~Act~~"), subject to the intent of a donor

*Long Term Fund Investment Policy Statement (continued)*

in a gift instrument, the Board of Regents may appropriate for expenditure or accumulate so much of the LTF as it determines is prudent for the uses, benefits, purposes, and duration for which the LTF is established. Notwithstanding the preceding sentence, the Board of Regents may not appropriate for expenditure in any year an amount greater than nine percent (9%) of the LTF, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made.

The Board of Regents will annually approve a per unit distribution amount.

Distributions from the LTF to the unit holders shall be made quarterly as soon as practicable on or after the last business day of November, February, May, and August of each fiscal year.

### **LTF Accounting**

The fiscal year of the LTF shall begin on September 1st and end on August 31st. Market value of the LTF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles (“GAAP”), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO’s Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be “other than temporarily impaired” as defined by GAAP shall be written off and reported to UTIMCO’s Chief Investment Officer and the UTIMCO Board, when material. The LTF’s financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

### **Valuation of Assets**

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all LTF net assets and the net asset value per unit of the LTF. Valuation of LTF assets shall be based on the books and records of the custodian for the valuation date. The final determination of LTF net assets for a ~~month~~ **endmonth-end** close shall normally be completed within eight business days but determination may be longer under certain circumstances.

The fair market value of the LTF’s net assets shall include all related receivables and payables of the LTF on the valuation date, and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

*Long Term Fund Investment Policy Statement (continued)*

### **Performance Measurement**

The investment performance of the LTF will be measured by the LTF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated Policy Benchmarks of the LTF, as indicated in Exhibits A and B (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

### **Compliance**

Compliance with this Policy will be monitored by UTIMCO's Chief Compliance Officer. UTIMCO's Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO's compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO's Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO's Chief Executive Officer and approved by the ~~Chairman~~Chair of the UTIMCO Board with timelines for bringing the ~~non-compliant~~noncompliant activity within this Policy.

In the event that actual Cash positions move outside the range indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will promptly report this situation to the UTIMCO Board Chair and take steps to rebalance Cash positions back within the policy range in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interests of the LTF asset values could warrant requesting approval of the UTIMCO Board Chair to waive immediate remedial action

### **Purchase of LTF Units**

Purchase of LTF units may be made on any quarterly purchase date (September 1, December 1, March 1, and June 1 of each fiscal year or the first business day subsequent thereto) upon payment of cash to the LTF or contribution of assets approved by UTIMCO's Chief Investment Officer, at the net asset value per unit of the LTF as of the most recent quarterly valuation date.

Each account ~~whose monies are~~ invested in the LTF shall own an undivided interest in the LTF in the proportion that the number of units invested therein bears to the total number of all units comprising the LTF.

### **Redemption of LTF Units**

Redemption of LTF units shall be paid in cash as soon as practicable after the quarterly valuation date of the LTF. If the withdrawal is greater than \$25 million, advance notice of 60 business days shall be required prior to the quarterly valuation date. If the

*Long Term Fund Investment Policy Statement (continued)*

withdrawal is for less than \$25 million, advance notice of five business days shall be required prior to the quarterly valuation date. If the aggregate amount of redemptions requested on any redemption date is equal to or greater than ~~52.5%~~ of the LTF's net asset value, the Board of Regents may redeem the requested units in installments and on a pro rata basis over a reasonable period of time that takes into consideration the ~~time frame~~timeframe to liquidate illiquid investments and the best interests of all LTF unit holders. Withdrawals from the LTF shall be at the market value price per unit determined for the period of the withdrawal except as follows: withdrawals to correct administrative errors shall be calculated at the per unit value at the time the error occurred. To be considered an administrative error, the contribution shall have been invested in the LTF for a period less than or equal to one year determined from the date of the contribution to the LTF. Transfer of units between endowment unit holders shall not be considered redemption of units subject to this provision.

**Investor Responsibility**

As a shareholder, the LTF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the LTF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the LTF solely in the interest of LTF unit holders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the LTF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

**Amendment of Policy Statement**

The Board of Regents reserves the right to amend ~~the Investment~~this Policy Statement as it deems necessary or advisable.

**Effective Date**

The effective date of this Policy shall be September 1, ~~2023~~2024.

*Long Term Fund Investment Policy Statement (continued)*

**EXHIBIT A**

**LTF ASSET ALLOCATION**

**POLICY TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008**

	<b>Neutral Allocation</b>	<b>Range</b>	<b>Benchmark Return</b>
GEF Commingled Fund	100.0%	95% - 100%	Endowment Policy Portfolio
Cash <del>and Cash Equivalents</del>	0.0%	-1% - 5%	90 day T-Bills
Unencumbered Cash			
Temporary Cash Imbalance*			
Net non-trading receivable			

The endowment policy portfolio is the sum of the neutrally weighted benchmark returns for the GEF.

\*3 trading days or less

**EXHIBIT B - GENERAL ENDOWMENT FUND**  
**ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE SEPTEMBER 1, 2023-2024**

Asset Class	Min v Target <sup>(1)</sup>	Target <sup>(2)(3)</sup>	Max v Target <sup>(1)</sup>	Benchmark
<b>Global Equity:</b>				
Developed Public Equity	-5.0%	20.0%	+15.0%	MSCI World Index with Net Dividends Blended 67% MSCI Emerging Markets with China All Shares and 33% MSCI Emerging Markets ex-China
Emerging Markets Public Equity	-5.0%	6.4%	+5.0%	
<i>Total Public Equity</i>	-5.0%	26.4%	+15.0%	HFRI Fund of Funds Composite Blended <b>Median</b> Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Directional Hedge Funds	-5.0%	6.0%	+5.0%	
Private Equity <sup>(3)</sup>	17.5%	27.5%	37.5%	
<b>Total Global Equity</b>	-7.0%	59.9%	+15%	
<b>Stable Value:</b>				
Investment Grade Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Global Aggregate Index <b>x-CNY</b> - Hedged Bloomberg US Treasury Long Index
Long Treasuries	-5.0%	5.1%	+5.0%	
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index 3 month T-Bills
<i>Total Fixed Income</i>	-5.0%	5.1%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	HFRI Fund of Funds Conservative
Stable Value Hedge Funds	-5.0%	10.5%	+5.0%	
<b>Total Stable Value</b>	-10.0%	17.6%	+6.0%	
<b>Real Return:</b>				
Inflation Linked Bonds	-5.0%	0.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index Gold Spot Price (XAU)
Gold	-5.0%	0.0%	+5.0%	
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI Blended <b>Median</b> Cambridge PE Energy and Upstream & Royalty (ex Mining), PE Energy (Mining) and Timber
<i>Total Commodities</i>	-5.0%	0.0%	+5.0%	
Natural Resources <sup>(3)</sup>	0.0%	3.3%	8.0%	<b>Median</b> Cambridge Infrastructure Blended MSCI US REIT Gross Total Return Index (RMSG) and <b>Median</b> Cambridge Total Real Estate
Infrastructure <sup>(3)</sup>	0.0%	4.5%	10.0%	
Real Estate <sup>(3)</sup>	5.0%	9.7%	15.0%	
<b>Total Real Return</b>	-6.0%	17.5%	+6.0%	
<b>Strategic Partnerships</b>	-5.0%	5.0%	+5.0%	Blended Bloomberg US Treasury Long Index, MSCI World Index with Net Dividends, MSCI Emerging Markets Index with Net Dividends, and HFRI Macro
<b>Innovation &amp; Disruption</b>	0.0%	0.0%	5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
<b>Total All Asset Classes</b>		100.0%	110.0%	

~~The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 110% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.~~

POLICY/TARGET RETURN/RISKS <sup>(2)</sup>	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	5.19%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	6.43%
One Year Downside Volatility	8.24%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) When preceded by a "-" or "+", in relation to the Asset Class Target; with the exception of Cash, "Min" will not be below zero

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

(3) The Adjusted Target weight of each of Private Equity, Real Estate, Natural Resources and Infrastructure, will be set each month as the average ending actual weight of the combined PUF and GEF from the prior month. Any difference in the calculated Private Equity, Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using 100% Developed Public Equity.



# APPENDIX E

**THE UNIVERSITY OF TEXAS SYSTEM  
PERMANENT HEALTH FUND  
INVESTMENT POLICY STATEMENT**

**Purpose**

The Permanent Health Fund (the “PHF”), established by the Board of Regents of The University of Texas System (the “Board of Regents”), is a pooled fund for the collective investment of certain permanent funds for health-related institutions of higher education created, effective August 30, 1999, by Chapter 63 of the *Texas Education Code*. The permanent health funds which have assets in the PHF are:

- A. The Permanent Health Fund for Higher Education (the “PHFHE”), the distributions from which are to fund programs that benefit medical research, health education, or treatment programs at 10 health-related institutions of higher education; and
- B. Eight of the thirteen separate Permanent Funds for Health Related Institutions (the “PFHRIs”), the distributions from which are to fund research and other programs at health-related institutions of higher education that benefit public health. The PFHRIs invested in the PHF are:

- U. T. Health Science Center - San Antonio
- U. T. M. D. Anderson Cancer Center
- U. T. Southwestern Medical Center
- U. T. Medical Branch - Galveston
- U. T. Health Science Center - Houston
- U. T. Health Science Center - Tyler
- U. T. El Paso
- Regional Academic Health Center

The PHF provides for greater diversification of investments than would be possible if each accountfund were managed separately.

**PHF Organization**

The PHF functions like a mutual fund in which each eligible fund purchases and redeems PHF units as provided herein.

*Permanent Health Fund Investment Policy Statement (continued)*

## **PHF Management**

Chapter 63 of the *Texas Education Code* designates: a) the Board of Regents as the administrator for the PHFHE and b) the governing board of an institution for which a PFHRI fund is established as the administrator for its own PFHRI, or if the governing board so elects, the Comptroller of Public Accounts (State Comptroller). It permits the State Comptroller, in turn, to contract with the governing board of any institution that is eligible to receive a grant under Chapter 63. Pursuant to the foregoing and an Investment Management Services Agreement between the Board of Regents and the State Comptroller, the Board of Regents is the administrator responsible for managing the PHF. Chapter 63 further states that the Board of Regents may manage and invest the PHF in the same manner as the Board of Regents manages and invests other permanent endowments. It also requires that the administrator invest the funds in a manner that preserves the purchasing power of the funds' assets and distributions. It further requires that the administrator make distributions in a manner consistent with the administrator's policies and procedures for making distributions to the beneficiaries of its own endowments in the case of the PHFHE or the funds themselves in the case of the PFHRI funds.

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of ~~investment~~investments and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Chapter 63 of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the PHF.

Ultimate fiduciary responsibility for the PHF rests with the Board of Regents. Section 66.08~~7~~7 of the *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company ("UTIMCO"), the PHF shall be managed by UTIMCO~~1~~1, which shall: a) recommend investment policy for the PHF~~2~~2; b) recommend specific Asset Class allocation targets, ranges, and performance benchmarks consistent with PHF objectives~~2~~2; and c) monitor PHF performance against PHF objectives. UTIMCO shall invest the PHF assets in conformity with this Policy Statement. All changes to this

*Permanent Health Fund Investment Policy Statement (continued)*

Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

### **PHF Administration**

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized ~~so-as~~ to provide for responsible separation of duties and adequacy of an audit trail. Custody of PHF assets shall comply with applicable law and be structured ~~so-as~~ to provide essential safekeeping and trading efficiency.

### **Funds Eligible to Purchase PHF Units**

No fund shall be eligible to purchase units of the PHF unless it is a permanent health fund established pursuant to Chapter 63 of the *Texas Education Code*, under the control, with full discretion as to investments, of the Board of Regents.

Any fund whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the PHF.

### **PHF Investment Objectives**

The primary investment objective shall be to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses. Additional expenses include U. T. System administrative fees charged to the fund. The PHF's success in meeting its objectives depends upon its ability to generate high returns in periods of low inflation that will offset lower returns generated in years when the capital markets underperform the rate of inflation.

### **Asset Allocation and Policy**

PHF assets shall be allocated among the following investments:

- A. ~~Cash and Cash Equivalents~~ – Cash ~~and Cash Equivalents~~ has the same meaning as given to the term “Cash” in the Liquidity Policy.
- B. U. T. System General Endowment Fund (GEF) - See Exhibit B for the current GEF allocation, which is subject to changes by the Board of Regents. Upon any change to the GEF asset allocation, Exhibit B shall be revised accordingly.

~~In the event that actual Cash and Cash Equivalents positions move outside the range indicated in Exhibit A due to market forces that shift relative valuations,~~

*Permanent Health Fund Investment Policy Statement (continued)*

~~UTIMCO staff will immediately report this situation to the UTIMCO Board Chairman and take steps to rebalance the Cash and Cash Equivalents positions back within the policy range in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the PHF asset values could warrant requesting approval of the UTIMCO Board Chairman to waive immediate remedial action.~~

**Performance Measurement**

~~The investment performance of the PHF will be measured by the PHF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated Policy Benchmarks of the PHF, as indicated in Exhibits A and B (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.~~

**Investment Guidelines**

The PHF must be invested at all times in strict compliance with applicable law. Investment guidelines for the ~~U. T. System~~ GEF shall be as stated in the GEF Investment Policy Statement.

**PHF Distributions**

The PHF shall balance the needs and interests of present beneficiaries with those of the future. PHF spending policy objectives shall be to:

- A. provide a predictable, stable stream of distributions over time;
- B. ensure that the ~~inflation-adjusted~~inflation-adjusted value of distributions is maintained over the long term; and
- C. ensure that the ~~inflation-adjusted~~inflation-adjusted value of PHF assets after distributions is maintained over the long term.

The goal is for the PHF's average spending rate over time not to exceed the PHF's average annual investment return after inflation and expense ratio in order to preserve the purchasing power of PHF distributions and underlying assets.

The Board of Regents will designate a per unit distribution amount annually.

Distributions from the PHF to the unit holders shall be made quarterly as soon as practicable on or after the last business day of November, February, May, and August of each fiscal year.

*Permanent Health Fund Investment Policy Statement (continued)*

## **PHF Accounting**

The fiscal year of the PHF shall begin on September 1st and end on August 31st. Market value of the PHF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles (“GAAP”), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO’s Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be “other than temporarily impaired” as defined by GAAP shall be written off and reported to UTIMCO’s Chief Investment Officer and the UTIMCO Board when material. The PHF’s financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

## **Valuation of Assets**

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all PHF net assets and the net asset value per unit of the PHF. Valuation of PHF assets shall be based on the books and records of the custodian for the valuation date. The final determination of PHF net assets for a ~~month-end~~month-end close shall normally be completed within eight business days but determination may be longer under certain circumstances.

The fair market value of the PHF’s net assets shall include all related receivables and payables of the PHF on the valuation date and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

## **Performance Measurement**

The investment performance of the PHF will be measured by the PHF’s custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board and compared against the stated Policy Benchmarks of the PHF, as indicated in Exhibits A and B (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

## **Compliance**

Compliance with this Policy will be monitored by UTIMCO’s Chief Compliance Officer. UTIMCO’s Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO’s compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO’s Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO’s Chief Executive Officer and approved by the ~~Chairman~~Chair of the UTIMCO Board with timelines for bringing the ~~non-compliant~~noncompliant activity within this Policy.

