

Meeting No. 1,209

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

Pages 1 - 234

August 19-20, 2020

Austin, Texas

MEETING NO. 1,209

WEDNESDAY, AUGUST 19, 2020.--The members of the Board of Regents of The University of Texas System convened in Open Session on Wednesday, August 19, 2020, at 8:31 a.m. via Zoom conference, with the below meeting participation. This regular meeting of the Board was held via Zoom conference call as authorized by Governor Abbott's Executive Order temporarily suspending certain provisions of the Texas Open Meetings Act, effective March 16 2020, to address and mitigate the effects of the COVID-19 pandemic.

ATTENDANCE.--

Present

Chairman Eltife
Vice Chairman Longoria
Vice Chairman Weaver
Regent Beck
Regent Crain
Regent Hicks
Regent Jiles
Regent Perez
Regent Warren
Regent Ojeaga, Student Regent, nonvoting

CONVENE THE BOARD IN OPEN SESSION TO RECESS TO COMMITTEE MEETINGS.--At 8:31 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 Committee Meetings.

At the beginning of the Audit, Compliance, and Risk Management Committee meeting and at the end of the Finance and Planning Committee meeting, Committee Chairman Beck announced a change to the next day's schedule. The change being consistent with the posting, he noted that Meeting of the Board Item 7 concerning Fall 2020 plans would be taken up first. The Board received several requests from individuals seeking to speak on the item and rather than keep them waiting throughout the morning, Chairman Eltife asked that the item be set first in respect of their time and to provide certainty about when the speakers would address the Board.

ADJOURNMENT.--There being no further business, the meeting was adjourned following the Committee Meetings at 11:05 a.m. to reconvene on August 20, 2020.

THURSDAY, AUGUST 20, 2020.--The members of the Board of Regents of The University of Texas System convened in Open Session on Thursday, August 20, 2020, at 8:34 a.m. via Zoom conference, with the below meeting participation. This regular meeting of the Board was held via Zoom conference call as authorized by Governor Abbott's Executive Order temporarily suspending certain provisions of the Texas Open Meetings Act, effective March 16 2020, to address and mitigate the effects of the COVID-19 pandemic.

ATTENDANCE.--

Present

Chairman Eltife
Vice Chairman Longoria
Vice Chairman Weaver
Regent Beck
Regent Crain
Regent Hicks
Regent Jiles
Regent Perez
Regent Warren
Regent Ojeaga, Student Regent, nonvoting

CONVENE THE BOARD IN OPEN SESSION.--At 8:34 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.

STANDING COMMITTEE RECOMMENDATIONS AND REPORTS.--At 8:35 a.m., Chairman Eltife announced the Board would hear the reports and recommendations of the Standing Committees, which are set forth on Pages 3 - 113.

REPORT OF THE AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE
(Pages 3 - 8).--Unless otherwise indicated, the actions set forth in the Minute Orders
that follow were recommended and approved by the Board in Open Session.

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

There were no items assigned for review by this Committee.

2. U. T. System: Discussion of Systemwide internal audit activities, including update on results of the Systemwide Cancer Prevention and Research Institute of Texas (CPRIT) grants assurance work and status of Fiscal Year 2020 Annual Audit Plan

This item was for consideration only by the Committee.

3. U. T. System: Approval of the U. T. Systemwide Annual Audit Plan for Fiscal Year 2021

The Board approved the following recommendation:

RECOMMENDATION

Chief Audit Executive Peppers recommends approval of the proposed Fiscal Year 2021 U. T. Systemwide Annual Audit Plan (Audit Plan). Development of the Audit Plan is based on risk assessments performed at each institution. Implementation of the Audit Plan will be coordinated with the institutional auditors. The Audit Plan executive summary is set forth on the following pages. Additionally, the institutional annual audit plans were provided to the Audit, Compliance, and Risk Management Committee members prior to the meeting.

BACKGROUND INFORMATION

Institutional audit plans, compiled by the internal audit departments after input and guidance from the U. T. System Audit Office, the Offices of Academic or Health Affairs, and the institution's management and institutional internal audit committee, were submitted to the respective institutional internal audit committee and institutional president for review and comments. Also, the U. T. System Chief Audit Executive provided feedback by conducting audit plan presentations with each institution. After the review process, each institutional internal audit committee formally approved its institution's audit plan.

**The University of Texas System
Systemwide Internal Audit Program
Fiscal Year 2021 Annual Audit Plan Executive Summary**

Systemwide Annual Audit Plan

The University of Texas (U. T.) Systemwide Fiscal Year (FY) 2021 Annual Audit Plan (Audit Plan) outlines the internal audit activities that will be performed by internal audit throughout the System in FY 2021. To provide consistency at the Systemwide level, the U. T. System Audit Office provided the institutional Chief Audit Executives (CAEs) with guidance in the spring of 2020 on the audit plan format, content, and development methodology, including the risk assessment process that supports the engagements selected to be on the individual audit plans, which were prepared in June and July 2020. The institutions’ management and internal audit committees, as well as the U. T. System Audit Office and the Offices of Academic and Health Affairs, provided direction, input, and feedback on the audit plans. After the review process, each institutional internal audit committee formally approved its audit plan. The FY 2021 Audit Plan, as summarized in the tables and graphs that follow, is formally presented to the U. T. System Board of Regents for consideration for approval at the August 2020 meeting.

The methodology for audit plan development is designed to focus on the organization’s strategic priorities and important objectives, identify related risks that could impede reaching them successfully, and develop engagements that provide validation that there are activities in place to mitigate the highest risks. Internal audit at each institution and System Administration conduct a risk assessment in which risks related to institutional priorities and objectives were identified and scored as Critical, High, Medium, or Low. The Risk Scoring Matrix table (right) illustrates how the risks for each objective are scored based on the Probability rating of the risk occurring in the current environment and the Impact rating to the institution if the risk is realized. As Information Technology (IT) risks are the most prevalent across the System, additional focus is placed on IT risks through collaboration with IT and Information Security (IS) leadership to identify and agree upon critical services and functions that could have a significant impact on business objectives. In addition, internal audit purposefully considered the impact of risks in the context of operational changes due to COVID-19.

Risk Scoring Matrix		Impact		
		High	Medium	Low
Probability	High	C	H	M
	Medium	H	M	L
	Low	M	L	L

The engagements selected to be on the FY 2021 Audit Plan are derived directly from the risk assessment results, primarily addressing Critical and High risks, and also include other required and recurring work, as required by policy, statute, contract, or an external entity. For the Critical and High risks that are not addressed by the engagements, risk mitigation activities are identified and presented as part of the audit plan. These may include active monitoring work performed by other risk functions, executive support in the area, past year audit coverage, or review by an external party.

The following table lists the FY 2021 Audit Plan total budgeted audit hours by institution. These hours include engagements conducted by approximately 106 internal audit professional FTEs and co-source resources who are experts in selected audit areas that work with internal audit on engagements. However, with potential changes in priorities and staffing resources that may occur during the fiscal year, institutions may request approval from their respective presidents and/or internal audit committees to change their budgeted hours or reallocate budgeted hours among engagements and projects.

Institution	Budgeted Audit Hours
U. T. Arlington	9,966
U. T. Austin ¹	20,000
U. T. Dallas	11,240
U. T. El Paso	10,855
U. T. Permian Basin	4,680
U. T. Rio Grande Valley	9,990
U. T. San Antonio	8,880
U. T. Tyler	4,490
U. T. Southwestern Medical Center	19,540
U. T. Medical Branch - Galveston	11,030
U. T. Health Science Center - Houston	13,924
U. T. Health Science Center - San Antonio	8,321
U. T. M. D. Anderson Cancer Center	18,173
U. T. Health Science Center - Tyler	4,425
U. T. System Administration	14,495
Total Budgeted Audit Hours	170,009

While still staying vigilant of significant risks, the FY 2021 Audit Plan includes more consulting hours to serve in an advisory capacity and reserve hours for plan flexibility to be sensitive of the rapidly changing COVID-19 environment. The Audit Plan directs internal audit resources in three main sections: Engagements (Assurance Engagements, Advisory and Consulting Engagements, Investigations, and Follow-Up procedures); Development – Operations (ongoing operational activities); and Development – Initiatives and Education (developmental activities and continued education). Additionally, hours are set aside in a general reserve for unanticipated changes in resources and projects prompted by unexpected issues that may arise during the fiscal year. The table below depicts the percentage of budgeted audit hours allocated in these categories across the System.

Audit Plan Category	Budgeted Audit Hours	Percent
Assurance Engagements	67,717	40%
Advisory & Consulting Engagements	29,172	17%
Required Engagements	8,840	5%
Investigations	9,095	5%
Reserve	8,544	5%
Follow-Up	5,755	4%
Development – Operations	25,815	15%
Development – Initiatives & Education	15,071	9%
Total Budgeted Audit Hours	170,009	100%

Systemwide Risk Assessment

The approach for the Systemwide internal audit risk assessment is to start at the top with an awareness of key strategic priorities and operational objectives, discussion of those with a variety of stakeholders, and identification and assessment of the most relevant risks to develop the Audit Plan. The process is standardized by using common terms (Taxonomy) and criteria (Risk Scoring Matrix), enabling further analysis. As done in the past, an emphasis is placed on collaboration with other functions that assess, handle, or manage risk.

¹ Historically, the System Audit Office has performed an audit of the U. T. Austin Geology Foundation’s management of the oil and gas interests and royalty payments received from the bequest of the John A. and Katherine G. Jackson’s estate (Jackson Estate) every three years based on a condition in the waiver by the UT System Board of Regents of Regents’ Rule 70301. After discussion among the System Audit Office, the Office of the Board of Regents, the UT Austin Office of Internal Audits, and the UT Austin Jackson School of Geosciences, it was agreed that the “periodic” audit of the Jackson Estate be transitioned to the UT Austin Office of Internal Audits, which would be conducted based on risk.

Approximately 2,400 risks were identified across the institutions and U. T. System Administration. The following Taxonomy areas had the highest numbers of total risks and the most Critical and High risks.

Academic Institutions:

- IT (see additional information on the following pages)
- Research – research administration, including pre- and post-award grant processes, conflicts of interest, and other compliance requirements; foreign influence; and export controls
- Auxiliary Services – Title IX; athletics; campus health and safety; and student housing
- Finance – financial reporting; budget alignment; tuition and revenue management; and CARES
- Enrollment management – student recruitment and admissions; financial aid processes

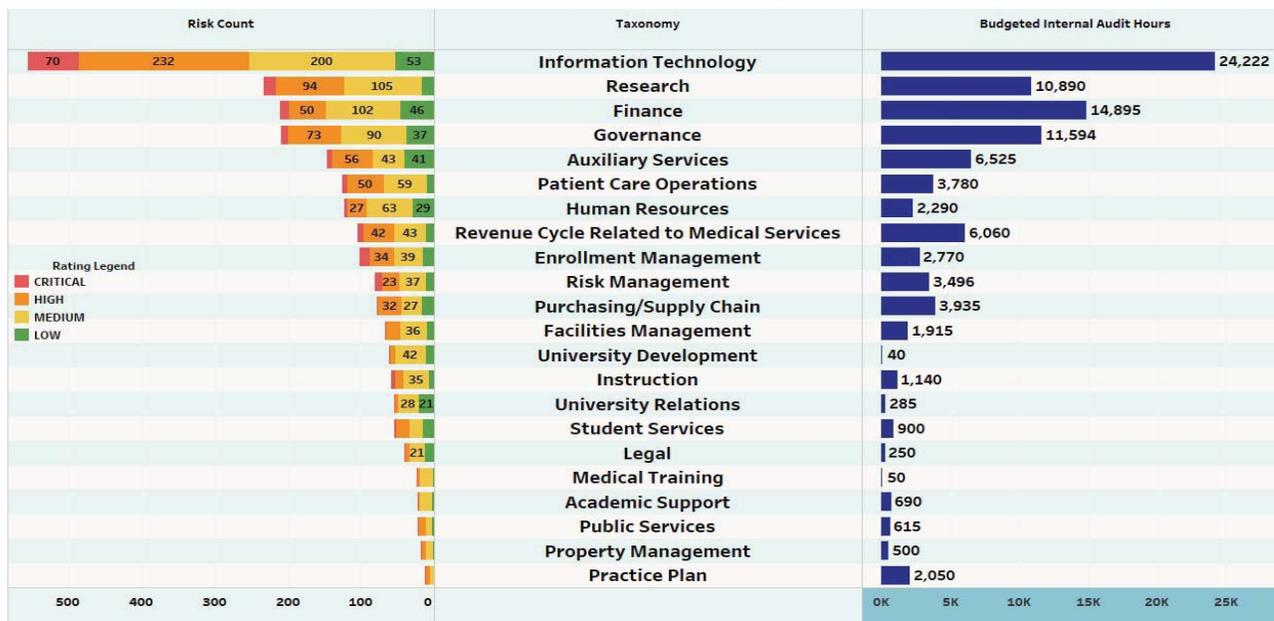
Health Institutions:

- IT (see additional information on the following pages)
- Governance – strategies; enterprise risk management; business continuity; and compliance program
- Patient care – delivering quality care; patient safety; medical staffing management; and credentialing
- Research – research administration and compliance, including pre- and post-award grant processes and other compliance requirements; foreign influence; and clinical trials
- Revenue cycle – process from admission to coding charges to billing

System Administration:

- IT – cybersecurity incident detection and response; use of third-party cloud services; data classification and asset management; and delivery of shared systems and infrastructure.
- Governance – Business continuity planning; investment compliance; strategic planning alignment with the U. T. System mission and related organizational change management
- Human Resources – succession planning and cross training; compensation, employee programs, and diversity and inclusion activities to recruit, develop, and retain employees
- Finance – account reconciliations/separation of duties

The following graph depicts the Systemwide count of risks, broken down by Risk Score, in the 22 Taxonomy areas. This is compared against the allocation of budgeted hours for engagements.



NOTE: Total audit hours in the graph are less than total budgeted hours noted on the previous page because engagements not associated with a Taxonomy are excluded (e.g., Investigations, Reserve, Follow-Up, and Development hours).

Systemwide IT Risk Assessment Methodology

During FY 2018, the System Audit Office initiated a project to develop an IT risk assessment methodology to assist internal audit at each institution and System Administration to consistently identify the most significant IT risks for an effective IT audit plan. As part of this process, a uniform framework was developed for defining IT areas (Domains) and functions (Processes), which provides a common language and organization for collaboration and comparison among U. T. institutions.

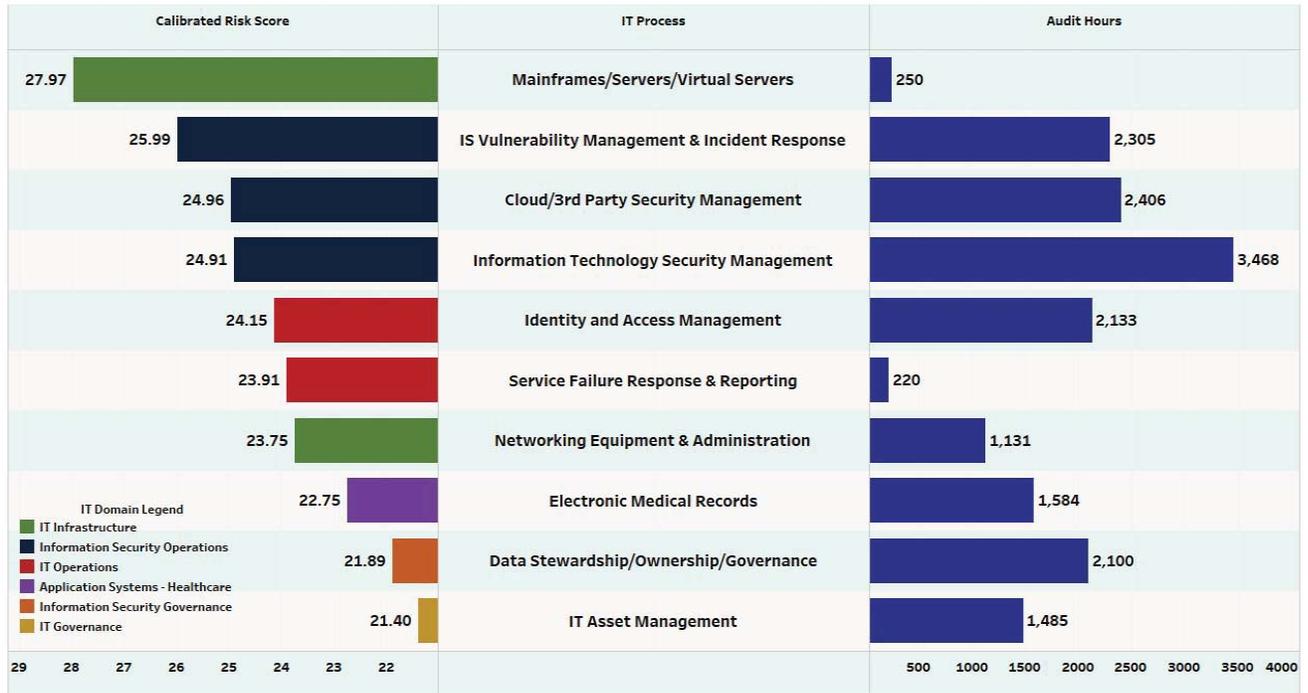
The common framework also facilitates the identification of cross-institution risks and trends. Data Stewardship, Ownership and Governance was the most frequently identified Critical or High risk area, with 13 institutions and System Administration citing at least one Critical or High risk in these areas. The most common Critical and High-risk areas identified during this year’s risk assessment are:

<u>IT Process</u>	<u># of Institutions*</u>
Data Stewardship/Ownership/Governance	13
IS Vulnerability Management & Incident Response	12
Disaster Recovery/Business Continuity/Emergency Preparedness	11
Cloud/Third-Party Security Management	10
Mobile Devices & Portable Data Storage	10
Server & Desktop Configuration Management	9
Identity and Access Management	8
IT Asset Management	8
Oversight of Decentralized IT Operations	8

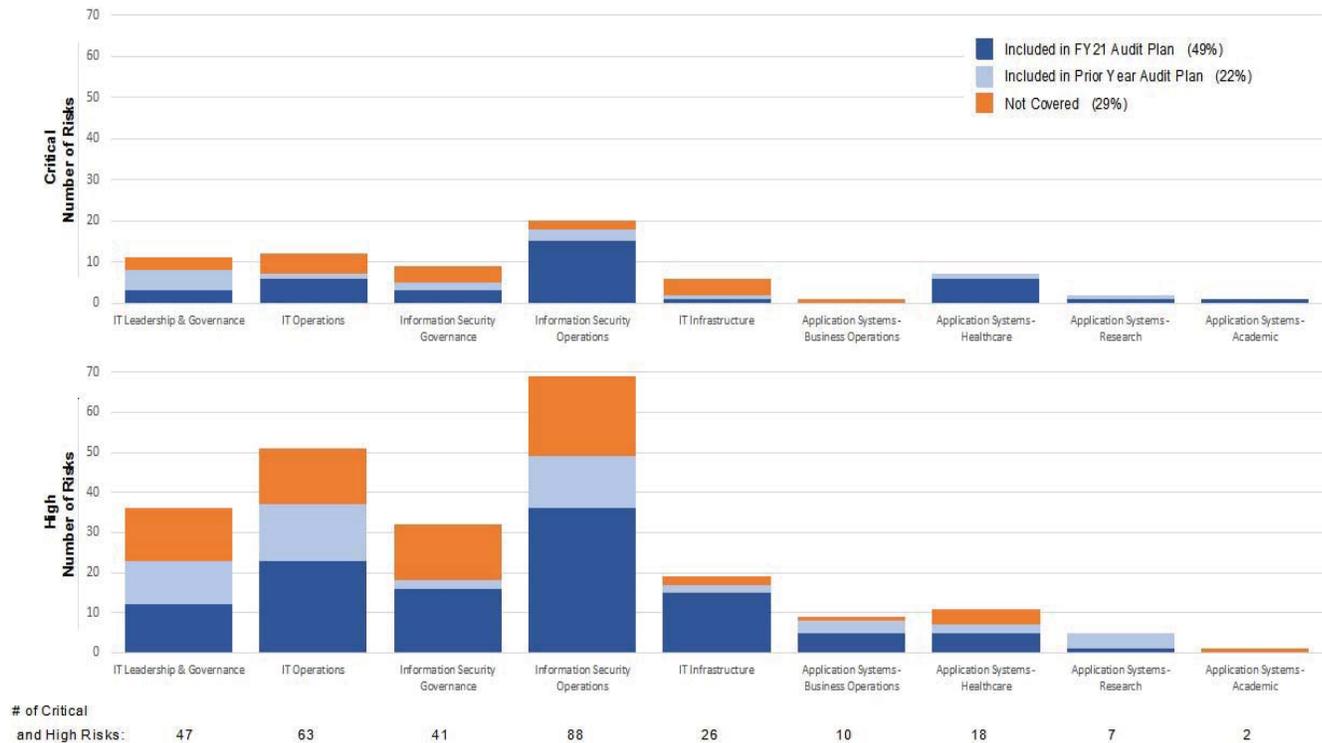
** Includes UT System Administration where applicable.*

The methodology also improves visibility into U. T. System risk through Calibrated Risk Scores (CRS), which are numeric values calculated based on risk ratings (Critical, High, Medium, Low) with weighting applied based on institution and Domain/Process factors. This results in the ability to prioritize the full inventory of IT risks, such that Critical and High risks are ranked by their significance to U. T. System as a whole, which can be used for internal audit resource allocation. The weighting of the CRS is based on institutional calibration factors (including multi-institution or Systemwide; academic or health; budget; research expenditures; faculty and staff headcounts; and enrollment) and process calibration (relative risk among processes -- e.g., cybersecurity incident response is weighted higher than IT project management).

The top ten U. T. System IT risk areas based on CRS of Critical and High risks compared against the allocation of budgeted hours for engagements are displayed below:



The graph below depicts the Critical and High risks covered by the FY 2021 and prior year Audit Plans:



REPORT OF THE FINANCE AND PLANNING COMMITTEE (Pages 9 - 77).--
Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended and approved by the Board in Open Session.

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

There were no items referred from the Consent Agenda.

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

This item was for consideration only by the Committee.

3. U. T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Business Affairs in the recommendation that

- a. the Fiscal Year 2021 distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be increased from \$1,061,390,000 to \$1,112,265,000 effective September 1, 2020;
- b. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0641 per unit to \$0.0655 per unit for Fiscal Year 2021 (effective with November 30, 2020 distribution);
- c. the distribution rate for the U. T. System Long Term Fund (LTF) be increased from \$0.3574 per unit to \$0.3578 per unit for Fiscal Year 2021 (effective with November 30, 2020 distribution); and
- d. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2021.

BACKGROUND INFORMATION

Article VII, Section 18 of the Texas Constitution requires that the amount of distributions to the AUF be determined by the Board of Regents of The University Texas System (Board of Regents) in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF. The recommendation will increase PUF distributions by the average rate of inflation for the trailing 12 quarters plus 2.65%.

The Constitution further limits the Board of Regents' discretion to set annual PUF distributions to the satisfaction of three tests:

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The proposed distribution of \$1,112,265,000 is substantially greater than PUF bond debt service of \$424,000,000 projected for Fiscal Year 2021.

System	Debt Service
U. T.	\$ 257,800,000
TAMU	166,200,000
Total:	\$ 424,000,000

Sources: U. T. System Office of Finance
Texas A&M University System Office of Treasury Services

2. The Board of Regents may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2020, was 6.51%, which indicates that the purchasing power test was met.

Average Annual	Percent
Rate of Total Return, Net of Investment Manager Fees	7.89%
Mineral Interest Receipts	5.33%
Expense Rate	(0.20%) ⁽¹⁾
Inflation Rate	(1.79%)
Distribution Rate	(4.72%)
Net Real Return	6.51%

(1) The expense rate as shown is a 10-year annualized average and includes PUF Land Expenses and PUF investment management costs other than investment manager fees. Investment management fees are a reduction to the Rate of Total Return.

3. The annual distribution from the PUF to the AUF during any fiscal year made by the Board of Regents may not exceed an amount equal to 7% of the average net fair market value of PUF investment assets as determined by the Board of Regents (except as necessary to pay PUF bond debt service). The annual distribution rate calculated using the trailing 20-quarter average value of the PUF is within the 7% maximum allowable distribution rate.

Value of PUF Investments (1)	Proposed Distribution	Proposed Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$20,209,897,470	\$ 1,112,265,000	5.50%	7.00%

(1) Source: UTIMCO

The spending policy objectives of the PHF and LTF are to:

- a. provide a predictable stable stream of distributions over time;
- b. ensure that the inflation-adjusted value of the distributions is maintained over the long term; and
- c. ensure that the inflation-adjusted value of the assets of the PHF and the LTF, as appropriate after distributions, is maintained over the long term.

The increase in the consumer price index for the prior three years as of November 30, 2019, was 2.14%. The recommended 2.14% increase in the PHF distribution rate of \$0.0641 to \$0.0655 per unit will increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 4.57%.

On November 14, 2019, the Board of Regents authorized a maximum 0.80% allocation (80 basis points) from the market value of the LTF to provide additional funding for development operations at U. T. institutions to substantially increase philanthropic revenue. The proposed LTF distribution rate of \$0.3578 per unit or 4.70% of the market value of the LTF plus the 0.80% development allocation will result in a total LTF spending rate of 5.50% of the prior 12-quarter average value of the LTF.

The distribution rate for the ITF was originally set at 3.0% per annum for Fiscal Year 2007 by the U. T. Board on May 11, 2006, and has continued at that rate for each succeeding fiscal year. The recommendation for Fiscal Year 2021 is to continue a distribution rate of 3.0%.

4. U. T. System Board of Regents: Equipment financing authorization for Fiscal Year 2021 and resolution regarding parity debt

The Board approved the following recommendation:

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 \$204,750,000 of Revenue Financing System Equipment Financing for FY 2021 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 \$204,750,000 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 \$204,750,000 for equipment financing for Fiscal Year 2021. On August 15, 2019, the U. T. System Board of Regents approved a total of \$247,565,000 of equipment financing for Fiscal Year 2020. Through July 31, 2020, \$120,145,000 of equipment financing has been utilized for Fiscal Year 2020.

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 2021

Institution	\$ Amount of Request	Description of Expected Capital Equipment	Spendable Cash & Investments to Total Debt ⁽¹⁾⁽²⁾
U. T. Arlington	\$920,000	Police vehicles, Baseball and softball scoreboards	2.6x
U. T. Dallas	10,000,000	General purpose equipment supporting University's instruction, research & business operations	1.1x
U. T. El Paso	200,000	Facilities Services, Purchasing, Environmental Health & Safety and equipment for the Indio Ranch Research facility	1.9x
U. T. Rio Grande Valley	2,000,000	Network upgrades	4.4x
U. T. San Antonio	6,480,000	Public Safety vehicles, Equipment for Athletic and Academic buildings, Modular student success center	2.0x
U. T. Southwestern Medical Center	30,000,000	Information resources projects; clinical and hospital equipment	1.1x
U. T. Medical Branch - Galveston	30,000,000	Clinical, IT infrastructure, research-related, and facility-related equipment	0.7x
U. T. Health Science Center - Houston	10,000,000	Research and clinical equipment, IT infrastructure	4.6x
U. T. Health Science Center - San Antonio	20,000,000	Clinical transformation and research equipment related to primary care, cancer, longevity and aging studies	3.2x
U. T. M. D. Anderson Cancer Center	70,000,000	Medical, diagnostic, research, vehicles, information systems and IT infrastructure	6.0x
U. T. Health Science Center - Tyler	25,150,000	Clinical/Laboratory and IT equipment	-0.5x
Total	\$204,750,000		

(1) Ratios are based on FY2019 Analysis of Financial Condition (Feb 2020) and exclude TRB debt service.

