

Meeting No. 1,249

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

Pages 1 - 8

December 11, 2024

Austin, Texas

MEETING NO. 1,249

WEDNESDAY, DECEMBER 11, 2024.--The members of the Board of Regents of The University of Texas System convened a special called meeting in Open Session on Wednesday, December 11, 2024 at 11:11 a.m. via telephone conference call, in the Board Room, Second Floor, The University of Texas System Building, 210 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

<u>Present</u> Chairman Eltife Vice Chairman Longoria (joined at 11:15 a.m.) Vice Chairman Weaver (disconnected at 11:26 a.m.) Regent Crain Regent Jiles Regent Perez Regent Stedman Regent Warren Regent Dragun, Student Regent, nonvoting	<u>Absent</u> Regent Gauntt
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CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION.-- At 11:12 a.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Eltife called the meeting to order in Open Session, then recessed the Board to Executive Session, pursuant to *Texas Government Code* Sections 551.071, 551.072, and 551.073 to consider the matters listed on the Executive Session agenda.

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS AND AGENDA ITEM.--Chairman Eltife reconvened the Board in Open Session at 11:26 a.m. to consider action on the following items.

1. 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

No action was taken on this item.

- 2a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features

No action was taken on this item.

- 2b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features

No action was taken on this item.

- 3a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 3b. U. T. Arlington: Discussion and appropriate action regarding the purchase of approximately 51.1 acres of unimproved land located in the southeast quadrant of the intersection of Interstate Highway 20 and Interstate Highway 30 and west of Walsh Ranch Parkway, within a development known as Highland Hills in Fort Worth, Parker County, Texas for future campus expansion and allocation of Permanent University Fund Bond Proceeds

See related Open Session Agenda Item 2 for action taken in Open Session.

4. U. T. Austin: Discussion and appropriate action related to real property matters associated with proposed State Agency Advance Funding Agreements with the Texas Department of Transportation involving the completion of the design package and construction of supporting structures for potential cap or deck structures located above the proposed redesigned North Interstate Highway 35, between East Dean Keeton Street and East 15th Street and integrated into the I-35 Capital Express Central Project, Austin, Travis County, Texas, and for related agreements; and finding of public purpose

See related Item 3b for action taken in Open Session.

3. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

AGENDA ITEMS

1. U. T. System Board of Regents: Approval of Consent Agenda item

Chairman Eltife called for a motion on the Consent Agenda item after offering the Board an opportunity for discussion.

President Bailey was on the call and available to answer questions.

Regent Perez moved approval of the Consent Agenda, which was seconded by Vice Chairman Longoria. The Board then approved the Consent Agenda, which is set forth on Pages 7 - 8.

In approving the Consent Agenda, the Board expressly authorized that any contracts or other documents or instruments approved therein may be executed by officials of The University of Texas System or of the respective U. T. institution involved, as appropriate.

2. U. T. Austin: Discussion and appropriate action related to proposed State Agency Advance Funding Agreements with the Texas Department of Transportation involving the completion of the design package and construction of supporting structures for potential cap or deck structures located above the proposed redesigned North Interstate Highway 35, between East Dean Keeton Street and East 15th Street and integrated into the I-35 Capital Express Central Project, Austin, Travis County, Texas, and for related agreements; and finding of public purpose

Following brief comments by Chairman Eltife, the Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the institutional president that the Board of Regents:

- a. authorize U. T. Austin to negotiate and enter into one or more State Agency Advance Funding Agreements and other related agreements with the Texas Department of Transportation (TxDOT) for (1) preparation of 100% plans, specifications, and estimates (PS&E) package for supporting structures for potential cap or deck structures located above the proposed redesigned North Interstate Highway 35, between East Dean Keeton Street and East 15th Street and integrated into the I-35 Capital Express Central Project, Austin, Travis County, Texas; and (2) construction of the supporting structures for potential cap or deck structures;

- b. delegate authority to the institutional President or his designee to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary to carry out the purpose and intent of the foregoing actions, following review and approval by the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel; and
- c. make a finding of public purpose as described below.

BACKGROUND INFORMATION

Description:	U. T. Austin will enter into one or more State Agency Advance Funding Agreements with TxDOT for design and construction of supporting structures for potential cap or deck structures located above the proposed redesigned North Interstate Highway 35, between East Dean Keeton Street and East 15th Street and integrated into the I-35 Capital Express Central Project, Austin, Travis County, Texas.
Agreement Term:	The term of the Agreement will begin on execution of the Agreement and continue until the completion of all services and obligations contained in the Agreement.
Development Standards:	The architectural, engineering, and construction services will be provided by TxDOT using firms procured in accordance with Federal and state law and doing the work in accordance with applicable design, engineering, and construction standards.
Contract Cost:	Approximately \$106,000,000

In approving this item, the Board will be asked to make a finding that:

- 1. the proposed Agreement with TxDOT and related agreements support the public mission of and serve a public purpose appropriate to the function of U. T. Austin by providing the design and construction of supporting structures to facilitate the possible development of one or more caps over I-35 that would improve student and patient experience, safety and mobility if one or more caps are built;
- 2. pursuant to the terms of the proposed Agreement, U. T. Austin will have sufficient safeguards in place to ensure the public purpose will continue to be met on an ongoing basis, including the right to review the PS&E work product and the right to terminate the agreement; and

3. the transaction will result in adequate consideration and benefits to U. T. Austin and the State of Texas.