*Permanent Health Fund Investment Policy Statement (continued)*

In the event that actual Cash positions move outside the range indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will promptly report this situation to the UTIMCO Board Chair and take steps to rebalance Cash positions back within the policy range in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interests of the PHF asset values could warrant requesting approval of the UTIMCO Board Chair to waive immediate remedial action.

### **Purchase of PHF Units**

Purchase of PHF units may be made on any quarterly purchase date (September 1, December 1, March 1, and June 1 of each fiscal year or the first business day subsequent thereto) upon payment of cash to the PHF or contribution of assets approved by UTIMCO's Chief Investment Officer, at the net asset value per unit of the PHF as of the most recent quarterly valuation date.

Each fund ~~whose monies are~~ invested in the PHF shall own an undivided interest in the PHF in the proportion that the number of units invested therein bears to the total number of all units comprising the PHF.

### **Redemption of PHF Units**

Redemption of PHF units shall be paid in cash as soon as practicable after the quarterly valuation date of the PHF. If the withdrawal is greater than \$10 million, advance notice of 60 business days shall be required prior to the quarterly valuation date. If the withdrawal is for less than \$10 million, advance notice of five business days shall be required prior to the quarterly valuation date. If the aggregate amount of redemptions requested on any redemption date is equal to or greater than 5% of the PHF's net asset value, the Board of Regents may redeem the requested units in installments and on a pro rata basis over a reasonable period of time that takes into consideration the ~~time frame~~timeframe to liquidate illiquid investments and the best interests of all PHF unit holders. Withdrawals from the PHF shall be at the market value price per unit determined for the period of the withdrawal.

### **Investor Responsibility**

As a shareholder, the PHF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the PHF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the PHF solely in the interest of PHF unit holders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the PHF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

*Permanent Health Fund Investment Policy Statement (continued)*

**Amendment of Policy Statement**

The Board of Regents reserves the right to amend ~~the Investment~~this Policy Statement as it deems necessary or advisable.

**Effective Date**

The effective date of this Policy shall be September 1, ~~2023~~2024.



*Permanent Health Fund Investment Policy Statement (continued)*

**EXHIBIT A**

**PHF ASSET ALLOCATION**

**POLICY TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008**

	<b>Neutral Allocation</b>	<b>Range</b>	<b>Benchmark Return</b>
GEF Commingled Fund	100.0%	95% - 100%	Endowment Policy Portfolio
Cash <del>and Cash Equivalents</del>	0.0%	-1% - 5%	90 day T-Bills
Unencumbered Cash			
Temporary Cash Imbalance*			
Net non-trading receivable			

The endowment policy portfolio is the sum of the neutrally weighted benchmark returns for the GEF.

\*3 trading days or less

**EXHIBIT B - GENERAL ENDOWMENT FUND**  
**ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
 EFFECTIVE SEPTEMBER 1, 2023-2024

Asset Class	Min v Target <sup>(1)</sup>	Target <sup>(2)(3)</sup>	Max v Target <sup>(1)</sup>	Benchmark
<b>Global Equity:</b>				
Developed Public Equity	-5.0%	20.0%	+15.0%	MSCI World Index with Net Dividends Blended 67% MSCI Emerging Markets with China All Shares and 33% MSCI Emerging Markets ex-China
Emerging Markets Public Equity	-5.0%	6.4%	+5.0%	
<i>Total Public Equity</i>	-5.0%	26.4%	+15.0%	HFRI Fund of Funds Composite Blended <b>Median</b> Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Directional Hedge Funds	-5.0%	6.0%	+5.0%	
Private Equity <sup>(3)</sup>	17.5%	27.5%	37.5%	
<b>Total Global Equity</b>	<b>-7.0%</b>	<b>59.9%</b>	<b>+15%</b>	
<b>Stable Value:</b>				
Investment Grade Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Global Aggregate Index <b>x-CNY</b> - Hedged Bloomberg US Treasury Long Index
Long Treasuries	-5.0%	5.1%	+5.0%	
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index 3 month T-Bills
<i>Total Fixed Income</i>	-5.0%	5.1%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	HFRI Fund of Funds Conservative
Stable Value Hedge Funds	-5.0%	10.5%	+5.0%	
<b>Total Stable Value</b>	<b>-10.0%</b>	<b>17.6%</b>	<b>+6.0%</b>	
<b>Real Return:</b>				
Inflation Linked Bonds	-5.0%	0.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index Gold Spot Price (XAU)
Gold	-5.0%	0.0%	+5.0%	
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI Blended <b>Median</b> Cambridge PE Energy and Upstream & Royalty (ex Mining), PE Energy (Mining) and Timber
<i>Total Commodities</i>	-5.0%	0.0%	+5.0%	
Natural Resources <sup>(3)</sup>	0.0%	3.3%	8.0%	<b>Median</b> Cambridge Infrastructure Blended MSCI US REIT Gross Total Return Index (RMSG) and <b>Median</b> Cambridge Total Real Estate
Infrastructure <sup>(3)</sup>	0.0%	4.5%	10.0%	
Real Estate <sup>(3)</sup>	5.0%	9.7%	15.0%	
<b>Total Real Return</b>	<b>-6.0%</b>	<b>17.5%</b>	<b>+6.0%</b>	
<b>Strategic Partnerships</b>	<b>-5.0%</b>	<b>5.0%</b>	<b>+5.0%</b>	Blended Bloomberg US Treasury Long Index, MSCI World Index with Net Dividends, MSCI Emerging Markets Index with Net Dividends, and HFRI Macro
<b>Innovation &amp; Disruption</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5.0%</b>	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
<b>Total All Asset Classes</b>		<b>100.0%</b>	<b>110.0%</b>	

~~The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 110% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.~~

POLICY/TARGET RETURN/RISKS <sup>(2)</sup>	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	5.19%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	6.43%
One Year Downside Volatility	8.24%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) When preceded by a "-" or "+", in relation to the Asset Class Target; with the exception of Cash, "Min" will not be below zero

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

(3) The Adjusted Target weight of each of Private Equity, Real Estate, Natural Resources and Infrastructure, will be set each month as the average ending actual weight of the combined PUF and GEF from the prior month. Any difference in the calculated Private Equity, Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using 100% Developed Public Equity.

# APPENDIX F

## The University of Texas/Texas A&M Investment Management Company Liquidity Policy

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Effective Date of Policy: August ~~24~~, ~~2023~~2024

Date Approved by U. T. System Board of Regents: August ~~24~~, ~~2023~~2024

Date Approved by UTIMCO Board: June ~~15~~20, ~~2023~~2024

Supersedes: Liquidity Policy effective August ~~25~~24, ~~2022~~2023

### **Purpose:**

The purpose of this Liquidity Policy is to establish limits on the overall liquidity profile of investments in (1) the Permanent University Fund (PUF) and the General Endowment Fund (GEF), hereinafter collectively referred to as the Endowment Funds and, (2) the Intermediate Term Fund (ITF). For the purposes of this policy, "liquidity" is defined as a measure of the ability of an investment position to be converted into Cash. The established liquidity profile limits will act in conjunction with, but do not supersede, the Investment Policies adopted by the U. T. System Board of Regents.

### **Objective:**

The objective of this Liquidity Policy is to control the element of total risk exposure of the Endowment Funds and the ITF stemming from the uncertainties associated with the ability to convert longer term investments to Cash to meet immediate needs or to change investment strategy, and the potential cost of that conversion.

### **Scope:**

This Liquidity Policy applies to all PUF, GEF, and ITF investments made by The University of Texas/Texas A&M Investment Management Company (UTIMCO), both by internal and by external managers. Policy implementation will be managed at the aggregate UTIMCO level and will not be a responsibility of individual internal or external managers managing a portion of the aggregate assets.

### **Definition of Liquidity Risk:**

"Liquidity risk" is defined as that element of total risk resulting from the uncertainty associated with both the cost and time period necessary to convert existing investment positions to Cash. Liquidity risk also entails obligations relating to the unfunded portions of capital commitments. Liquidity risk can result in ~~lower than expected~~lower-than-expected returns and reduced opportunity to make changes in investment positions to respond to changes in capital market conditions.

### **Definition of Cash:**

In addition to currencies, cash is defined as short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value. Holdings may include:

- ~~the existing Dreyfus Institutional Preferred Money Market Fund mandate and any other UTIMCO Board approved~~ SEC Rule 2a-7 money market ~~fund~~funds rated AAAM by Standard & Poor's or the equivalent by a Nationally Recognized Statistical Rating Organization (NRSRO),

## The University of Texas/Texas A&M Investment Management Company Liquidity Policy

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- securities of the U.S. Treasury and U.S. Agencies and their instrumentalities with maturities of 397 days or less,
- separately managed accounts with investment guidelines equivalent to, or more stringent than, unaffiliated liquid investment funds rated AAAM by Standard & Poor's Corporation or the equivalent by a NRSRO,
- the Custodian's late deposit interest bearing liquid investment fund,
- municipal ~~short term~~short-term securities,
- commercial paper rated in the two highest quality classes by Moody's Investor Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2 or the equivalent),
- negotiable certificates of deposit with a bank that is associated with a holding company whose short-term rating meets the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better ~~by Duff & Phelps~~, and
- repurchase agreements and reverse repurchase agreements transacted with: (a) a dealer that is approved by UTIMCO and selected by the Federal Reserve as a Primary Dealer in U.S. Treasury securities and rated A-1 or P-1 or the equivalent or (b) another entity or agency of the State of Texas.

### **Liquidity Risk ~~Measurement~~ ~~The Liquidity Profile~~ ~~Measurement~~:**

For the purposes of this Liquidity Policy, potential liquidity risk will be monitored by measuring the aggregate liquidity profile of the Endowment Funds and ITF. All individual investments within the Endowment Funds and ITF will be segregated into two categories:

- **Liquid:** Investments that could be converted to Cash within a period of 120 days or less in an orderly market at a discount of 10% or less.
- **Illiquid:** Investments that could be converted to Cash in an orderly market over a period of more than 120 days or in a shorter period of time by accepting a discount of more than 10%.

~~The UTIMCO Team will report individual investments within the Endowment Funds and ITF categorized as follows:~~

- ~~Cash: Short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value.~~
- ~~Liquid (Weekly): Investments that could be converted to Cash within a period of one day to less than 7 days in an orderly market at a discount of 5% or less.~~
- ~~Liquid (Annual): Investments that could be converted to Cash within a period of one day to less than 365 days in an orderly market at a discount of 10% or less.~~

## The University of Texas/Texas A&M Investment Management Company Liquidity Policy

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The measurements necessary to segregate all existing investments into one of the two categories assume normally functioning capital markets and cash market transactions. ~~In addition, swaps, derivatives, or other third-party arrangements to alter the status of an investment classified as illiquid may be considered, with the prior approval of the UTIMCO Board or the Investment Risk Committee, in determining the appropriate liquidity category for each investment.~~

The result of this liquidity risk measurement process will be a liquidity profile for the Endowment Funds and the ITF which indicates the percentage of the total portfolio assets within each liquidity category. This Liquidity Policy defines the acceptable range of percentage of total assets within each liquidity category, specifies when special review or action is required by ~~the UTIMCO Teammanagement~~, when special action is required by the UTIMCO Board or the Investment Risk Committee, and specifies the method of monitoring and presenting actual versus policy liquidity profiles.

### Liquidity Policy Profile:

The permitted maximum for **illiquid** investments for each of the Endowment Funds is 75% of the total portfolio for the Endowment Funds. ~~Any illiquid investment made that would cause illiquidity to exceed 75% requires prior approval by the Investment Risk Committee after consultation with The University of Texas System Office of Business Affairs. If the S&P 500 declines by 25% or more within a rolling one-year period, the permitted maximum for illiquid investments will temporarily increase to 80%. The permitted maximum will revert to 75% no later than 18 months after the 75% illiquidity threshold was first breached.~~

The permitted maximum for **illiquid** investments for the ITF is 60% of the total portfolio for the ITF. ~~Any illiquid investment that would cause illiquidity to exceed 60% requires prior approval by the Investment Risk Committee after consultation with The University of Texas System Office of Business Affairs.~~

~~Investment Risk Committee review of new investments above the permitted maximums will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.~~

### Unfunded Commitments:

As used herein, “unfunded commitments” refers to capital that has been legally committed from an Endowment Fund and has not yet been called but may still be called by the general partner or investment manager. The Maximum Permitted Amount of unfunded commitments for each Endowment Fund is:

**Beg September 1, 2023**

~~Unfunded Commitment as a percent of the highest total Net Asset Value~~  
Unfunded Commitment as a percent of the highest total NAV of the Endowment Funds over a trailing 24-month period: 35.0%

## The University of Texas/Texas A&M Investment Management Company Liquidity Policy

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~~No new commitments may be made for an Endowment Fund without approval from the Investment Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such commitment, would exceed the Maximum Permitted Amount.~~

### **Documentation and Controls:**

~~Senior~~ Managing Directors responsible for each asset class are responsible for determining the liquidity category for each investment in that asset class as well as the amount of unfunded commitments. The determination of liquidity will include consideration of contract terms, underlying security trading volumes, notice periods, redemption dates, lock-up periods, and “soft” and “hard” gates. ~~These classifications will be reviewed by the Risk Manager and the Chief Compliance Officer, and must receive final approval from the Chief Investment Officer.~~ Classifications and weights within each liquidity category will be updated and ~~reported on a monthly basis.~~ All new investments considered will be categorized by liquidity category, and a statement regarding the effect on overall liquidity and the amount of unfunded commitments for each Endowment Fund of the addition of a new investment must be an element of the due diligence process and will be a part of the recommendation report to the UTIMCO Board, periodically reviewed by the Managing Director – Risk Management and the Chief Compliance Officer.

Any illiquid investment or new commitment that would cause illiquidity in either the Endowment Funds or the ITF to exceed the illiquidity thresholds or the Maximum Permitted Amount established by this Policy requires prior approval by the Investment Risk Committee after consultation with The University of Texas System Office of Business Affairs. In the event that market actions cause illiquidity in either the Endowment Funds or the ITF to exceed the illiquidity thresholds or the Maximum Permitted Amount established by this Policy, the Investment Risk Committee must review and approve the Chief Investment Officer’s proposed remedy or strategy for eliminating the exception or deviating from the Liquidity Policy before any such actions are taken. Investment Risk Committee review of new investments above the permitted maximums will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

~~As additional safeguards, maximum illiquidity levels have been established as indicated above to require review and action by the UTIMCO Board or the Investment Risk Committee in the event any investment action would cause the actual investment position in illiquid investments to exceed the permitted maximum illiquidity levels, or in the event market actions caused the actual investment position in illiquid investments to exceed the maximum illiquidity levels.~~ In addition, any proposed investment actions which would increase the actual investment position in illiquid investments in any of the PUF, the GEF, or the ITF by 10% or more of the total asset value of such fund would also require review and action by the ~~UTIMCO Board or the~~ Investment Risk Committee prior to the change.