(2) For the health-related institutions, the ratio reflected is Unrestricted Cash & Investments to Total Debt instead of Spendable Cash & Investments to Total Debt.

U. T. System Office of Finance, July 10, 2020

5. 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

The Board approved the following recommendation:

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 \$750 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 15, 2019, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$600 million for Fiscal Year 2020. Adoption of this Resolution would provide \$750 million of authorization for similar purposes for Fiscal Year 2021. 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 Resolution is on file in the Office of the Board of Regents.

6. 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

The Board approved the following recommendation:

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 \$850 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 August 15, 2019, the Board of Regents adopted the 34th Supplemental Resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$750 million. Adoption of this 35th Supplemental Resolution would provide 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 Resolution is on file in the Office of the Board of Regents.

7. U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt, including ratification of U. T. System Interest Rate Swap Policy (Regents' Rule 70202)

The Board approved the following recommendation:

RECOMMENDATION

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

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.

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 subsequently amended on August 23, 2007. 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.

On August 15, 2019, the Board approved bond enhancement agreement resolutions for FY 2020. 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 FY 2021 and will ratify the existing U. T. System Interest Rate Swap Policy, set out on the following pages and included as Exhibit B to both resolutions, as required by *Texas Government Code* Section 1371.056. 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.

Note: The Resolutions are on file in the Office of the Board of Regents.

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.

- 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

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

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 or the London Interbank Offered Rate (LIBOR).
- 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.
- 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.

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 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.

London Interbank Offered Rate (LIBOR) – the rate of interest at which banks borrow funds from other banks in the London interbank market. It is a commonly used benchmark for swaps.

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 [formerly known as the Bond Market Association (BMA) Municipal Swap index]. The index is a national rate based on a market basket of high-grade, seven-day, tax-exempt variable rate bond issues.

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

6. Who Should Know

Administrators

7. System Administration Office(s) Responsible for Rule

Office of Business Affairs

8. Dates Approved or Amended

Editorial amendment to Number 3 made July 24, 2012

Editorial amendments made June 30, 2011

August 23, 2007

December 10, 2004

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu

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

This item was for consideration only by the Committee.

9. U. T. System Board of Regents: Approval of revisions to the amended and restated University of Texas/Texas A&M Investment Management Company (UTIMCO) Compensation Program

The Board approved the following recommendation:

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 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, 2020, as set forth in congressional style on the following pages. The Plan was approved by the UTIMCO Board on June 11, 2020, and amends and restates the UTIMCO Compensation Program that was approved by the U. T. System Board on September 6, 2018 (Prior Plan).

BACKGROUND INFORMATION

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

The proposed changes are as follows:

- a) Section 1 has been changed to reflect a new effective date of July 1, 2020.
- b) Section 5.8 has been changed to remove language which is no longer necessary as it related to the prior plan amendments that changed the Performance Period end dates from August 31st to June 30th.
- c) Section 5.8 also has language added to clarify the original intent that the Peer Group performance is to be measured on a three-year historical performance consistent with the Entity Quantitative Performance three-year historical performance measurement.
- d) Section 7.3 has been changed to update the title of Senior Managing Director.

- e) Appendix A has been updated to change the Total Endowment Assets (TEA) Entity Maximum Performance Standard from 250 basis points (bps) to 200 bps.
- f) Table 1 has been changed to (1) increase the Quantitative Weightings and decrease the Qualitative Weightings for several Eligible Positions; (2) add President to CEO & Chief Investment Officer Eligible Position; (3) move Investment Counsel Eligible Positions to Support and Control Professionals; (4) change Senior Managing Director Eligible Position to Chief Operating Officer; and (5) add four additional Eligible Positions; Chief Investment Officer, General Counsel, Senior Director - Compliance, and Director - Compliance as Eligible Positions in the Plan.
- g) Table 2 has been changed to (1) remove a descriptor from Peer Group since Peer Group is defined in Section 8, Definitions of Terms; (2) decrease the Maximum Performance Standard for the TEA Entity to 200 bps from 250 bps; and (3) add Infrastructure and Strategic Partnerships as Asset Classes consistent with the Investment Policy Statements Strategic Asset Allocation.
- h) Table 3 has been changed to align the Eligible Positions with Table 1 by (1) adding President to CEO & Chief Investment Officer Eligible Position; (2) moving Investment Counsel Eligible Positions to Support and Control Professionals; (3) changing Senior Managing Director Eligible Position to Chief Operating Officer; and (4) adding additional Eligible Positions of Chief Investment Officer and General Counsel.



UTIMCO COMPENSATION PROGRAM

**Amended and Restated
Effective July 1, ~~2020~~2018**

(Tables updated as of July 1, 2019)

TABLE OF CONTENTS

1. Compensation Program Structure and Effective Date	1
2. Compensation Program Objectives	1
3. Total Compensation Program Philosophy.....	2
4. Base Salary Administration.....	2
4.1 Salary Structure	2
4.2 Salary Adjustments	3
5. Performance Plan	3
5.1 Purpose of the Performance Plan	3
5.2 Performance Period	3
5.3 Eligibility and Participation	4
5.4 Performance Standards.....	4
5.5 Award Opportunity Levels and Performance Awards	5
5.6 Form and Timing of Payouts of Performance Awards	6
5.7 Nonvested Deferred Awards	7
5.8 Performance Measurement Standards.....	8
5.9 Modifications of Measurement Period for Measuring Entity and Asset Class Performance	10
5.10 Termination Provisions	11
5.11 Eligibility for Retirement	12
5.12 Extraordinary Circumstances	13
5.13 Recovery of Performance Awards	14
6. Compensation Program Authority and Responsibility.....	15
6.1 Board as Plan Administrator	15
6.2 Powers of Board	15
7. Compensation Program Interpretation	15
7.1 Board Discretion	15
7.2 Duration, Amendment, and Termination	16
7.3 Recordkeeping and Reporting.....	16
7.4 Continued Employment.....	16
7.5 Non-transferability of Awards	16
7.6 Unfunded Liability	17
7.7 Compliance with State and Federal Law.....	17
7.8 Federal, State, and Local Tax and Other Deductions.....	17
7.9 Prior Plan.....	17
8. Definition of Terms.....	19
Appendix A	A-1
Table 1	B-1
Table 2	C-1
Table 3	D-1

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~~~~2018~~, supersedes the UTIMCO Compensation Program that was effective ~~July 1, 2018~~~~September 1, 2015~~.

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 PHILOSOPHY¹

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

¹ 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 such employee’s employment with UTIMCO 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 for purposes of the Performance Plan is determined based on the performance of the Total Endowment Assets (“TEA”) and the Intermediate Term Fund (“ITF”) as stated in Table 1.

- 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).

- iii. Performance standards related to the TEA and ITF for each Performance Period beginning after June 30, ~~2020~~²⁰¹⁸, 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. 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. 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. Performance standards for each asset class will vary depending on the ability to outperform the respective benchmark. The benchmarks for each asset class, as well as threshold and maximum performance standards in effect during 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 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.

~~i. For purposes of measuring Asset Class Performance for the Performance Periods beginning July 1, 2016, 2017, and 2018, the three-year historical performance asset class benchmark will be the applicable benchmark set forth in Exhibit A of the respective Investment Policy Statement in effect as of September 1, 2018.~~

(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.

~~e.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 1st percentile representing the highest rank and the 100th 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) 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.
- (b) 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.
- (c) 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 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 of full months that the removed or added asset class was part of 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.

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 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 of Accounting, Finance, and Administration at UTIMCO~~. 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, 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. 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.

8.19. 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 31st 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. 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.

Appendix A

Performance Award Methodology (for Performance Periods beginning on or after July 1, ~~2020~~2018)

I. Determine “Award Opportunities” for Each Participant²

- 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 CEO that the weight allocated to the Quantitative Performance Standard is 80%, and the weight allocated to the Qualitative Performance Standard is 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 CEO that the weight allocated to the TEA Performance is 51.2%, the weight allocated to ITF Performance is 12.8%, the weight allocated to Asset Class Performance is 0%, and the weight allocated to Peer Performance is 16%.
- 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 CEO are 0% of his or her base salary for achievement of Threshold level performance of both Performance Standards and 450% 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 CEO has a base salary of \$750,000 for a Performance Period, based on the assumed

² 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.

percentages set forth in Step #2 above, the CEO will be eligible for a total award of \$0 if he or she achieves Threshold level performance of both Performance Standards and \$3,375,000 (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 10 different Award Opportunities for each Participant. For example, for the CEO (based on an assumed base salary of \$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 10 different Award Opportunities for achievement of the Performance Standards for the Performance Period are as follows:

Award Opportunities for CEO
(based on assumed base salary of \$750,000)

Performance Standard	Weight	Threshold Level Award	Maximum Level Award
Entity (TEA v. TEA Policy Portfolio Return)	51.2%	\$0	\$1,728,000
Entity (ITF v. ITF Policy Portfolio Return)	12.8%	\$0	\$432,000
Asset Class	0%	\$0	\$0
Peer Group	16%	\$0	\$540,000
Qualitative	20%	\$0	\$675,000
Total	100%	\$0 (0% of salary)	\$3,375,000 (450% 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 various components of the Qualitative Performance Standard are set forth in Table 2 for the applicable Performance Period. 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 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, if +~~120450~~ bps of the TEA benchmark portion of the TEA portion of the Entity Performance Standard has been achieved, that +~~120450~~ bps is between the Threshold (+0 bps) and the Maximum (+~~200250~~ bps) levels, so to determine the amount of the award attributable to +~~120450~~ bps of achievement of the TEA benchmark portion of the Total Endowment Assets portion of the Entity Performance Standard, perform the following steps: (i) divide ~~120450~~ (the attained level of achievement) by ~~200250~~ (the Maximum level) to determine the percentage actually achieved ($\frac{\del{120450}}{\del{200250}} = 0.60$); and (ii) multiply the percentage of achievement in the preceding Step (i) by the Maximum Award Level of the CEO of \$1,728,000 as assumed in the above table in Step 6 to calculate the actual award earned of \$1,036,800 ($\$1,728,000 \times 0.60$) for the 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, Weightings, Award Opportunities, and Percentage of Award Deferred for each Eligible Position
(for the Performance Periods Beginning After June 30, 2020~~2019~~)

Eligible Position	Weighting		Quantitative Weightings				Award Opportunity (% of Base Salary)		Percentage of Award Deferred
	Quantitative	Qualitative	Benchmark Performance			Peer Group	Threshold	Maximum	
			Entity		Asset Class				
			TEA	ITF					
Investment Professionals									
<u>CEO, Chief Investment Officer & President</u>	80%	20%	51.2%	12.8%	0.0%	16.0%	0%	450%	50%
<u>Chief Investment Officer</u>	80%	20%	51.2%	12.8%	0.0%	16.0%	0%	450%	50%
Deputy Chief Investment Officer	80%	20%	51.2%	12.8%	0.0%	16.0%	0%	450%	50%
Senior Managing Director - Investments	80% 70%	20% 30%	35.8% 31.4%	9.0% 7.8%	19.2% 16.8%	16.0% 14.0%	0%	300%	45%
Managing Director - Investments	80% 65%	20% 35%	35.8% 29.1%	9.0% 7.3%	19.2% 15.6%	16.0% 13.0%	0%	250%	40%
Managing Director - Fixed Income	80% 65%	20% 35%	35.8% 29.1%	9.0% 7.3%	19.2% 15.6%	16.0% 13.0%	0%	200%	40%
Managing Director - TAA	80% 65%	20% 35%	51.2% 41.6%	12.8% 10.4%	0.0%	16.0% 13.0%	0%	250%	40%
Managing Director - Risk Management	80% 65%	20% 35%	51.2% 41.6%	12.8% 10.4%	0.0%	16.0% 13.0%	0%	200%	40%
Senior Director - Investments	75% 60%	25% 40%	33.6% 26.9%	8.4% 6.7%	18.0% 14.4%	15.0% 12.0%	0%	185%	35%
Senior Director - TAA	75% 60%	25% 40%	48.0% 38.4%	12.0% 9.6%	0.0%	15.0% 12.0%	0%	185%	35%
Senior Director - Risk Management	75% 60%	25% 40%	48.0% 38.4%	12.0% 9.6%	0.0%	15.0% 12.0%	0%	185%	35%
<u>Senior Investment Counsel</u>	50%	50%	32.0%	8.0%	0.0%	10.0%	0%	80%	25%
Director - Investments	70% 50%	30% 50%	31.4% 22.4%	7.8% 5.6%	16.8% 12.2%	14.0% 10.0%	0%	175%	30%
Director - TAA	70% 50%	30% 50%	44.8% 32.0%	11.2% 8.0%	0.0%	14.0% 10.0%	0%	175%	30%
Director - Risk Management	70% 50%	30% 50%	44.8% 32.0%	11.2% 8.0%	0.0%	14.0% 10.0%	0%	175%	30%
Director - Chief of Staff	70% 50%	30% 50%	44.8% 32.0%	11.2% 8.0%	0.0%	14.0% 10.0%	0%	175%	30%
<u>Investment Counsel</u>	40%	60%	25.6%	6.4%	0.0%	8.0%	0%	60%	25%
Associate Director - Investments	60% 40%	40% 60%	26.9% 17.9%	6.7% 4.5%	14.4% 9.6%	12.0% 8.0%	0%	155%	20%
Associate Director - TAA	60% 40%	40% 60%	38.4% 25.6%	9.6% 6.4%	0.0%	12.0% 8.0%	0%	155%	20%
Associate Director - Risk Management	60% 40%	40% 60%	38.4% 25.6%	9.6% 6.4%	0.0%	12.0% 8.0%	0%	155%	20%
Associate - Investments	40% 35%	60% 65%	17.9% 15.7%	4.5% 3.9%	9.6% 8.4%	8.0% 7.0%	0%	145%	15%
Associate - TAA	40% 35%	60% 65%	25.6% 22.4%	6.4% 5.6%	0.0%	8.0% 7.0%	0%	145%	15%
Associate - Risk Management	40% 35%	60% 65%	25.6% 22.4%	6.4% 5.6%	0.0%	8.0% 7.0%	0%	145%	15%
Senior Analyst - Investments	30%	70%	13.4%	3.4%	7.2%	6.0%	0%	110%	0%
Senior Analyst - TAA	30%	70%	19.2%	4.8%	0.0%	6.0%	0%	110%	0%
Senior Analyst - Risk Management	30%	70%	19.2%	4.8%	0.0%	6.0%	0%	110%	0%
Analyst - Investments	30% 20%	70% 80%	13.4% 9.0%	3.4% 2.2%	7.2% 4.8%	6.0% 4.0%	0%	75%	0%
Analyst - TAA	30% 20%	70% 80%	19.2% 12.8%	4.8% 3.2%	0.0%	6.0% 4.0%	0%	75%	0%
Analyst - Risk Management	30% 20%	70% 80%	19.2% 12.8%	4.8% 3.2%	0.0%	6.0% 4.0%	0%	75%	0%
Support and Control Professionals									
<u>Chief Operating Officer</u> <u>Senior Managing Director</u>	35% 20%	65% 80%	22.4% 12.8%	5.6% 3.2%	0.0%	7.0% 4.0%	0%	90%	40%
<u>General Counsel (pending Chief Compliance Officer)</u>	35%	65%	22.4%	5.6%	0.0%	7.0%	0%	75%	30%
Chief Technology Officer	35% 20%	65% 80%	22.4% 12.8%	5.6% 3.2%	0.0%	7.0% 4.0%	0%	75% 70%	30%
Corporate Counsel & Chief Compliance Officer	0%	100%	0.0%	0.0%	0.0%	0.0%	0%	70%	30%
Managing Director	35% 20%	65% 80%	22.4% 12.8%	5.6% 3.2%	0.0%	7.0% 4.0%	0%	70%	30%
<u>Senior Investment Counsel</u>	35%	65%	22.4%	5.6%	0.0%	7.0%	0%	70%	30%
Senior Director	35% 20%	65% 80%	22.4% 12.8%	5.6% 3.2%	0.0%	7.0% 4.0%	0%	60%	25%
<u>Senior Director - Compliance</u>	0%	100%	0.0%	0.0%	0.0%	0.0%	0%	60%	25%
Director	35% 20%	65% 80%	22.4% 12.8%	5.6% 3.2%	0.0%	7.0% 4.0%	0%	60%	25%
<u>Director - Compliance</u>	0%	100%	0.0%	0.0%	0.0%	0.0%	0%	60%	25%
Director - Security; Information <u>Services</u> <u>Technology</u>	35% 20%	65% 80%	22.4% 12.8%	5.6% 3.2%	0.0%	7.0% 4.0%	0%	50%	20%

TABLE 2

**Benchmarks for Entity and Asset Class and
Threshold and Maximum Performance Standards
(For Performance Periods beginning on or after July 1, ~~2020~~2018)**

Entity and Asset Class	Benchmark	Performance Standards	
		Threshold	Maximum
Entity: Peer Group (Total Endowment Funds)	Peer Group (Endowments w/ > \$1 B assets)	50th %ile	25th %ile
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	+0 bps	+ 200 250 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	+0 bps	+150 bps
Public Equity	(1)	+0 bps	+150 bps
Hedge Funds	(1)	+0 bps	+300 bps
Private Equity	(1)	+0 bps	+250 bps
Fixed Income	(1)	+0 bps	+50 bps
Natural Resources	(1)	+0 bps	+250 bps
<u>Infrastructure</u>	<u>(1)</u>	<u>+0 bps</u>	<u>+250 bps</u>
Real Estate	(1)	+0 bps	+250 bps
<u>Strategic Partnerships</u>	<u>(1)</u>	<u>+0 bps</u>	<u>+130 bps</u>

(1) Benchmark will be based on the appropriate benchmark in the respective Investment Policy Statement(s) in effect during each Performance Period.

TABLE 3

**Eligible Positions of Affected Participants
(For Performance Periods beginning on or after July 1, ~~2020~~2019)**

Eligible Positions of Affected Participants
<p style="text-align: center;"><i>Investment Professionals</i></p> <p>CEO, & Chief Investment Officer & <u>President</u> <u>Chief Investment Officer</u> Deputy Chief Investment Officer Senior Managing Director Managing Director Senior Director Senior Investment Counsel Director <u>Investment Counsel</u> Associate Director</p> <p style="text-align: center;"><i>Support and Control Professionals</i></p> <p>Chief Operating Officer<u>Senior Managing Director</u> <u>General Counsel (pending Chief Compliance Officer)</u> Chief Technology Officer Corporate Counsel & Chief Compliance Officer Managing Director <u>Senior Investment Counsel</u> Senior Director Director</p>

10. U. T. System Board of Regents: Approval of the Annual Budget for Fiscal Year 2021, 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)

The Board approved the following recommendation:

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, 2021, 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 \$55.6 million (11.5% increase over FY 2020 budget) for UTIMCO services and \$7.2 million (1.5% increase from FY 2020 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 was approved by the UTIMCO Board on June 11, 2020.

The 11.5% increase in UTIMCO services is due primarily to the addition of employees as a part of the strategic plan that was adopted in Fiscal Year 2019, and investments in investment technology upgrades that are being made in response to a cybersecurity audit conducted earlier this year.

The proposed capital expenditures budget is \$1.2 million.

U. T. System Office of Business Affairs will not direct UTIMCO to return any surplus cash reserves to the U. T. funds per the Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO as there are no reserves available for distribution.

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.



The University of Texas/Texas A&M Investment Management Company

FY21 UTIMCO Budget

Mr. Britt Harris
President, CEO and Chief Investment Officer
Mr. Rich Hall
Deputy Chief Investment Officer

U. T. System Board of Regents' Meeting
Finance and Planning Committee
August 2020



- \$62.8M vs. \$64.2M projected in Strategic Plan, 2.1% below forecast
- 13.1 basis points (bps) of current Assets Under Management (AUM) compares favorably vs. peers at 13 – 20 bps
- UTIMCO Services Costs of \$55.6M vs. \$56.1M Strategic Plan, 0.9% below forecast
 - Salaries below forecast by \$2.1M or 10% below forecast
 - Performance Compensation below forecast by \$1.4M or 7.2%
 - Data & Subscriptions above forecast by \$615k or 17%
 - Other Costs above forecast by \$1.8M or 90%, principally driven by non-recurring IT Security Projects
- Direct Fund Costs below forecast by \$863K or 11%



	FY 2020		FY 2021			FY 2021 Budget Proposed v FY21 Projected in Strategic Plan	
	Budget as Presented	Budget (Fully Annualized)	Budget	% of Total Budget	Projected in Strategic Plan	\$	%
UTIMCO Personnel Costs:							
Salaries (1)	17,889,310	18,749,060	18,774,406	30%	20,865,994	(2,091,588)	-10.0%
Performance Compensation (2)	15,592,053	16,131,000	17,650,561	28%	19,009,610	(1,359,049)	-7.1%
Benefits & Taxes (3)	4,736,765	4,916,000	5,060,218	8%	4,882,643	177,575	3.6%
Total UTIMCO Personnel Costs	\$ 38,218,128	\$ 39,796,060	\$ 41,485,185	66%	\$ 44,758,247	\$ (3,273,062)	-7.3%
Other UTIMCO Costs:							
Data & Subscriptions (4)	3,712,008	3,712,008	4,153,165	7%	3,538,060	615,105	17.4%
Travel	1,272,936	1,272,936	954,702	2%	1,302,607	(347,905)	-26.7%
Lease	2,663,724	2,663,724	3,222,992	5%	2,750,000	472,992	17.2%
Depreciation	1,675,000	1,675,000	1,900,000	3%	1,700,000	200,000	11.8%
Other Costs (5)	2,326,900	2,326,900	3,894,168	6%	2,045,549	1,848,619	90.4%
Total Other UTIMCO Costs:	\$ 11,650,568	\$ 11,650,568	\$ 14,125,027	22%	\$ 11,336,216	\$ 2,788,811	24.6%
Total UTIMCO Services Costs:	\$ 49,868,696	\$ 51,446,628	\$ 55,610,211	89%	\$ 56,094,463	\$ (484,252)	-0.9%
Bps of AUM	11.60	11.96	11.59		10.39		
Direct Fund Costs:							
Custodian Fees	4,100,000	4,100,000	4,201,000	7%	4,950,000	(749,000)	-15.1%
Other (6)	3,001,269	3,001,269	3,007,101	5%	3,121,320	(114,219)	-3.7%
Total Direct Fund Costs	\$ 7,101,269	\$ 7,101,269	\$ 7,208,101	11%	\$ 8,071,320	\$ (863,219)	-10.7%
Bps of AUM	1.7	1.7	1.5		1.5		
Grand Total UTIMCO Budget:	\$ 56,969,965	\$ 58,547,897	\$ 62,818,312		\$ 64,165,783	\$ (1,347,471)	-2.1%
Bps of AUM	13.25	13.62	13.09		11.88		
AUM projected (\$ billion)	\$43	\$43	\$48		\$54		
UITMCO Headcount	107.5	115	115		123		

NOTES:

- (1) FY21 Salary budget lower vs. Strategic Plan due to deferral of 8 FTE
- (2) FY21 Performance Compensation estimated at 70% of maximum, consistent with history. Increases due to vesting of CEO and CCO as well as deferral period being reduced from three to two years
- (3) Benefit & Taxes increase due 21% excise tax on highly compensated individuals
- (4) Data & Subscription increase driven by Bloomberg, eFront, S&P Ratings, Gartner, Patch Management, Diligence Vault
- (5) Other costs include: Hiring, Recruiting & Relocation (\$426k); Consulting Services for IT Security & Risk System (\$1.6 mil); Leadership Development Program & UTIMCO Learning Institute (\$425k); IT Service Agreements (\$488k)
- (6) Other Direct Costs include: Barra Risk System (\$700k), Fund Auditors (\$816k), Legal Fees (\$225k), Tax Consultants (\$155k)

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, 2021

Minutes - 62

<u>Proposed Budget</u>	<u>Fund Name</u>						<u>Separate Funds</u>	<u>Debt Proceeds</u>	<u>Total</u>
	PUF	PHF	LTF	GEF	ITF	STF			
Market Value 4/30/20 (\$ millions)	22,561			13,818	8,630	2,738	158	263	48,168
<u>UTIMCO Management Fee</u>									
Dollars	27,874,913			17,072,628	10,662,670				55,610,211
Basis Points	12.4			12.4	12.4				11.6
<u>Direct Expenses to the Fund, excluding UT System Direct Expenses to the Fund</u>									
Dollars	3,523,335	24,745	27,745	2,232,447	1,399,829				7,208,101
Basis Points	1.6	0.2	0.0	1.6	1.6				1.5

Appendix



Minutes - 63



Strategic Plan: Projected Budget

Despite increases, UTIMCO budget stays at 10bps of AUM – the low end of peers. If AUM growth is cut in half, UTIMCO budget becomes 13 bps.