3. U. T. System Board of Regents: Approval of Proposed Changes to Investment Policy Statement Benchmarks for the Permanent University Fund, General Endowment Fund, Intermediate Term Fund, Long Term Fund, and Permanent Health Fund

Chairman Eltife explained that changes to the Investment Policy Statements are proposed to comply with a directive from Governor Abbott to not make new investments in China and to divest all current investments in China at the first available opportunity. The Board then approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the General Counsel to the Board that the U. T. System Board of Regents approve proposed changes to applicable benchmarks where included in Investment Policy Statements for the Permanent University Fund, General Endowment Fund, Intermediate Term Fund, Long Term Fund, and Permanent Health Fund, in substantially the form described below, with approval effective upon adoption by The University of Texas/Texas A&M Investment Management Company (UTIMCO) Board of Directors and with the policy changes effective January 1, 2025.

BACKGROUND INFORMATION

In response to a directive from Governor Greg Abbott, UTIMCO will not make new investments in China and is divesting all current investments in China at the first available opportunity. Because the changes in investment policy parameters and the ongoing divestment activity require conforming changes to Investment Policy Statements to reflect the status of current divestment activity, the agenda for UTIMCO Board of Directors meeting scheduled for December 12, 2024, includes consideration of policy changes to

- a. amend the Emerging Markets Public Equity benchmark to read “Blended 50% MSCI Emerging Markets with China All Shares and 50% MSCI Emerging Markets ex-China (both net total return)”; and
- b. amend the Strategic Partnerships benchmark, where included, to add “ex-China” to the MSCI Emerging Markets Index with Net Dividends.

Approval by the U. T. System Board of Regents now will allow the most timely amendment process. Additional conforming changes to the Investment Policy Statements will be proposed as appropriate in response to the ongoing divestment activity.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 11:31 a.m.

/s/

Jasmina Hasanovic

Assistant Secretary to the Board of Regents

December 11, 2024



**THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS
CONSENT AGENDA**

Special Called Board Meeting:

December 11, 2024
Austin, Texas

Sale - U. T. Rio Grande Valley: Authorization to sell the STARGATE Technology Center and related infrastructure, consisting of approximately 2.32 acres of land and improvements located in the BEDC STARGATE Subdivision along State Highway 4 near Boca Chica Beach, Cameron County, Texas, and including an interest in a solar array and a telecommunications conduit with fiber and easement rights, to Space Exploration Technologies Corporation

Description:

Sale of the Spacecraft Tracking and Astronomical Research into Giga-hertz Astrophysical Transient Emission (STARGATE) Technology Center and related infrastructure, consisting of approximately 2.32 acres of land and improvements, including an approximately 15,076 square foot STARGATE office and research facility, located in the BEDC STARGATE Subdivision along State Highway 4 near Boca Chica Beach, Cameron County, Texas, and including an interest in a solar array and a telecommunications conduit with fiber and easement rights. The STARGATE Technology Center is embedded on the edge of SpaceX's primary Boca Chica compound, which is approximately 20 miles from U. T. Rio Grande Valley's Brownsville campus.

U. T. Rio Grande Valley built the STARGATE Technology Center building and related parking in 2017 to house the institution's STARGATE program, meant to conduct astronomy research in cooperation with SpaceX. The institution thereafter discontinued the STARGATE research program and vacated the facility. Beginning in 2019, SpaceX initially leased a portion and later the entirety of the STARGATE facility and adjacent land. SpaceX has since built a multi-story Booster High-bay rocket hangar on the vacant portion of the land.

The sale will include U. T. Rio Grande Valley's partial interest in a solar array primarily owned by SpaceX, which removed this array in late 2023. The array provided supplemental electricity to the STARGATE facility. In addition, the sale will include a fiber optic cable and conduit that serves the STARGATE Technology Center and the adjacent SpaceX compound; sale of the conduit is subject to obtaining any requisite approvals and consents for the conveyance. The conduit extends from Brownsville to Boca Chica.

A grant from the U.S. Economic Development Administration (EDA) partially funded the design and construction of the STARGATE facility. U. T. Rio Grande Valley anticipates it may be obligated to pay up to approximately 70% of the value of the STARGATE improvements to the EDA upon the sale of the property.

Purchaser: Space Exploration Technologies Corporation, a Texas corporation, or related entities, successors, or assigns

Sale Price: Not less than fair market value as determined by independent appraisals; appraisal confidential pursuant to *Texas Education Code* Section 51.951