## The University of Texas/Texas A&M Investment Management Company Liquidity Policy

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Any actual positions outside the policy ranges will be communicated to the Chief Investment Officer immediately. The Chief Investment Officer will then determine the process to be used to eliminate the exception and report promptly to the UTIMCO ~~Board and the~~ Investment Risk Committee the circumstances of the deviation from Policy and the remedy to the situation. ~~Furthermore, as indicated above, no new commitments may be made for an Endowment Fund without approval from the Investment Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such new commitment, would exceed, the Maximum Permitted Amount.~~

### Reporting:

The actual liquidity profiles of the Endowment Funds and the ITF, ~~including a detailed analysis of liquidity by category,~~ and the status of unfunded commitments for each Endowment Fund, and compliance with this Liquidity Policy will be reported to the UTIMCO ~~Board~~ Investment Risk Committee on at least a quarterly basis. Any exception to this Liquidity Policy and actions taken to remedy the exception will be reported promptly.

UTIMCO staff will report individual investments within the Endowment Funds and ITF to U.T. System categorized as follows:

- Cash: Short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value.
- Liquid (Weekly): Investments that could be converted to Cash within a period of one day to less than 7 days in an orderly market at a discount of 5% or less.
- Liquid (Annual): Investments that could be converted to Cash within a period of one day to less than 365 days in an orderly market at a discount of 10% or less.



# APPENDIX G

## The University of Texas/Texas A&M Investment Management Company Derivative Investment Policy

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Effective Date of Policy: August ~~25~~, 20222024

Date Approved by U. T. System Board of Regents: August ~~25~~, 20222024

Date Approved by UTIMCO Board: June ~~10~~, 20222024

Supersedes: Derivative Investment Policy effective ~~March 1~~August 25, 20202022

### **Purpose:**

The purpose of this Derivative Investment Policy (the "Policy") is to set forth the applications, documentation, and limitations for investment in Derivative Investments in the Permanent University Fund ("PUF"), the General Endowment Fund ("GEF"), the Intermediate Term Fund ("ITF"), and the Separately Invested Funds ("SIF"), hereinafter referred to as the Funds. The Board of Regents approved investment policy guidelines for the Funds allow for investment in Derivative Investments, provided that they are in compliance with ~~the~~this Policy. This Policy supplements the Investment Policy Statements ~~for the Funds~~.

### **Objective:**

The objective of investing in Derivative Investments is to facilitate risk management and provide efficiency in the implementation of various investment strategies for the Funds. Derivative Investments can provide the Funds with more economical means to improve the Funds' risk/return profile.

### **Scope:**

This Policy applies to all Derivatives Investments in the Funds that are executed by UTIMCO and by external managers operating under an Agency Agreement. This Policy does not apply to external managers operating under limited partnership agreements, ~~offshore~~through corporations, or through other Limited Liability Entities that limit the liability exposure of the Funds' investments. Derivative policies for external managers are established on a case-by-case basis with each external manager, as described below.

This Policy applies to both Exchange Traded Derivatives and Over the Counter ("OTC") Derivatives. This Policy shall not be construed to apply to commingled funds to which UTIMCO does not have full transparency and control of the underlying assets. These commingled investment vehicles are governed by ~~separate~~the terms and conditions of their respective investment ~~policy statements~~management contracts, partnership agreements or corporate documents.

### **External Managers:**

External managers are selected to manage the Funds' assets under an Agency Agreement and/or through a Limited Liability Entity. An external manager operating under an Agency Agreement may engage in Derivative Investments only if (i) such manager has been approved to use Derivative Investments by UTIMCO and (ii) the Derivative Investments are consistent with the overall investment objectives of the related account and in compliance with this Policy. The use of Derivative Investments by an external manager operating under an Agency Agreement shall be approved by UTIMCO only for external managers that (i) demonstrate ~~investment~~ expertise in their use, (ii) have

## The University of Texas/Texas A&M Investment Management Company Derivative Investment Policy

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appropriate risk management and valuation policies and procedures, (iii) have the legal and investment expertise to limit the downside effects of the proposed derivatives, and (iv) effectively monitor and control their use.

While this Policy does not specifically include external managers operating through a Limited Liability Entity, it is noted that selecting and monitoring external managers through a Limited Liability Entity requires a clear understanding of the external managers' use of Derivative Investments, particularly as it relates to various risk controls and leverage. The permitted uses of Derivative Investments and leverage must be fully documented in the limited liability agreements with these managers.

### Definition of Derivatives:

Derivatives are financial instruments whose value is derived, in whole or part, from the value of one or more underlying securities or assets, or index of securities or assets (such as bonds, stocks, commodities, and currencies). ~~For the purposes of this Policy, derivatives shall include, and includes~~ Derivative Investments as defined in Exhibit A. If it is unclear whether a particular financial instrument meets the definition of Derivative Investment, the Managing Director - Risk Management and Chief Compliance Officer, in consultation with the Chief Investment Officer ("CIO") or Deputy Chief Investment Officer ("Deputy CIO"), will determine whether the financial instrument is a Derivative Investment. The CIO or Deputy CIO will report such determinations to the ~~Chairman~~Chair of the Investment Risk Committee.

### Permitted Derivative Applications:

~~The primary intent of~~ Derivatives should be ~~to hedge risk in portfolios or to implement investment strategies more effectively and at a lower cost than would be possible in the Cash Market~~used consistently with the Objective identified in this Policy.

Permitted Derivative Applications are Derivative Investments used:

- To implement investment strategies in a low cost and efficient manner;
- To alter the Funds' market (systematic) exposure without trading the underlying Cash Market securities through purchases or short sales, or both, of appropriate derivatives;
- To construct portfolios with risk and return characteristics that could not be created with Cash Market securities;
- To hedge and control risks; or
- To facilitate transition trading.

UTIMCO may not enter into any Derivative Investment that is not a Permitted Derivative Application. To the extent a new Derivative Investment recommended by UTIMCO or for the engagement of an external manager operating under an Agency Agreement that has been approved by UTIMCO is a Permitted Derivative Application but is not of the types set forth on Exhibit B, any Director may require a complete review of the new Derivative Investment prior to implementation. Notwithstanding the foregoing, UTIMCO's CIO or Deputy CIO, the Managing Director - Risk Management, or Chief Compliance Officer may

## The University of Texas/Texas A&M Investment Management Company Derivative Investment Policy

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determine that presentation and approval of the proposed Derivative Investment at an Investment Risk Committee meeting is warranted before engaging in the Derivative Investment.

### **Risk and Investment Policy Controls:**

Prior to the implementation of one or more similar Derivative Investments, UTIMCO will model the impact of the derivative on the Funds' projected downside volatility, and exposure to the respective Asset Class to ensure that the Funds remain within the permissible ranges as set forth in the Funds' Investment Policy Statements.

### **Documentation and Controls:**

Prior to the implementation of one or more similar Derivative Investments by UTIMCO, UTIMCO shall document the purpose, valuation method, methods for calculating delta, delta-adjusted exposure, Asset Class exposure, the effect on portfolio leverage (if applicable), risks (including, but not limited to modeling, pricing, liquidity and Counterparty risks), the expected increase or reduction in risk resulting from the Derivative Investments, and the procedures in place to monitor and manage the derivative exposure. For any short exposure, UTIMCO shall also document the basis risk and appropriate stop-loss procedures. UTIMCO shall establish appropriate risk management procedures and the appropriate frequency to monitor the risk of (i) internally managed Derivative Investments and (ii) externally managed accounts operating under Agency Agreements that permit derivatives. Internal control procedures to properly account and value the Funds' exposure to the Derivative Investment shall be fully documented.

### **Additional Risk Mitigants**

**Leverage:** Leverage is inherent in many Derivative Investments. In Cash Markets, in most cases, the cash outlay is equal to the market exposure acquired. By contrast, Derivative Investments offer the possibility of establishing – for the same cash outlay – substantially larger market exposure. Therefore, risk management and control processes must focus on the total risk assumed in a Derivative Investment. ~~Exhibits A of The Fund's~~Funds' Investment Policy Statements provide a limitation on the amount of leverage (including uncollateralized derivative exposure) that can be utilized by the Funds.

**Counterparty Risks:** Rigorous Counterparty selection criteria shall be required to minimize Counterparty risk for ~~Over the Counter (OTC)~~ Derivatives. In order to be eligible as a Counterparty to an OTC derivative transaction with the Funds, whether the trade is initiated by UTIMCO, by an external manager under Agency Agreement, or by a Limited Liability Entity where UTIMCO has full transparency and control of the underlying assets, the Counterparty must have a credit rating of at least A- (Standard and Poor's) or A3 (Moody's), unless an exception is approved by the Managing Director - Risk Management and by the CIO or Deputy CIO. All OTC derivatives, with the exception of Derivative Investments where ISDA is not available or the market standard (e.g., Bona Fide Spot Foreign Exchange Transactions, participation notes ("P-notes") and low exercise purchase options ("LEPOs")), must be subject to established ISDA Netting Agreements and have full documentation of all legal obligations of the Funds. In limited circumstances, the August

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2012 DF Protocol Agreement, as published on August 13, 2012 (the “August Protocol Agreement”) and the 2002 ISDA Master Agreement with a Schedule (an “ISDA March 2013 DF Protocol Master Agreement”), developed in connection with ISDA’s Dodd-Frank Documentation Initiative to implement and comply with the regulatory requirements imposed under Title VII of the Dodd–Frank Wall Street Reform and Consumer Protection Act, may be used in place of ~~an~~ fully negotiated ISDA Netting Agreement or on a temporary basis until an ISDA Netting Agreement with the Counterparty has been executed. In the event a Counterparty is downgraded below the minimum credit rating requirement, UTIMCO will take appropriate action to protect the interests of the Funds.

The net market value, net of collateral postings, of all OTC derivatives for any individual Counterparty may not exceed 30bps of the total market value of the Funds.

### **Risk Management and Compliance:**

To ensure compliance with all terms and limitations of this Policy, all internally managed and externally managed Derivative Investments in accounts under Agency Agreements will be marked to market by the Funds’ custodian and reviewed periodically, but no less frequently than monthly, for accuracy by the UTIMCO Managing Director - Risk Management. In addition, data from the external risk model will be reviewed for accuracy and completeness by the UTIMCO Managing Director - Risk Management.

Compliance with this Policy will be monitored by the UTIMCO Chief Compliance Officer using data provided by the custodian and the external risk model.

Any instances of noncompliance with this Policy will be reported immediately promptly to the UTIMCO Chief Compliance Officer and to the UTIMCO CIO or Deputy CIO, ~~who~~ The UTIMCO CIO or Deputy CIO will determine the appropriate remedy, and ~~report~~ the UTIMCO Chief Compliance Officer will report violations promptly to the Chairs of the Investment Risk Committee, the Audit & Ethics Committee, and the UTIMCO Board ~~Chairman~~ Chair. The UTIMCO Board ~~Chairman~~ Chair may waive immediate remedial action in appropriate circumstances.

### **Reporting:**

On a quarterly basis, UTIMCO shall provide a comprehensive report to UTIMCO’s Board and the Investment Risk Committee. This report shall include all outstanding Derivative Investments, by type, entered into during the period being reported for both internal managers and external managers operating under Agency Agreements. Asset allocation as provided in the Funds’ Investment Policy Statements shall incorporate the impact of uncollateralized derivative exposure associated with Derivative Investments. For risk reporting purposes, the models used to calculate the expected profit or loss in each scenario will include the effect of delta sensitivity and other derivative sensitivity parameters as appropriate. Risk calculations will take into account leverage, correlation, and exposure parameters such as beta for equities and duration for fixed income. The UTIMCO Managing Director - Risk Management will calculate risk attribution - i.e., how much of the overall risk is attributed to each Asset Class, including the full effect on risk of

**The University of Texas/Texas A&M Investment Management Company  
Derivative Investment Policy**

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the Derivative Investments in each. The UTIMCO Managing Director - Risk Management will calculate risk attribution for each Derivative Investment.

## The University of Texas/Texas A&M Investment Management Company Derivative Investment Policy

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### Derivative Investment Policy Exhibit A Glossary of Terms

**Agency Agreement** – A form of legal agreement that typically grants limited investment discretion to an external investment manager to act as the investment agent of the Funds ~~but does.~~ Generally, Agency Agreements take the form of an investment advisory agreement or investment management agreement and grant investment discretion over one or more accounts retained with the Funds’ custodian(s) and do not limit the liability of the Funds for actions taken by ~~that agent~~the manager.

**Basket** – A group of securities and a weighting scheme, or a proprietary index. Baskets are typically defined to achieve a certain investment goal, within certain limitations. For example, a Basket could replicate an emerging market index, excluding certain companies that UTIMCO is not permitted to hold.

**Bona Fide Spot Foreign Exchange Transaction** –An agreement, contract or transaction for the purchase or sale of an amount of foreign currency equal to the price of a foreign security with respect to which (i) the security and related foreign currency transactions are executed contemporaneously in order to effect delivery by the relevant securities settlement deadline and (ii) actual delivery of the foreign security and foreign currency occurs by such deadline (such transaction, a “Securities Conversion Transaction”). For Securities Conversion Transactions, the Commodity Futures Trading Commission (the “CFTC”) will consider the relevant foreign exchange spot market settlement deadline to be the same as the securities settlement deadline. A Bona Fide Spot Foreign Exchange Transaction generally settles via actual delivery of the relevant currencies within a few business days; however, settlement may take longer due to differences in international market conditions.

**Cash Market** - The physical market for a commodity or financial instrument.

**Counterparty** - The entity with which a Derivative Investment is transacted, and which is not a national or international exchange.

**Derivative Investment** – A financial instrument whose value is derived, in whole or part, from the value of one or more underlying securities or assets, or index of securities or assets. A Derivative Investment can be either an Exchange Traded Derivative or an Over the Counter (“OTC”) Derivative. For the purpose of this Policy, Derivative Investments will include:

- All ~~Over the Counter (OTC)~~ Derivatives, with the exception of Bona Fide Spot Foreign Exchange Transactions, mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations.

## The University of Texas/Texas A&M Investment Management Company Derivative Investment Policy

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- As for Exchange Traded Derivatives, the definition will only include Futures Contracts, listed Options, and cleared Swaps; in particular, the definition will not include exchange traded funds (“ETFs”) and depositary receipts (“DRs”).

**Exchange Traded Derivatives** - A Derivative Investment traded on an established national or international exchange. These derivatives “settle” daily in that cash exchanges are made between the exchange and parties to the contracts consistent with the change in price of the instrument. Fulfillment of the contract is guaranteed by the exchange on which the derivatives are traded. Examples include S&P 500 Futures Contracts and Goldman Sachs Commodities Index Futures Contracts.

**Forward Contract** - A non-standardized contract for the physical or electronic (through a bookkeeping entry) delivery of a commodity or financial instrument at a specified price at some point in the future. The most typical Forward Contract is a forward foreign currency contract, which involves the contemplated exchange of two currencies.

**Futures Contract** - A standardized contract for either the physical delivery of a commodity or instrument at a specified price at some point in the future, or a financial settlement derived from the change in market price of the commodity or financial instrument during the term of the contract.

**ISDA Netting Agreement** - The International Swaps and Derivatives Association (“ISDA”) is the global trade association representing participants in the privately negotiated derivatives industry, covering swaps and options across all asset classes. ISDA has produced generally accepted “Master Agreements,” a 1992 Master Agreement and a 2002 Master Agreement, that are used by most counterparties in OTC derivatives. Netting agreements are terms within the applicable Master Agreement that deal with the calculation of exposure for each Counterparty. These netting agreements **generally** require that exposures between counterparties will be “netted” so that payables and receivables under all existing derivatives between two Counterparties are offset in determining the net exposure between the two Counterparties.