	UTIMCO Projected Budget					
	2019	2020	2021	2022	2023	2024
UTIMCO Personnel Costs:						
Base Salary	15,876,073	18,486,875	20,865,994	22,438,163	24,232,971	25,997,380
Performance Comp	12,907,738	15,879,005	19,009,610	20,590,720	22,538,366	24,541,942
Benefits and Taxes	3,884,425	4,325,929	4,882,643	5,250,530	5,670,515	6,083,387
Total UTIMCO Personnel Costs	\$ 32,668,236	\$ 38,691,808	\$ 44,758,246	\$ 48,279,413	\$ 52,441,853	\$ 56,622,709
Other UTIMCO Costs:						
Data & Subscriptions	3,209,125	3,369,581	3,538,060	3,714,963	3,900,711	4,095,747
Travel	1,242,016	1,177,848	1,302,607	1,389,447	1,446,436	1,505,407
Lease	2,630,324	2,700,000	2,750,000	2,800,000	2,850,000	2,900,000
Depreciation	1,600,000	1,675,000	1,700,000	1,700,000	1,600,000	1,500,000
Other Costs	2,439,310	2,190,535	2,045,549	2,096,062	2,161,089	2,204,641
Total Other UTIMCO Costs	11,120,775	11,112,965	11,336,216	11,700,473	11,958,237	12,205,795
Total UTIMCO COSTS	\$ 43,789,012	\$ 49,804,773	\$ 56,094,462	\$ 59,979,886	\$ 64,400,089	\$ 68,828,503
Y-O-Y Increase (%)		14%	13%	7%	7%	7%
Bps of AUM	9.80	9.87	10.45	10.45	10.51	10.52
Fund Costs						
Custodian Fees	8,947,724	4,501,000	4,950,000	5,445,000	5,989,500	6,588,450
Other	2,577,450	3,001,269	3,121,320	3,246,173	3,376,019	3,511,060
Total Fund Costs	\$ 11,525,174	\$ 7,502,269	\$ 8,071,320	\$ 8,691,173	\$ 9,365,519	\$ 10,099,510
Y-O-Y Increase (%)		-35%	8%	8%	8%	8%
Bps of AUM	2.44	1.49	1.50	1.51	1.53	1.54
Grand Total UTIMCO Budget	\$ 55,314,186	\$ 57,307,042	\$ 64,165,782	\$ 68,671,059	\$ 73,765,609	\$ 78,928,014
Y-O-Y Increase (%)		4%	12%	7%	7%	7%
Bps of AUM	12.24	11.35	11.95	11.97	12.04	12.06



Strategic Plan: Cost Benchmarking vs Peers

UTIMCO costs compare favorably to large peers and independent fund of funds

	UTIMCO	Cambridge Assoc > \$3B Universe	Peers				Financial Services Industry Comps		
			Peer A	Peer B	Peer C	Peer D	Firm A	Firm B	Firm C
Current AUM (\$ billion)	\$ 45		\$ 43	\$ 31	\$ 27	\$ 25	\$ 30	\$ 20	\$ 60
Budget Year			2018	2018	2018	2018	2018	2018	2018
Budget Year AUM (\$ billion)			\$ 43	\$ 31	\$ 27	\$ 25	\$ 30	\$ 20	\$ 60
Budget (\$ million)	\$44		\$ 75	\$ 37	\$ 41	\$ 43	\$ 45	\$ 41	\$ 230
Budget (bps of AUM)	9.7	18.0	17.5	12.0	15.0	17.5	15.0	20.3	38.3
Investment Professionals	43		36	22	23	39	50	40	145
Operations Professionals	45		54	25	27	25	65	53	157
IT Professionals	11		29	2	5	3	15	13	40
Total FTE	99		119	49	55	67	130	106	342
AUM / FTE (\$ million)	\$ 454.55		\$ 361.34	\$ 624.49	\$ 490.91	\$ 373.13	\$ 230.77	\$ 188.68	\$ 175.44
AUM / Investor (\$ billion)	\$ 1.05		\$ 1.19	\$ 1.39	\$ 1.17	\$ 0.64	\$ 0.60	\$ 0.50	\$ 0.41
Budget / FTE (\$ million)	\$0.44		\$0.63	\$0.75	\$0.74	\$0.64	\$0.35	\$0.38	\$0.67
Ops + IT / Investor FTE	1.3x		2.3x	1.2x	1.4x	0.7x	1.6x	1.7x	1.4x



Budget Detail: 2021 vs. 2020

	FY 2021 Budget Proposed v FY20 Budget (Fully Annualized)		FY 2021 Budget Proposed v FY 2020 Budget as Presented	
	\$	%	\$	%
UTIMCO Personnel Costs:				
Salaries (1)	25,346	0.1%	885,096	4.9%
Performance Compensation (2)	1,519,561	9.4%	2,058,508	13.2%
Benefits & Taxes (3)	144,218	2.9%	323,453	6.8%
Total UTIMCO Personnel Costs	\$ 1,689,125	4.2%	\$ 3,267,057	8.5%
Other UTIMCO Costs:				
Data & Subscriptions (4)	441,157	11.9%	441,157	11.9%
Travel	(318,234)	-25.0%	(318,234)	-25.0%
Lease	559,268	21.0%	559,268	21.0%
Depreciation	225,000	13.4%	225,000	13.4%
Other Costs (5)	1,567,268	67.4%	1,567,268	67.4%
Total Other UTIMCO Costs:	\$ 2,474,459	21.2%	\$ 2,474,459	21.2%
Total UTIMCO Services Costs:	\$ 4,163,583	8.1%	\$ 5,741,515	11.5%
Bps of AUM				
Direct Fund Costs:				
Custodian Fees	101,000	2.5%	101,000	2.5%
Other (6)	5,832	0.2%	5,832	0.2%
Total Direct Fund Costs	\$ 106,832	1.5%	\$ 106,832	1.5%
Bps of AUM				
Grand Total UTIMCO Budget:	\$ 4,270,415	7.3%	\$ 5,848,347	10.3%
Bps of AUM				

Fiscal Year 2021

**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, 2020

Based on UTIMCO Board approval on June 11, 2020

Fiscal Year 2021
Review of UTIMCO Services Budget and
Other Direct Costs to Funds Budget
Excluding External Investment Manager Fees

Table of Contents

	Page
Contents	
Executive Summary	1
Budget Analysis and Trends	2
Table 1: Total Actual Costs Trend FY16-FY20 and Total Budgeted Costs FY21	2
Table 2: FY20 Forecast and FY21 Budget Overview	3
UTIMCO Services Budget.....	3
Table 3: UTIMCO Compensation and Headcount FY16-FY21	4
Table 4: UTIMCO Lease Expenses FY16-FY21	5
Direct Costs to Funds.....	5
UTIMCO Capital Expenditures	5
Table 5: UTIMCO Capital Expenditures FY16-FY21	6
EXHIBIT A.....	7
Total Budgeted Costs FY20-FY21	7
EXHIBIT B.....	8
Total Actual Costs FY16-FY20 and FY21 Budget.....	8
EXHIBIT C.....	9
UTIMCO Reserve Analysis for August 31, 2020.....	9

Executive Summary

This report reviews the UTIMCO Services Budget and other budgeted investment management expenses (“Direct Costs to Funds”) for fiscal year 2021 that the UTIMCO Board approved on June 11, 2020 and the U. T. System Board of Regents will consider at its August 19-20, 2020 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, risk measurement, and legal and audit costs related to funds. The proposed budget for FY21 is:

	FY21 (\$ millions)
UTIMCO Services Budget	55.6
<u>Direct Costs to Funds Budget</u>	<u>7.2</u>
Total Budgeted Costs	<u>\$ 62.8</u>

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

Highlights:

- **COVID-19 global pandemic:** Growth in the UTIMCO budget for FY21 largely reflects the implementation of a five-year strategic growth plan that was approved in June 2019. As a result of the significant market volatility and risk of substantial economic pressure caused by the COVID-19 pandemic, salary growth is largely flat on an annualized basis and promotions have been slowed for FY21. Growth plans for FY21 have been delayed with slower employee growth budgeted.
- **Total Forecast Costs for FY20:** Total costs for FY20 are forecast at \$54.2 million, which is 4.9% lower than what was budgeted. This decrease is due primarily to the slower than expected hiring of employees during the current fiscal year.
- **Total Budgeted Costs for FY21:** The FY21 budget is \$62.8 million, a 10.3% increase from the FY20:
 - **The UTIMCO Services Budget:** The FY21 budget includes \$55.6 million for the “operating” budget of UTIMCO, an 11.5% increase from the FY20 budget. The increase is due primarily to the addition of employees as a part of the strategic plan that was adopted in FY19, although future plans have slowed. Additionally, investments in IT upgrades are being made in response to a cybersecurity audit conducted earlier this year. Lease expenses are also increasing due to the additional space that UTIMCO has leased in the UT System Building.
 - **The Total Direct Costs to Funds Budget:** The FY21 budget of \$7.2 million for direct fund costs is 1.5% higher than the FY20 budget, although this remains below historical averages due to a new, lower-cost fee structure that was negotiated with the Funds’ custodian bank last year.
- **UTIMCO Reserves:** There are no reserves available to be distributed at fiscal year-end 2020 as the reserve balances are at the levels needed to cover appropriate levels of the budget and capital expenditures.
- **UTIMCO Costs Compared to Peers:** UTIMCO’s total costs as a percentage of Assets Under Management (“AUM”) are forecast to be 13bps in FY21. While they have been increasing over the last several years, UTIMCO’s total costs as a percentage of AUM remain below industry averages and are favorable compared to peers, based on numerous benchmarking studies.

Budget Analysis and Trends

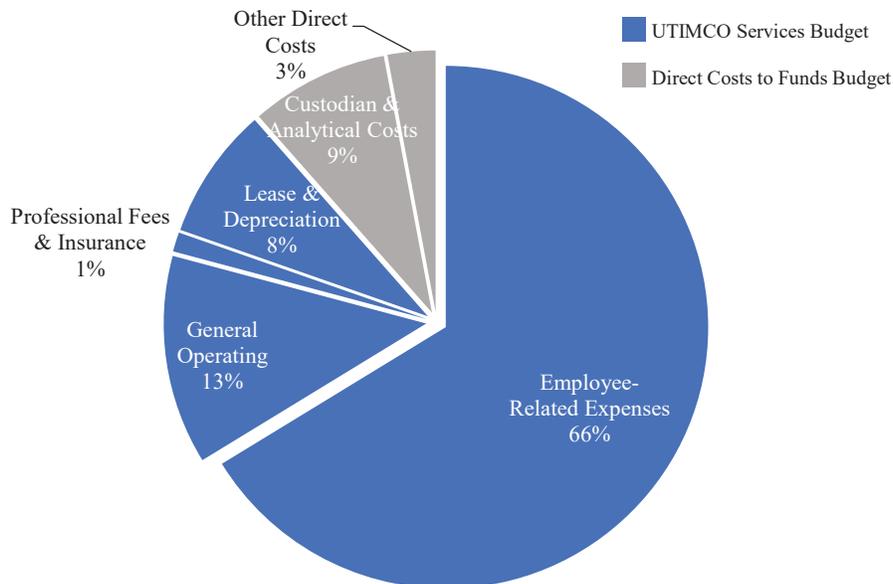
UTIMCO proposes Total Budgeted Costs for FY21 of \$62.8 million. Table 1 shows the Total Budgeted Costs (Direct Costs to Funds and UTIMCO Services Budget) as a percent of average Assets Under Management (“AUM”) for FY21 and the Total Actual and Forecast Costs as a percent of average AUM from FY16 to FY20.

Table 1: Total Actual Costs Trend FY16-FY20 and Total Budgeted Costs FY21
(\$ millions)

	FY16	FY17	FY18	FY19	Forecast FY20	Budget FY21
Average Total AUM ¹	36,016	39,063	43,173	46,372	48,275	49,839
% Change in AUM	3%	8%	11%	7%	4%	3%
Direct Costs to Funds	8.2	8.4	10.6	7.5	6.6	7.2
% Change in Direct Costs to Funds	1.7%	2.2%	27.1%	-29.0%	-12.0%	8.6%
Direct Costs to Funds % of AUM	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%
UTIMCO Services	26.8	33.2	36.1	41.8	47.5	55.6
% Change in UTIMCO Services	4.5%	23.6%	8.7%	15.8%	13.7%	17.0%
UTIMCO Services % of AUM	0.07%	0.08%	0.08%	0.09%	0.10%	0.11%
Total Costs	35.0	41.6	46.7	49.3	54.2	62.8
% Change in Total Costs	3.8%	18.6%	12.4%	5.6%	9.8%	16.0%
Total Costs % of AUM	0.10%	0.11%	0.11%	0.11%	0.11%	0.13%

¹ FY20 and FY21 Average Total AUM assumes projected balances based on moderate returns, projected West Texas Land and gift income, and projected distributions.

FY21 Total Budgeted Costs \$62.8 million



The UTIMCO Services Budget (blue shade in the pie chart above) represents 88% of the total budget, with employee-related expenses being the largest component at 75% of the Services Budget. Direct Costs to Funds include Custodian & Analytical Costs (9%) and Other Direct Costs (3%).

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 93% of the AUM, with UTIMCO staff directly managing approximately 7% of assets as well as an internal derivatives portfolio.

Table 2 compares the Total Budgeted Costs for FY20 and FY21. Refer to Exhibits A and B at the end of this memo for a detailed budget comparison for FY20-FY21 and actual trend history for FY16-FY20.

Table 2: FY20 Forecast and FY21 Budget Overview
(\$ millions)

	FY20 Forecast				FY21 Budget			
	\$ Budget	\$ Projected	\$ Change vs FY20 Budget	% Change vs FY20 Budget	\$ Budget	\$ Change vs FY20 Projected	% Change vs FY20 Projected	% Change vs FY20 Budget
UTIMCO Services	49.9	47.5	-2.4	-4.7%	55.6	8.1	17.0%	11.5%
Direct Costs to Funds	7.1	6.6	-0.5	-6.5%	7.2	0.6	8.6%	1.5%
Total Budgeted Costs	57.0	54.2	-2.9	-4.9%	62.8	8.7	16.0%	10.3%

UTIMCO Services Budget

Last year, UTIMCO conducted a comprehensive review of relevant peer and industry benchmarks to determine appropriate resource levels needed to maintain strong fiduciary stewardship of U. T. and Texas A&M assets. These findings provided the basis for a long-term strategic plan that was supported by UTIMCO's Board of Directors on July 27, 2019, and the U. T. System Board of Regents approved the FY20 budget as presented at the August 2019 Board meeting. The plan called for increased resources because of expected growth in AUM, complexity, succession planning, and oversight responsibilities, and it was expected that the plan would result in an increase of 33 employees by FY24.

The original plan was to reach 115 employees by the end of FY20 and 123 employees by the end of FY21. However, the outbreak of the 2019 Novel Coronavirus Disease ("COVID-19") pandemic significantly affected travel, commerce, and financial markets globally. Increased volatility in financial markets and commodity prices has altered the strategic plan by slowing the projected growth in employees and promotions, and the FY21 budget reflects that deferral. Additionally, the FY20 forecast is lower than the FY20 budget, primarily due to slower hiring over the course of the year.

For FY21, total personnel-related expenses including employee benefits account for 75% of the UTIMCO Services Budget (or 66% 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:

- Although Salaries are projected to be 11.4% higher in FY21, this is not the result of hiring additional employees or providing significant salary increases during the coming fiscal year. It is primarily the fully-annualized continuing cost of employees who are now on UTIMCO's payroll. Relative to \$18.75 million of annual run rate employee salaries at August 2020, salary growth is expected to be 0% for

next year. The plan for more hiring in FY21 has been paused with no raises budgeted for senior directors and above, a pause in senior level promotions, and 0-2% raises for analysts/associates. The raises are mostly offset with eliminated and downgraded positions.

- Performance Compensation is higher primarily for two reasons:
 1. The CEO has crossed the vesting threshold and is no longer required to defer a portion of performance compensation, thereby accelerating any performance awards to the current fiscal year rather than deferring 50% of the award which would be paid over the subsequent two fiscal years.
 2. Two years ago, the performance compensation deferral for employees was changed to occur over a two-year period instead of three.
- Actual performance compensation may be lower than budgeted in FY21 because of trailing three-year average calculations which may yield lower than expected value-add due to the financial challenges posed by the pandemic and dropping 2017, a high performing year, from the performance calculation time horizon.
- With the additional staffing, average AUM per employee is expected to decline in FY20 and FY21 compared to the prior five-year period.
- Total Compensation has grown by 16.3% annually from FY16 to FY20 primarily because of the addition of new positions. Total Compensation for FY21 is budgeted 12.9% above FY20 projected levels, which would equate to a 15.6% growth rate on an average annual basis over a five-year period. However, relative to an annualized run rate for employee salaries in place as of August 2020, the projected salary increase in FY21 is approximately 0%.
- Since FY16, Total Compensation per employee has increased 3.2% (annualized) from \$252k to \$285k forecast in FY20 and is budgeted to be at \$317k in FY21.

Table 3: UTIMCO Compensation and Headcount FY16-FY21 (excluding benefits)

	FY16	Actual			Forecast	%	Budget	%
		FY17	FY18	FY19	FY20	Change	FY21	Change
						Since		From
						FY16		FY20
						(annual)		
Employees (as of year end)	70	83	94	95	113	12.7%	115	1.8%
Average Total AUM(\$ millions)	36,016	39,063	43,173	46,372	48,275	7.6%	49,839	3.2%
Average AUM/Employee (\$ millions)	515	471	459	488	427	-4.5%	433	1.4%
Salaries (\$ millions)	10.4	10.9	13.7	16.2	16.9	12.8%	18.8	11.4%
Performance Compensation (\$ millions)	7.2	10.3	10.4	11.3	15.4	20.8%	17.7	14.6%
Total Compensation (\$ millions)	17.6	21.2	24.1	27.5	32.3	16.3%	36.4	12.9%
Total Compensation per Employee (\$)	251,857	255,552	256,204	289,541	285,464	3.2%	316,739	11.0%
Perf. Comp. as % of Salaries	70%	94%	76%	69%	91%		94%	
Perf. Comp. as % of Total Compensation	41%	49%	43%	41%	48%		48%	

Lease and Depreciation Expenses: Lease expenses are budgeted to increase 23.2% compared to FY20 forecasted amounts due primarily to leasing additional office space in the UT System Building to accommodate the growth in employees anticipated by the strategic plan. The build-out of the space is currently in progress and is estimated to be completed by the end of the 2020 calendar year. Table 4 shows the lease expense trends from FY16-FY21.

Table 4: UTIMCO Lease Expenses FY16-FY21

	Actual				Forecast FY20	Budget FY21
	FY16	FY17	FY18	FY19		
Property Lease	\$518,373	\$1,136,800	\$1,762,827	2,047,589	2,047,589	\$2,595,464
Operating Lease	661,948	860,630	523,826	475,606	599,852	699,171
Parking Expenses	154,348	169,335	197,847	214,830	210,438	264,000
Other Expenses	9,497	14,150	4,716	0	0	0
Amortization (Deferred Rent Credit)	(170,344)	(108,267)	(208,054)	(263,864)	(241,876)	(335,643)
Total Lease Expenses (net)	\$1,173,822	\$2,072,648	\$2,281,162	\$2,474,161	\$2,616,003	\$3,222,992

Depreciation Expense is budgeted to increase 13% to \$1.9 million compared to the FY20 forecasted amount of \$1.7 million due to the buildout of expanded lease space, furniture, and new equipment to support additional employees.

Other General Operating Expenses, Professional Fees, and Insurance (non-employee): Office expenses, insurance, travel, professional fees, contract services and maintenance costs fall in this category and are forecast to be \$6.4 million in FY20, which is \$0.67 million or 9% lower than the FY20 budget of \$7.1 million. The decrease is due primarily to lower travel and meeting expenses as a result of the global pandemic.

General operating expenses for FY21 are budgeted to increase by \$1.8 million to \$8.9 million, or 25%, from \$7.1 million in FY20. The increase is primarily attributable to increased contract services for IT security and resilience projects costs related to staffing increases. A cybersecurity audit conducted by an outside consultant recommended five priority projects, two of which are planned for FY21 and three of which will be addressed in FY22. The FY21 projects are related to the design of the information security program and business continuity / disaster recovery system enhancements.

Direct Costs to Funds

Direct Costs to Funds for FY21 are budgeted at \$7.2 million, a 1.5% increase from the FY20 budget. UTIMCO continues to benefit from a new fee structure associated with custodian costs that resulted from the operation team's custodian review process conducted in early FY19.

UTIMCO Capital Expenditures

The trend for Capital Expenditures for FY16-FY21 is summarized in Table 5 below. Capital expenditures in FY20 and FY21 are primarily for the build-out of newly leased space to accommodate new hires associated with the strategic plan and for ongoing technology upgrades.

Table 5: UTIMCO Capital Expenditures FY16-FY21

	Actual				Forecast FY20	Budget FY21
	FY16	FY17	FY18	FY19		
Ongoing: Technology and Software Upgrades	\$179,345	\$56,488	\$17,758	\$115,487	\$368,000	\$500,000
Ongoing: Office Equipment and Fixtures	4,241	5,374	77,585	-	-	-
Expansion: Technology Initiatives / Video Conferencing	91,580	-	1,238,149	-	-	400,000
Expansion: Leasehold Buildout (net of TI allowance)	-	-	6,498,972	-	2,195,000	300,000
Expansion: Furniture and Fixtures	-	-	2,669,179	65,573	675,000	-
Total Capital Expenditures (net)	\$275,166	\$61,862	\$10,501,643	\$181,060	\$3,238,000	\$1,200,000

EXHIBIT A

Total Budgeted Costs FY20-FY21

	FY20		Change from FY20 Budget		FY21		Change from FY20 Forecast		Change from FY20 Budget	
	Budget	Forecast	\$	%	Budget	\$	%	%	%	
UTIMCO Services										
Salaries	17,889,310	16,850,977	-1,038,333	-5.8%	18,774,406	1,923,429	11.4%	4.9%		
Performance Compensation + Earnings	15,592,053	15,406,440	-185,613	-1.2%	17,650,561	2,244,121	14.6%	13.2%		
Total Compensation	33,481,363	32,257,417	-1,223,946	-3.7%	36,424,967	4,167,550	12.9%	8.8%		
Total Payroll taxes	1,587,600	1,536,176	-51,424	-3.2%	1,756,264	220,088	14.3%	10.6%		
403(b) Contributions	1,345,928	1,211,633	-134,295	-10.0%	1,417,359	205,725	17.0%	5.3%		
Insurance & Cell Phone	1,603,236	1,533,487	-69,750	-4.4%	1,714,096	180,609	11.8%	6.9%		
Employee Benefits	2,949,165	2,745,120	-204,045	-6.9%	3,131,454	386,335	14.1%	6.2%		
Recruiting and Relocation Expenses	162,000	118,349	-43,651	-26.9%	100,000	-18,349	-15.5%	-38.3%		
Employee Education	239,835	127,668	-112,167	-46.8%	204,744	77,076	60.4%	-14.6%		
Other Employee Related Expenses	401,835	246,017	-155,818	-38.8%	304,744	58,727	23.9%	-24.2%		
Total Employee Related Expenses	38,419,963	36,784,730	-1,635,233	-4.3%	41,617,429	4,832,699	13.1%	8.3%		
On-Line Data & Subscriptions	3,712,008	3,546,943	-165,065	-4.4%	4,153,165	606,222	17.1%	11.9%		
Contract Services & Maintenance	954,801	1,023,791	68,990	7.2%	2,652,612	1,628,821	159.1%	177.8%		
Travel & Meetings, Including BOD	1,333,956	757,392	-576,564	-43.2%	1,015,722	258,330	34.1%	-23.9%		
Phone and Telecommunications	41,244	47,750	6,506	15.8%	55,488	7,738	16.2%	34.5%		
Computer & Office Supplies	66,368	50,704	-15,664	-23.6%	60,360	9,656	19.0%	-9.1%		
Other Office Expenses	167,072	163,876	-3,196	-1.9%	181,536	17,660	10.8%	8.7%		
Total Office Expense	274,684	262,330	-12,354	-4.5%	297,384	35,054	13.4%	8.3%		
Total Lease Expense	2,663,724	2,616,003	-47,721	-1.8%	3,222,992	606,989	23.2%	21.0%		
Board, Comp., & Hiring Consultants	342,000	389,425	47,425	13.9%	305,600	-83,825	-21.5%	-10.6%		
Legal Expenses	215,004	156,440	-58,564	-27.2%	125,004	-31,436	-20.1%	-41.9%		
Accounting fees	65,600	100,000	34,400	52.4%	104,604	4,604	4.6%	59.5%		
Total Professional Fees	622,604	645,865	23,261	3.7%	535,208	-110,657	-17.1%	-14.0%		
Total Insurance	211,956	203,201	-8,755	-4.1%	215,700	12,499	6.2%	1.8%		
Depreciation of Equipment	1,675,000	1,675,000	0	0.0%	1,900,000	225,000	13.4%	13.4%		
Total Non-Employee Related Expenses	11,448,733	10,730,525	-718,208	-6.3%	13,992,783	3,262,257	30.4%	22.2%		
Total UTIMCO Services	49,868,696	47,515,255	-2,353,441	-4.7%	55,610,211	8,094,956	17.0%	11.5%		
Direct Costs to Funds										
Custodian Fees and Other Direct Costs	4,100,000	4,043,253	-56,747	-1.4%	4,201,000	157,747	3.9%	2.5%		
Analytical Tools	154,500	154,500	0	0.0%	159,135	4,635	3.0%	3.0%		
Risk Measurement	665,500	588,869	-76,631	-11.5%	998,500	409,631	69.6%	50.0%		
Custodian and Analytical Costs	4,920,000	4,786,622	-133,378	-2.7%	5,358,635	572,013	12.0%	8.9%		
Consultant Fees	307,500	307,500	0	0.0%	307,500	0	0.0%	0.0%		
Auditing	828,919	828,919	0	0.0%	846,516	17,597	2.1%	2.1%		
Legal Fees	300,000	203,292	-96,708	-32.2%	225,000	21,708	10.7%	-25.0%		
Background Searches & Other	744,850	513,996	-230,854	-31.0%	470,450	-43,546	-8.5%	-36.8%		
Other Direct Costs Total	2,181,269	1,853,707	-327,562	-15.0%	1,849,466	-4,241	-0.2%	-15.2%		
Total Direct Costs to Funds	7,101,269	6,640,329	-460,940	-6.5%	7,208,101	567,772	8.6%	1.5%		
Total Budgeted Costs	56,969,965	54,155,584	-2,814,381	-4.9%	62,818,312	8,662,728	16.0%	10.3%		

EXHIBIT B
Total Actual Costs FY16-FY20 and FY21 Budget

	FY16	FY17	FY18	FY19	FY20	FY21
	Actual	Actual	Actual	Actual	Forecast	Budget
UTIMCO Services						
Salaries	10,394,021	10,919,643	13,667,683	16,235,197	16,850,977	18,774,406
Performance Compensation + Earnings	7,235,982	10,291,209	10,415,478	11,271,195	15,406,440	17,650,561
Total Compensation	17,630,003	21,210,852	24,083,161	27,506,392	32,257,417	36,424,967
Total Payroll taxes	701,081	843,661	955,790	1,455,958	1,536,176	1,756,264
403(b) Contributions	748,756	749,882	941,512	1,112,464	1,211,633	1,417,359
Insurance & Cell Phone	891,694	1,126,193	1,234,563	1,369,599	1,533,487	1,714,096
Employee Benefits	1,640,450	1,876,075	2,176,075	2,482,063	2,745,120	3,131,454
Recruiting and Relocation Expenses	86,701	161,814	181,230	81,607	118,349	100,000
Employee Education	170,253	82,904	90,110	112,955	127,668	204,744
Other Employee-Related Expenses	256,954	244,718	271,340	194,562	246,017	304,744
Total Employee Related Expenses	20,228,487	24,175,306	27,486,366	31,638,975	36,784,730	41,617,429
On-Line Data & Subscriptions	1,285,682	1,935,118	2,688,550	3,246,582	3,546,943	4,153,165
Contract Services & Maintenance	572,156	425,494	813,342	748,427	1,023,791	2,652,612
Travel & Meetings, Including BOD	669,207	688,498	792,548	946,860	757,392	1,015,722
Phone and Telecommunications	38,233	40,540	46,616	41,428	47,750	55,488
Computer & Office Supplies	57,638	60,836	165,639	75,955	50,704	60,360
Other Office Expenses	151,632	147,974	149,779	152,749	163,876	181,536
Total Office Expense	247,503	249,349	362,034	270,132	262,330	297,384
Total Lease Expense	1,173,823	2,072,648	2,281,161	2,474,161	2,616,003	3,222,992
Board, Compensation, & Hiring Consultants	609,327	762,181	328,063	350,898	389,425	305,600
Legal Expenses	145,157	188,846	75,414	176,226	156,440	125,004
Accounting fees	53,520	56,950	58,910	63,420	100,000	104,604
Total Professional Fees	808,005	1,007,977	462,386	590,544	645,865	535,208
Total Insurance	204,428	187,348	195,114	202,752	203,201	215,700
Depreciation of Equipment	1,657,536	2,453,498	1,015,435	1,669,890	1,675,000	1,900,000
Total Non-Employee Related Expenses	6,618,339	9,019,930	8,610,569	10,149,348	10,730,525	13,992,783
Total UTIMCO Services	26,846,826	33,195,236	36,096,935	41,788,323	47,515,255	55,610,211
Direct Costs to Funds						
Custodian Fees and Other Direct Costs	5,686,948	6,221,234	8,501,722	4,868,268	4,043,253	4,201,000
Analytical Tools	412,156	399,568	0	0	154,500	159,135
Risk Measurement	292,000	286,501	297,499	292,000	588,869	998,500
Custodian and Analytical Costs	6,391,103	6,907,303	8,799,221	5,160,268	4,786,622	5,358,635
Consultant Fees	359,041	320,000	470,000	481,496	307,500	307,500
Auditing	789,873	770,000	790,000	811,750	828,919	846,516
Legal Fees	156,126	83,715	152,895	304,048	203,292	225,000
Background Searches & Other	489,539	287,165	425,515	792,168	513,996	470,450
Other Direct Costs Total	1,794,579	1,460,880	1,838,410	2,389,462	1,853,707	1,849,466
Total Direct Costs to Funds	8,185,683	8,368,183	10,637,631	7,549,730	6,640,329	7,208,101
Total Budgeted Costs	35,032,509	41,563,419	46,734,566	49,338,053	54,155,584	62,818,312

EXHIBIT C
UTIMCO Reserve Analysis for August 31, 2020

<u>Projected Cash Reserves at August 31, 2020</u>		
Cash		\$ 27,500,000
Prepaid Expenses		1,350,000
Less: Accounts Payable (Includes incentive compensation & earnings payable)		<u>(13,500,000)</u>
Projected Cash Reserves at August 31, 2020		<u>\$ 12,480,000</u>
FY21 Proposed Operating Budget	55,610,211	
Applicable Percentage	25%	13,902,553
Capital Budget Expenditures		1,200,000
Depreciation Expense		<u>(1,900,000)</u>
Required Cash Reserves at August 31, 2020		<u>\$ 13,202,553</u>
Balance Available for Distribution		\$ (722,553)
Recommended Distribution		\$ -

REPORT OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 78 - 89).-- Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended and approved by the Board in Open Session.