**Limited Liability Entity** – A legal entity created to define how assets contributed to the entity by external partners to the agreement will be managed by the manager of the entity. These entities are typically limited liability partnerships, corporations, or other such entities that limit the liability of external investors to the current value of the external investors’ investment in the entity.

**Long Exposure to an Asset Class** – The Net Asset Value of the Asset Class as defined in the Funds’ Investment Policy Statement.

**Option** - A derivative that conveys the right but not the obligation to buy or deliver the subject financial instrument at a specified price, at a specified future date.



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**Over the Counter (“OTC”) Derivatives** - A derivative which results from direct negotiation between two entities, a buyer/seller and a Counterparty. The terms of such derivatives are non-standard and are the result of specific negotiations. Settlement occurs at the negotiated termination date, although the terms may include interim cash payments under certain conditions. Examples include currency swaps and Forward Contracts, interest rate swaps, and collars.

**Replicating Derivatives** – Derivatives that are intended to replicate the return characteristics of an underlying index or any other Cash Market security.

**Swap** - A contract whereby the parties agree to exchange cash flows of defined investment assets in amounts and times specified by the contract.

## The University of Texas/Texas A&M Investment Management Company Derivative Investment Policy

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### **Exhibit B** **to Derivative Investment Policy ~~Exhibit B~~** **Delegated Derivative Investments**

Subject to the limitations contained in the Derivative Investment Policy, the UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to enter into the following Derivative Investments:

Delegated Derivative Investments:

1. Replicating Derivatives - Derivative Investments that replicate the return characteristics of a long exposure to an underlying index, Basket or commodity. These investments are generally Futures Contracts and swaps on a passive index, Basket or commodity.
2. Derivative Investments that upon their expiration would not exceed the loss of a similar investment in the cash market equivalent being referred to in the derivative contract. These investments may include swaps whereby the holder of the instrument will forgo potential upside return in exchange for downside protection or receive a multiple of a referenced return should the return of the underlying referenced cash market equivalent be within a certain range and may also include the selling of put options.
3. Derivative Investments that reduce exposure to an Asset Class or hedge against risk, and limit maximum loss to the premium paid for the Derivative Investment, i.e., purchase options. The aggregate prorated annual premium of all Derivative Investments under this provision shall be as set forth in the respective Fund's Investment Policy Statement.
4. Futures Contracts and Forward Contracts on foreign currency if used (i) by an external fixed income manager within its investment guidelines, (ii) for hedging purposes by an external equities manager within its investment guidelines, or (iii) to hedge existing or prospective foreign currency risk or to gain long exposure to a foreign currency by UTIMCO.
5. Derivative Investments used to manage or hedge: (a) bond duration~~or hedge; (b) equity exposure to countries, sectors or capitalization factors, or individual stock(s) swaps~~ within the portfolio only if subsequent to the investment the portfolio would not be net short to any one of those that element; (c) equity exposure to style factors; or (d) an Asset Class's beta exposure to bring it more in line with the portfolio target. An example of such a hedge is selling Futures Contracts or call options on a country or sector index, provided the manager is exposed to that country or sector.

## The University of Texas/Texas A&M Investment Management Company Derivative Investment Policy

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6. Derivative Investments used to gain Long Exposure to an Asset Class and limit maximum loss to the premium paid for the Derivative Investment.

The delegated authority set forth above should not be construed to permit UTIMCO to enter into Derivative Investments that are unhedged and have the potential for unlimited loss.

~~Modeling: Each Delegated Derivative Investment must be such that it can be decomposed into one or more components, and each said component can be modeled using a model such as the CDS valuation model, Black-Scholes model, including modifications for foreign currency ("Quanto"), allowing both normal and log-normal distributions (the Black model), and modifications to handle dividends or other model approved by the Policy Committee.~~

Leverage: Each Delegated Derivative Investment must be modeled on a fully collateralized basis. During the course of the investment, cash collateral backing a Derivative Investment may be utilized to invest in other investments thereby creating leverage at the Fund level. This is only allowed if within the Funds' Investment Policy Statements.

# APPENDIX H



THE UNIVERSITY OF TEXAS/TEXAS A&M  
INVESTMENT MANAGEMENT COMPANY

## **UTIMCO COMPENSATION PROGRAM**

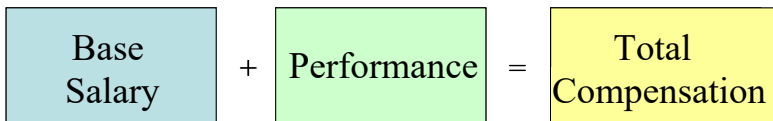
**Amended and Restated  
Effective July 1, ~~2020~~2024**

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## 1. COMPENSATION PROGRAM STRUCTURE AND EFFECTIVE DATE

The UTIMCO Compensation Program (“Compensation Program” or “Plan”) consists of two elements: base salary and an annual performance plan (the “Performance Plan”):



The base salary portion of the Compensation Program sets forth a structure and guidelines for establishing and adjusting the salaries of key investment and operations employees. The Performance Plan portion of the Compensation Program sets forth the criteria for calculating and receiving annual performance awards for key investment and operations employees who are eligible Participants in the Performance Plan. Provisions of the Compensation Program relating solely to the base salary portion of the Compensation Program are described in Section 4. Provisions of the Compensation Program relating solely to the Performance Plan portion of the Compensation Program are described in Section 5. Sections 1, 2, 3, 6, 7, and 8 of the Compensation Program relate to both the base salary portion and the Performance Plan portion except where otherwise specified in any such Section.

**Effective Date:** Except as provided in Section 7.9, this document, with an “Effective Date” of July 1, ~~2020~~2024, supersedes the UTIMCO Compensation Program that was effective July 1, ~~2018~~2020.

## 2. COMPENSATION PROGRAM OBJECTIVES

UTIMCO’s Compensation Program serves a number of objectives:

- To attract and retain key investment and operations employees of outstanding competence and ability.
- To encourage key investment employees to develop a strong commitment to the performance of the assets for which UTIMCO has been delegated investment responsibility.
- To motivate key investment employees to focus on maximizing real, long-term returns for all funds managed by UTIMCO while assuming appropriate levels of risk.
- To facilitate teamwork so that members of UTIMCO operate as a cohesive group.

### 3. TOTAL COMPENSATION PROGRAM PHILOSOPHY<sup>1</sup>

UTIMCO aspires to attract and retain high caliber employees from nationally recognized peer institutions and the investment management community in general. UTIMCO strives to provide a total compensation program that is competitive nationally, with the elements of compensation evaluated relative to comparably sized university endowments, foundations, and for-profit investment management firms with a similar investment philosophy (e.g., externally managed funds).

UTIMCO's total Compensation Program is positioned against the competitive market as follows:

- Base salaries are targeted at the market median (e.g., 50th percentile).
- Target total compensation (salary plus target Award Opportunity) is positioned at the market median.
- Maximum total compensation (salary plus maximum Award Opportunity) is targeted at the market 75th percentile if individual performance is outstanding.

Although base salaries, as well as target and maximum total compensation, have a targeted positioning relative to market, an individual employee's actual total compensation may vary from the targeted positioning based on the individual's experience, education, knowledge, skills, and performance as well as UTIMCO's investment performance as described in this document. Except as provided in Sections 5.8 and 5.9 for purposes of determining the length of historical performance, base salaries and Award Opportunities (as well as the actual Performance Awards) are not determined based on seniority at UTIMCO.

### 4. BASE SALARY ADMINISTRATION

#### 4.1. *Salary Structure*

- (a) Base salaries are administered through a Salary Structure as set forth in this Section 4.1. Each employment position has its own salary range, with the midpoint set approximately equal to the market median base salary for employment positions with similar job content and level of responsibility.
- (b) The salary range midpoints will be determined by the Compensation Committee based on consultation with an outside compensation consultant and with UTIMCO management. Salary range midpoints for key management, investment, and operations positions will be updated at least every three years based on a salary benchmarking study conducted by a qualified compensation consultant selected by the Compensation Committee. In years in which the Compensation Committee does not commission a formal salary survey, the

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<sup>1</sup> This explanation of UTIMCO's "Total Compensation Program Philosophy" is not intended to modify any of the substantive provisions of this document.



base salary midpoints may be adjusted at the Compensation Committee's discretion based on expected annual salary structure adjustments as reported in one or more published compensation planning surveys.

#### **4.2. *Salary Adjustments***

- (a) The base salary of the CEO is determined by the Board. The base salary of the Chief Compliance Officer ("CCO") will be determined by the Compensation Committee based on the joint recommendation of the Audit and Ethics Committee and the CEO and the base salaries of the other key investment and operations employees are determined by the Compensation Committee. Base salaries will be set within the salary range for each employment position. An individual's base salary within the range may be higher or lower than the salary range midpoint based on his or her level of experience, education, knowledge, skills, and performance. On an exception basis, the Board may set individual base salaries outside of the salary range if an individual either substantially exceeds or does not meet all of the market criteria for a particular position.
- (b) Individuals may receive an annual adjustment (increase or decrease) of their base salaries at the discretion of the Compensation Committee or, in the case of the CEO, at the discretion of the Board. Base salary adjustments, if any, will be determined based on each individual employee's experience, education, knowledge, skills, and performance; provided that, in the case of the CCO, any such adjustment shall be based on the joint recommendation of the Audit and Ethics Committee and the CEO. Employees are not guaranteed an annual salary increase.

### **5. PERFORMANCE PLAN**

#### **5.1. *Purpose of the Performance Plan***

The purpose of the Performance Plan is to provide annual Performance Awards to eligible Participants based on specific objective criteria relative to UTIMCO's and each Participant's performance. The primary objectives of the Performance Plan are outlined in Section 2.

#### **5.2. *Performance Period***

- (a) For purposes of the Performance Plan, the "Performance Period" begins on July 1 of each year and ends the following June 30.
- (b) Except as otherwise provided under Sections 5.8 and 5.9, performance for each year in the historical performance period will be measured between July 1 and the following June 30 of the applicable year for gauging achievement of the Quantitative Performance Standard.

### 5.3. *Eligibility and Participation*

- (a) As further described in (b), each employee of UTIMCO who holds an “Eligible Position” will be a “Participant” in the Performance Plan for a Performance Period. “Eligible Positions” for a Performance Period include senior management, investment employees, and other key positions as designated by the CEO and approved by the Board as Eligible Positions for that Performance Period. An employment position that is an Eligible Position in one Performance Period is not automatically an Eligible Position in any subsequent Performance Period. The Board in its discretion may also designate the employment position of a newly hired or promoted employee as an “Eligible Position” during a Performance Period. A list of Eligible Positions for each Performance Period is set forth in Table 1. Table 1 will be revised and attached each Performance Period when necessary to set forth the Eligible Positions for that Performance Period.
- (b) An employee in an Eligible Position will become a Participant on the later of (i) the date he or she is employed in an Eligible Position or (ii) the first day of the Performance Period if the employee is employed on that date. The preceding notwithstanding, an employee may not commence participation in the Performance Plan and first become a Participant during the last six months of any Performance Period.
- (c) An employee will cease to be a Participant in the Performance Plan on the earliest to occur of: (i) the date such employee is no longer employed in an Eligible Position; (ii) the date ~~of Termination of~~ immediately following the last day of such employee’s employment with UTIMCO due to a Termination of employment for any reason (including Voluntary Termination and Involuntary Termination, death, and Disability); (iii) the date of termination of the Performance Plan; (iv) the date such employee commences a leave of absence; or (v) the date such employee begins participation in any other UTIMCO performance program.
- (d) Except as provided in Sections 5.10(b) and (c), only individuals who are Participants on the last day of a Performance Period are eligible to receive Performance Awards under the Performance Plan for that Performance Period.

### 5.4. *Performance Standards*

- (a) There are two categories of Performance Standards:
  - (1) Quantitative Performance (measured as described in Section 5.8(a))
  - (2) Qualitative Performance (measured as described in Section 5.8(b))

Except for the CEO and CCO, Qualitative Performance Standards will be defined jointly by each Participant and his or her supervisor, subject to approval by the CEO. If the position of the CCO is determined to be an Eligible

Position, the Qualitative Performance Standards of the employee holding the position of CCO will be determined jointly by the Chairman of the Audit and Ethics Committee and the CEO. References to the CCO hereafter assume that the position of CCO has been determined to be an Eligible Position and the employee holding the position of CCO has been determined to be a Participant in the Performance Incentive Plan for the Performance Period. If the position of CCO has not been determined to be an Eligible Position for the Performance Period the provisions hereafter specific to the CCO have no force and effect.

- (b) The CEO's Performance Standards will be determined and approved by the Board.
- (c) Each Performance Standard for each Eligible Position is assigned a weight for the Performance Period. The Chairman of the Audit and Ethics Committee and the CEO will jointly recommend to the Compensation Committee the weightings of the Performance Standards for the CCO. The weightings for each Eligible Position are set forth in Table 1. Table 1 will be revised and attached each Performance Period when necessary to set forth the weightings for the Eligible Positions for that Performance Period as soon as administratively practicable after such weightings are approved by the Compensation Committee for such Performance Period. The weightings for the Performance Standards for each Performance Period are subject to approval by the Board.

#### **5.5. *Award Opportunity Levels and Performance Awards***

- (a) Each Eligible Position is assigned an "Award Opportunity" for each Performance Standard for the Participants in that Eligible Position and each Award Opportunity is expressed as a percentage of base salary earned during the Performance Period. The Award Opportunities include a threshold and maximum award for achieving commensurate levels of performance of the respective Performance Standard.
- (b) Award Opportunities for each Performance Period are set forth in Table 1. Table 1 will be revised and attached each Performance Period when necessary to set forth the Award Opportunities for that Performance Period as soon as administratively practicable after approval of the Award Opportunities by the Board for such Performance Period.
- (c) Actual "Performance Awards" are the amounts that are actually awarded to Participants for the respective Performance Period. Actual Performance Awards will range from zero (if a Participant performs at or below threshold on all Performance Standards) to the maximum Award Opportunity (if a Participant performs at or above maximum on all Performance Standards) depending on performance relative to objectives. Awards are capped at maximum levels regardless of whether a Participant exceeds the stated maximum Performance Standards.

- (d) Following the end of each Performance Period, the Compensation Committee will review the actual performance of each Participant against the Performance Standards of the respective Participant and determine the Participant's level of achievement of his or her Performance Standards. The Compensation Committee may seek and rely on the independent confirmation of the level of Performance Standard achievement from an external investment consultant to evaluate Entity Performance, Asset Class Performance, and Peer Group Performance. The CEO will submit a written report to the Compensation Committee, which documents the Participant's performance relative to the Participant's Performance Standards set at the beginning of the Performance Period, and upon which the Compensation Committee may rely in evaluating the Participant's performance. The Audit and Ethics Committee and the CEO will jointly determine the CCO's level of achievement relative to the CCO's Performance Standards. The Board will determine the CEO's level of achievement relative to the CEO's Performance Standards.
- (e) Performance Awards will be calculated for each Participant based on the percentage achieved of each Performance Standard, taking into account the weightings for the Participant's Quantitative Performance and Qualitative Performance Standards and each Participant's Award Opportunity. The methodology for calculating Award Opportunities and Performance Awards is presented on Appendix A. Performance Awards will be interpolated in a linear fashion between threshold and maximum.
- (f) Within 180 days following the end of a Performance Period, and after review by the external auditor, the Compensation Committee will review all Performance Award calculations, and make any changes it deems appropriate. The Compensation Committee will submit its recommendations to the Board for approval. Subject to the provisions of Section 7.1, the Board will approve Performance Awards.
- (g) Following the approval of a Performance Award by the Board, each Participant will be notified as to the amount, if any, of his or her Performance Award as well as the terms, provisions, conditions, and limitations of the Nonvested Deferred Award portion of such Performance Award.