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

There were no items referred from the Consent Agenda.

2. U. T. Permian Basin: Approval to establish a College of Health Sciences and Human Performance

The Board approved the following recommendation:

RECOMMENDATION

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

- a. establish a College of Health Sciences and Human Performance at U. T. Permian Basin; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Pursuant to Regents' *Rules and Regulations*, Rule 40601, Institutions Comprising the University of Texas System, which requires Board of Regents' approval of a new college or school within an institution, U. T. Permian Basin proposes the establishment of a College of Health Sciences and Human Performance. The new College will be comprised of the following components: (1) College of Nursing (to be renamed School of Nursing), (2) Kinesiology Department, (3) Athletic Training Department, and (4) Social Work Department.

The union of four synergetic academic disciplines and a collaborative focus on the health of individuals, families, and communities will strategically align this new college with the mission of the University and its strategic pillars. In addition, the organization of these academic disciplines into a College of Health Sciences and Human Performance is in alignment with other U. T. System institutions. Bringing together nursing, athletic training, kinesiology, and social work under one college

will not only provide synergistic opportunities for interdisciplinary education and research, innovative curricula across the disciplines, but also will promote future growth in the health sciences and human performance areas.

The College of Health Sciences and Human Performance will be led by the current Dean of the College of Nursing and will be assisted by an Associate Dean for Academic Affairs. The proposed reorganization will not incur any additional cost; in fact, it will result in the more efficient utilization of existing resources.

The creation of the new College has been approved by the Executive Vice Chancellor for Academic Affairs pending approval by the Board. Upon approval by the Board of Regents, the Office of Academic Affairs will notify the Texas Higher Education Coordinating Board of the change so that the U. T. Permian Basin administrative unit structure may be updated.

3. U. T. Rio Grande Valley: Approval to establish a Doctor of Philosophy in Physics degree program

The Board approved the following recommendation:

RECOMMENDATION

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

- a. establish a Doctor of Philosophy in Physics degree program at U. T. Rio Grande Valley; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

U. T. Rio Grande Valley proposes to develop a Doctor of Philosophy (Ph.D.) in Physics degree program. The Ph.D. in Physics will be designed to provide opportunities for students to obtain a broad background in classical and modern physics, and to develop research-based solutions in the areas of gravitational wave astronomy, optical and radio astronomy, optical physics, nanophysics and materials physics, condensed matter physics, high-energy physics, biophysics, and biomedical physics. As a Hispanic-Serving Institution with a student population that is approximately 90% Hispanic, U. T. Rio Grande Valley's proposed program will contribute to diversification of the scientific workforce by preparing students from

underrepresented groups, most notably Hispanic students from South Texas, for a variety of careers in scientific institutions, industry, federal agencies, and higher education.

The curriculum is comprised of 72 semester credit hours (SCH), including 21 SCH of required coursework, 12 SCH of prescribed and free electives, nine SCH of advanced doctoral coursework, and 15 SCH of graduate and doctoral research. Students will complete a comprehensive examination after completing 21 SCH of core courses and a candidacy examination after completion of all coursework. All students are required to present and defend a dissertation.

Need and Student Demand

Multiple sources demonstrate robust current and future growth in job openings for graduates with a Ph.D. in Physics. American Institute of Physics (AIP) data showed an increase of 33% in tenure and tenure-track physics faculty positions between 2012 and 2016. The U.S. Bureau of Labor Statistics projects an employment growth rate of 14% from 2016 to 2026, faster than average for all occupations. However, the number of graduates from physics doctoral programs has remained flat.

During the period between 2014-2019, the number of graduates from physics doctoral programs in Texas was approximately one third of the number of physics faculty job openings at Texas institutions of higher education. Further, AIP data show that only 49 percent of graduates enter the academic sector. The remainder fill positions in the private sector, government agencies, and other sectors of the economy.

Students in the Rio Grande Valley have demonstrated significant interest in pursuing a Ph.D. in Physics, with many leaving the state to pursue their doctoral studies elsewhere. Recent data show students leaving U. T. Rio Grande Valley's M.S. in Physics program early to enter doctoral programs out of state. The majority of these students would have remained enrolled at U. T. Rio Grande Valley if they had access to a Ph.D. program locally. The Department of Physics' unique expertise in gravitational wave physics and the success of the institution's Center for Gravitational Wave Astronomy in securing more than \$40 million in federal grants to support research over the last fifteen years draw students to the region and the program, as does the Center for Advanced Radio Astronomy. No program in Texas offers the same compound approach to gravitational wave physics and astronomy, a prime focus of research in the field for the next several decades.

Enrollment projections for the proposed Ph.D. in Physics program estimate an average class size of eight students which is in line with other programs in Texas. Attrition rates are not expected to exceed one student per year. The program expects to graduate ten students at the end of five years.

Program Quality

The program at start-up is projected to have nine core faculty and five support faculty. New faculty are not required to implement the program. Core faculty members were selected based on their strength in research/scholarly activity, external funding, publications and patents, and their experience with supervising doctoral students. Core faculty actively pursue grant funding to support research. In the last decade, faculty have earned almost \$20 million in funding from federal agencies.

Revenue and Expenses

Expenses	5-Year Total
<i>Faculty</i>	
Salaries	\$ 713,539
Benefits	\$ 214,062
<i>Graduate Students</i>	
TA Salaries	\$1,106,250
TA Benefits	\$ 110,625
GRA Salaries	\$ 768,750
GRA Benefits	\$ 76,875
<i>Staff & Administration</i>	
Graduate Coordinator Salary	\$ 26,250
Administrative Staff Salaries	\$ 145,005
Staff Benefits	\$ 77,228
<i>Other Expenses</i>	
Scholarships	\$1,060,500
Supplies and Consumables	\$ 62,500
Student Travel	\$ 40,000
Equipment	\$ 50,000
Marketing/Advertisement	\$ 37,500
Library Resources	\$ 10,000
Total Expenses	\$4,499,084

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$1,386,549
Tuition and Fees	\$ 843,928
<i>From Institutional Funds</i>	
Institutional Enhancement or Designated Tuition	\$ 365,252
Reallocation of Existing Funding	\$2,144,476
<i>From Grant Funds</i>	
Federal Grant Funding for GRA's	\$ 536,250
<i>From Other Revenue Sources</i>	
N/A	
Total Revenue	\$5,276,455

Coordinating Board Criteria

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

- 4a. U. T. Rio Grande Valley: Discussion and appropriate action regarding proposed changes to admission criteria for the Doctor of Philosophy in Business Administration degree program

The Board approved the following recommendation:

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 changes to the criteria for admission to the Doctor of Philosophy in Business Administration degree program at U. T. Rio Grande Valley as described on the following page.

BACKGROUND INFORMATION

U. T. Rio Grande Valley requests approval to make changes to the levelling courses a student may need to take to be fully admitted into the Doctor of Philosophy (Ph.D.) in Business Administration degree program.

Students entering the Ph.D. in Business Administration degree program are required to have a business administration foundation. The foundation may be achieved by holding an MBA degree, an MS degree in a business field, or a selection of coursework designed to provide the foundation. During the first year of the doctoral

program or subject to the advice of the student's program advisor for other time limits, students lacking the necessary foundation knowledge must complete the following levelling coursework (and associated prerequisites):

Current Admission Criteria	Proposed Admission Criteria
Management: QUMT 6303, MGMT 6301, MGMT 6330 or MGMT 6390	Management: QUMT 6303, <u>and select two of the following: MGMT 6301, MGMT 6330, MGMT 6360,</u> or MGMT 6390
Marketing: QUMT 6303, MARK 6300, MARK 6310	Marketing: QUMT 6303, MARK 6300 , MARK 6310, <u>MARK 6320</u>
Finance: QUMT 6303, ECON 6301, ACCT 6301	Finance: QUMT 6303, ECON 6301 , <u>ECON 6350, FINA 6303 ACCT 6301</u>
Information Systems: QUMT 6303, INFS 6330, ECON 6301	Information Systems: QUMT 6303, INFS 6330, ECON 6301 , <u>ECON 6350</u>
	Accounting: <u>QUMT 6303, ACCT 6301, ACCT 6320</u>

- 4b. U. T. Rio Grande Valley: Discussion and appropriate action regarding proposed changes to admission criteria for the MSN in Family Nurse Practitioner degree program

The Board approved the following recommendation:

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 changes to the criteria for admission to the MSN in Family Nurse Practitioner degree program at U. T. Rio Grande Valley as described on the following page.

BACKGROUND INFORMATION

U. T. Rio Grande Valley requests approval to add specialized exams scores to the admission criteria for the MSN in Family Nurse Practitioner degree program. Applicants whose undergraduate coursework is older than three years will have to demonstrate competency by scoring 900 or higher on the three Advanced Practice Registered Nurse (APRN) Health Education Systems Incorporated (HESI) Specialty Competency Exams: 1) Advanced Health Assessment Exam, 2) Advanced Pharmacotherapeutics Exam, and 3) Advanced Pathophysiology Exam. HESI provides exams and other study materials to help prepare student nurses for the professional licensure exam.

Nursing programs often use HESI in admissions or during the course of study to help predict the student's likelihood of success on tests such as the National Council Licensure Examination – Registered Nurses (NCLEX-RN). The HESI exams are used nationally due to their reliability and validity in predicting student success, including several peer and aspirational institutions.

Current Admission Criteria	Proposed Admission Criteria
<ul style="list-style-type: none"> Official transcripts from each institution attended (must be submitted directly to UTRGV). 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Bachelor's degree in nursing (BSN). 	<ul style="list-style-type: none"> Bachelor's degree in nursing (BSN). <u>Applicants whose coursework is more than 3 years old must score 900 or higher on the three (3) Advanced Practice Registered Nurse (APRN) and Health Education Systems Incorporated (HESI) Specialty Competency Exams: 1. Advanced Health Assessment Exam, 2. Advanced Pharmacotherapeutics Exam, and 3. Advanced Pathophysiology Exam.</u>
<ul style="list-style-type: none"> Successful completion of undergraduate statistics course. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Submission of a letter of intent. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Submission of resume. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Three (3) letters of recommendation 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Holding an unencumbered license as a Registered Nurse in the State of Texas 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Cleared Criminal Background Check 	<ul style="list-style-type: none"> No change

4c. U. T. Tyler: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Education in Curriculum and Instruction degree program

The Board approved the following recommendation:

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 changes to the criteria for admission to the Master of Education in Curriculum and Instruction degree program at U. T. Tyler as described on the following pages.

BACKGROUND INFORMATION

U. T. Tyler requests approval to make changes to the criteria for consideration of admission to the Master of Education (M.Ed.) degree program in Curriculum and Instruction.

The specialization courses in the M.Ed. in Curriculum and Instruction require that students have a strong foundation in issues related to teaching and learning. Currently, students are eligible for admission into the program if they are certified teachers or working on their teaching certification. The proposed changes would require applicants seeking a specialization in STEM Education, Instructional Coaching, Educational Technology, or a single content area to have at least two years of teaching experience prior to admission into the program to assure a strong grasp of issues explored and analyzed in the program's specialization graduate education courses.

The teaching experience requirement would not apply to applicants for the Master of Education in Curriculum and Instruction with Initial Teacher Certification program as the program does not require students to take any specialization courses.

The proposed removal of the GPA requirement for initial licensure eliminates an unnecessary duplication stated in the previous section.

The proposed addition regarding the Texas Examinations of Educator Standards (TExES) practice exam reflects changes in the standards of the Texas State Board of Educator Certification.

Current Admission Criteria	Proposed Admission Criteria
To be admitted to the Master of Education Degree in Curriculum and Instruction, the individual must:	To be admitted to the Master of Education Degree in Curriculum and Instruction, the individual must:
<ul style="list-style-type: none"> • Hold a bachelor’s degree from an accredited institution. 	<ul style="list-style-type: none"> • No Change
<ul style="list-style-type: none"> • Complete the online Graduate Admissions Application. 	<ul style="list-style-type: none"> • No Change
<ul style="list-style-type: none"> • Complete the online Graduate Admissions Application. 	<ul style="list-style-type: none"> • No Change
<ul style="list-style-type: none"> • Be a certified teacher or be currently seeking certification. 	<ul style="list-style-type: none"> • Be a certified teacher or be currently seeking certification. <u>Have an appropriate GPA as set in the Texas Administrative Code by the Texas Education Agency.</u>
<ul style="list-style-type: none"> • If required, send official scores (obtained within the past five years) on the Graduate Record Examination (GRE) directly to the Office of Graduate Admissions. 	<ul style="list-style-type: none"> • <u>Students who have a GPA below 3.25 may be admissible with a combination of the Graduate Record Examination (GRE) and GPA. If required, sSend official scores on GRE (obtained within the past five years) on the Graduate Record Examination (GRE) directly to the Office of Graduate Admissions. See website for additional information.</u>
<ul style="list-style-type: none"> • Admission is determined based on undergraduate GPA and, if necessary, satisfactory scores on the GRE in combination with the undergraduate GPA, and the applicant's demonstrated commitment to his or her chosen field of study. See website for additional information. 	<ul style="list-style-type: none"> • Admission is determined based on undergraduate GPA and, if necessary, satisfactory scores on the GRE in combination with the undergraduate GPA, and the applicant's demonstrated commitment to his or her chosen field of study. See website for additional information. <u>A student seeking a specialization in STEM Education, Instructional Coaching, Educational Technology, or in a single content area must be a certified teacher with at least two years of teaching experience.</u>

<ul style="list-style-type: none"> • Only for applicants also seeking to obtain initial teacher certification, additional admission requirements are required to enter the educator preparation program. These requirements are: <ul style="list-style-type: none"> a. Have an undergraduate cumulative GPA of 3.25 in last 60 hours of coursework. Students may be accepted into the post-baccalaureate initial certification with a GPA of 2.5 with an acceptable Graduate Record Examination (GRE) score. b. Provide evidence of satisfactory scores on one of the acceptable basic skills test such as the Texas Success Initiative, GRE, Accuplacer, and others. See the School of Education website for specific information regarding appropriate tests and scores. c. Have a minimum number of hours in the content area where applicant is seeking certification. d. Pass the content area in the Pre-Admission Content Test (PACT). e. Complete the admission screening survey. 	<ul style="list-style-type: none"> • Only for applicants also seeking to obtain initial teacher certification, additional admission requirements are required to enter the educator preparation program. These requirements are: <ul style="list-style-type: none"> a. Have an undergraduate cumulative GPA of 3.25 in last 60 hours of coursework. Students may be accepted into the post baccalaureate initial certification with a GPA of 2.5 with an acceptable Graduate Record Examination (GRE) score. b. <u>a.</u> Provide evidence of satisfactory scores on one of the acceptable basic skills test such as the Texas Success Initiative, GRE, Accuplacer, and others. See the School of Education website for specific information regarding appropriate tests and scores. c. <u>b.</u> Have a minimum number of hours in the content area where applicant is seeking certification. d. <u>c.</u> Pass the content area in the Pre-Admission Content Test (PACT) <u>or indicate mastery of 85% on a content TExES practice exam if applicant has achieved 12-15 hours in the content area.</u> e. <u>d.</u> Complete the admission screening survey.
--	--

<ul style="list-style-type: none">• Upon admission, post-baccalaureate initial certification students must:<ul style="list-style-type: none">a. Sign and submit through a provided survey link an acknowledgement of admission, the Handbook Agreement Form, degree plan, and FERPA Agreement Form within five (5) business days.b. Complete background check documents.c. Pay admission fee to the School of Education. This fee is separate from The University of Texas at Tyler’s Graduate School application. <p>NOTE: In accordance with Texas Administrative Code, all applicants must be fully admitted prior to taking any coursework in the area in which they are seeking certification. Therefore, no provisional admission is allowed.</p>	<ul style="list-style-type: none">• No Change
---	---

5. U. T. San Antonio: Allocation of \$10,000,000 of Permanent University Fund Bond Proceeds, with \$5,000,000 allocated for the National Security Collaboration Center and School of Data Science project and \$5,000,000 allocated for the Main Building Repair & Restoration project

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, and the institutional president that the U. T. System Board of Regents approve allocation of \$10,000,000 of Permanent University Fund (PUF) Bond Proceeds, with \$5,000,000 allocated for the National Security Collaboration Center and School of Data Science (NSCC SDS) project and \$5,000,000 allocated for the Main Building Repair & Restoration project, with the funding to be phased over up to five years at the direction of the Chancellor.

BACKGROUND INFORMATION

The NSCC SDS building project is on the current Fiscal Year Capital Improvement Program (CIP), and the total project cost for the Main Building Repair and Restoration project is below the threshold requiring addition to the CIP. Providing \$5,000,000 in PUF funding to each project will allow the use of other local funds previously allocated for those projects to support the Cybersecurity Manufacturing Innovation Institute (CyManII) initiative and will fulfill U. T. System's \$10,000,000 funding commitment in support of the initiative.

On May 20, 2020, U. T. San Antonio was selected by the United States Department of Energy to establish CyManII, a federal research institute focused on energy efficiency, technical innovation, and security for supply chain networks for electric vehicles, solar panels, wind turbines, and similar items.

6. U. T. System: Update on the impact of the Coronavirus (COVID-19) pandemic on operations at U. T. System academic institutions

This item was for consideration only by the Committee.

REPORT OF THE HEALTH AFFAIRS COMMITTEE (Pages 90 - 103).-- Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended and approved by the Board in Open Session.

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

There were no items referred from the Consent Agenda.

2. U. T. Health Science Center - Tyler: Authorization to establish a campus expansion zone bounded by East 5th Street, the Union Pacific Railroad right-of-way, East Front Street, South Baxter Avenue, East Houston Street, South Porter Avenue, East Ferdell Street, and then extending east along the alignment of East Ferdell Street, and Golden Road, in Tyler, Smith County, Texas, for mission uses, including graduate medical education and clinical facilities

The Board approved the following recommendation:

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, on behalf of U. T. Health Science Center - Tyler, authorize establishment of a campus expansion zone bounded by East 5th Street, the Union Pacific Railroad right-of-way, East Front Street, South Baxter Avenue, East Houston Street, South Porter Avenue, East Ferdell Street, and then extending east along the alignment of East Ferdell Street, and Golden Road, in Tyler, Smith County, Texas. Maps showing the proposed expansion zone follow this item.

BACKGROUND INFORMATION

U. T. Health Science Center at Tyler (UTHSC-Tyler) proposes to establish a campus expansion zone in the area shown in the attached map, known as the “midtown” area of Tyler, Smith County, Texas. This area has been designated for a district development plan by the City of Tyler. It includes the main hospital of AHS East Texas Health System, LLC doing business as U. T. Health East Texas, an entity with which the institution is affiliated. In addition, Christus Health System operates a hospital and other medical facilities, and other medical uses and services are clustered in the area.

The expansion zone contains almost a square mile of property and accommodates different uses that may have varying priorities for visibility, access, hospital proximity, and property values. As drawn, the expansion zone includes a variety of well-trafficked street fronts, a concentration of medical facilities, the potential conversion of non-commercial property near the U. T. Health East Texas hospital,

and a range of property values amenable to a variety of uses. Mapping the expansion zone to the City of Tyler's established midtown medical district eases communication, conceptualization and aligns the institution with the City, which may make possible City involvement in future endeavors. However, UTHSC-Tyler anticipates it will acquire only a fraction of the tracts within the zone.

Property acquired would be for mission uses. Potential initial acquisitions include properties to house a school of medicine, graduate medical education, and clinical research administration. The institution also envisions it may locate clinical facilities within the expansion zone.

Selection criteria for properties within the zone may include the following:

- Educational and/or research facilities are best located adjacent to or near the U. T. Health East Texas hospital, ideally close enough to allow skyway access.
- Existing structures for use as clinics or other institutional uses should be within walking distance or a short drive from the hospital campus and/or medical academic facilities established in the area by UTHSC-Tyler.
- Existing structures, if appropriate and available, should have adequate parking for patients, students, physicians, and staff, or be within a reasonable distance of parking controlled by the institution.
- Capital conserving, alternative acquisition methods will be favored, such as property trades, gifts, and grants from the City of Tyler, from AHS East Texas Health System, LLC, and from other sources.

The purchase of properties within an authorized expansion zone with a value in excess of applicable approved institutional contracting thresholds would require Board approval.



3. U. T. Southwestern Medical Center: Approval of preliminary authority for a Doctor of Philosophy degree program in Computational Biology

The Board approved the following recommendation:

RECOMMENDATION

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

- a. preliminary authority to create a Doctor of Philosophy degree program in Computational Biology; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

BACKGROUND INFORMATION

The Graduate School of Biomedical Sciences at U. T. Southwestern Medical Center offers doctoral degree programs across a variety of basic science disciplines, including doctoral programs in Biological Chemistry, Molecular Biophysics, and Immunology, amongst others. The Graduate School proposes to offer a Ph.D. in Computational Biology. The desire to develop the proposed graduate program reflects the sustained growth in an existing special-interest training track within the graduate school, as well as the creation of the Lyda Hill Department of Bioinformatics in 2015. The track has been functioning as an interim forum to teach students from any of the graduate programs some key aspects of computational methods.

The proposed program is designed to train future researchers to fully utilize the mathematical and computational concepts, methods, and algorithms that are being applied to all areas of basic and clinical biomedical sciences. This training is designed to prepare graduates to be faculty at research-intensive universities, research scientists in industry and other settings, as well as leaders in clinical agencies, government, and industry, who wish to contribute as quantitative, analytical scientists to advancing the frontiers in biomedicine. The program will distinguish itself from the growing number of programs that seek to train students with a background in biology in the application of quantitative and analytical methods. The unique profile will be one of a computer science doctoral program located in one of Texas' premier academic medical centers. Accordingly, the program faculty will consist of a new cadre of scientists U. T. Southwestern Medical Center is recruiting primarily, but not exclusively, through the growing Lyda Hill Department of Bioinformatics. These scientists develop research excellence in fields such as computer science, applied mathematics, and machine learning with an eye towards applications in biomedicine.

The program of study will include formal didactic courses and electives in elements of advanced computer science, mathematics and statistics, as well as in applied areas thereof, such as machine learning, artificial intelligence, and computer vision, amongst other topics. Moreover, the program will offer interface courses as well as experimental workshops to immerse students in topics of biomedical research. And the program will encourage students to earn some credits in specialized courses in the biomedically-oriented partner graduate programs.

Only three other universities in Texas offer a Ph.D. in Computational Biology, two of which are in Houston: Baylor College of Medicine and U. T. Health Science Center - Houston. U. T. Arlington in north Texas is the third. Over the last five years of data available through the Integrated Postsecondary Education Data System (IPEDS), Baylor and U. T. Arlington have graduated a total of eight to 18 doctorates per year. In Fall 2017, U. T. Health reorganized its graduate programs to include this area; no students had earned a Ph.D. from this program within the time frame available in IPEDS. Currently, the program has about 40 students enrolled.

The existing special-interest track has been offered by the Graduate school since 2014. Fifteen students who have participated in the track have earned doctoral degrees. Four are completing Postdoctoral Fellowships, five are researchers in industry, and four are conducting research in academia, including two at the Assistant Professor rank. Two of the 15 students have been lost to follow-up. Thirty-nine students are currently in the track and have completed qualifying exams.

The Graduate School has the resources in place to support planning a proposal to offer a doctorate in Computational Biology. The experience with offering a special-interest track shows adequate student interest. Moreover, there is a significant breadth of opportunities for students in the computer and mathematical sciences who decide at the level of the graduate training to immerse themselves in biomedical applications while building further expertise in their primary field of study. With its distinct emphasis on training scientists in advancing theory and application of computational biology the program would not duplicate existing programs. Moreover, the existence of this program will be essential for U. T. Southwestern Medical Center to continue its growth in bioinformatics and biomedical data science and thus stay abreast of the fast-paced developments of analytical capacity in biomedicine.

Once preliminary authority has been approved, a request to establish the degree program will be submitted to the U. T. System Board of Regents and the Texas Higher Education Coordinating Board.

4. 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

The Board approved the following recommendation:

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 Academic Affairs, and the Executive Vice Chancellor for Business 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. System institutions based on a methodology that considers each institution's losses.

The proposed distribution of \$6 million is set forth on the following page as Exhibit 1.

BACKGROUND INFORMATION

With the implementation of tort reform in 2003, 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 so that excessive reserves are not maintained. The combination of unchanged rates along with this distribution 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. efforts in patient safety enhancement 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 PlanProposed Distribution of Plan Returns

FY 2020

<i>Institution</i>	<i>Premium Paid</i>	<i>Claims Expense</i>	<i>Net Contribution Amount</i>	<i>Rebate based on Net Contribution</i>
	<i>2018-2020</i>	<i>2018-2020</i>		
UT Arlington	7,521	-	7,521	2,246
UT Austin	480,376	153,915	326,461	97,481
UT Dallas	5,165	1,246	3,919	1,170
UT El Paso	948	-	948	283
UT Rio Grande Valley	931,915	35,035	896,880	267,807
UT San Antonio	4,431	-	4,431	1,323
UTSWMC	7,200,125	3,245,463	3,954,662	1,180,857
UTMB	4,631,292	2,534,107	2,097,185	626,217
UTHSCH ¹	10,901,361	3,475,270	7,426,091	2,217,420
UTHSCSA	5,142,752	1,917,291	3,225,461	963,118
UTMDACC	3,695,062	2,030,361	1,664,701	497,078
UTHSCT	541,496	55,895	485,601	145,000
Subtotal	\$ 33,542,444	\$ 13,448,583	\$ 20,093,861	\$ 6,000,000

¹ UTHSCH Premium includes premium collected from the Med Foundation in FY 2018 and FY 2019.