#### **5.6. Form and Timing of Payouts of Performance Awards**

Except as provided in Sections 5.11, 5.12, and 5.13, approved Performance Awards will be paid as follows:

- (a) Subject to the Applicable Deferral Percentage of an Eligible Position as documented in Table 1, the Performance Award will be paid to the Participant ("Paid Performance Award") within 180 days of the completion of the Performance Period on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which the Performance Period ends, and

- (b) An amount of the Performance Award for an Eligible Position equal to the Applicable Deferral Percentage set forth on Table 1 will be treated as a “Nonvested Deferred Award” subject to the terms of Section 5.7 and paid in accordance with that Section. Table 1 will be revised and attached, as necessary, for each Performance Period to set forth any Applicable Deferral Percentage for each Eligible Position as soon as administratively practicable after approval of the deferral percentages by the Board for such Performance Period.

### **5.7. *Nonvested Deferred Awards***

- (a) For each Performance Period, a hypothetical account on UTIMCO’s books (“Nonvested Deferred Award Account”) will be established for each Participant. As of the date that the corresponding Paid Performance Award is paid to the Participant, each Participant’s Nonvested Deferred Award for a Performance Period will be credited to his or her Nonvested Deferred Award Account established for that Performance Period; provided, however, that, in the case of any Participant whose Nonvested Deferred Award has been forfeited pursuant to Section 5.10(a) or Section 5.13 on the date such Nonvested Deferred Award would be so credited to his or her Nonvested Deferred Award Account, such Nonvested Deferred Award will not be credited to such Participant’s Nonvested Deferred Award Account. The Nonvested Deferred Award Accounts will be credited (or debited) monthly with an amount equal to the net investment returns of the Total Endowment Assets (“Net Returns”) for the month multiplied by the balance of the respective Participant’s Nonvested Deferred Award Account(s) as of the last day of the month. When the Nonvested Deferred Award is initially credited to the Nonvested Deferred Award Account, the Nonvested Deferred Award Account will be credited (or debited) with Net Returns for the month of the initial credit of a Nonvested Deferred Award, but the Net Returns will be prorated to reflect the number of days of the month during which the amounts were credited to the Nonvested Deferred Award Account. Participants are not entitled to their Nonvested Deferred Award Accounts unless and until they become vested in those accounts in accordance with Section 5.7(b).
- (b) Unless a Participant’s Nonvested Deferred Award has been forfeited pursuant to Section 5.10(a) or Section 5.13, such Participant will become vested in, and entitled to payment of, his or her Nonvested Deferred Award Account for each respective Performance Period according to the following schedule:
  - (1) On the first anniversary of the last day of the Performance Period for which the Nonvested Deferred Award was earned, one half of the amount then credited to the Participant’s Nonvested Deferred Award Account for that Performance Period will be vested and paid to the Participant.
  - (2) On the second anniversary of the end of the Performance Period for which the Nonvested Deferred Award was earned, the remaining amount

then credited to the Participant's Nonvested Deferred Award Account for that Performance Period will be vested and paid to the Participant.

- (3) Nonvested Deferred Award Accounts payable under the above paragraphs of this Section 5.7(b) will be paid on a date selected in the discretion of UTIMCO after the applicable portion of any such Nonvested Deferred Award Account becomes vested and in no event later than the last day of the calendar year in which the applicable portion of such Nonvested Deferred Award Account becomes vested.

### **5.8. Performance Measurement Standards**

- (a) Quantitative Performance is comprised of two categories: (i) performance measured against predetermined benchmarks and applicable excess return targets ("Benchmark Performance"), and (ii) performance measured against a predetermined Peer Group ("Peer Group Performance"). Due to the delay in availability of final performance data for private assets, calculation and payment of Performance Awards will be delayed until after such time that performance measurement for these investment areas are available.

- (1) Benchmark Performance is comprised of Entity Performance and Asset Class Performance:

a. Entity Performance will be measured based on three-year historical performance.

a.b. For the Performance Periods beginning on or after July 1, 2024, subject to the phase-in calculation as described in Section 5.9(a), Entity Performance for purposes of the Performance Plan is determined based on the performance of the Total Endowment Assets ("TEA") and ITF relative to the Intermediate Term Fund ("ITF") as stated Asset Classes' Benchmarks and Performance Standards in Table 42.

i. The performance of the TEA is measured based on the TEA's performance relative to the TEA Policy Portfolio Return (TEA benchmark).

ii. The performance of the ITF will be measured based on the performance of the ITF relative to the ITF Policy Portfolio Return (ITF benchmark).

i. Performance standards related to the TEA and ITF for each Performance Period beginning after June 30, 2020, will be updated as necessary and set forth on a revised table for each such Performance Period in Table 2 as soon as administratively practicable after such standards are determined. The performance of the TEA is measured by calculating each Asset Class Performance (as determined by section 5.8(a)(1)(c)) and

weighing such calculated performance by the asset class's average NAV in proportion to the total average NAV of the TEA. The weighted contribution of each asset class's performance (measured as a positive or negative percentage of the maximum level) is summed to determine the level of attainment of the maximum TEA award for each Eligible Position in Table 1. Threshold level is 0% and the maximum level is 100% for the TEA performance for the Performance Period (with interpolation for levels of attainment between threshold and maximum).

ii. The performance of the ITF is measured by calculating each Asset Class Performance (as determined by section 5.8(a)(1)(c)) and weighing such calculated performance by the asset class's average NAV in proportion to the total average NAV of the ITF. The weighted contribution of each asset class's performance (measured as a positive or negative percentage of the maximum level) is summed to determine the level of attainment of the maximum ITF award for each Eligible Position in Table 1. Threshold level is 0% and the maximum level is 100% for the ITF performance for the Performance Period (with interpolation for levels of attainment between threshold and maximum).

iii. Performance of the TEA and ITF is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the TEA and ITF.

~~iv. Entity Performance will be measured relative to the appropriate benchmark based on three year historical performance.~~

~~b.c.~~ Asset Class Performance is the performance of specific asset classes within the TEA and the ITF (such as U.S. public equity, private equity, etc.). Except as provided in Section 5.9, Asset Class Performance will be measured relative to the appropriate benchmark based on three-year historical performance. When calculating the performance of a subset of asset class pursuant to Section 5.9, the appropriate benchmark for such subset shall be determined based on the applicable components of the blended benchmark for such asset class based on three-year historical performance (except as otherwise provided in Sections 5.9(c) and (d)), adjusted in proportion to the applicable subset(s) of the asset class being measured and excluding any inapplicable subset(s). Performance standards for each asset class will vary depending on the ability to outperform the respective benchmark. ~~The~~Subject to Section 5.9(b), the benchmarks for each asset class, as well as threshold and maximum performance standards ~~in effect during~~applicable to the three-year historical period, culminating with the current Performance



Period, are set forth on Table 2. Table 2 will be revised and attached, as necessary, for subsequent Performance Periods to reflect new benchmarks, as well as threshold and maximum performance standards, ~~in effect during~~ applicable to the three-year historical period, culminating with the subsequent Performance Period, in which event, such revised Table 2 will be attached as soon as administratively practicable after the change in such benchmarks and standards necessitating such change are set.

(2) Peer Group Performance:

- a. The Peer Group will be as defined in Section 8.24.
- b. Peer Group performance will be measured based on the TEA's performance relative to the Peer Group.
- c. Peer Group performance will be measured based on ~~three-year historical performance~~ one-year and three-year historical performance. One-year and three-year historical performance will each account for 50% of the Peer Group performance measurement and are counted independently of each other. For example, if the Peer Group performance on a one-year basis meets or exceeds the maximum performance standards identified in Table 2, but the Peer Group performance on a three-year basis does not meet or exceed the minimum threshold performance standards identified in Table 2, then applicable Participants would have achieved a combined total of 50% for the Peer Group component of the Performance Standards (calculated as (i) 50% for the one-year performance (100% achievement multiplied by 50% weight of one-year performance), plus (ii) 0% for the three-year performance (0% achievement multiplied by the 50% weight of the three-year performance), equaling a combined total of 50%).
- d. Cambridge Associates will determine the performance of the Peer Group annually for the Performance Period. Cambridge Associates will calculate a percentile rank for the performance of the TEA relative to the Peer Group, with the 1<sup>st</sup> percentile representing the highest rank and the 100<sup>th</sup> percentile representing the lowest rank.

(b) Qualitative Performance

- (1) The level of a Participant's Qualitative Performance will be measured by the CEO (in the case of the CCO, jointly by the Audit and Ethics Committee and the CEO), subject to approval by the Compensation Committee, based on the level of attainment (below threshold, threshold or maximum) of the Participant's Qualitative Performance Standards for the Performance Period. In the case of the CEO, the level



of the CEO's Qualitative Performance will be measured by the Compensation Committee subject to review and approval by the Board.

- (2) The Qualitative Performance Standard will be measured systematically as part of each Participant's annual performance appraisal process aimed at evaluating, using predetermined standard criteria established before the beginning of each Performance Period, each Participant's adherence to UTIMCO's cultural values, and may include multi-rater feedback regarding a variety of contributions and behaviors needed for organizational success such as interpersonal relationship skills, accountability, effective teamwork, etc.
- (3) For purposes of determining the level of attainment of each Participant's Qualitative Performance Standard for the Performance Period, the Participant will receive 0% (threshold level) if he or she fails to complete any of his or her Qualitative Performance Standards for that Performance Period and the maximum level if he or she successfully completes 100% of his or her Qualitative Performance Standards for that Performance Period (with interpolation for levels of attainment between threshold and maximum).

**5.9. *Modifications of Measurement Period for Measuring Entity and Asset Class Performance***

(a) (a) — For the Performance Period ending June 30, 2025, two years (July 1, 2022 through June 30, 2024) of the Entity Performance is determined based on the performance of the TEA and the ITF as provided by the terms the Performance Plan then in effect for such years (i.e., the applicable provisions of the UTIMCO Compensation Program, Amended and Restated effective July 1, 2020, including any applicable tables), which performance is proportionately combined with the remaining one year (July 1, 2024 through June 30, 2025) of Entity Performance as determined under current Section 5.8(a)(1)(b). Similarly, for the Performance Period ending June 30, 2026, one year (July 1, 2023 through June 30, 2024) of the Entity Performance is determined based on the performance of the TEA and the ITF as provided by the terms of the Performance Plan then in effect for such year (i.e., the applicable provisions of the UTIMCO Compensation Program, Amended and Restated effective July 1, 2020, including any applicable tables), which performance is proportionately combined with the remaining two years (July 1, 2024 through June 30, 2026) of Entity Performance as determined under current Section 5.8(a)(1)(b).

(b) For the Performance Period ending June 30, 2025, two years (July 1, 2022 through June 30, 2024) of the Asset Class Performance is determined based on the benchmarks and performance standards as provided by the terms the Performance Plan then in effect for such years (i.e., the applicable provisions of the UTIMCO Compensation Program, Amended and Restated effective July 1, 2020, including any applicable tables), and the remaining one year (July 1,

2024 through June 30, 2025) of the Asset Class Performance is determined based on the benchmarks and performance standards set forth in current Table 2. For the Performance Period ending June 30, 2026, one year (July 1, 2023 through June 30, 2024) of the Asset Class Performance is determined based on the benchmarks and performance standards as provided by the terms of the Performance Plan then in effect for such year (i.e., the applicable provisions of the UTIMCO Compensation Program, Amended and Restated effective July 1, 2020, including any applicable tables), and the remaining two years (July 1, 2024 through June 30, 2026) of the Asset Class Performance is determined based on the benchmarks and performance standards set forth in the then-current Table 2.

- (c) For purposes of measuring Quantitative Performance, the three-year historical performance cycle will not be utilized for any specific asset class (or subset of an asset class) until that asset class (or subset of that asset class) has three years of historical performance as part of the Performance Plan and, until that time, the actual years (full and partial) of historical performance of that asset class (or subset of that asset class) while part of the Performance Plan will be used as the measurement period.
- (bd) For purposes of measuring Quantitative Performance of an asset class (or subset of an asset class) that is removed from the Performance Plan prior to completion of the then in-progress three-year historical performance cycle, the three-year historical performance cycle will not be utilized for that removed asset class (or subset of an asset class), but instead the actual number of full months that the removed asset class was part of the Performance Plan during the then in-progress three-year historical performance cycle will be used as the measurement period.
- (ee) For purposes of measuring Asset Class Performance for a particular Participant of an asset class (or subset of an asset class) that is ~~removed from or~~ added to the Participant's responsibility during the then in-progress three-year historical performance cycle, the full three-year historical performance cycle will ~~not~~ be utilized for that ~~removed or~~ added asset class (or subset of an asset class), ~~but instead the actual number~~. For purposes of full months measuring Asset Class Performance for a particular Participant of an asset class (or subset of an asset class) that ~~this~~ removed ~~or added asset class was part of~~ from the Participant's responsibility during the then in-progress three-year historical performance cycle ~~will be used as the measurement period for evaluating the Asset Class Performance with respect to such Participant, no portion of the three-year historical performance cycle will be utilized for that removed asset class (or subset of an asset class). This Section 5.9(e) shall be applied in accordance with UTIMCO's internal records reflecting when an asset class (or a subset of an asset class) has been added to or removed from a Participant's responsibility.~~

**5.10. Termination Provisions**

- (a) Except as otherwise provided in this Section 5.10, any Participant who ceases to be a Participant (either because of Termination of employment with UTIMCO or for any other reason stated in Section 5.3(c)) prior to the end of a Performance Period will not be eligible to receive payment of any Performance Award for that or any subsequent Performance Periods. In addition, a Participant will forfeit any Nonvested Deferred Awards at such Participant's Voluntary Termination or Involuntary Termination for Cause. Further, upon Involuntary Termination for reasons other than Cause, the amount in the Nonvested Deferred Award Accounts of such terminated individual will vest immediately and be paid on a date selected by UTIMCO and in no event later than the last day of the calendar year in which such Termination occurs.
- (b) If a Participant ceases to be a Participant in the Performance Plan under Section 5.3(c) prior to the end of a Performance Period because his or her employment position is no longer an Eligible Position (but such employee continues to be employed with UTIMCO), such Participant's Performance Award for the current Performance Period, if any, will be calculated on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or, if applicable, coinciding with the date the Participant ceases to be in an Eligible Position, and such individual will not be entitled to any Performance Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Awards of such individual continue to vest and be paid subject to the provisions of Section 5.7(b).
- (c) If a Participant ceases to be a Participant in the Performance Plan under Section 5.3(c) prior to the end of a Performance Period because his or her employment with UTIMCO terminates due to death or Disability, the Participant's Performance Award for the Performance Period in which Termination occurs, in lieu of any other Performance Award under the Performance Plan, will be calculated on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or, if applicable, coinciding with the date of the Participant's death or Disability, and such individual will not be entitled to any Performance Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Award Accounts of such terminated individual will vest immediately and be paid on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which such termination occurs. Payments under this provision will be made to the estate or designated beneficiaries of the deceased Participant or to the disabled Participant, as applicable.
- (d) If a Participant ceases to be a Participant in the Performance Plan under Section 5.3(c) prior to the end of a Performance Period because he or she commences a leave of absence, such Participant's Performance Award for the current Performance Period, if any, will be calculated on a prorated basis from the first

day of the Performance Period to the Performance Measurement Date immediately preceding or coinciding with the date the Participant commences such leave of absence, and such individual will not be entitled to any Performance Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Awards of such individual continue to vest and be paid subject to the provisions of Section 5.7(b).