TOTAL DISTRIBUTION**\$ 6,000,000**

5. U. T. Health Science Center - San Antonio: Discussion and appropriate action regarding approval of proposed paid leave program

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the institutional president that authorization be granted by the U. T. System Board of Regents to approve and/or authorize the following items:

- a. Approve the adoption of the proposed comprehensive leave program to be implemented during Fiscal Year 2021, as set forth on the following pages.
- b. Authorize U. T. System through the Office of Business Affairs, Office of Health Affairs and Office of the General Counsel to take all steps necessary to meet the requirements of *Texas Education Code* Section 51.961(h), including the negotiation and execution of documents.

BACKGROUND INFORMATION

Texas Education Code, Section 51.961, authorizes the governing board of a university system to adopt a comprehensive leave policy that applies to employees of any component institution of a university system. A leave policy adopted by the governing board may combine state authorized vacation, sick, and holiday leave into a paid leave system that does not distinguish or separate the types of leave to be awarded and may award leave in an amount determined by the governing board to be appropriate and cost effective. Further, the leave policy must include certain provisions that address the effect of the policy on the rights, duties, and responsibilities of employees and employers. Specifically, the policy must include provisions for the payment and direct transfer of accrued leave.

As required by Education Code 51.961(h), prior to implementation, reasonable efforts will be made to enter into a memorandum of understanding with the Office of the Auditor, the Employee Retirement System of Texas, and the Texas Higher Education Coordinating Board regarding awards of accrued leave for the purposes of retirement and any other issues of concern related to the implementation of the policy. Accordingly, the Regents are further asked to authorize The University of Texas System with the assistance of U. T. Health Science Center - San Antonio to negotiate and enter into a memorandum of understanding consistent with that requirement.

The proposed leave program is comprised of four primary components: (1) a bank of Paid Time Off (PTO) days; (2) an Extended Illness Bank (EIB) of days; (3) Family/Parental Leave Program; and, (4) Paid holiday schedule and floating holidays.

The PTO bank is designed to provide paid time off for an employee's discretionary use. The objective of the EIB is to provide income replacement through paid leave due to the serious illness of an employee or dependent. The Family/Parental Leave Program will expand employee eligibility to use family/parental leave. The holiday-related provisions will establish a holiday schedule and also provide flexibility for employees to meet operational needs.

No appreciable cost impact is anticipated with implementation of the alternative paid leave program. Under implementation of the program, current leave balances will be combined and deposited into both the PTO bank and EIB, as applicable. Accrual rates for each bank are formula-driven based on an employee's years of service. Both PTO and EIB may be subject to accrual caps. Provisions for annual carry forward of bank balances, payouts, and direct transfers of balances to other state employers will be provided for in the program design.



July 10, 2020

Proposal

The University of Texas Health Science Center at San Antonio (UTHSCSA) proposes to submit for approval of The University of Texas System Board of Regents (Board of Regents) a comprehensive leave policy pursuant to the authority of Texas Education Code, Section 51.961 that authorizes the governing board of a university system to adopt a comprehensive leave policy that applies to employees of any component institution. A leave policy adopted by the Board of Regents may combine state authorized vacation, sick, and holiday leave into a paid leave system that does not distinguish or separate the types of leave to be awarded and may award leave in an amount determined by the governing board to be appropriate and cost effective. Further, the leave policy must include certain provisions that address the effect of the policy on the rights, duties, and responsibilities of employees and employers. Specifically, the policy must include provisions for the payment and direct transfer of accrued leave.

With approval of the Board of Regents, UTHSCSA has an opportunity to enhance the value of its leave program by restructuring the delivery of its paid time off benefits that is not only appropriate but cost effective. UTHSCSA determined that the objectives of a comprehensive leave program would include paid leave benefits that would:

- Comply with Texas Education Code, Section 51.961;
- Compete in the national, state and local markets;
- Enhance recruitment and retention strategies;
- Enhance the health and wellness of employees by promoting the use of paid time off;
- Allow for greater flexibility in the application of leave time;
- Provide a more inclusive and equitable approach in the application of leave;
- Provide for improved cost-effective measures; and
- Focus on individual accountability and ownership.

Proposed Comprehensive Leave Program

To accomplish these objectives, UTHSCSA proposes to adopt a comprehensive leave program comprised of the following categories:

- Paid Time Off (PTO) bank;
- Extended Illness Bank (EIB) of days;
- Family/Parental Leave Program; and
- Paid holiday schedule and floating holidays.

Additional details for each category of leave include:

- Paid Time Off (PTO) bank based on years of service to recruit and retain highly-qualified individuals
 - o The PTO bank is designed to provide paid time off for an employee’s discretionary use.
 - o With certain limitations for new employees, employees would have access to use their full amount of PTO at the start of each fiscal year.

- Extended Illness Bank (EIB) of days
 - o The objective of the EIB is to provide income replacement through paid leave due to the serious illness of an employee or dependent.
 - o Employees may be required to use 2 days of PTO prior to accessing their EIB.
- Family/Parental Leave Program
 - o The program will expand employee eligibility for family/parental leave and provide greater flexibility for employees to take leave for family/parental reasons.
- Paid holiday schedule and floating holidays
 - o A set holiday schedule will allow employees the ability to plan year after year, knowing the established schedule. Floating holidays serve the interests of diversity, equity, and inclusion by allowing employees time off to recognize religious or cultural holidays that may not be included in the set holiday schedule. Additionally, allowing floating holidays provides flexibility in scheduling to meet operational needs.

With the implementation of the proposed program, current accrued leave balances will be combined and deposited into both the PTO bank and EIB. Going forward, accrual rates for each bank are formula-driven based on an employee's years of service. Both PTO and EIB may be subject to accrual caps. Provisions for annual carry forward of bank balances, payouts, and direct transfers of balances to other state employers will be provided for in the program design. For example, upon termination of employment, an employee may be eligible for a payout of leave accrued prior to the implementation of the comprehensive leave policy but not for PTO granted under the policy.

UTHSCSA anticipates implementing the program on a rolling basis during Fiscal Year 2021. The institution's first priority is to implement the holiday leave component effective September 1, 2020.

UTHSCSA will develop the final policy details in cooperation with and subject to approval of the U. T. System Office of General Counsel and Office of Health Affairs.

6. U. T. System: Update on impact of the Coronavirus (COVID-19) pandemic on operations at U. T. health institutions

This item was for consideration only by the Committee.

REPORT OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
(Pages 104 - 113).--Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended and approved in Open Session.

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

There were no items referred from the Consent Agenda.

2. U. T. Arlington: Academic Building for School of Social Work and College of Nursing and Health Innovation - Amendment of the current Capital Improvement Program to include project

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, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Academic Building for School of Social Work and College of Nursing and Health Innovation project at The University of Texas at Arlington.

BACKGROUND INFORMATION

Previous Actions

On November 14, 2019, the Board approved \$60,000,000 in Permanent University Fund (PUF) Bond Proceeds for this project. On December 11, 2019, the Chancellor approved the project for Definition Phase.

Project Description

The University of Texas at Arlington seeks to construct a new academic building to serve the School of Social Work (SSW) and the College of Nursing and Health Innovation (CoNHI). The new building will be a mixture of flexible, state-of-the-art technology classrooms, teaching and dry research labs, faculty and staff offices, student engagement space, study and support spaces, and infrastructure support space.

While the SSW program has had significant success, it is severely restricted given the current facility space. The CoNHI Smart Hospital is over-subscribed given the

growth in the university's nursing programs. The proposed facility will contribute to the advancement of the SSW program's national ranking and will support the continued growth of both programs.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. Pursuant to Board of Regents approval on September 1, 2019, U. T. Arlington has delegated authority for institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas at Arlington
Academic Building for School of Social Work and College of Nursing and Health Innovation**

Project Information

Project Number	301-1295
CIP Project Type	New Construction
Facility Type	Classroom, General
Management Type	Institutional Management
Institution's Project Advocates	Scott Ryan, Dean and Jenkins Garrett Professor for the School of Social Work
Project Delivery Method	Design-Build
Gross Square Feet (GSF)	150,000

Project Funding

	<u>Proposed</u>
Permanent University Fund Bond Proceeds	\$60,000,000
Revenue Financing System Bond Proceeds ¹	11,000,000
Gifts	3,800,000
Unexpended Plant Funds	<u>1,200,000</u>
Total Project Cost	\$76,000,000

¹RFS Bond Proceeds to be repaid by Designated Tuition

Project Cost Detail

Building Cost	\$55,724,694
Fixed Equipment	1,700,000
Site Development	1,966,383
Furniture and Moveable Equipment	4,000,000
Institutionally Managed Work	1,575,000
Architectural/Design Services	4,808,923
Project Management Fees	1,520,000
Insurance	1,192,876
Other Professional Fees	2,242,120
Project Contingency	1,270,004
Other Costs	<u>-</u>
Total Project Cost	\$76,000,000

The University of Texas at Arlington
Academic Building for School of Social Work and College of Nursing and Health Innovation
 (continued)

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

Academic Building for School of Social Work and College of Nursing and Health Innovation	\$371
The Texas Higher Education Coordinating Board Average for Classroom, General	\$477

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$359	\$376	\$414
Other National Projects	\$364	\$430	\$522

Investment Metric

- Increase enrollment in each program by 5% per year, by 2025
- Increase research expenditures in each program by 5%-10% per year, by 2030

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	December 2019
Addition to CIP	August 2020
Design Development Approval	November 2020
Construction Notice to Proceed	January 2021
Substantial Completion	November 2022

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50 years
- Building Systems: 30 years
- Interior Construction: 20 years

3. U. T. Health Science Center - San Antonio: Inpatient Facility - Amendment of the current Capital Improvement Program to include project

The Board approved the following recommendation:

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 Inpatient Facility project at The University of Texas Health Science Center at San Antonio.

BACKGROUND INFORMATION

Previous Action

On September 17, 2019, the Chancellor approved this project for Definition Phase.

Project Description

The proposed project will build a high-acuity hospital expected to be comprised of several specialties including cancer, neurosciences, orthopedics, urology, thoracic surgery, and bariatrics. A distinct competitive advantage of the hospital will be the unique leading-edge therapies and early-phase clinical trials in the many disciplines in which the university has expertise, including immunologic and stem cell therapies in oncology and diabetes. A 530-space parking garage is included in the project.

The hospital will be located on 12 acres of land in the South Texas Medical Center gifted to U. T. Health Science Center at San Antonio (UTHSCSA) by the San Antonio Medical Foundation. The proposed hospital's proximity to UTHSCSA's major medical and research facilities provides close physical and intellectual connectivity between the teams in these buildings, and is a key component to the overall success of the hospital by creating programmatic synergy needed to bring laboratory discoveries into the clinic to serve the region's health needs. This location will also allow for a bridge connecting the hospital to the Mays Cancer Center, a National Cancer Institute-Designated facility, to allow for seamless flow of outpatient and inpatient cancer care.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. Pursuant to a Memorandum of Understanding effective July 1, 2019, U. T. Health Science Center - San Antonio has delegated authority of institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas Health Science Center at San Antonio
Inpatient Facility**

Project Information

Project Number	402-1287
CIP Project Type	New Construction
Facility Type	Healthcare Facility, Hospital
Management Type	Institutional Management
Institution’s Project Advocate	James D. Kazen, Executive Vice President Facility Planning and Operations
Project Delivery Method	Construction Manager at Risk
Gross Square Feet (GSF)	405,775 GSF - Hospital 530 Spaces - Parking Garage

Project Funding

	<u>Proposed</u>
Revenue Financing System Bond Proceeds ¹	\$268,851,000
Permanent University Fund Bond Proceeds	80,000,000
Gifts	<u>50,000,000</u>
Total Project Cost	\$398,851,000

¹RFS Bond Proceeds to be repaid by Hospital Revenue

Project Cost Detail

Building Cost	
- Hospital	\$211,391,371
- Parking Garage	11,919,256
- Pedestrian Bridge/Elevator Tower	10,202,531
Fixed Equipment	5,252,440
Site Development	16,562,411
Furniture and Moveable Equipment	7,652,340
Institutionally Managed Work	73,304,000
Architectural/Design Services	25,300,428
Project Management Fees	2,160,000
Insurance	4,729,364
Other Professional Fees	4,565,601
Project Contingency	23,011,258
Other Costs	<u>2,800,000</u>
Total Project Cost	\$398,851,000

Building Cost per Bed Benchmarks (escalated to midpoint of construction)

Inpatient Facility (with 11% Shell Space - 144 beds)	\$1,467,996
Inpatient Facility (Estimated Total Finish-Out - 144 beds)	\$1,595,356

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$1,022,497	\$1,221,099	\$1,540,998
Other National Projects	\$1,050,726	\$1,736,647	\$2,546,844

**The University of Texas Health Science Center at San Antonio
Inpatient Facility
(continued)**

Investment Metric

- Increase residency training slots by an additional 100 to 130 by 2027
- Increase the average daily census by at least 15% by 2026

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	September 2019
Addition to CIP	August 2020
Design Development Approval	November 2020
Construction Notice to Proceed	May 2021
Substantial Completion	May 2024

Basis of Design

The planned building life expectancy includes the following elements:

Enclosure: 35 years
Building Systems: 25 years
Interior Construction: 20 years

4. U. T. Austin: Texas Athletics Basketball and Rowing Training Facility - Reapproval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

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, and the institutional president that the U. T. System Board of Regents approve the recommendations for the Texas Athletics Basketball and Rowing Training Facility project at The University of Texas at Austin as follows:

- a. reapprove design development plans;
- b. appropriate funds and authorize expenditure of \$60,000,000 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. Austin, 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 \$60,000,000.

BACKGROUND INFORMATION

Debt Service

The \$60,000,000 in RFS debt will be repaid from Gifts. Annual debt service on the \$60,000,000 RFS debt is expected to be \$3.4 million. The institution's Scorecard Rating of 2.0 at fiscal year-end 2019 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 December 9, 2019, the Chancellor approved this project for Definition Phase. On February 27, 2020, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$60,000,000 with funding from RFS Bond Proceeds. On May 6, 2020, the Board approved design development plans.

Project Description

The project is seeking reapproval of design development plans as the exterior of the building has changed significantly and the scope for the space in the Moody Center has been revised, and appropriation and authorization of expenditure of funds.

The project will replace the Denton A. Cooley Pavilion basketball training facility after it is decommissioned following completion of the Moody Center. The building will be adjacent to and serve as the primary training facility for the Men's and Women's Basketball programs and the Women's Rowing program. The four-story facility will include basketball courts, rooms for rowing ergometers, strength and conditioning, sports medicine, players' lounges, meeting rooms, and coach and staff offices. Also included in the project will be the interior fit-up of space in the Moody Center for locker rooms for the men's, women's, and visiting basketball teams, as well as retail store spaces.

**The University of Texas at Austin
Texas Athletics Basketball and Rowing Training Facility**

Project Information

Project Number	102-1292
CIP Project Type	New Construction
Facility Type	Athletic
Management Type	Institutional Management
Institution's Project Advocates	Arthur Johnson, Executive Senior Associate Athletics Director Shawn Eichorst, Deputy Athletic Director/Chief Operating Officer
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	75,200 – New Construction 12,600 – Repair & Renovation (R&R)

The University of Texas at Austin
Texas Athletics Basketball and Rowing Training Facility
 (continued)

Project Funding

Revenue Financing System Bond Proceeds ¹	<u>Current</u> <u>\$60,000,000</u>
Total Project Cost	<u>\$60,000,000</u>

¹RFS Bond Proceeds to be repaid by Gifts, as received

Project Cost Detail

Building Cost – New Construction	\$32,020,580
Building Cost – Moody Center Locker Rooms and Retail Space	5,330,561
Fixed Equipment	3,283,819
Site Development	2,027,040
Furniture and Moveable Equipment	3,613,397
Institutionally Managed Work	1,910,790
Architectural/Design Services	3,537,451
Project Management Fees	1,650,000
Insurance	1,205,498
Other Professional Fees	3,620,864
Project Contingency	1,800,000
Other Costs	-
Total Project Cost	<u>\$60,000,000</u>

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

Texas Athletics Basketball and Rowing Training Facility	\$426		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$307	\$346	\$348
Other National Projects	\$294	\$352	\$450

Investment Metric

- Increase efficiency in cost and co-location of training facilities by utilizing shared resources to benefit both basketball and rowing programs by 2022

Project Planning

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

The University of Texas at Austin
Texas Athletics Basketball and Rowing Training Facility
(continued)

Project Milestones

Definition Phase Approval	December 2019
Addition to CIP	February 2020
Design Development Approval	May 2020
Design Development Re-approval/Expenditure of Funds	August 2020
Construction Notice to Proceed	August 2020
Substantial Completion	June 2022

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50 years
- Building Systems: 30 years
- Interior Construction: 20 years

APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS AND REPORTS.--At 8:40 a.m., the Board voted and unanimously approved the Standing Committee recommendations.

AGENDA ITEMS

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

Chairman Eltife noted the following related to the Consent Agenda:

- Item 4 requests approval to contract with prequalified firms to provide search services for U. T. System Administration and U. T. institutions.
- Item 9 seeks approval of an amendment to the contract between Coca-Cola Southwest Beverages, Inc., and U. T. Austin to provide beverages for vending machines. Regents Beck, Hicks, Jiles, and I will abstain from discussion and vote on this item because of financial interests.
- Item 18 requests approval for the terms of Employment Agreement for new Head Women's Basketball Coach Vic Schaefer at U. T. Austin.
- Item 25 requests authorization to accept a gift of outdoor art for U. T. Permian Basin.
- Item 28 seeks approval for a contract between U. T. San Antonio and Aramark to provide campus-wide food and dining operations. Regent Jiles will abstain from discussion and vote on this item because of financial interests.
- Item 57 requests authorization to accept a gift of outdoor art for U. T. Health - San Antonio.

Vice Chairman Longoria moved approval, which was seconded by Regent Crain. The Board then approved the Consent Agenda, which is set forth on Pages 162 - 234.

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

7. U. T. System: Status update on plans for Fall 2020

As announced the previous day, the Board took up Item 7 earlier in the meeting in respect for the time of the numerous individuals who have asked to speak on the topic of campus plans for the fall semester.

The twelve members of the public listed below addressed the Board on the topic.

1. Amanda Cavazos Weems
2. Anne Lewis
3. Bennett Burke
4. Frank Netscher

5. Greg Bosley
6. Erika Slaymaker
7. Peter Lubbs
8. Allison Navejas
9. Yasmin Mikhaiel
10. Grace Hansen
11. Vera Belcher
12. Cerena Ermitanio

Chairman Eltife thanked the speakers, noting this is not an action item and that the Board would consider the comments as it continued through the day's agenda.

See Page 157 for related remarks by Chancellor Milliken.

2. U. T. System: Annual Meeting with Officers of the U. T. System Faculty Advisory Council

The U. T. System Faculty Advisory Council met with the Board to discuss accomplishments of the Council and plans for the future. The Council's PowerPoint presentation is set forth below.

Council officers are:

Chair: Emily Bonner, Ph.D., U. T. San Antonio, Associate Professor

Chair-Elect: Nikos Vasilakis, M.D., U. T. Medical Branch - Galveston, Professor

Past-Chair: Gurur Biliciler-Denktaş, M.D., U. T. Health Science Center - Houston, Pediatric Cardiologist

Secretary: David Coursey, Ph.D., U. T. Arlington, Public Affairs

BACKGROUND INFORMATION

The U. T. System Faculty Advisory Council was established in 1989 to facilitate the flow of ideas and information between and among the Board of Regents, the System Administration, and the institutions of the System. Council guidelines require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration. The Faculty Advisory Council consists of two faculty representatives from each U. T. System institution and meets quarterly. The Standing Committees of the Council are: Academic Affairs and Faculty Quality, Governance, and Health Affairs.



U. T. System Faculty Advisory Council (FAC)

Emily Bonner, Ph.D., Chair

U. T. System Board of Regents' Meeting
August 2020

Goals of the FAC

To gather and understand issues that affect faculty across the U. T. System, and bring them forward to System Administration to collaborate on innovative solutions;

To advise System Administration on issues that arise related to faculty across the 14 institutions as needed for the benefit of the U. T. System; and

To facilitate open and productive communication between System Administration and U. T. System faculty for the well-being and excellence of the academic and health institutions.

Areas of Focus

- **2019-2020**

- Parental leave
- Nontenure track faculty titles
- Grievance policies
- Faculty recruitment and retention
- Exit interviews

- **2020-2021**

- Taking action on items listed in our Black Lives Matter statement
- Supporting faculty through COVID-19
- Faculty recruitment and retention
- Medical nontenure track contracting

Questions for the Board and Chancellor



In what ways can we more effectively hear and provide feedback to you?



How can we support faculty and institutions to navigate an economic downturn without compromising their missions?

3. U. T. System Board of Regents: Recognition of academic and health institution recipients of the 2020 Regents' Outstanding Teaching Awards

PRESENTATION

The Board and Chancellor Milliken recognized the 2020 recipients for the Regents' Outstanding Teaching Awards, as listed on the website at <http://www.utsystem.edu/sites/regents-outstanding-teaching-awards>.

Regent Beck asked for information regarding the history of this Awards program so the Board can determine whether any adjustments are needed.

BACKGROUND INFORMATION

The Board of Regents of the U. T. System places the highest priority on undergraduate teaching at U. T. System universities and encourages teaching excellence by recognizing those faculty who deliver the highest quality of undergraduate instruction, demonstrate their commitment to teaching, and have a history and promising future of sustained excellence with undergraduate teaching in the classroom, in the laboratory, in the field, or online.

On August 14, 2008, the Board established the Regents' Outstanding Teaching Awards (ROTA), which are a recognition of the importance the Board places on the provision of teaching and learning of the highest order, by honoring those who serve students in an exemplary manner and as an incentive for others who aspire to such service. These teaching awards complement existing ways in which faculty excellence is recognized and incentivized.

No more than 16 awards are given among the academic institutions across all faculty levels, and no more than 12 awards are given among the health institutions.

4. U. T. System: Recognition of 30th Anniversary of establishment of U. T. System Historically Underutilized Business (HUB) program

Following remarks by Chancellor Milliken, Regent Jiles made the following remarks related to the anniversary of the HUB program, which were then echoed by Regent Perez.

Remarks by Regent Jiles

As we mark the first 30 years of this program, I want to call for a renewed commitment to this program that has worked innovatively to seek out and adopt best practices and created new ways of doing business, while always working in compliance with the law.

This is a good program. Through discussions with Scott Kelly and Hopeton Hay, I have learned about U. T. System's approach and dedication to providing broad and appropriate opportunities to many vendors and service providers. I have visited with Chairman Eltife and Chancellor Milliken who share a commitment to the HUB program and I have talked to many of our institutional HUB officers and presidents who have the right mindset toward outreach and support. Our efforts are good and the results are tangible, but I am convinced we can do better.

I ask my fellow Regents to join me in encouraging the institutional presidents to review their institutional HUB programs to ensure they have the leadership, staff, and resources necessary for even greater success. It is important that we support them in this effort and be ready to discuss future periodic reports on progress.

BACKGROUND INFORMATION

On August 9, 1990, The University of Texas System Board of Regents approved the policy concerning contracting with minority- and woman-owned small businesses, later renamed the Historically Underutilized Business (HUB) Policy, establishing its commitment to "promote full and equal opportunity for all businesses to supply the goods and services needed to support mission, administrative, and logistical operations of U. T. System Administration and U. T. System component institutions." Since approval of the Policy, over \$9 billion has been spent with HUB firms, nearly 13 percent of total reportable expenditures Systemwide. The current policy concerning Historically Underutilized Businesses is contained in Regents' Rule 20701. Highlights of the history of the HUB program are summarized below:

The Early Days: 1990-2000

When U. T. System launched the HUB program in 1990, the Board of Regents and System Administration executive leadership were deeply committed to its success. The late former Chancellor Dan Burck, who was Vice Chancellor of Business Affairs at the time, led the implementation of the policy on a Systemwide basis and provided a report at the December 5, 1991 Board meeting. He reported progress as follows:

Shortly after the policy was adopted, component institutions began designating personnel on each campus to assist minority- and woman-owned firms in dealing with their purchasing policies and procedures. On each campus, there is at least one designated staff member to help these businesses with procedures for goods, services, and construction contracts. Components began outreach programs with vendor opportunity fairs that have been held throughout the state.

Some of the key milestones reported were:

- U. T. Austin hires Annette Smith and the late John Trevino as its first HUB Coordinators in 1991. Both worked in the HUB program until their retirements. Ms. Smith retired in 2011, but she returned to work on a part-time basis in 2014 and continues work in the HUB program at U. T. Austin. Mr. Trevino retired in 2015.

- Systemwide HUB expenditures during the first 10 years increased more than 10-fold from the first full year, growing from \$15.6 million in fiscal year 1991 to \$171 million in fiscal year 2000.
- In 1990, the HUB goal was 10 percent.
- In 1993, the Texas Legislature changed the goal to 30 percent.
- The Legislature also mandated a study to assess the experience of minority- and woman-owned businesses and the effectiveness of the State's program in assisting them.
- New goals were established in six procurement categories during Fiscal Year 1996 for: building construction (26.1%), heavy construction (11.9%), special trade construction (57.2%), commodities (12.6%), professional services (20%), and other services (33%).

In 1999, the 75th Texas Legislature codified HUB program requirements including the requirement of HUB Subcontracting Plans for contracts with expected value over \$100,000.

The Middle Years: 2001- 2010

From 2001 to 2010, Systemwide HUB expenditures grew from \$150.6 million to \$521.5 million. The total HUB expenditures during this time period was \$3.4 billion. Highlights for this decade were:

- Another disparity study is completed in March 2010 which changed statewide goals as follows: building construction (21.1%), heavy construction (11.2%), special trade construction (26.0%), commodities (21.1%), professional services (23.7%), and other services (33%).
- Service-disabled veterans are now eligible.
- The Office of Facilities Planning and Construction (OFPC) launched the Bonding and Technical Assistance (BTA) program to assist minority- and woman-owned businesses to build business capacity and to successfully compete for work on the U. T. M. D. Anderson Cancer Center Ambulatory Clinical Building, as well as other U. T. System projects.
- In fiscal year 2001, major capital projects under OFPC HUB construction expenditures were \$15.7 million with a HUB participation of 9.6 percent. By fiscal year 2004, HUB construction expenditures were \$120.6 million with 20 percent HUB participation.

- U. T. System Administration and Institutions sponsored several Mentor-Protege relationships between large companies and HUB firms to enhance the ability of HUBs to compete for contracting and subcontracting opportunities. The program produced several HUB firms that are still doing business with U. T. System including Possible Missions, an authorized product distributor for Fischer Scientific that was sponsored by U. T. Medical Branch - Galveston; Summus Industries, an authorized reseller of Dell Computers, sponsored by U. T. M. D. Anderson Cancer Center; and Haynes-Eaglin-Waters, a construction subcontractor sponsored by U. T. System Administration.