- (e) In the case of any Participant who ceases to be a Participant in the Performance Plan prior to the end of Performance Period and is entitled to a Performance Award or a prorated Performance Award under this Section 5.10, such Performance Award will be calculated at the time and in the manner provided in Section 5.5 and Appendix A and paid in accordance with Section 5.6 and will not be calculated or paid prior to such time.

### ***5.11. Eligibility for Retirement***

A participant is eligible for retirement on the last day of the month in which the sum of the Participant's age and years of service, including months of age and months of service credit, equals or exceeds the number 75.

In the case of any Participant who is eligible for retirement, any Performance Incentive Award to which the Participant becomes entitled, as well as any remaining Nonvested Deferred Award, will vest immediately and be includible in the Participant's gross income for Federal income tax purposes in the calendar year in which vesting occurs without regard to when payment is made to the Participant. The vested Performance Incentive Award and any remaining Nonvested Deferred Award will be paid to the participant on a date selected by UTIMCO and in no event later than the last day of the calendar year unless the Participant has agreed to a Voluntary Deferral of all or a portion of his Performance Incentive Award that would otherwise have been deferred had the Participant not been eligible for retirement ("Amount Voluntarily Deferred"). If the Participant has agreed to a Voluntary Deferral of such amount of his Performance Incentive Award,

- (a) the Amount Voluntarily Deferred (1) will be credited to a hypothetical account established in the Participant's name on UTIMCO's books ("Amount Voluntarily Deferred Account") and (2) will be credited (or debited) monthly with an amount equal to the Net Returns for the month multiplied by the balance in the Participant's Amount Voluntarily Deferred Account as of the last day of the month, provided that when the Amount Voluntarily Deferred is initially credited to the Participant's Amount Voluntarily Deferred Account, the Participant's Amount Voluntarily Deferred Account will be credited (or debited) with Net Returns for the month of the initial credit, but the Net Returns will be prorated to reflect the number of days of the month during which the amounts were credited to the Participant's Amount Voluntarily Deferred Account;

- (b) except as provided in clause (c) below, the amount credited to the Participant's Amount Voluntarily Deferred Account shall be paid to the Participant only on the following dates and in the following amounts:
  - (1) On the first anniversary of the last day of the Performance Period for which the Amount Voluntarily Deferred was earned, one half of the amount then credited to the Participant's Amount Voluntarily Deferred Account for that Performance Period will be paid to the Participant;
  - (2) On the second anniversary of the end of the Performance Period for which the Amount Voluntarily Deferred was earned, the remaining amount then credited to the Participant's Amount Voluntarily Deferred Account for that Performance Period will be paid to the Participant;
  - (3) Amount Voluntarily Deferred Accounts payable under the above paragraphs of this Section 5.11(b) will be paid on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which the applicable portion of such Amount Voluntarily Deferred Account becomes due and payable; and
- (c) any net credits or debits to the Participant's Amount Voluntarily Deferred Account pursuant to clause (a)(2) above will be includible in the Participant's gross income and taxable to the Participant as ordinary income for Federal income tax purposes, and will be subject to Federal employment taxes and wage withholding during the year in which such amounts are paid pursuant to clauses (a) or (b) above.

#### **5.12. Extraordinary Circumstances**

Notwithstanding anything in this Plan to the contrary, the timing and amount of Performance Awards of each Participant holding an Eligible Position listed on Table 3 (each, an "Affected Participant"), are subject to automatic adjustment as follows:

- (a) If the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Awards are being determined are negative at the end of such Performance Period, (i) an amount otherwise equal to the Paid Performance Award attributable to such Performance Period for each Affected Participant will be treated as an "Extraordinary Nonvested Deferral Award" for such Affected Participant that is subject to forfeiture in the same manner and for the same reasons as Nonvested Deferral Awards pursuant to Section 5.10(a), (ii) a separate hypothetical account for such Affected Participant will be established on UTIMCO's books ("Extraordinary Nonvested Deferral Award Account"), which will be (1) credited with such Affected Participant's Extraordinary Nonvested Deferral Award and (2) credited (or debited) monthly with Net Returns of the Total Endowment Assets on the same dates and in the same manner as applies to Nonvested Deferral Award Accounts pursuant to Section 5.7(a), and (iii) unless such Affected Participant's Extraordinary Nonvested Deferral Award has been forfeited pursuant to Section 5.10(a) or

Section 5.13, such Affected Participant will become vested in, and entitled to payment of, the amount of his or her Extraordinary Nonvested Deferral Award Account on the first anniversary of the last day of such Performance Period; provided that upon the death, Disability or Involuntary Termination of an Affected Participant for reasons other than Cause, the amount in the Extraordinary Nonvested Deferral Award Account of such Affected Participant will vest immediately and be paid (to the Affected Participant or, in the case of death, to the estate or designated beneficiaries of the deceased Affected Participant) on a date selected by UTIMCO and in no event later than the last day of the calendar year in which such Termination occurs; provided, further, that nothing in this clause (a) shall affect the vesting and payment of Nonvested Deferral Awards to any Affected Participant nor shall it affect the vesting and payment of Performance Awards to a Participant that has satisfied the requirements for Eligibility for Retirement;

- (b) Table 3 will be revised and attached, as necessary, for each Performance Period to identify the Eligible Positions whose Performance Awards are subject to automatic adjustment as to timing and amount pursuant to clause (a) above as soon as administratively practicable after approval by the Board.

### ***5.13. Recovery of Performance Awards***

Notwithstanding anything in this Plan to the contrary, if the Board (in its sole discretion, but acting in good faith) determines (a) that a Participant has engaged in willful misconduct that materially disrupts, damages, impairs or interferes with the business, reputation or employee relations of UTIMCO or The University of Texas System, such Participant will not be entitled to any Performance Awards for the Performance Periods during which the Board determines such misconduct occurred, or (b) that a Participant has engaged in fraudulent misconduct that caused or contributed to a restatement of the investment results upon which such Participant's Performance Awards were determined by knowingly falsifying any financial or other certification, knowingly providing false information relied upon by others in a financial or other certification, or engaging in other fraudulent activity, or knowingly failing to report any such fraudulent misconduct by others in accordance with UTIMCO's Employee Handbook, such Participant will not be entitled to any Performance Awards for the Performance Periods for which investment results were so restated. To the extent a Participant has been awarded Performance Awards to which he or she is not entitled as a result of clause (a) or (b) above, Performance Awards shall be recovered by UTIMCO pursuant to the following remedies in the order listed: first, such Participant's Nonvested Deferred Awards and Extraordinary Nonvested Deferred Awards will be automatically forfeited; second, any Paid Performance Award not then paid to such Participant will be withheld and automatically forfeited; and third, such Participant must return to UTIMCO the remaining excess amount. Recovery of Performance Awards to which a Participant is not entitled pursuant to this Section 5.13 does not constitute a settlement of other claims that UTIMCO may have against such Participant, including as a result of the conduct giving rise to such recovery. Further, the remedies set forth above are in



addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.

## **6. COMPENSATION PROGRAM AUTHORITY AND RESPONSIBILITY**

### ***6.1. Board as Plan Administrator***

Except as otherwise specifically provided in this Compensation Program with respect to powers, duties, and obligations of the Compensation Committee, the Compensation Program will be administered by the Board.

### ***6.2. Powers of Board***

The Board has all powers specifically vested herein and all powers necessary or advisable to administer the Compensation Program as it determines in its discretion, including, without limitation, the authority to:

- (1) Establish the conditions for the determination and payment of compensation by establishing the provisions of the Performance Plan.
- (2) Determine the Eligible Positions in the Performance Plan.
- (3) Delegate to any other person, committee, or entity any of its ministerial powers and/or duties under the Compensation Program as long as any such delegation is in writing and complies with the UTIMCO Bylaws.

## **7. COMPENSATION PROGRAM INTERPRETATION**

### ***7.1. Board Discretion***

- (a) Consistent with the provisions of the Compensation Program, the Board has the discretion to interpret the Compensation Program and may from time to time adopt such rules and regulations that it may deem advisable to carry out the Compensation Program. All decisions made by the Board in selecting the Participants approved to receive Performance Awards, including the amount thereof, and in construing the provisions of the Compensation Program, including without limitation the terms of any Performance Awards, are final and binding on all Participants.
- (b) Notwithstanding any provision of the Compensation Program to the contrary and subject to the requirement that the approval of Performance Awards that will result in an increase of 5% or more in the ~~total Performance Awards~~ maximum Award Opportunity calculated using the methodology set out on Appendix A must have the prior approval of the U. T. System Board of Regents, the Board has the discretion and authority to make changes in the terms of the Compensation Program in determining a Participant's eligibility for, or amount of, a Performance Award for any Performance Period whenever

it considers that circumstances have occurred during the Performance Period so as to make such changes appropriate in the opinion of the Board, provided, however, that any such change will not deprive or eliminate an award of a Participant after it has become vested and that such circumstances are recorded in the minutes of a meeting of the Board.

**7.2. *Duration, Amendment, and Termination***

The Board has the right in its discretion to amend the Compensation Program or any portion thereof from time to time, to suspend it for a specified period, or to terminate it entirely or any portion thereof. However, if the Performance Plan is suspended or terminated during a Performance Period, Participants will receive a prorated Performance Award based on performance achieved and base salary earned through the Performance Measurement Date immediately preceding such suspension or termination. The Compensation Program will be in effect until suspension or termination by the Board; provided, however, that if the Board so determines at the time of any suspension or termination of the Performance Plan, Nonvested Deferred Awards credited to Participants' Nonvested Deferred Award Account(s) as of the effective date of such suspension or termination will continue to be administered under the terms of the Performance Plan after any suspension or termination, except as the Board otherwise determines in its discretion at the time of such suspension or termination.

**7.3. *Recordkeeping and Reporting***

- (a) All records for the Compensation Program will be maintained by the Senior Managing Director and Chief Operating Officer. Relative performance data and calculations will be reviewed by UTIMCO's external auditor before Performance Awards are finalized and approved by the Board.
- (b) UTIMCO will provide all Participants with a comprehensive report of the current value of their respective Nonvested Deferred Award and Extraordinary Nonvested Deferred Award Account balances, including a complete vesting status of those balances, on at least a quarterly basis.

**7.4. *Continued Employment***

Nothing in the adoption of the Compensation Program or the awarding of Performance Awards will confer on any employee the right to continued employment with UTIMCO or affect in any way the right of UTIMCO to terminate his or her employment at any time.

**7.5. *Non-transferability of Awards***

Except for the rights of the estate or designated beneficiaries of Participants to receive payments, as set forth herein, Performance Awards under the Performance Plan, including both the Paid Performance Award portion and the Nonvested Deferred Award portion, are non-assignable and non-transferable and are not subject



to anticipation, adjustment, alienation, encumbrance, garnishment, attachment, or levy of any kind. The preceding notwithstanding, the Compensation Program will pay any portion of a Performance Award that is or becomes vested in accordance with an order that meets the requirements of a “qualified domestic relations order” as set forth in Section 414(p) of the *Internal Revenue Code* and Section 206(d) of ERISA.

**7.6. *Unfunded Liability***

- (a) Neither the establishment of the Compensation Program, the award of any Performance Awards, nor the creation of Nonvested Deferred Awards Accounts will be deemed to create a trust. The Compensation Program will constitute an unfunded, unsecured liability of UTIMCO to make payments in accordance with the provisions of the Compensation Program. Any amounts set aside by UTIMCO to assist it in the payment of Performance Awards or other benefits under the Compensation Program, including without limitation, amounts set aside to pay for Nonvested Deferred Awards, will be the assets of UTIMCO, and no Participant will have any security or other interest in any assets of UTIMCO or the U. T. System Board of Regents by reason of the Compensation Program.
- (b) Nothing contained in the Compensation Program will be deemed to give any Participant, or any personal representative or beneficiary, any interest or title to any specific property of UTIMCO or any right against UTIMCO other than as set forth in the Compensation Program.

**7.7. *Compliance with State and Federal Law***

No portion of the Compensation Program will be effective at any time when such portion violates an applicable state or federal law, regulation, or governmental order or directive.

**7.8. *Federal, State, and Local Tax and Other Deductions***

All Performance Awards under the Compensation Program will be subject to any deductions (1) for tax and withholding required by federal, state, or local law at the time such tax and withholding is due (irrespective of whether such Performance Award is deferred and not payable at such time) and (2) for any and all amounts owed by the Participant to UTIMCO at the time of payment of the Performance Award. UTIMCO will not be obligated to advise an employee of the existence of the tax or the amount that UTIMCO will be required to withhold.

**7.9. *Prior Plan***

- (a) Except as provided in the following paragraphs of this Section 7.9 or as expressly provided in Section 5.8 and Section 5.9, this Compensation Program supersedes any prior version of the Compensation Program (“Prior Plan”).

- (b) All nonvested deferred awards under a Prior Plan will retain the vesting schedule in effect under the Prior Plan at the time such awards were allocated to the respective Participant's account. In all other respects, as of the Effective Date, those nonvested deferred amounts will (1) be credited or debited with the Net Returns over the remaining deferral period in accordance with Section 5.7(a), and (2) be subject to the terms and conditions for Nonvested Deferred Awards under the Performance Plan as set forth in this restated document.

## 8. DEFINITION OF TERMS

- 8.1. **Affected Participant** is defined in Section 5.12.
- 8.2. **Applicable Deferral Percentage** means, as to each Eligible Position, the percentage set forth opposite such Eligible Position under the heading “Percentage of Award Deferred” on Table 1.
- 8.3. **Asset Class Performance** is the performance of specific asset classes within the Total Endowment Assets and the Intermediate Term Fund (such as U.S. public equity, private equity, etc.).
- 8.4. **Award Opportunity** is defined in Section 5.5(a).
- 8.5. **Board** is the UTIMCO Board of Directors.
- 8.6. **Cause** means, as to any employee, that such employee has committed (as determined by UTIMCO in its sole discretion) any of the following: (1) a violation of any securities law or any other law, rule or regulation; (2) willful conduct that reflects negatively on the public image of UTIMCO or the U. T. System; or (3) a breach of UTIMCO’s Code of Ethics.
- 8.7. **Compensation Committee** is the Compensation Committee of the UTIMCO Board of Directors.
- 8.8. **Compensation Program** is defined in Section 1.
- 8.9. **Disability** means a condition whereby a Participant either (i) is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that is expected either to result in death or to last for a continuous period of not less than 12 months or (ii) is, by reason of a medically determinable physical or mental impairment that is expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under a disability plan maintained or contributed to by UTIMCO for the benefit of eligible employees.
- 8.10. **Effective Date** is defined in Section 1.
- 8.11. **Eligible for Retirement** is defined in Section 5.11.
- 8.12. **Eligible Position** is defined in Section 5.3(a).
- 8.13. **Entity Performance** represents the performance of the Total Endowment Assets and the Intermediate Term Fund (based on the measurement standards set forth in Section 5.8(a)).
- 8.14. **Extraordinary Nonvested Deferral Award** is defined in Section 5.12.
- 8.15. **Extraordinary Nonvested Deferral Award Account** is defined in Section 5.12.