The Future

As U. T. System recognizes 30 years of commitment to the HUB program, the program remains a critical element of ensuring equity in access to contracting opportunities at all fourteen U. T. Institutions and U. T. System Administration.

5. U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendments to Regents' *Rules and Regulations*, Rule 10402 (Committees and Other Appointments), Section 3, regarding duties delegated to the University Lands Advisory Board

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor of Business Affairs and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 10402 (Committees and Other Appointments), be amended as set forth below in congressional style:

...

Sec. 3 University Lands Advisory Board. The University Lands Advisory Board (ULAB) shall be composed of the following individuals:

- 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.

At least two of the members appointed by the U. T. Board and at least one of the members appointed by the A&M Board must be current Regents, with the ULAB Chairman to be named by the U. T. Board.

At least three of the members appointed by the U. T. Board and at least two of the members appointed by the A&M Board must have industry experience.

The ULAB will meet at least four times per year and will advise the Board of Regents on operations and management of the University Lands Office, including ~~the hiring of the Chief Executive~~, reviewing and recommending budgets to the Board, and providing strategic direction. University Lands will continue to be managed by U. T. System.

3.1 Duties delegated to the ULAB include:

- (a) Developing and recommending policy for Board approval;
- (b) Provide advice on the approval of routine contracts and contract forms by the Executive Vice Chancellor for Business Affairs;
- (c) Promulgating policies and procedures for daily operations;
- (d) Provide advice concerning staffing levels changes, including hiring the University Lands Chief Executive with approval by the Board and routine staffing with approval by the Executive Vice Chancellor for Business Affairs;
- ~~(e) Setting compensation levels within parameters set by the Board;~~
- ~~(f) Reviewing performance and making recommendations about compensation for the University Lands Chief Executive consistent with Board policy;~~
- ~~(g)~~ Advising on the strategic direction for University Lands;
- ~~(h)~~ Developing and recommending policy to the Board for Lease of University Lands (Board for Lease);
- ~~(i)~~ Recommending changes in oil and gas development terms and conditions to the Board for Lease; and
- ~~(j)~~ Reviewing and overseeing operations as appropriate.

3.2 The Board of Regents will retain its statutory responsibility and authority to:

- (a) Approve budgets;
- (b) Appoint members of ULAB;
- (c) Purchase and sell any property;

- (d) Approve policy recommendations and set policy for University Lands;
- (e) Approve decisions critical to the mission of University Lands, including compensation parameters;
- (f) Modify delegations to ULAB; and
- (g) Approve ~~ULAB recommendations related to~~ the hiring and compensation of the University Lands Chief Executive Officer.

.....

BACKGROUND INFORMATION

Regents' Rule 10402 provides the composition and authorized duties of the University Lands Advisory Board. The enumerated duties include making recommendations to the Board regarding personnel and compensation decisions for University Lands staff, including the Chief Executive Officer. The proposed revisions would remove these advisory responsibilities from the Advisory Board's delegated duties and would instead assign those duties to the Chancellor.

The proposed changes best align administrative oversight of matters related to the employment and compensation for University Lands employees with the Chancellor, allowing the Advisory Board to focus on the strategic direction and goals for University Lands.

These revisions do not impact the full-time equivalent (FTE) employee count Systemwide and is budget-neutral. The proposed amendments were 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 Board of Regents: Discussion and appropriate action regarding proposed amendments to Regents' Rules and Regulations, Rule 30104 (Conflict of Interest, Conflict of Commitment, and Outside Activities), prohibiting undisclosed relationships with programs sponsored, funded, directed, or controlled by a foreign government, foreign agency, or foreign institution

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel recommend that the U. T. System Board of Regents approve amendment to Regents' Rules and Regulations, Rule 30104 (Conflict of Interest, Conflict of Commitment, and Outside Activities) to add a new Section 5 specifically prohibiting

undisclosed relationships with programs sponsored, funded, directed, or controlled by a foreign government, foreign agency, or foreign institution, as set out below, and renumbering the remaining sections:

1. Rule 30104

Conflict of Interest, Conflict of Commitment, and Outside Activities

...

Sec. 5 Protection of Intellectual Property and Other Assets. Each University of Texas institution shall have a policy in place to provide for disclosure and management of substantial foreign relationships. Substantial relationships between any U. T. officer or employee, including a faculty member or researcher, and programs sponsored, funded, directed, or controlled by a foreign government, foreign agency, or foreign institution are prohibited, unless properly and timely disclosed in accordance with an institution's applicable policy. Such institutional policies shall be submitted in writing to the appropriate Executive Vice Chancellor and approved by the U. T. System Office of General Counsel and the Executive Vice Chancellor.

....

BACKGROUND INFORMATION

U. T. System values international research and academic collaborations and supports such collaborations when they further institutional missions. However, to manage the risk of significant and irreparable harm to the U. T. System, the state, and the nation, the Chancellor recommends amendments to Regents' Rule 30104 to specifically prohibit relationships with programs sponsored, funded, directed, or controlled by a foreign government, foreign agency, or foreign institution that are not properly disclosed and approved pursuant to institutional policies.

Similar policies have been adopted or recommended by the Department of Energy, the Association of American Universities, and JASON, the independent science advisory group.

These proposed revisions do not significantly impact the full-time equivalent (FTE) employee count Systemwide and have the potential for a favorable budget impact through enhanced risk management and protection of university assets. The proposed amendments were reviewed by the U. T. institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

RECESS TO EXECUTIVE SESSION.--At 9:42 a.m. the Board recessed to Executive Session, pursuant to *Texas Government Code* Sections 551.071, 551.073, 551.074, 551.076, and 551.089 to consider the matters listed on the Executive Session agenda.

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER OTHER AGENDA ITEMS.--Chairman Eltife reconvened the Board in Open Session at 10:15 a.m. to consider action on the following items.

- 1a. 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 presidents *ad interim*); 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.

- 1b. 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 2021

See related Items 8 and 9 for action taken in Open Session.

- 1c. 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' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives

See related Items 8 and 9 for action taken in Open Session.

- 1d. U. T. Medical Branch - Galveston: Discussion and appropriate action regarding proposed compensation for Peter Tze Man Kan, M.D., MPH, Chair of Department of Neurosurgery, and Professor, Department of Neurosurgery (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)

Vice Chairman Longoria made the following motion:

I move that the U. T. System Board of Regents approve the proposed changes in compensation for Dr. Peter Tze Man Kan, as Chair and Professor of Neurosurgery in the Department of Neurosurgery at UTMB, within the parameters outlined and recommended in Executive Session as adjustment to Fiscal Year 2020 budget, with an effective date of July 1, 2020.

I further move that the Board find that these compensation changes are in the best interest of U. T. Medical Branch - Galveston as required by state law.

The motion was seconded by Regent Crain and carried unanimously.

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. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System

No action was taken on this item.

3c. U. T. System Board of Regents: Discussion regarding legal issues associated with proposed U. T. System budget

No action was taken on this item.

4. 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

No action was taken on this item.

AGENDA ITEMS (continued)

8. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2021, 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 funds and Available University Fund for Fiscal Year 2020 Regents' Outstanding Teaching Awards

Chancellor Milliken made remarks related to the budget for Fiscal Year 2021 and Executive Vice Chancellor Kelley gave a presentation on this item using the PowerPoint on Pages 132 - 150.

Regent Hicks made the following motion:

I move approval of the U. T. System Operating Budgets for Fiscal Year 2021, including matters related to the compensation and conditions of employment for those individuals requiring Board approval, including those as recommended to and considered by the Board in Executive Session.

I also move approval of allocation of Educational and General Funds; Auxiliary Enterprises; Grants and Contracts; Designated Funds; Restricted Current Funds; Medical, Dental, Nursing, and Allied Health Faculty Services and Research and Development Plans; and Available University Funds as contained in the recommendations presented to the Board.

Approval of the budget for Fiscal Year 2021 also includes the appropriation of

1. \$35 million of Permanent University Fund Bond Proceeds directly to U. T. System institutions to fund Library, Equipment, Repair and Rehabilitation projects;
2. \$35 million of Permanent University Fund Bond Proceeds for the Science and Technology Acquisition and Retention program, also known as the Faculty STARS program, to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty with authority delegated to the Chancellor or his designee to transfer funding from Faculty STARS to the Rising STARS program; and
3. \$625,000 from the Internal Lending Program and \$75,000 from Available University Fund reserves for Regents' Outstanding Teaching Awards for Fiscal Year 2020.

I further move that all subsequent budget actions be governed by the Budget Rules and Procedures and that the Chancellor be authorized to make editorial corrections and other non-substantive changes to the U. T. System Operating Budgets for 2021,

with subsequent adjustments and any material changes reported to the Board of Regents through the Consent Agenda to the extent required by the Budget Rules and Procedures.

The motion was seconded by Vice Chairman Longoria and carried unanimously.

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. System institutions, recommends that the nonpersonnel aspects of the U. T. System Operating Budgets for Fiscal Year 2021, 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, be approved.

It is further recommended 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. Executive Vice Chancellor Scott Kelley will present the following recommended items:

- Fiscal Year 2021 Operating Budget
- Fiscal Year 2021 Library, Equipment, Repair and Rehabilitation (LERR) Budget
- Fiscal Year 2021 Faculty Science and Technology Acquisition and Retention (STARs) program
- Fiscal Year 2020 Regents' Outstanding Teaching Awards (ROTA)

It is requested that Permanent University Fund (PUF) Bond Proceeds in the amount of \$35 million be appropriated directly to the institutions to fund LERR Projects for Fiscal Year 2021.

It is also requested that \$35 million of PUF Bond Proceeds be appropriated to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty through the Faculty STARs program. Through a competitive proposal process determined by U. T. System Administration, funds will be distributed for the purpose of recruiting or retaining top researchers. It is also requested that the Chancellor be authorized to transfer or delegate authority to transfer Faculty STARs funding to the Rising STARs program to take advantage of recruitment and retention opportunities that may arise.

It is further requested that funding be approved for ROTA for Fiscal Year 2020 in the amount of \$625,000 from the Internal Lending Program (ILP) and \$75,000 from Available University Fund reserves.

BACKGROUND INFORMATION

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>.

The appropriation of PUF Bond Proceeds will be presented in the Fiscal Year 2021 LERR Budget and is subject to the budget rules and expenditure guidelines adopted therein. The allocation of LERR funds to the U. T. institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff. The allocation of PUF Bond Proceeds for Faculty STARS are also subject to the LERR budget rules, and expenditure guidelines. Additionally, PUF Bond Proceeds appropriated as indicated above to LERR and Faculty STARS 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.

Executive Vice Chancellor Scott Kelley has determined that for the distribution of ILP for ROTA based on Board approval of this item, 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.

The University of Texas System

Fiscal Year 2021 Operating Budget

U. T. System Board of Regents' Meeting
August 2020



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

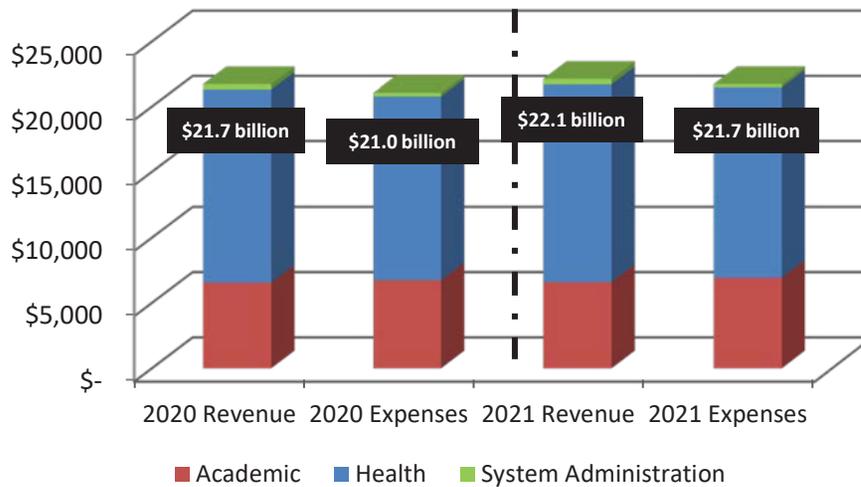
Introduction

- Size, scale, and diversity of the U. T. System exceeds all other higher education systems in the state.
- The Fiscal Year 2021 Budget:
 - Serves more students, provides more care, and does more research
 - Incorporates estimated impacts of general revenue reductions and COVID-19
 - Reduces U. T. System Administration operating budget
 - Reduces number of U. T. System Administration Full Time Employees (FTEs)
- Budget focus remains on the campuses
- The Budget request is presented in five sections:
 - Systemwide
 - System Administration
 - LERR
 - STARs
 - Additional Allocations



Budget Highlights

Total Budgeted Revenue and Expenses FY 2020 and FY 2021



Budgeted Revenue

FY 2021 - \$22.1 billion
 \$400 million more than FY 2020
 1.8% more than FY 2020

Major Drivers (in millions)

- Sales and Services of Hospital and Clinics - \$163
- Professional Fees - \$56
- Sponsored Programs - \$297

Budgeted Expenses

FY 2021 - \$21.7 billion
 \$689 million more than FY 2020
 3.3% more than FY 2020

Major Drivers (in millions)

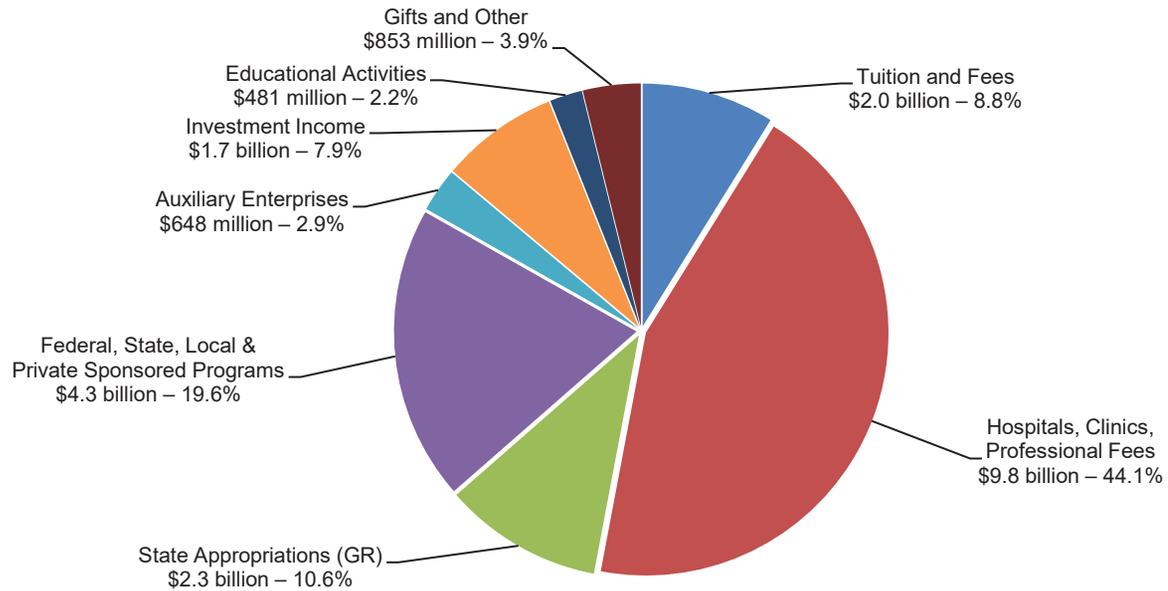
- Personnel Costs - \$558
- Scholarships and Fellowships - \$102
- Depreciation and Amortization - \$51



FY 2021 Budgeted Revenue

(Academic/Health Institutions and System Administration)

FY 2021 Budgeted Revenue: \$22.1 Billion



Minutes - 135



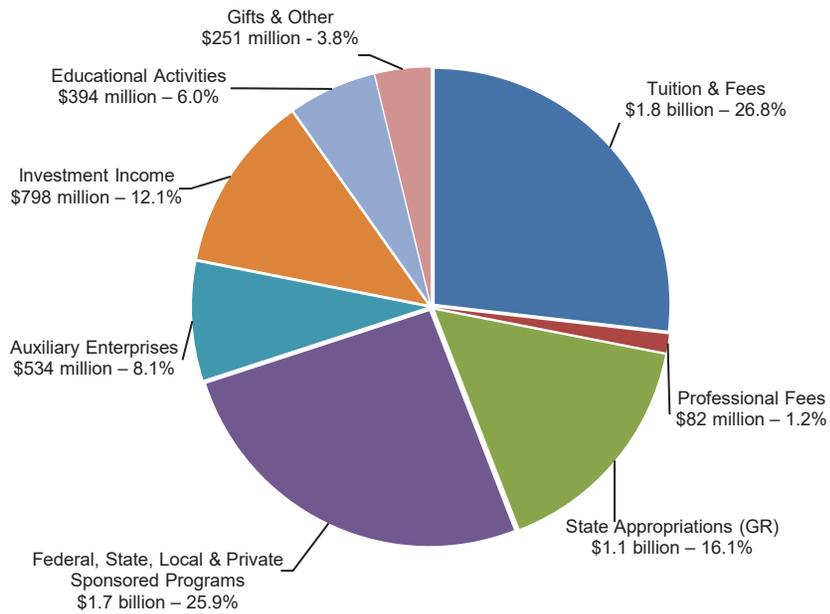
THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

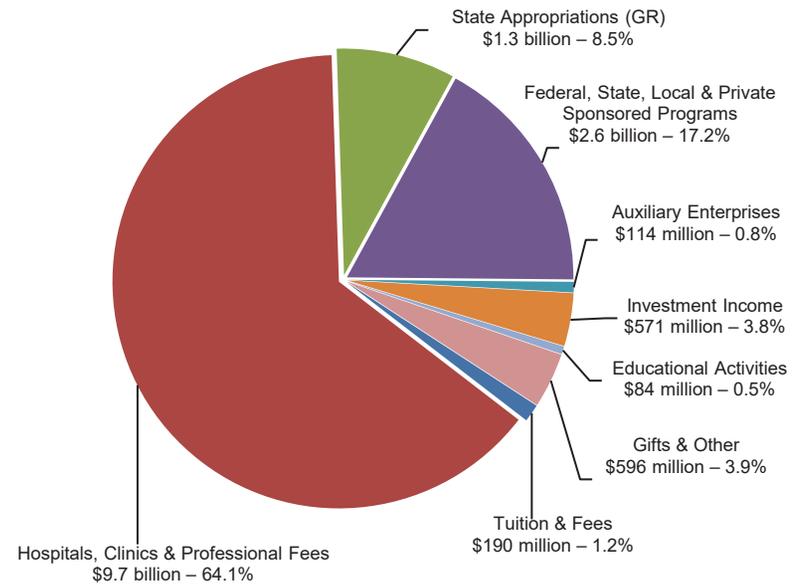
U. T. System Office of Budget and Planning
August 2020
Slide 4

FY 2021 Budgeted Revenue

Academic Institutions - \$6.6 billion



Health Institutions - \$15.1 billion



Minutes - 136



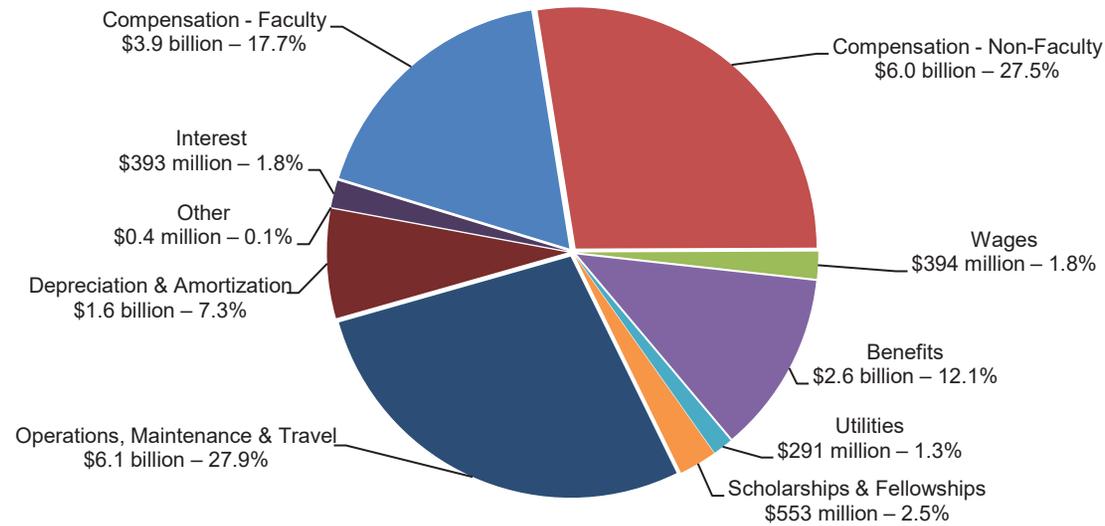
THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

FY 2021 Budgeted Expenses-Natural Classification

(Academic/Health Institutions and System Administration)

FY 2021 Budgeted Expenses: \$21.7 Billion



Minutes - 137



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

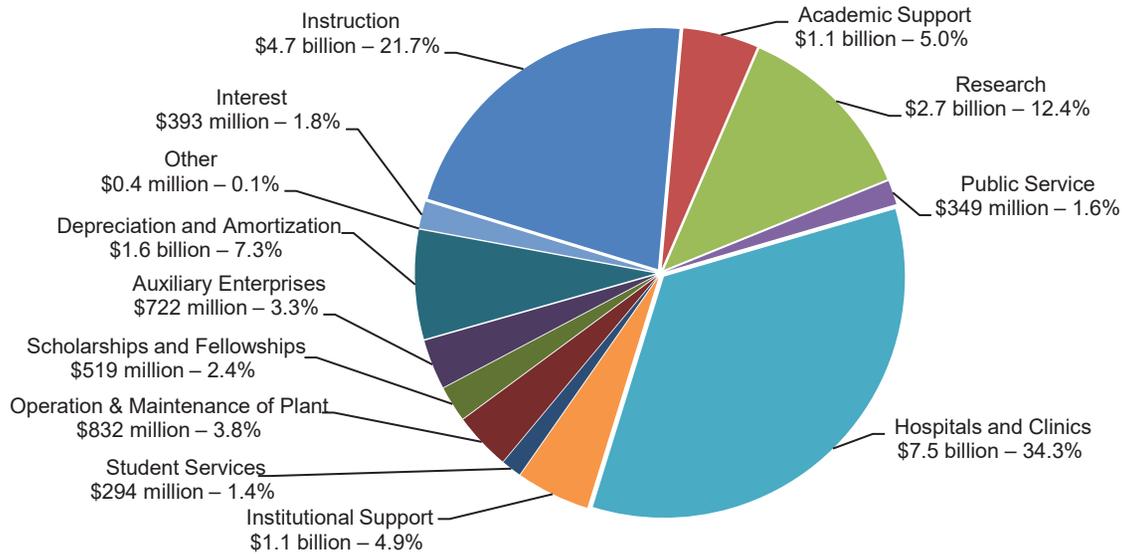
WWW.UTSYSTEM.EDU

U. T. System Office of Budget and Planning
August 2020
Slide 6

FY 2021 Budgeted Expenses-Functional Classification

(Academic/Health Institutions and System Administration)

FY 2021 Budgeted Expenses: \$21.7 Billion



Minutes - 138



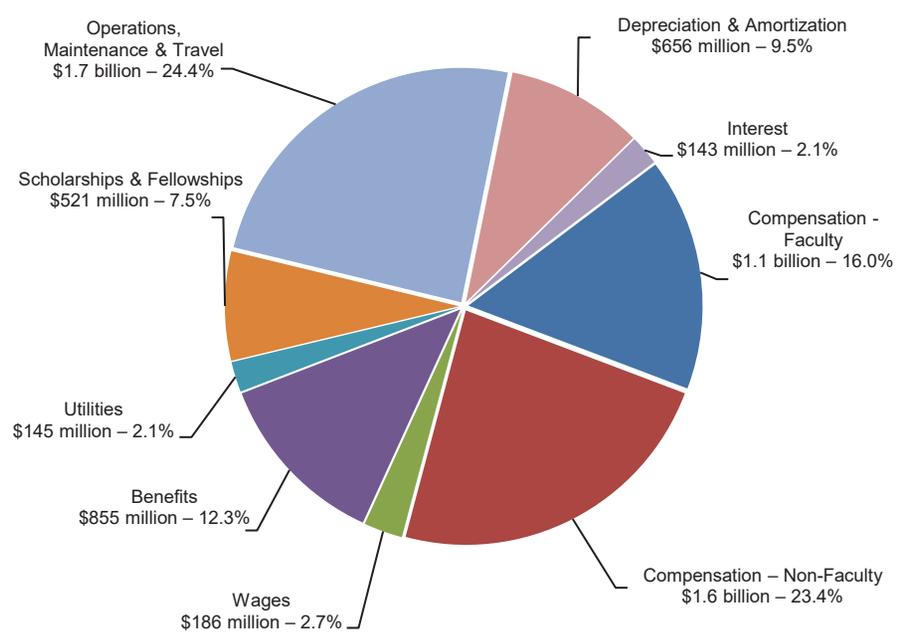
THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

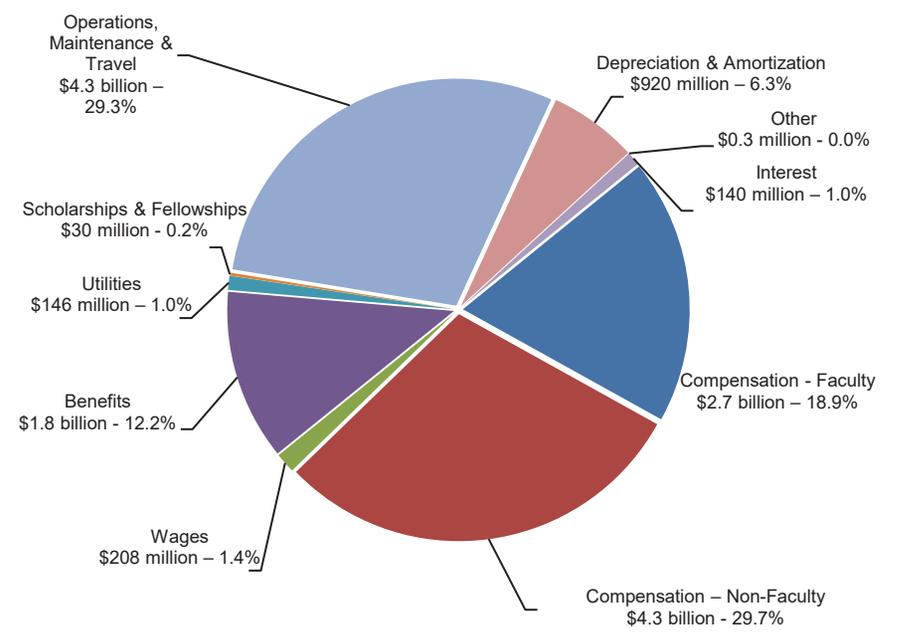
U. T. System Office of Budget and Planning
August 2020
Slide 7