**8.16. Intermediate Term Fund or ITF** is The University of Texas System (“U. T. System”) Intermediate Term Fund established by the U. T. System Board of Regents as a pooled fund for the collective investment of operating funds and other intermediate and long-term funds held by the U. T. System institutions and U. T. System Administration. Performance of the Intermediate Term Fund is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the Intermediate Term Fund.

~~**8.17. Intermediate Term Fund Policy Portfolio Return** is the benchmark return for the Intermediate Term Fund policy portfolio and is calculated by summing the neutrally weighted index returns (percentage weight for each asset class multiplied by the benchmark return for the asset class) for the various asset classes in the Intermediate Term Fund policy portfolio for the Performance Period.~~

~~**8.18.8.17. Involuntary Termination** means, as to any person the Termination of such person’s employment with UTIMCO wholly initiated by UTIMCO and not due to such person’s implicit or explicit request, at a time when such person is otherwise willing and able to continue to perform services for UTIMCO.~~

~~**8.18. Net Asset Value (“NAV”)** is the value of the TEA or ITF or an individual asset class’s net value of its investments less its liabilities.~~

**8.19. Net Returns** is the investment performance return of the Total Endowment Assets, net of fees. Net of fees factors in all administrative and other fees for managing the Total Endowment Assets. The net investment return will be calculated as follows:

$$\frac{\text{Permanent University Fund Beginning Net Asset Value}}{\text{Total Endowment Beginning Net Asset Value}} \times \text{Permanent University Fund Net Investment Return}$$

Plus

$$\frac{\text{General Endowment Fund Beginning Net Asset Value}}{\text{Total Endowment Beginning Net Asset Value}} \times \text{General Endowment Fund Net Investment Return}$$

**8.20. Nonvested Deferred Award** is defined in Section 5.6(b).

**8.21. Nonvested Deferred Award Account** is defined in Section 5.7(a).

**8.22. Paid Performance Award** is defined in Section 5.6(a).

**8.23. Participant** is defined in Section 5.3(a).

**8.24. Peer Group** is a peer group of endowment funds that is comprised of the top 20 largest endowment funds by market value, as of the last day of the Performance Period as determined by Cambridge Associates; provided, however, that the Total Endowment Assets are excluded from the Peer Group and further provided, that if Cambridge Associates is unable to obtain peer performance for a top 20 largest endowment fund(s) by October 31<sup>st</sup> following the end of the Performance Period, that endowment fund(s) shall be excluded from the Peer Group for the Performance Period.

**8.25. Performance Standards** are defined in Section 5.4.

- 8.26. Performance Award** is the component of a Participant's total compensation that is based on specific performance standards and awarded as current income or deferred at the end of a Performance Period in accordance with Section 5 and Appendix A.
- 8.27. Performance Plan** is as defined in Section 1 and described more fully in Section 5.
- 8.28. Performance Measurement Date** is the close of the last business day of the month.
- 8.29. Performance Period** is defined in Section 5.2.
- 8.30. Prior Plan** is defined in Section 7.9.
- 8.31. Salary Structure** is described in Section 4.1.
- 8.32. Termination** means, as to any person, a complete severance of the relationship of employer and employee between UTIMCO and such person.
- 8.33. Total Endowment Assets or TEA** means the combination of the Permanent University Fund and the General Endowment Fund, but does not include any other endowment funds monitored by UTIMCO such as the Separately Invested Fund. Performance of the Total Endowment Assets is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the Total Endowment Assets.
- ~~**8.34. Total Endowment Assets Policy Portfolio Return** is the benchmark return for the Total Endowment Assets policy portfolio and is calculated by summing the neutrally weighted index returns (percentage weight for each asset class multiplied by the benchmark return for the asset class) for the various asset classes in the Total Endowment Assets policy portfolio for the Performance Period.~~
- 8.35.8.34. Voluntary Terminations** means, as to any person, the Termination of such person's employment with UTIMCO not resulting from an Involuntary Termination or by reason of Death or disability.

*Performance ~~Incentive~~ Award Methodology*

**Appendix A**

**Performance Award Methodology  
(for Performance Periods beginning on or after July 1, 2024)**

**I. Determine “Award Opportunities” for Each Participant<sup>2</sup>**

- Step 1. Identify the weights to be allocated to each of the two Performance Standards for each Participant’s Eligible Position. The weights vary for each Eligible Position and are set forth in Table 1 for the applicable Performance Period. The total of the weights ascribed to the two Performance Standards (Quantitative and Qualitative) must add up to 100% for each Participant. For example, Table 1 may reflect for a Performance Period for the Managing Director – Investments (“MD”) CEO that the weight allocated to the Quantitative Performance Standard is 75.80%, and the weight allocated to the Qualitative Performance Standard is 25.20%.
  
- Step 2. Identify the weights to be allocated to the various components of Quantitative Performance for each Participant’s Eligible Position as set forth on Table 1: Benchmark Performance, i.e., Entity and Asset Class Performance, and Peer Performance. Entity Performance consists of both TEA and ITF Performance. For example, Table 1 may reflect for a Performance Period for the MD CEO that the weight allocated to the TEA Performance is 33.6512%, the weight allocated to ITF Performance is 8.4128%, the weight allocated to Asset Class Performance is 18.0%, and the weight allocated to Peer Performance is 15.046%.
  
- Step 3. Identify the percentage of base salary for the Participant’s Eligible Position that determines the Performance Award for achievement of the Threshold and Maximum levels of the Performance Standards. The percentages vary for each Eligible Position and are set forth in Table 1 for the applicable Performance Period. For example, Table 1 may show that for a Performance Period the applicable percentages for determining the Performance Award for the MD CEO are 0% of his or her base salary for achievement of Threshold level performance of both Performance Standards and 32.5450% of his or her base salary for achievement of Maximum level performance of both Performance Standards.
  
- Step 4. Calculate the dollar amount of the potential Threshold and Maximum awards (the “Award Opportunities”) for each Participant by multiplying the Participant’s base salary for the Performance Period by the applicable percentage (from Step #2 above). For example, assuming the MD CEO has a base salary of \$400,000 for a Performance Period, based on the assumed percentages set forth in Step #2 above, the MD CEO will be eligible

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<sup>2</sup> These Award Opportunities represent amounts that each Participant will be awarded if he or she achieves his or her Performance Standards at varying levels and are calculated at the beginning of each Performance Period or, if later, the date such Participant commences participation in the Performance Plan.

for a total award of \$0 if he or she achieves Threshold level performance of both Performance Standards and ~~\$1,300,000~~~~3,375,000~~ (~~325~~~~450~~% of his or her base salary) if he or she achieves Maximum level performance of both Performance Standards.

Step 5. Because a Participant may achieve different levels of performance for the various components of the different Performance Standards and be eligible for different levels of awards for that achievement (e.g., he or she may achieve Threshold performance in the TEA Performance Standard and be eligible to receive a Threshold award for that Standard and achieve Maximum performance in the Qualitative Performance Standard and be eligible to receive a Maximum award for that Performance Standard), it is necessary to determine the Award Opportunity of the Threshold and Maximum award for each of the various components of the Performance Standards. This is done by multiplying the dollar amount of the Threshold and Maximum awards for the performance of the various components of the Performance Standards calculated in Step #3 above for the Participant by the weight allocated for that Participant to the particular component of the Performance Standard.

Step 6. After Steps #4 and #5 above are performed for each of the two levels of performance for each of the components of the Performance Standards, there will be up to ~~12~~~~10~~ different Award Opportunities for each Participant. For example, for the ~~MD~~~~CEO~~ (based on an assumed base salary of ~~\$400,000~~~~750,000~~, the assumed weights for the Performance Standards set forth in Step #1 above, and the assumed percentages of base salary for the awards set forth in Step #2 above), the ~~12~~~~10~~ different Award Opportunities for achievement of the Performance Standards for the Performance Period are as follows:

**Award Opportunities for ~~MD-Investments~~~~CEO~~  
(based on assumed base salary of ~~\$400,000~~~~750,000~~)**

Performance Standard	Weight	Threshold Level Award	Maximum Level Award
Entity (TEA v. TEA Policy Portfolio Return)	<del>33.6</del> <del>51.2</del> %	\$0	<del>\$436,800</del> <del>1,728,000</del>
Entity (ITF v. ITF Policy Portfolio Return)	<del>8.4</del> <del>12.8</del> %	\$0	<del>\$109,200</del> <del>432,000</del>
Asset Class	18.0%	\$0	\$234,000
Peer Group – One year Performance	<del>7.5</del> <del>16</del> %	\$0	<del>\$97,500</del> <del>540,000</del>
Peer Group – Three-year Performance	7.5%	<del>\$0</del>	<del>\$97,500</del>
Qualitative	<del>25.0</del> <del>20</del> %	\$0	<del>\$325,000</del> <del>675,000</del>
Total	100%	\$0 (0% of salary)	<del>\$1,300,000</del> <del>3,375,000</del> ( <del>325</del> <del>450</del> % of salary)

## II. Calculate Performance Award for Each Participant

- Step 7. Identify the achievement percentiles or achieved basis points that divide the Threshold and Maximum levels for each Performance Standard. These divisions for the level of achievement of the Asset Class and Peer Group various components of the Quantitative ~~Qualitative~~ Performance Standard are set forth in Table 2 for the applicable Performance Period. The level of achievement (i.e., Threshold or Maximum) for the TEA and ITF Entity Performance is based on the proportional weighted contribution of each Asset Class's performance achievement relative to the Performance Standards set forth in Table 2, measured as a percentage. The measurement for the level of achievement (i.e., Threshold or Maximum) for the Qualitative Performance Standard is initially determined each Performance Period by the CEO, (in the case of the CCO, jointly by the Audit and Ethics Committee and the CEO), and then is approved (or adjusted) by the Compensation Committee as it deems appropriate in its discretion. The Compensation Committee will determine the CEO's level of achievement relative to the CEO's Performance Standards and make its recommendation to the Board, which is then approved (or adjusted) by the Board as it deems appropriate in its discretion.
- Step 8. Determine the percentile or basis points achieved for each component of the Performance Standards for each Participant using the standards set forth in Sections 5.5 and 5.8 of the Compensation Program, as modified in Section 5.9.
- Step 9. Calculate the amount of each Participant's award attributable to each component of the Performance Standards by identifying the Award Opportunity amount for each component of the Performance Standards (e.g., as assumed and set forth for the MD ~~CEO~~ in the table in Step #6 above) commensurate with the Participant's level of achievement for that component of the Performance Standard (determined in Steps #7 and #8 above). An award for achievement percentiles in between the stated Threshold and Maximum levels is determined by linear interpolation. For example, to calculate the Participant's award attributable to TEA Entity Performance, the level of achievement is 0% for threshold and 100% for maximum as determined in accordance with Section 5.8 of the Plan. If the level of achievement of TEA Performance is 75%, the Maximum Award is calculated by multiplying the Maximum Award Level of the MD of \$436,800 by the level achieved of 75% to determine the actual award earned of \$327,600 (\$436,800 x 0.75). If the level of achievement exceeds 100%, the maximum award in the table in Step #6 above is earned for TEA Performance in the amount of \$436,800. For example, if +120 bps of the Asset Class ~~TEA~~ benchmark portion of the Asset Class Hedge Funds ~~TEA~~ portion of the Asset Class ~~Entity~~ Performance Standard has been achieved, that +120 bps is between the Threshold (+0 bps) and the Maximum (+~~250~~200 bps) levels, so to determine the amount of the award attributable to +120 bps of achievement



of the Asset Class Hedge Funds TEA benchmark ~~portion of the Total Endowment Assets portion of the Entity of the Asset Class~~ Performance Standard, perform the following steps: (i) divide 120 (the attained level of achievement) by ~~250200~~ (the Maximum level) to determine the percentage actually achieved ( $120/\underline{250200} = 0.\underline{4860}$ ); and (ii) multiply the percentage of achievement in the preceding Step (i) by the Maximum Award Level of the MDCEO of ~~\$234,0001,728,000~~ as assumed in the above table in Step 6 to calculate the actual award earned of ~~\$112,3201,036,800~~ (~~\$234,0001,728,000~~ x  $0.\underline{4860}$ ) for the Asset Class TEA ~~portion of the Entity~~ Performance Standard.

- Step 10. No award is given for an achievement percentile at or below Threshold, and no award above the Maximum award is given for an achievement percentile above the Maximum level.
- Step 11. Subject to any applicable adjustment in Step #12 below, add the awards determined in Step #9 above for each component of the Performance Standards (as modified by Step #10) together to determine the total amount of the Participant's Performance Award for the Performance Period.
- Step 12. In the case of any Participant who becomes a Participant in the Performance Plan after the first day of the applicable Performance Period but within the first six months, such Participant's Performance Award (~~determined in Step #12~~) will be prorated to reflect the actual portion of the Performance Period in which he or she was a Participant. In the case of a Participant who ceases to be a Participant prior to the end of a Performance Period, his or her entitlement to any Performance Award is determined under Section 5.10 and, in the case of such entitlement, such Participant's Performance Award, if any, will be prorated and adjusted as provided in Section 5.10.