FY 2021 Budgeted Expenses

Academic Institutions - \$6.9 billion



Health Institutions - \$14.6 billion



Minutes - 139



FY 2020-2021 Budget – U. T. System Academic Institutions

(\$ millions)

	FY 2020 Revenue	FY 2020 Expenses	FY 2020 Margin	FY 2021 Revenue	FY 2021 Expenses	FY 2021 Margin
U. T. Arlington	\$ 736.4	\$ 736.4	\$ (0.0)	\$ 755.1	\$ 762.5	\$ (7.4)
U. T. Austin	3,199.9	3,294.1	(94.2)	3,220.2	3,419.8	(199.6)
U. T. Dallas	727.6	758.0	(30.4)	702.3	734.4	(32.1)
U. T. El Paso	489.1	494.6	(5.5)	471.1	484.9	(13.8)
U. T. Permian Basin	97.0	99.8	(2.8)	92.5	100.0	(7.5)
U. T. Rio Grande Valley	534.4	556.5	(22.1)	594.5	632.9	(38.4)
U. T. San Antonio	600.5	623.7	(23.2)	595.4	624.9	(29.5)
U. T. Tyler	160.5	170.5	(10.1)	159.1	169.3	(10.2)
Total	\$ 6,545.3	\$ 6,733.6	\$ (188.3)	\$ 6,590.2	\$ 6,928.7	\$ (338.5)

Minutes - 140



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

U. T. System Office of Budget and Planning
August 2020
Slide 9

FY 2020-2021 Budget – U. T. System Health Institutions

(\$ millions)

	FY 2020 Revenue	FY 2020 Expenses	FY 2020 Margin	FY 2021 Revenue	FY 2021 Expenses	FY 2021 Margin
U. T. Southwestern Medical Center	\$ 3,363.3	\$ 3,328.7	\$ 34.6	\$ 3,691.7	\$ 3,658.8	\$ 32.9
U. T. Medical Branch - Galveston	2,455.6	2,465.3	(9.7)	2,383.7	2,365.0	18.7
U. T. Health Science Center - Houston	1,808.1	1,806.6	1.5	1,880.8	1,879.1	1.7
U. T. Health Science Center - San Antonio	982.0	992.8	(10.8)	984.9	1,002.1	(17.2)
U. T. M. D. Anderson Cancer Center	5,864.3	5,158.6	705.7	5,866.7	5,323.1	543.6
U. T. Health Science Center - Tyler	294.7	294.1	0.6	318.6	316.5	2.1
Total	\$ 14,768.0	\$ 14,046.1	\$ 721.9	\$ 15,126.4	\$ 14,544.6	\$ 581.8

Minutes - 141



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

U. T. System Office of Budget and Planning
August 2020
Slide 10

U. T. System Administration: Budget & FTEs Summary

➤ **Over the last five years, System Administration headcount has been reduced by more than 50% and the all-funds budget reduced by more than 30%. The System Administration budget of \$152.2m is now 0.7% of the overall U. T. System budget.**

	FY 2017 Budget	FY 2017 FTEs	FY 2018 Budget	FY 2018 FTEs	FY 2019 Budget	FY 2019 FTEs	FY 2020 Budget	FY 2020 FTEs	FY 2021 Budget	FY 2021 FTEs
U. T. System Administration (AUF)	\$66.5M	318.6	\$59.2M	274.4	\$57.7M	264.8	\$52.3M	228.2	\$50.5M	218.4
Direct Campus Support (AUF)*	\$47.4M	157.3	\$42.3M	103.0	\$42.6M	114.0	\$42.6M	113.0	\$41.5M	4.0
Other Operations Funded with AUF Reserves	\$26.5M	62.5	\$34.1M	48.0	\$2.5M	3.5	\$0.5M	–	\$0.3M	–
Service Departments and Other Non-AUF**	\$80.1M	364.7	\$73.4M	292.1	\$70.8M	291.7	\$61.4M	225.4	\$59.9M	217.5
Total – U. T. System Administration and Campus Support***	\$220.5M	903.1	\$209.0M	717.5	\$173.6M	674.0	\$156.8M	566.6	\$152.2M	439.9

* Direct Campus Support for FY 2017 includes campus auditors (48.3 FTEs) which were shifted back to the campuses in FY 2018 following approval by the Board of Regents in May 2017.

** The University Lands FTE count does not include the 1/3 supporting Texas A&M University.

*** Budget does not include PUF Debt Interest (All Campuses) or Depreciation (Net of Capital Outlay). Also excluded are Lone Star Stroke, Children’s Mental Health, self-insurance funds, federal Medicare-related reimbursements, UTSSB debt service, and certain Systemwide software licenses centrally negotiated and reimbursed by the campuses.



U. T. System Administration: Budget Summary

➤ **While Direct Campus Support has remained relatively steady, System Administration budgets in other areas have been reduced significantly**

	FY2017 Budget	FY2018 Budget	FY2019 Budget	FY2020 Budget	FY 2021 Budget	FY 20-21 Change	5-Year Change
U. T. System Administration (AUF)	\$66.5M	\$59.2M	\$57.7M	\$52.3M	\$50.5M	(3.3%)	(24.1%)
Direct Campus Support (AUF)*	\$47.4M	\$42.3M	\$42.6M	\$42.6M	\$41.5M	(2.6%)	(12.4%)
Other Operations Funded with AUF Reserves	\$26.5M	\$34.1M	\$2.5M	\$0.5M	\$0.3M	(42.4%)	(98.9%)
Service Departments and Other Non-AUF**	<u>\$80.1M</u>	<u>\$73.4M</u>	<u>\$70.8M</u>	<u>\$61.4M</u>	<u>\$59.9M</u>	<u>(2.4%)</u>	<u>(25.2%)</u>
Total – U. T. System Administration and Campus Support***	\$220.5M	\$209.0M	\$173.6M	\$156.8M	\$152.2M	(2.9%)	(31.0%)

* Direct Campus Support for FY 2017 includes campus auditors (48.3 FTEs) which were shifted back to the campuses in FY 2018 following approval by the Board of Regents in May 2017.

** The University Lands FTE count does not include the 1/3 supporting Texas A&M University.

*** Budget does not include PUF Debt Interest (All Campuses) or Depreciation (Net of Capital Outlay). Also excluded are Lone Star Stroke, Children’s Mental Health self-insurance funds, federal Medicare-related reimbursements, U. T. System Building debt service, and certain Systemwide software licenses centrally negotiated and reimbursed by the campuses.



U. T. System Administration: FTE Count Summary

➤ **Significant FTE reductions have occurred over the last five years across both AUF-funded and Non-AUF funded departments**

	FY 2017 FTEs	FY 2018 FTEs	FY 2019 FTEs	FY 2020 FTEs	FY 2021 FTEs	FY 20-21 Change	5-Year Change
U. T. System Administration (AUF)	318.6	274.4	264.8	228.2	218.4	(4.3%)	(31.5%)
Direct Campus Support (AUF)*	157.3	103.0	114.0	113.0	4.0	(96.5%)	(97.5%)
Other Operations Funded with AUF Reserves	62.5	48.0	3.5	0.0	0.0	NA	(100.0%)
Service Departments and Other Non-AUF**	364.7	292.1	291.7	225.4	217.5	(3.5%)	(40.4%)
Total: U. T. System Administration and Campus Support***	903.1	717.5	674.0	566.6	439.9	(22.4%)	(51.3%)

* Direct Campus Support for FY 2017 includes campus auditors (48.3 FTEs) which were shifted back to the campuses in FY 2018 following approval by the Board of Regents in May 2017.

** The University Lands FTE count does not include the 1/3 supporting Texas A&M University.

*** Budget does not include PUF Debt Interest (All Campuses) or Depreciation (Net of Capital Outlay). Also excluded are Lone Star Stroke, Children's Mental Health (1.25 FTEs), self-insurance funds, federal Medicare-related reimbursements, U.T. System Building debt service and certain Systemwide software licenses centrally negotiated and reimbursed by the campuses.



U. T. Systemwide Operations Budget Summary

	FY 2020	FTEs	FY 2021 Proposed	FTEs	\$ Increase (Decrease)	% Change
U. T. System Administration and Direct Campus Support - Operations	\$ 156,716,627	566.6	\$ 152,211,236	439.9	\$ (4,505,391)	(2.9%)
Lone Star Stroke/Tx Child Mental Health Care Consortium (GR funded special programs)	2,250,000	–	2,525,000	1.3	275,000	12.2%
Systemwide Software Licenses*	24,104,992	–	23,162,121	–	(942,871)	(3.9%)
EGWP Medicare Part D (federally funded)**	23,500,000	–	36,950,000	–	13,450,000	57.2%
UTSB Debt Interest	3,200,000	–	1,012,479	–	(2,187,521)	(68.4%)
PUF Debt Interest (All campuses)	120,566,191	–	110,004,914	–	(10,561,277)	(8.8%)
Depreciation***	17,321,646	–	13,705,345	–	(2,616,301)	(20.9%)
U. T. Systemwide Operations Budget****	\$ 347,659,456	566.6	\$ 339,571,095	441.2	\$ (8,088,361)	(2.3%)

* Includes systemwide software licenses such as those for Microsoft, Incommon, Oracle and Verisign along with campus assessments supporting the U. T. Austin Digital Library.

** Federal support through the Employee Group Waiver Program to partially offset claims activity associated with offering Medicare Part D retiree prescription drug coverage.

*** Depreciation budget is net of the capital outlay budget adjustment. Depreciation is added and capital deducted to better align budget with actual entity-wide financial performance.

**** Excludes budgeted self-insurance claims activity.

NOTE: The Board of Regents will be approving the budget and FTEs related to University Lands. 2/3 of the overall University Lands budget is represented in the above budget. The Board of Regents will also be approving the portion (1/3 of the overall University Lands budget) that supports Texas A&M University.



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU



Library, Equipment, Repair and Rehabilitation



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

U. T. System Office of Budget and Planning
August 2020
Slide 15

Library, Equipment, Repair and Rehabilitation Budget FY 2021 – \$35 million

Academic Institutions	\$16,775,000
Health Institutions	\$13,725,000
Academic Library Collection Enhancement Program	\$4,500,000
Total	\$35,000,000

Minutes - 147



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU



Faculty Science and Technology Acquisition and Retention (STARs) Program and Additional Allocations



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

U. T. System Office of Budget and Planning
August 2020
Slide 17

Faculty STARs Program – FY 2021

Academic Institutions	\$17,500,000
Health Institutions	\$17,500,000

Benefits of Faculty STARs

- Recruit and retain best faculty in the nation
- Develop and strengthen research capacity
- Pending and issued patents
- Encourage future research and excellence
- Collaboration with outside entities



Additional Allocations

Fiscal Year 2020 Regents' Outstanding Teaching Awards \$700,000

This proposed allocation will provide funding for the FY 2020 Regents' Outstanding Teaching Awards in the amount of \$625,000 from the Internal Lending Program and \$75,000 from Available University Fund reserves.

Minutes - 150



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

9. U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration and institutional operating budgets for Fiscal Year 2021

The Board approved the following recommendation, including the proposed compensation for the institutional presidents and System Administration executive officers, as set forth on the following pages.

RECOMMENDATION

Chancellor Milliken concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs that approval be granted regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2021 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.

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Academic Institution Presidents

Approved Salary Rates Effective September 1, 2020 for Fiscal Year Ending August 31, 2021

	Approved 2020	Approved 2021	Dollar Increase	Percentage Increase
ACADEMIC INSTITUTION PRESIDENTS				
U. T. Arlington				
<i>Teik C. Lim - ad interim</i>				
Salary Rate	\$ 485,000	485,000	-	0.00%
Total Compensation	\$ 485,000	485,000	-	0.00%
U. T. Austin				
<i>Jay Hartzell - ad interim</i>				
Salary Rate	\$ 795,000	795,000	-	0.00%
Total Compensation	\$ 795,000	795,000	-	0.00%
U. T. Dallas				
<i>Richard C. Benson</i>				
Salary Rate	\$ 588,000	588,000	-	0.00%
Total Compensation	\$ 588,000	588,000	-	0.00%
U. T. El Paso				
<i>Heather Wilson</i>				
Salary Rate	\$ 500,000	500,000	-	0.00%
Total Compensation	\$ 500,000	500,000	-	0.00%
U. T. Permian Basin				
<i>Sandra Woodley</i>				
Salary Rate	\$ 437,750	437,750	-	0.00%
Total Compensation	\$ 437,750	437,750	-	0.00%
U. T. Rio Grande Valley				
<i>Guy H. Bailey</i>				
Salary Rate	\$ 630,000	630,000	-	0.00%
Deferred Compensation ¹	50,000	50,000	-	0.00%
Total Compensation	\$ 680,000	680,000	-	0.00%
U. T. San Antonio				
<i>T. Taylor Eighmy</i>				
Salary Rate	\$ 561,750	561,750	-	0.00%
Total Compensation	\$ 561,750	561,750	-	0.00%
U. T. Tyler				
<i>Michael Tidwell</i>				
Salary Rate	\$ 412,000	412,000	-	0.00%
Total Compensation	\$ 412,000	412,000	-	0.00%

Note: All Presidents are paid up to \$65,945 from General Revenue with the difference paid from other institutional fund sources

¹Vests 8/31/2021

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Health Institution Presidents

Approved Salary Rates Effective September 1, 2020 for Fiscal Year Ending August 31, 2021

	Approved 2020	Approved 2021	Dollar Increase	Percentage Increase
HEALTH INSTITUTION PRESIDENTS				
U. T. Medical Branch - Galveston				
<i>Ben Raimer - ad interim</i>				
Salary Rate	\$ 654,048	654,048	-	0.00%
Deferred Compensation	-	-	-	0.00%
Practice Plan	-	-	-	0.00%
Incentive Compensation	-	-	-	0.00%
Total Compensation	\$ 654,048	654,048	-	0.00%
U. T. Health Science Center - Houston				
<i>Giuseppe Colasurdo</i>				
Salary Rate	\$ 788,025	788,025	-	0.00%
Deferred Compensation ²	200,000	200,000	-	0.00%
Practice Plan	199,500	199,500	-	0.00%
Incentive Compensation	131,338	131,338	-	0.00%
Total Compensation	\$ 1,318,863	1,318,863	-	0.00%
U. T. Health Science Center - San Antonio				
<i>William Henrich</i>				
Salary Rate	\$ 733,071	733,071	-	0.00%
Deferred Compensation ¹	200,000	200,000	-	0.00%
Practice Plan	188,015	188,015	-	0.00%
Incentive Compensation	139,633	139,633	-	0.00%
Total Compensation	\$ 1,260,719	1,260,719	-	0.00%
U. T. Southwestern Medical Center				
<i>Daniel K. Podolsky</i>				
Salary Rate	\$ 1,364,515	1,364,515	-	0.00%
Deferred Compensation ¹	200,000	200,000	-	0.00%
Practice Plan	348,460	348,460	-	0.00%
Incentive Compensation	141,647	141,647	-	0.00%
Total Compensation	\$ 2,054,622	2,054,622	-	0.00%

Note: All Presidents are paid up to \$65,945 from General Revenue with the difference paid from other institutional fund sources.

¹Vests 8/31/2021

²Vests 8/31/2022

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Health Institution Presidents

Approved Salary Rates Effective September 1, 2020 for Fiscal Year Ending August 31, 2021

	Approved 2020	Approved 2021	Dollar Increase	Percentage Increase
HEALTH INSTITUTION PRESIDENTS				
U. T. M. D. Anderson Cancer Center				
<i>Peter Pisters</i>				
Salary Rate	\$ 1,583,010	1,583,010	-	0.00%
Deferred Compensation ²	200,000	200,000	-	0.00%
Practice Plan	405,900	405,900	-	0.00%
Incentive Compensation	251,843	251,843	-	0.00%
Total Compensation	\$ 2,440,753	2,440,753	-	0.00%
U. T. Health Science Center - Tyler				
<i>Kirk Calhoun</i>				
Salary Rate	\$ 694,430	694,430	-	0.00%
Deferred Compensation ¹	200,000	200,000	-	0.00%
Practice Plan	167,227	167,227	-	0.00%
Incentive Compensation	120,825	120,825	-	0.00%
Total Compensation	\$ 1,182,482	1,182,482	-	0.00%

Note: All Presidents are paid up to \$65,945 from General Revenue with the difference paid from other institutional fund sources.

¹Vests 8/31/2021

²Vests 8/31/2022

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Executive Officers U. T. System Administration

Approved Salary Rates Effective September 1, 2020 for Fiscal Year Ending August 31, 2021

	Approved 2020	Approved 2021	Dollar Increase	Percentage Increase
EXECUTIVE OFFICERS				
Chancellor				
<i>James B. Milliken</i>				
Salary Rate	\$ 922,500	922,500	-	0.0%
Total Compensation	\$ 922,500	922,500	-	0.0%
Executive Vice Chancellor for Academic Affairs				
<i>Steven Leslie³</i>				
Salary Rate	\$ 496,100	-	(496,100)	-100.0%
Total Compensation	\$ 496,100	-	(496,100)	-100.0%
Executive Vice Chancellor for Academic Affairs				
<i>Archie Holmes, Jr⁴</i>				
Salary Rate	\$ -	460,000	460,000	
Total Compensation	\$ -	460,000	460,000	
Executive Vice Chancellor for Business Affairs				
<i>Scott C. Kelley</i>				
Salary Rate	\$ 484,000	484,000	-	0.0%
Total Compensation	\$ 484,000	484,000	-	0.0%
Executive Vice Chancellor for Health Affairs				
<i>John Zerwas²</i>				
Salary Rate	\$ 675,000	675,000	-	0.0%
Total Compensation	\$ 675,000	675,000	-	0.0%
Senior Vice Chancellor for Health Affairs				
<i>Amy Shaw Thomas</i>				
Salary Rate	\$ 452,100	452,100	-	0.0%
Temporary Duties Supplement ¹	3,425	-	(3,425)	-100.0%
Total Compensation	\$ 455,525	452,100	(3,425)	-0.8%
Vice Chancellor for Health Affairs				
<i>David Lakey</i>				
Salary Rate	\$ 516,600	516,600	-	0.0%
Total Compensation	\$ 516,600	516,600	-	0.0%

¹Annualized supplement for Executive Vice Chancellor for Health Affairs, ad interim duties. Supplement ended 9/30/19.

²Hired effective 10/1/19. Amount approved for FY 2020 is annual rate.

³Dr. Leslie left UT employment on 8/31/20; however, a contractual payment made in consideration of his agreement to continue employment until 8/31/20 rather than retiring as previously announced on 5/31/20 is to be paid to him within 60 days of the end of the FY20 fiscal year as part of the approved FY21 budget.

⁴Appointment begins 10/1/2020.

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Executive Officers U. T. System Administration

Approved Salary Rates Effective September 1, 2020 for Fiscal Year Ending August 31, 2021

	Approved 2020	Approved 2021	Dollar Increase	Percentage Increase
EXECUTIVE OFFICERS (continued)				
Vice Chancellor for Governmental Relations				
<i>Stacey Napier</i>				
Salary Rate	\$ 327,800	327,800	-	0.0%
Total Compensation	\$ 327,800	327,800	-	0.0%
Vice Chancellor for External Relations				
<i>Randa S. Safady</i>				
Salary Rate	\$ 480,000	480,000	-	0.0%
Total Compensation	\$ 480,000	480,000	-	0.0%
Vice Chancellor and General Counsel				
<i>Daniel H. Sharphorn</i>				
Salary Rate	\$ 408,000	408,000	-	0.0%
Total Compensation	\$ 408,000	408,000	-	0.0%
General Counsel to the Board of Regents				
<i>Francie A. Frederick</i>				
Salary Rate	\$ 461,250	461,250	-	0.0%
Total Compensation	\$ 461,250	461,250	-	0.0%
Chief Audit Executive				
<i>J. Michael Peppers</i>				
Salary Rate	\$ 385,298	385,298	-	0.0%
Total Compensation	\$ 385,298	385,298	-	0.0%

10. U. T. System: Discussion and appropriate action regarding Fiscal Year 2022-2023 legislative appropriation requests (Deferred)

This item was deferred.

7. U. T. System: Status update on plans for Fall 2020 (continued)

Prior to taking up the last item, Chairman Eltife called on Chancellor Milliken for any comments related to institutional plans for the fall. The Chancellor emphasized the vital mission of the U. T. institutions to provide opportunity to Texans and the importance of having students on campus, even if students are taking classes online, due to the digital divide, noting that up to one third of the population does not have access to broadband to access instructional material. The Chancellor stated that each institution developed comprehensive plans to address the challenges of safe opening in the fall, with input from multiple stakeholder meetings and revised as needed based on the best available data, unique circumstances of each campus, and the changes we are seeing with COVID-19. He also noted each plan is consistent with the approach approved by the Board of Regents at the June 2020 meeting and that the plans are not stagnant and will be updated as circumstances change and new information becomes available. All plans can be found on the U. T. System website. Chancellor Milliken advised that most institutions would end in-person classes the day before Thanksgiving break and the remaining semester classes will be virtual. He then provided additional detail regarding requirements for face coverings and daily symptom and exposure self-assessments, availability of testing, plans for contact tracing, ability to isolate and quarantine individuals, and provision of COVID-related counseling and mental health services via telehealth.

See Page 160 for related remarks by Chairman Eltife.

Fall 2020 Campus Plans

- Each UT institution has developed a comprehensive plan for the safe reopening of its campus.
- Plans were developed through multiple stakeholder meetings, advice of health experts, and are consistent with federal, state and local guidelines.
- Each plan will be continually revised as needed based on the best available data and the unique circumstances of each institution.
- All plans are consistent with the approach and parameters approved by the Board of Regents on June 29, 2020.
- Links to plans are posted on the UT System website:
www.utsystem.edu/sites/covid-19/institutional-guidance



11. U. T. System Board of Regents: Presentation of Certificate of Appreciation to Executive Vice Chancellor Steven Leslie

Following remarks by Chairman Eltife and Chancellor Milliken regarding Executive Vice Chancellor Leslie's distinguished service of over 45 years at The University of Texas System and at The University of Texas at Austin and the impact his research and teaching has made on our flagship university and the lives of thousands of young Texans, the Board presented the certificate of appreciation as set forth below.

Regents Jiles, Hicks, Beck, Crain, and Perez and Vice Chairman Longoria commented on Dr. Leslie's remarkable legacy and thanked him for his service.

Dr. Leslie then thanked the Regents for the wonderful remarks and commented that U. T. has been like family to him. He reported his delight to see Dr. Archie Holmes chosen to serve as Executive Vice Chancellor for Academic Affairs after his departure. He also expressed his gratitude to work with Chancellor Milliken and Chairman Eltife.

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

STEVEN LESLIE, Ph.D.

Sincere Appreciation for His

Distinguished Service and Outstanding Contributions at

The University of Texas System

as

Executive Vice Chancellor for Academic Affairs

2015 – 2020

Prior to adjourning, Chairman Eltife provided the following comments regarding the fall semester.

Remarks by Chairman Eltife

This fall semester presents a different way of delivering education and a different experience for all involved.

It is important that we have best practices and policies in place to support learning, avoid disruption, and provide an environment that encourages respect for one another, supports the educational enterprise, and protects the State's resources, and it is important that applicable laws, rules, and policies be enforced fairly, firmly, and quickly.

I have asked Chancellor Milliken to work with the presidents. The times require very clear policies concerning the expectations for conduct and respect for personal safety and property as we begin the fall semester.

The Board wants to make it clear that significant minimum penalties will be imposed on anyone who engages in conduct that harms others, puts others at risk, or disrupts operations. There is far too much at stake to allow illegal acts and significant policy violations on any of our campuses. We will enforce every law, policy, and rule necessary to protect our students and our institutions.

With regard to public safety, we have always appreciated our working relationships and the partnerships we have with local governing bodies and the law enforcement agencies that we work with to assure the safety and security of our students, faculty, and staff. We assist them when they need us and we look to them to assist us when required, but we each have areas where we are charged with, and must provide, primary law enforcement protection.

This Board feels that safety on and around our campuses is one of our most important responsibilities. An example of our strong commitment is the action taken by the Board last February to allocate additional funding, in the millions, for U. T. Austin to partner with the City of Austin to improve security in areas near the U. T. Austin campus where many students live, congregate, and walk.

We are very concerned about action taken by the Austin City Council regarding funding changes for the Austin Police Department that will result in fewer police officers on the streets. I am requesting that Chancellor Milliken, President Hartzell, and our police leadership inform this Board immediately of any impact these funding decisions may have on the safety and security of our students, faculty, and staff on and or around our campus and any action that this Board may need to take to assure the safety of the students, faculty, and staff. This is the most important obligation and responsibility this Board has and we take it seriously.

Lastly, we just once again want to mention how proud we are of our healthcare workers in the U. T. System and our law enforcement officers in the U. T. System and everything they are doing in this crisis on a daily basis to protect all of us.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 11:06 a.m.