**TABLE 1**

**Eligible Positions, Award Opportunities, Weightings, and Percentage of Award Deferred for each Eligible Position  
(For Performance Periods beginning on or after July 1, 2024)**

Eligible Position	Award Opportunity (% of Base Salary)		Weighting		Quantitative Weightings				Percentage of Award Deferred
					Benchmark Performance			Peer Group	
	Threshold	Maximum	Quantitative	Qualitative	Entity				
					TEA	ITF	Asset Class		
<i>Investment Professionals</i>									
CEO, Chief Investment Officer & President	0%	450%	75%	25%	48.0%	12.0%	0.0%	15.0%	50%
Chief Investment Officer	0%	450%	75%	25%	48.0%	12.0%	0.0%	15.0%	50%
Deputy Chief Investment Officer	0%	450%	75%	25%	48.0%	12.0%	0.0%	15.0%	50%
Senior Managing Director - Investments	0%	375%	75%	25%	33.6%	8.4%	18.0%	15.0%	45%
Managing Director - Investments	0%	325%	75%	25%	33.6%	8.4%	18.0%	15.0%	40%
Managing Director - Risk	0%	250%	75%	25%	48.0%	12.0%	0.0%	15.0%	40%
Senior Director - Investments	0%	200%	70%	30%	31.4%	7.8%	16.8%	14.0%	35%
Senior Director - Risk/TAA/COS	0%	200%	70%	30%	44.8%	11.2%	0.0%	14.0%	35%
Director - Investments	0%	185%	65%	35%	29.1%	7.3%	15.6%	13.0%	30%
Director - Risk/TAA/COS	0%	185%	65%	35%	41.6%	10.4%	0.0%	13.0%	30%
Associate Director - Investments	0%	155%	55%	45%	24.6%	6.2%	13.2%	11.0%	20%
Associate Director - Risk/TAA/COS	0%	155%	55%	45%	35.2%	8.8%	0.0%	11.0%	20%
Associate - Investments	0%	145%	35%	65%	15.7%	3.9%	8.4%	7.0%	15%
Associate - Risk/TAA/COS	0%	145%	35%	65%	22.4%	5.6%	0.0%	7.0%	15%
Senior Analyst - Investments	0%	125%	25%	75%	11.2%	2.8%	6.0%	5.0%	0%
Senior Analyst - Risk/TAA/COS	0%	125%	25%	75%	16.0%	4.0%	0.0%	5.0%	0%
Analyst - Investments	0%	75%	25%	75%	11.2%	2.8%	6.0%	5.0%	0%
Analyst - Risk/TAA	0%	75%	25%	75%	16.0%	4.0%	0.0%	5.0%	0%
<i>Support and Control Professionals</i>									
Chief Operating Officer	0%	200%	35%	65%	22.4%	5.6%	0.0%	7.0%	40%
General Counsel and Chief Compliance Officer	0%	140%	35%	65%	22.4%	5.6%	0.0%	7.0%	30%
Chief Technology Officer	0%	125%	35%	65%	22.4%	5.6%	0.0%	7.0%	30%
Chief Human Resources Officer	0%	125%	35%	65%	22.4%	5.6%	0.0%	7.0%	30%
Managing Director	0%	125%	35%	65%	22.4%	5.6%	0.0%	7.0%	30%
Senior Director	0%	80%	35%	65%	22.4%	5.6%	0.0%	7.0%	25%
Director	0%	70%	35%	65%	22.4%	5.6%	0.0%	7.0%	25%

**Redline of TABLE 1**

**Eligible Positions, Award Opportunities, Weightings, Award Opportunities and Percentage of Award Deferred for each Eligible Position  
(For Performance Periods beginning on or after July 1, 2024~~0~~)**

Eligible Position	Award Opportunity (% of Base Salary)		Weighting		Quantitative Weightings				Peer Group	Percentage of Award Deferred
					Benchmark Performance					
	Threshold	Maximum	Quantitative	Qualitative	Entity		Asset Class			
					TEA	ITF				
<b>Investment Professionals</b>										
CEO, Chief Investment Officer & President	0%	450%	<del>75% 80%</del>	<del>25% 20%</del>	<del>48.0% 51.2%</del>	<del>12.0% 12.8%</del>	0.0%	15.0%	<del>16.0%</del>	50%
Chief Investment Officer	0%	450%	<del>75% 80%</del>	<del>25% 20%</del>	<del>48.0% 51.2%</del>	<del>12.0% 12.8%</del>	0.0%	15.0%	<del>16.0%</del>	50%
Deputy Chief Investment Officer	0%	450%	<del>75% 80%</del>	<del>25% 20%</del>	<del>48.0% 51.2%</del>	<del>12.0% 12.8%</del>	0.0%	15.0%	<del>16.0%</del>	50%
Senior Managing Director - Investments	0%	<del>375% 300%</del>	<del>75% 80%</del>	<del>25% 20%</del>	<del>33.6% 35.8%</del>	<del>8.4% 9.0%</del>	<del>18% 19.2%</del>	15.0%	<del>16.0%</del>	45%
Managing Director - Investments	0%	<del>325% 250%</del>	<del>75% 80%</del>	<del>25% 20%</del>	<del>33.6% 35.8%</del>	<del>8.4% 9.0%</del>	<del>18% 19.2%</del>	15.0%	<del>16.0%</del>	40%
<del>Managing Director - Fixed Income</del>	<del>0%</del>	<del>200%</del>	<del>80%</del>	<del>20%</del>	<del>35.8%</del>	<del>9.0%</del>	<del>19.2%</del>	<del>16.0%</del>	<del>40%</del>	<del>40%</del>
<del>Managing Director - TAA</del>	<del>0%</del>	<del>250%</del>	<del>80%</del>	<del>20%</del>	<del>51.2%</del>	<del>12.8%</del>	<del>0.0%</del>	<del>16.0%</del>	<del>40%</del>	<del>40%</del>
Managing Director - Risk Management	0%	<del>250% 200%</del>	<del>75% 80%</del>	<del>25% 20%</del>	<del>48.0% 51.2%</del>	<del>12.0% 12.8%</del>	0.0%	15.0%	<del>16.0%</del>	40%
Senior Director - Investments	0%	<del>200% 185%</del>	<del>70% 75%</del>	<del>30% 25%</del>	<del>31.4% 33.6%</del>	<del>7.8% 8.4%</del>	<del>16.8% 18%</del>	<del>14.0%</del>	<del>15.0%</del>	35%
<del>Senior Director - TAA</del>	<del>0%</del>	<del>185%</del>	<del>75%</del>	<del>25%</del>	<del>48.0%</del>	<del>12.0%</del>	<del>0.0%</del>	<del>15.0%</del>	<del>15.0%</del>	35%
Senior Director - Risk Management/TAA/COS	0%	<del>200% 185%</del>	<del>70% 75%</del>	<del>30% 25%</del>	<del>44.8% 48.0%</del>	<del>11.2% 12.0%</del>	0.0%	<del>14.0%</del>	<del>15.0%</del>	35%
Director - Investments	0%	<del>185% 175%</del>	<del>65% 70%</del>	<del>35% 30%</del>	<del>29.1% 31.4%</del>	<del>7.3% 7.8%</del>	<del>15.6% 16.8%</del>	<del>13.0%</del>	<del>14.0%</del>	30%
<del>Director - TAA</del>	<del>0%</del>	<del>175%</del>	<del>70%</del>	<del>30%</del>	<del>44.8%</del>	<del>11.2%</del>	<del>0.0%</del>	<del>14.0%</del>	<del>30%</del>	<del>30%</del>
Director - Risk Management/TAA/COS	0%	<del>185% 175%</del>	<del>65% 70%</del>	<del>35% 30%</del>	<del>41.6% 44.8%</del>	<del>10.4% 11.2%</del>	0.0%	<del>13.0%</del>	<del>14.0%</del>	30%
<del>Director - Chief of Staff</del>	<del>0%</del>	<del>175%</del>	<del>70%</del>	<del>30%</del>	<del>44.8%</del>	<del>11.2%</del>	<del>0.0%</del>	<del>14.0%</del>	<del>30%</del>	<del>30%</del>
Associate Director - Investments	0%	155%	<del>55% 60%</del>	<del>45% 40%</del>	<del>24.6% 26.0%</del>	<del>6.2% 6.7%</del>	<del>13.2% 14.4%</del>	11.0%	<del>12.0%</del>	20%
<del>Associate Director - TAA</del>	<del>0%</del>	<del>155%</del>	<del>60%</del>	<del>40%</del>	<del>28.4%</del>	<del>9.6%</del>	<del>12.0%</del>	<del>12.0%</del>	<del>20%</del>	<del>20%</del>
Associate Director - Risk Management/TAA/COS	0%	155%	<del>55% 60%</del>	<del>45% 40%</del>	<del>35.2% 38.4%</del>	<del>8.8% 9.6%</del>	0.0%	11.0%	<del>12.0%</del>	20%
Associate - Investments	0%	145%	<del>35% 40%</del>	<del>65% 60%</del>	<del>15.7% 17.0%</del>	<del>3.9% 4.8%</del>	<del>8.4% 9.6%</del>	<del>7.0%</del>	<del>8.0%</del>	15%
<del>Associate - TAA</del>	<del>0%</del>	<del>145%</del>	<del>40%</del>	<del>60%</del>	<del>25.6%</del>	<del>6.4%</del>	<del>0.0%</del>	<del>8.0%</del>	<del>15%</del>	<del>15%</del>
Associate - Risk Management/TAA/COS	0%	145%	<del>35% 40%</del>	<del>65% 60%</del>	<del>22.4% 25.6%</del>	<del>5.6% 6.4%</del>	0.0%	<del>7.0%</del>	<del>8.0%</del>	15%
Senior Analyst - Investments	0%	<del>125% 110%</del>	<del>25% 30%</del>	<del>75% 70%</del>	<del>11.2% 12.4%</del>	<del>2.8% 3.4%</del>	<del>6.0% 7.2%</del>	<del>5.0%</del>	<del>6.0%</del>	0%
<del>Senior Analyst - TAA</del>	<del>0%</del>	<del>110%</del>	<del>30%</del>	<del>70%</del>	<del>19.2%</del>	<del>4.8%</del>	<del>0.0%</del>	<del>6.0%</del>	<del>0%</del>	<del>0%</del>
Senior Analyst - Risk Management/TAA/COS	0%	<del>125% 110%</del>	<del>25% 30%</del>	<del>75% 70%</del>	<del>16.0% 19.2%</del>	<del>4.0% 4.8%</del>	0.0%	<del>5.0%</del>	<del>6.0%</del>	0%
Analyst - Investments	0%	75%	<del>25% 30%</del>	<del>75% 70%</del>	<del>11.2% 12.4%</del>	<del>2.8% 3.4%</del>	<del>6.0% 7.2%</del>	<del>5.0%</del>	<del>6.0%</del>	0%
<del>Analyst - TAA</del>	<del>0%</del>	<del>75%</del>	<del>30%</del>	<del>70%</del>	<del>19.2%</del>	<del>4.8%</del>	<del>0.0%</del>	<del>6.0%</del>	<del>0%</del>	<del>0%</del>
Analyst - Risk Management/TAA	0%	75%	<del>25% 30%</del>	<del>75% 70%</del>	<del>16.0% 19.2%</del>	<del>4.0% 4.8%</del>	0.0%	<del>5.0%</del>	<del>6.0%</del>	0%
<b>Support and Control Professionals</b>										
Chief Operating Officer	0%	<del>200% 90%</del>	35%	65%	22.4%	5.6%	0.0%	7.0%		40%
General Counsel ( <del>pending and</del> Chief Compliance Officer)	0%	<del>140% 75%</del>	35%	65%	22.4%	5.6%	0.0%	7.0%		30%
Chief Technology Officer	0%	<del>125% 75%</del>	35%	65%	22.4%	5.6%	0.0%	7.0%		30%
<del>Chief Human Resources Officer</del>	<del>0%</del>	<del>125%</del>	<del>35%</del>	<del>65%</del>	<del>22.4%</del>	<del>5.6%</del>	<del>0.0%</del>	<del>7.0%</del>	<del>30%</del>	<del>30%</del>
<del>Corporate Counsel &amp; Chief Compliance Officer</del>	<del>0%</del>	<del>70%</del>	<del>0%</del>	<del>100%</del>	<del>0.0%</del>	<del>0.0%</del>	<del>0.0%</del>	<del>0.0%</del>	<del>30%</del>	<del>30%</del>
Managing Director	0%	<del>125% 70%</del>	35%	65%	22.4%	5.6%	0.0%	7.0%		30%
<del>Senior Investment Counsel</del>	<del>0%</del>	<del>70%</del>	<del>35%</del>	<del>65%</del>	<del>22.4%</del>	<del>5.6%</del>	<del>0.0%</del>	<del>7.0%</del>	<del>30%</del>	<del>30%</del>
Senior Director	0%	<del>80% 60%</del>	35%	65%	22.4%	5.6%	0.0%	7.0%		25%
<del>Senior Director - Compliance</del>	<del>0%</del>	<del>60%</del>	<del>0%</del>	<del>100%</del>	<del>0.0%</del>	<del>0.0%</del>	<del>0.0%</del>	<del>0.0%</del>	<del>25%</del>	<del>25%</del>
Director	0%	<del>70% 60%</del>	35%	65%	22.4%	5.6%	0.0%	7.0%		25%
<del>Director - Compliance</del>	<del>0%</del>	<del>60%</del>	<del>0%</del>	<del>100%</del>	<del>0.0%</del>	<del>0.0%</del>	<del>0.0%</del>	<del>0.0%</del>	<del>25%</del>	<del>25%</del>
<del>Director - Security/Information Services</del>	<del>0%</del>	<del>50%</del>	<del>35%</del>	<del>65%</del>	<del>22.4%</del>	<del>5.6%</del>	<del>0.0%</del>	<del>7.0%</del>	<del>20%</del>	<del>20%</del>

**TABLE 2**

**Benchmarks for Entity and Asset Class and  
Threshold and Maximum Performance Standards  
(For Performance Periods beginning on or after July 1, 2024)**

Entity and Asset Class	Benchmark	Performance Standards (2)	
		Threshold	Maximum
Entity: Peer Group (Total Endowment Funds)	Peer Group	50th %ile	25th %ile
<del>Entity: Benchmark (Total Endowment Funds)</del>	<del>Policy Portfolio</del>	<del>+0 bps</del>	<del>+200 bps</del>
<del>Entity: Benchmark (Intermediate Term Fund)</del>	<del>Policy Portfolio</del>	<del>+0 bps</del>	<del>+150 bps</del>
Public Equity	(1)	+0 bps	+100+150 bps
Hedge Funds	(1)	+0 bps	+250+300 bps
Private Equity (excluding Emerging Markets)	(1)	+0 bps	+1,000+250 bps
<del>Private Equity Emerging Markets</del>	<del>(1)</del>	<del>+0 bps</del>	<del>+250 bps</del>
Investment Grade Fixed Income	(1)	+0 bps	+50 bps
Long Treasuries	(1)	+0 bps	+30 bps
Natural Resources	(1)	+0 bps	+250 bps
<del>Infrastructure</del>	<del>(1)</del>	<del>+0 bps</del>	<del>+250 bps</del>
Real Estate and Infrastructure	(1)	+0 bps	+800+250 bps
Strategic Partnerships	(1)	+0 bps	+100+130 bps

(1) Benchmark will be based on the appropriate benchmark in the respective Investment Policy Statement(s) in effect during each Performance Period.

(2) Any Asset Class that is not listed in the Table but appears in the respective Investment Policy Statement(s) shall have maximum Performance Standards of 0 bps and shall be counted in proportion to its average weight for purposes of Entity Performance in the TEA and ITF.

**TABLE 3**

**Eligible Positions of Affected Participants  
(For Performance Periods beginning on or after July 1, 202024)**

<b>Eligible Positions of Affected Participants</b>
<p style="text-align: center;"><i>Investment Professionals</i></p> <p>CEO, Chief Investment Officer &amp; President Chief Investment Officer Deputy Chief Investment Officer Senior Managing Director Managing Director Senior Director Director Associate Director</p>
<p style="text-align: center;"><i>Support and Control Professionals</i></p> <p>Chief Operating Officer General Counsel (<del>pending and</del> Chief Compliance Officer) Chief Technology Officer <u>Chief Human Resources Officer</u> <del>Corporate Counsel &amp; Chief Compliance Officer</del> Managing Director <u>Senior Investment Counsel</u> Senior Director Director</p>