/s/ Tina E. Montemayor
Secretary to the Board of Regents
August 31, 2020



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

Committee and Board Meetings:
August 19-20, 2020
Austin, Texas

Page

MEETING OF THE BOARD

- | | | |
|----|---|------------|
| 1. | Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held on May 6, 2020; and the special called meetings held on June 29, 2020, and July 14, 2020 | 168 |
| 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 reflect the name and term of new Student Regent | 168 |

AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE

No items for Consent Agenda

FINANCE AND PLANNING COMMITTEE

- | | | |
|----|---|------------|
| 3. | Other Fiscal Matters - U. T. System Board of Regents: Proposed amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, and the Long Term Fund | 170 |
| 4. | Contract (funds going out) - U. T. System: Master Service Agreements with 24 prequalified search firms, listed below in alphabetical order, to provide executive search services for U. T. System Administration and U. T. institutions | 173 |
| 5. | Other Fiscal Matters - U. T. System: Funding source change to exchange Dell Medical School Science and Technology Acquisition and Retention (STARs) program funding for Available University Fund (AUF) funding for U. T. Austin Dell Medical School | 174 |
| 6. | Real Estate Report - U. T. System: Summary Report of Separately Invested Assets Managed by U. T. System | 175 |

ACADEMIC AFFAIRS COMMITTEE

- | | | |
|----|---|------------|
| 7. | Contract (funds going out) - U. T. Arlington: Ranger Fire, Inc., to provide campus-wide fire protection services | 176 |
| 8. | Request for Budget Change - U. T. Arlington: New award of tenure appointments | 177 |

	Page
9. Contract (funds coming in) - U. T. Austin : Second Amendment to Agreement with Coca-Cola Southwest Beverages, Inc., to provide beverages for vending machines on campus	178
10. Contract (funds coming in) - U. T. Austin : Second Amendment to Agreement with Compass Group USA, Inc., to provide and maintain snack and sundry items for vending machines on campus	179
11. Interagency Agreement (funds coming in) - U. T. Austin : First Amendment to Interagency Agreement with Health and Human Services Commission to provide Recovery Oriented Systems of Care training	180
12. Contract (funds coming in) - U. T. Austin : HiEd, Inc., will operate a campus computer store and a vending machine for technology items at U. T. Austin	180
13. Contract (funds coming in and going out) - U. T. Austin : Dalton Education, LLC, to provide instructor, curricula, and related services to the Texas Extended Campus - Center for Professional Education (CPE)	181
14. Contract (funds going out) - U. T. Austin : Amendment to Laboratory Services Agreement by and between Clinical Pathologies, Inc., and U. T. Austin	182
15. Request for Budget Change - U. T. Austin : Transfer \$5,000,000 from Provost Enhancement - AUF to Perry - Castaneda Library (PCL) - Scholar's Lab for the Perry - Castaneda Library: Scholar's Lab Renovation (RBC No. 11049) -- amendment to the 2019-2020 budget	183
16. Request for Budget Change - U. T. Austin : New Hire with Tenure -- amendment to the 2019-2020 budget	183
17. Request for Budget Change - U. T. Austin : New award of tenure appointments	183
18. Employment Agreement - U. T. Austin : Approval of terms of Employment Agreement for new Head Women's Basketball Coach Vic Schaefer	187
19. Sale of Property - U. T. Austin : Authorization to sell gastroesophageal reflux disease (GERD) medical equipment to Ascension Seton	188
20. Request for Budget Change - U. T. Dallas : New award of tenure appointments	189
21. Contract (funds coming in) - U. T. El Paso : The Aspire Sport Marketing Group to provide ticket selling services for athletic events	191
22. Request for Budget Change - U. T. El Paso : New Hire with Tenure -- amendment to the 2019-2020 budget	192
23. Request for Budget Change - U. T. El Paso : New award of tenure appointments	192

	Page
24. Request for Budget Change - U. T. Permian Basin : New award of tenure appointments	194
25. Gift - U. T. Permian Basin : Authorization to accept the gift of a sculpture to be placed outdoors in the quad behind the Science and Technology Building on the U. T. Permian Basin campus	195
26. Request for Budget Change - U. T. Rio Grande Valley : New award of tenure appointments	197
27. Purchase - U. T. Rio Grande Valley : Authorization to purchase approximately 1.37 acres of undeveloped land located at the northwest corner of Camelot Drive and Hale Avenue, Harlingen, Cameron County, Texas, from LJM Group I LLC and Rafael Partnership LTD, for future programmed campus expansion, including medical and clinical uses	200
28. Contract (funds coming in and going out) - U. T. San Antonio : Aramark Educational Services of Texas, LLC, (Aramark) to provide campus-wide food and dining operations	201
29. Request for Budget Change - U. T. San Antonio : New Hires with Tenure -- amendment to the 2019-2020 budget	202
30. Request for Budget Change - U. T. San Antonio : New award of tenure appointments	203
31. Request for Budget Change - U. T. Tyler : New award of tenure appointments	205
HEALTH AFFAIRS COMMITTEE	
32. Contract (funds coming in) - U. T. Southwestern Medical Center : Amendment to Agreement to provide professional pediatric anesthesiologist services to Anesthesiologists for Children	207
33. Contract (funds coming in) - U. T. Southwestern Medical Center : To provide Critical Care Anesthesia Physician Services to the U.S. Department of Veterans Affairs	207
34. 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, a not-for-profit corporation	208
35. Contract (funds going out) - U. T. Southwestern Medical Center : Children's Health Clinical Operations, dba Children's Medical Center of Dallas, to provide child psychiatry consultative services and training opportunities for pediatricians and primary care providers	208
36. Contract (funds going out) - U. T. Southwestern Medical Center : Second Amendment to Agreement with Mercury Global, LLC., to continue to provide revenue billing support services	209

	Page
37. Contract (funds going out) - U. T. Southwestern Medical Center : First Amendment to Agreement with Netsync Network Solutions, a Texas Corporation, to continue to provide service for Cisco equipment, products, and associated maintenance	209
38. Request for Budget Change - U. T. Southwestern Medical Center : New Hires with Tenure -- amendment to the 2019-2020 budget	210
39. Request for Budget Change - U. T. Southwestern Medical Center : New award of tenure appointments	211
40. Lease - U. T. Southwestern Medical Center : Authorization to lease up to approximately 40,303 square feet of space at 7609 Preston Road, Plano, Collin County, Texas, from Children's Health Clinical Operations dba Children's Medical Center of Dallas or its successors or assigns, for mission purposes, including clinical uses	212
41. Lease - U. T. Southwestern Medical Center : Authorization to lease approximately 181,424 square feet of space at 3000 Pegasus Park Drive, Dallas, Dallas County, Texas, from Pegasus Place, LLC, or its successors or assigns, for mission purposes to include administrative office use	213
42. Contract (funds going out) - U. T. Medical Branch - Galveston : Eighth Amendment to Agreement with Owens & Minor Distribution, Inc., to provide distribution services for medical/surgical supplies	215
43. Contract (funds going out) - U. T. Medical Branch - Galveston : Evoqua Water Technologies, LLC, to perform certain specialty water treatment services	216
44. Request for Budget Change - U. T. Medical Branch - Galveston : New Hires with tenure -- amendment to the 2019-2020 budget	216
45. Request for Budget Change - U. T. Medical Branch - Galveston : New award of tenure appointments	217
46. Sale - U. T. Medical Branch - Galveston : Authorization to sell approximately 6.57 acres of submerged land and land improved with buildings, surface parking, and a helipad at 600 Harborside Drive, and approximately 3.783 acres of land improved with a building and related parking at 1902 Harborside Drive, Galveston, Galveston County, Texas, to the The Sealy and Smith Foundation; and lease back of both properties	218
47. Contract (funds coming in) - U. T. Health Science Center - Houston : Second Amendment to Agreement with Memorial Hermann Health System to provide financial support for U. T. Health Science Center - Houston's academic, research, and community service programs	219
48. Contract (funds going out) - U. T. Health Science Center - Houston : Agreement with Richards Carlberg, LLC, to perform a continuation of advertising campaign services on a multiyear basis	220

	Page
49. Request for Budget Change - U. T. Health Science Center - Houston : New award of tenure appointments	220
50. Sale of Surplus Property - U. T. Health Science Center - Houston : Authorization to sell Heidelberg SX 74-5L Press	223
51. Contract (funds coming in) - U. T. Health Science Center - San Antonio : To provide physician medical, administrative support, and non-emergency services for Bexar County Hospital District, dba University Health System	224
52. Contract (funds coming in) - U. T. Health Science Center - San Antonio : To provide physician medical, administrative support, and emergency services for Bexar County Hospital District, dba University Health System	224
53. Contract (funds coming in) - U. T. Health Science Center - San Antonio : Annual Operating Agreement for Medical Director Services to provide non-physician medical and administrative services for Bexar County Hospital District, dba University Health System	225
54. Contract (funds coming in) - U. T. Health Science Center - San Antonio : Annual Operating Agreement for General Services to provide non-physician medical and administrative services for Bexar County Hospital District, dba University Health System	225
55. Request for Budget Change - U. T. Health Science Center - San Antonio : New Hires with Tenure -- amendment to the 2019-2020 budget	226
56. Request for Budget Change - U. T. Health Science Center - San Antonio : New award of tenure appointments	227
57. Gift - U. T. Health Science Center - San Antonio : Authorization to accept the gift of a sculpture to be placed outdoors in front of the School of Nursing on the U. T. Health Science Center - San Antonio main campus	228
58. Other Matters - U. T. Health Science Center - San Antonio : Approval of tuition and fee proposal for new Pre-Professional Graduate Certificate (non-degree) program in the Graduate School of Biomedical Sciences	230
59. Contract (funds going out) - U. T. M. D. Anderson Cancer Center : Second Amendment to Agreement with Broaddus & Associates, Inc., to provide project management services for various construction or renovation projects	231
60. Contract (funds going out) - U. T. M. D. Anderson Cancer Center : Mayo Clinic Laboratories will provide reference lab testing services	231
61. Contract (funds going out) - U. T. M. D. Anderson Cancer Center : Syntropy Technologies LLC to collect, organize, and make accessible U. T. M. D. Anderson Cancer Center data for health care operations and research and to facilitate collaborations with third parties	232

Page

- | | | |
|-----|--|------------|
| 62. | Request for Budget Change - U. T. M. D. Anderson Cancer Center : New Hires with Tenure -- amendment to the 2019-2020 budget | 233 |
| 63. | Request for Budget Change - U. T. M. D. Anderson Cancer Center : New award of tenure appointments | 234 |

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 on May 6, 2020; and the special called meetings held on June 29, 2020, and July 14, 2020

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 reflect the name and term of new Student Regent

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 revision reflects the name and term of new Student Regent.

A Resolution amending the Managerial Group list was last adopted by the Board of Regents on May 6, 2020.

NISPOM defines KMP as "officers, directors, partners, regents, or trustees." 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 Security Service, 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 DoD 5220.22-M, "National Industrial Security Program Operating Manual" (NISPOM):

James B. Milliken, J.D., Chancellor, The University of Texas System
Jay Hartzell, Ph.D., President *ad interim*, The University of Texas at Austin
Daniel T. Jaffe, Ph.D., Interim Executive Vice President and Provost,
The University of Texas at Austin
Allison Preston, Ph.D., Interim 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

James R. (Trey) Atchley III, Chief Inquiry 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) 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

David J. Beck

Christina Melton Crain

R. Steven Hicks

Jodie Lee Jiles

Nolan E. Perez, M.D.

Kelcy L. Warren

Patrick O. Ojega, II, Student Regent from June 1, 2020 to May 31, 2021 (nonvoting)

AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE

No items for Consent Agenda

FINANCE AND PLANNING COMMITTEE

3. Other Fiscal Matters - U. T. System Board of Regents: Proposed amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, and the Long Term Fund

Proposed amendments to the Investment Policy Statements are shown in congressional style on the following pages.

- a. Permanent University Fund (PUF) (See Exhibit A - PUF and GEF)
- b. General Endowment Fund (GEF) (See Exhibit A - PUF and GEF)
- c. Permanent Health Fund (PHF) (See Exhibit B - PHF and LTF)
- d. Long Term Fund (LTF) (See Exhibit B - PHF and LTF)

Proposed amendments to the PUF, GEF, PHF, and LTF investment policies reflect changes to the strategic asset allocation framework and set forth revised Asset Class targets and ranges effective September 1, 2020. There are no recommended amendments to any other investment policies.

The UTIMCO Board approved the amendments to the Investment Policy Statements on June 11, 2020.

**EXHIBIT A - PUF and GEF
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE MARCH 1, 2020/SEPTEMBER 1, 2020**

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾⁽³⁾	Max v Target ⁽¹⁾	Benchmark
Global Equity:				
U.S. Public Equity	-5.0%	6.8 7.0%	+5.0%	MSCI US with Net Dividends
Non-U.S. Developed Public Equity	-5.0%	4.1 3.8%	+5.0%	MSCI EAFE and Canada with Net Dividends
Global Developed Public Equity	-5.0%	10.0%	+5.0%	MSCI World Index with Net Dividends
<i>Total Developed Public Equity</i>	-5.0%	20.9 20.8%	+5.0%	
Emerging Markets Public Equity	-5.0%	8.5 7.2%	+5.0%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	-5.0%	29.4 28.0%	+5.0%	
Directional Hedge Funds	-5.0%	11.2 9.2%	+5.0%	HFRI Fund of Funds Composite
Private Equity	-10.0 12.8%	20.8 22.8%	+10.0 32.8%	Blended Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	-7.0%	61.4 60.0%	+7.0%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	6.6 6.7%	+5.0%	Bloomberg Barclays Global Aggregate Index - Hedged
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Barclays Capital Global High Yield Index
<i>Total Fixed Income</i>	-5.0%	6.6 6.7%	+5.0%	
Cash	-5.0%	1.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	10.0 9.5%	+5.0%	HFRI Fund of Funds Conservative
Total Stable Value	-10.0%	17.6 17.2%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	1.3 1.7%	+5.0%	Bloomberg Barclays Global Inflation-Linked: U.S. TIPS Index
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	-5.0%	0.0%	+5.0%	
Natural Resources	-5.0 1.1%	6.6 6.1%	+5.0 11.1%	Cambridge Natural Resources
Infrastructure	-5.0 0.0%	2.9 3.3%	+5.0 8.3%	Cambridge Infrastructure
Public Real Estate	-5.0%	0.0%	+5.0%	FTSE EPRA/NAREIT Developed Index Net TRIUSD
Private Real Estate	-5.0 2.9%	8.2 7.9%	+5.0 12.9%	Cambridge Real Estate
Total Real Return	-6.0%	19.0%	+6.0%	
Strategic Partnerships	-5.0%	2.0 3.8%	+5.0%	Blended Bloomberg Barclays Global Aggregate Index - Hedged, MSCI US with Net Dividends, MSCI EAFE and Canada with Net Dividends, and MSCI Emerging Markets Index with Net Dividends
Total All Asset Classes		100.0%		

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 ⁽²⁾	
Expected 10-Year Annual Real Return (Benchmark)	4.22 4.33%
One Year Downside Volatility	11.05 10.94%
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, Private Real Estate, Natural Resources and Infrastructure, will be set each month as the ending actual weight from the prior month. Any difference in the calculated Private Equity, Private Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using other asset classes, with 52% of such difference applied to U.S. Public Equity, 28% to Non-U.S. Developed Public Equity, and 20% to Investment Grade Fixed Income.

EXHIBIT B - PHF and LTF
 ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
 EFFECTIVE ~~MARCH 1, 2020~~ SEPTEMBER 1, 2020

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾⁽³⁾	Max v Target ⁽¹⁾	Benchmark
Global Equity:				
U.S. Public Equity	-5.0%	6.8 7.0%	+5.0%	MSCI US with Net Dividends
Non-U.S. Developed Public Equity	-5.0%	4.1 3.8%	+5.0%	MSCI EAFE and Canada with Net Dividends
Global Developed Public Equity	-5.0%	10.0%	+5.0%	MSCI World Index with Net Dividends
<i>Total Developed Public Equity</i>	-5.0%	20.9 20.8%	+5.0%	
Emerging Markets Public Equity	-5.0%	8.5 7.2%	+5.0%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	-5.0%	29.4 28.0%	+5.0%	
Directional Hedge Funds	-5.0%	11.2 9.2%	+5.0%	HFRI Fund of Funds Composite
Private Equity	-10.0 12.8%	20.8 22.8%	+10.0 32.8%	Blended Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	-7.0%	61.4 60.0%	+7.0%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	6.6 6.7%	+5.0%	Bloomberg Barclays Global Aggregate Index - Hedged
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Barclays Capital Global High Yield Index
<i>Total Fixed Income</i>	-5.0%	6.6 6.2%	+5.0%	
Cash	-5.0%	1.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	10.0 9.5%	+5.0%	HFRI Fund of Funds Conservative
Total Stable Value	-10.0%	17.6 17.2%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	1.3 1.7%	+5.0%	Bloomberg Barclays Global Inflation-Linked: U.S. TIPS Index
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	-5.0%	0.0%	+5.0%	
Natural Resources	-5.0 1.1%	6.6 6.1%	+5.0 11.1%	Cambridge Natural Resources
Infrastructure	-5.0 0.0%	2.9 3.3%	+5.0 8.3%	Cambridge Infrastructure
Public Real Estate	-5.0%	0.0%	+5.0%	FTSE EPRA/NAREIT Developed Index Net TRIUSD
Private Real Estate	-5.0 2.9%	8.2 7.9%	+5.0 12.9%	Cambridge Real Estate
Total Real Return	-6.0%	19.0%	+6.0%	
Strategic Partnerships	-5.0%	2.0 3.8%	+5.0%	Blended Bloomberg Barclays Global Aggregate Index - Hedged, MSCI US with Net Dividends, MSCI EAFE and Canada with Net Dividends, and MSCI Emerging Markets Index with Net Dividends
Total All Asset Classes		100.0%		

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 ⁽²⁾	
Expected 10-Year Annual Real Return (Benchmark)	4.22 4.33%
One Year Downside Volatility	11.05 10.94%
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, Private Real Estate, Natural Resources and Infrastructure, will be set each month as the ending actual weight from the prior month. Any difference in the calculated Private Equity, Private Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using other asset classes, with 52% of such difference applied to U.S. Public Equity, 28% to Non-U.S. Developed Public Equity, and 20% to Investment Grade Fixed Income.

4. Contract (funds going out) - U. T. System: Master Service Agreements with 24 prequalified search firms, listed below in alphabetical order, to provide executive search services for U. T. System Administration and U. T. institutions

- Agency:
1. Academic Career and Executive Search
 2. Academic Search, Inc.
 3. Adams Enterprise USA
 4. Aegis, dba LeadExec
 5. AGB Search
 6. Alliance Search Management
 7. AMN Leadership Solutions
 8. Anthem Executive
 9. Bryant Group
 10. Buffkin/Baker
 11. Greenwood/Asher and Associates
 12. Higher Talent, Inc.
 13. Hodges Partners LLC
 14. Isaacson Miller, Inc.
 15. Kaye/Bassman International Corp.
 16. Keeling and Associates, LLC
 17. Korn Ferry
 18. Lindauer
 19. Opus Search Partners
 20. Spencer Stuart
 21. Storbeck/Pimentel and Associates
 22. The Diversified Search Group
 23. The Global Edge Consultants
 24. Witt/Kieffer, Inc.

Funds: Total spend for each contractor under each Master Service Agreement has the potential to exceed \$1,000,000 over the term of the Agreement, depending on the exercise of choice of contractors Systemwide. While the Master Service Agreements do not identify an aggregate limit on funds expended by a U. T. institution or System Administration, Systemwide, any addendum contracting for a specific search may not exceed the applicable threshold for delegated contract authority without further Board approval.

Period: An initial three-year term, with the option to renew for one additional two-year period, upon mutual written agreement of both parties

Description: The proposed agreements are Master Service Agreements with executive search firms that have been selected following a Request for Proposal process. The current Master Service Agreements for executive search services terminate August 31, 2020.

Authorization is requested to complete negotiations and execute a Master Service Agreement with each of the above vendors, following review by the Office of General Counsel. The Master Service Agreements will expedite contracting for individual searches with the prequalified vendors without need for a further competitive selection process. While the contracts executed by System Administration will include a pricing schedule, all recommended vendors have agreed that the pricing schedules set forth maximum price only and provide a reference for further negotiation of terms for specific engagements.

5. Other Fiscal Matters - U. T. System: Funding source change to exchange Dell Medical School Science and Technology Acquisition and Retention (STARs) program funding for Available University Fund (AUF) funding for U. T. Austin Dell Medical School

Request approval to allocate \$11,158,000 from Available University Fund (AUF) to U. T. Austin for the Dell Medical School and to reduce the Dell Medical School Science and Technology Acquisition and Retention (STARs) allocation to U. T. Austin by the same amount. The allocation of AUF in place of previously approved STARs funding will provide more flexibility to U. T. Austin to support and maintain the Dell Medical School.

6. Real Estate Report - U. T. System: Summary Report of Separately Invested Assets Managed by U. T. System

**THE UNIVERSITY OF TEXAS SYSTEM
SEPARATELY INVESTED ASSETS
Managed by U. T. System
Summary Report at May 31, 2020**

	FUND TYPE							
	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land and Buildings:								
Ending Value 02/29/2020	\$ 8,561,647	\$ 25,117,008	\$ 96,396,617	\$ 483,822,498	\$ 137,270	\$ 204,284	\$ 105,095,534	\$ 509,143,790
Increase or Decrease	1	600,001	1,409,861	1,323,324	-	-	1,409,862	1,923,325
Ending Value 05/31/2020	\$ 8,561,648	\$ 25,717,009	\$ 97,806,478	\$ 485,145,822	\$ 137,270	\$ 204,284	\$ 106,505,396	\$ 511,067,115
Other Real Estate:								
Ending Value 02/29/2020	\$ -	\$ -	\$ 5	\$ 5	\$ -	\$ -	\$ 5	\$ 5
Increase or Decrease	-	-	-	-	-	-	-	-
Ending Value 05/31/2020	\$ -	\$ -	\$ 5	\$ 5	\$ -	\$ -	\$ 5	\$ 5

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*. Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

ACADEMIC AFFAIRS COMMITTEE

7. Contract (funds going out) - U. T. Arlington: Ranger Fire, Inc., to provide campus-wide fire protection services

Agency: Ranger Fire, Inc.

Funds: \$3,600,000

Period: July 8, 2020 through May 31, 2021; with option to renew for five additional one-year terms

Description: Ranger Fire, Inc., will provide campus-wide fire protection services for the main U. T. Arlington campus and the Research Institute campus in Fort Worth. The contract will cover the maintenance of fire safety systems, including fire sprinklers, special fire suppression releasing systems, and fire extinguishers. Work under this contract will include repair of parts and equipment, design, installation, inspection, testing, maintenance, and related services for the above-mentioned fire safety systems. Each project will be detailed in separate job orders, but all will be governed by this contract. This contract was competitively procured.

8. 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 2021 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Architecture, Planning and Public Affairs		
Architecture		
Barbara Marini	New Hire	Associate Professor (T)
College of Education		
Curriculum and Instruction		
Bree Jiminez	New Hire	Associate Professor (T)
Robin Jocius	New Hire	Associate Professor (T)
College of Engineering		
Civil Engineering		
Zheng Fang	Assistant Professor	Associate Professor (T)
Mohammad Najafi	Assistant Professor	Associate Professor (T)
Yu Zhang	Assistant Professor	Associate Professor (T)
Computer Science and Engineering		
Jia Rao	Assistant Professor	Associate Professor (T)
Electrical Engineering		
Diana Huffaker	New Hire	Professor (T)
College of Nursing and Health Innovation		
Kinesiology		
Gabriela Wilson	New Hire	Professor (T)
Nursing		
Marion Ball	New Hire	Professor (T)
College of Science		
Physics		
Haleh Hadavand	Assistant Professor	Associate Professor (T)
School of Social Work		
Social Work		
Keith Anderson	New Hire	Professor (T)
Noelle Lecrone Fields	Assistant Professor	Associate Professor (T)
Ling Xu	Assistant Professor	Associate Professor (T)

9. Contract (funds coming in) - U. T. Austin: Second Amendment to Agreement with Coca-Cola Southwest Beverages, Inc., to provide beverages for vending machines on campus

Agency: Coca-Cola Southwest Beverages, Inc.

Funds: \$2,500,000

Period: September 1, 2020 through December 31, 2021; with two three-year renewal periods

Description: Coca-Cola Southwest Beverages, Inc., will provide beverages for vending machines on campus, for which U. T. Austin will receive revenue. The Agreement was approved by the Board on November 9, 2017. The First Amendment changed the prices on some of the items in the vending machines, which did not require Board approval. This Second Amendment provides for an increase in the product prices. Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food service provider should be selected by the institution. Board approval for this Agreement is sought in accordance with *Texas Government Code* Section 2203.005(a) and The University of Texas Systemwide Policy UTS 130 pertaining to Vending Machine Contracts.

10. Contract (funds coming in) - U. T. Austin: Second Amendment to Agreement with Compass Group USA, Inc., to provide and maintain snack and sundry items for vending machines on campus

Agency: Compass Group USA, Inc.

Funds: U. T. Austin will receive royalties of \$110,000 per year, until the last year of the Agreement, and University will receive \$55,000 in royalties

Period: September 1, 2020 through December 31, 2021

Description: Compass Group USA, Inc., by and through its Canteen Group Division, will provide and maintain snack and sundry items for vending machines on campus for which U. T. Austin will receive an upfront signing bonus of \$10,000, an upfront payment of \$250,000 against future royalties, and a monthly royalty payment of 27.5% of total gross sales with a guaranteed annual commission to U. T. Austin of \$110,000. For the year from 2020 to 2021, U. T. Austin will receive a reduced royalty of \$55,000. The Agreement was approved by the Board on May 14, 2015. Under the First Amendment, updates were made to the insurance and royalty clause, which did not require Board approval. Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food service provider should be selected by the institution. Board approval for this Agreement is sought in accordance with *Texas Government Code* Section 2203.005(a) and The University of Texas Systemwide Policy UTS 130 pertaining to Vending Machine Contracts.

11. Interagency Agreement (funds coming in) - U. T. Austin: First Amendment to Interagency Agreement with Health and Human Services Commission to provide Recovery Oriented Systems of Care training

Agency: Health and Human Services Commission

Funds: \$5,321,788

Period: September 1, 2020 through August 31, 2021; with a three-year renewal period

Description: Steve Hicks School of Social Work will provide recovery-oriented systems of care training for the Health and Human Services Commission. The Amendment extends the length of the original Agreement and increases the contract value to \$5,321,788, which exceeds U. T. Austin's delegated approval threshold. The original Agreement began on September 1, 2019. This is an Interagency Cooperation Agreement entered into pursuant to the Interagency Cooperation Act set forth in Chapter 771, *Texas Government Code* under which U. T. Austin is providing services.

12. Contract (funds coming in) - U. T. Austin: HiEd, Inc., will operate a campus computer store and a vending machine for technology items at U. T. Austin

Agency: HiEd, Inc.

Funds: Funds coming in: \$1,500,000

Period: August 1, 2020 through July 31, 2025; with option to renew for one additional five-year term

Description: HiEd, Inc., will operate a computer store on U. T. Austin campus providing computer and technology items for sale as well as operate a vending machine that sells technology items. U. T. Austin is paid a royalty fee for the computer and technology items sold at the HiEd, Inc. store. HiEd, Inc., was awarded the right to provide a campus computer store through a competitive procurement, namely, a Request for Proposal, which was issued by U. T. San Antonio. U. T. Austin purchasing office has reviewed and approved the piggybacking of the U. T. San Antonio Request for Proposal award. Board approval for this Agreement is sought in accordance with *Texas Government Code* Section 2203.005(a) and The University of Texas Systemwide Policy UTS 130 pertaining to Vending Machine Contracts.

13. Contract (funds coming in and going out) - U. T. Austin: Dalton Education, LLC, to provide instructor, curricula, and related services to the Texas Extended Campus - Center for Professional Education (CPE)

Agency: Dalton Education, LLC

Funds: Funds coming in: \$2,656,719
Funds going out: \$10,626,876

Period: June 1, 2020 through June 30, 2023; with option to renew for two additional two-year terms

Description: Dalton Education, LLC, will provide Center for Professional Education with a turnkey product for educating professional students in the financial planning industry that includes: instructors, curricula, marketing, student recruitment and registration, and technical and student support services. This will allow CPE to offer non-credit, non-degree, continuing education programs (specifically, online Financial Planning Certificate Programs) online in synchronous virtual classrooms and self-paced learning environments. Dalton will receive 80% of adjusted gross revenue as consideration for provision of the services. Dalton Education, LLC, was selected through the Request for Proposal process.

14. Contract (funds going out) - U. T. Austin: Amendment to Laboratory Services Agreement by and between Clinical Pathologies, Inc., and U. T. Austin

Agency: Clinical Pathologies, Inc.

Funds: U. T. Austin pays for various laboratory tests and related services for both its University Health Services (UHS) and UT Health Austin clinical components. The total cost of services under this Agreement will not exceed \$10,000,000.

Period: July 1, 2020 through July 31, 2021; with two possible two-year renewals

Description: The Laboratory Services Agreement sets forth the terms on which Clinical Pathologies, Inc., (CPL) provides laboratory and related services to U. T. Austin, including the clinical operations run by University Health Services and UT Health Austin. It has been amended previously to change fee schedules and address the contract term, add the UT Health Austin clinical operations, and provide business terms for certain case rate and service arrangements administered by UT Health Austin. This Fifth Amendment would add two possible two-year renewals beyond the July 31, 2021, end date (of an initial term that began August 1, 2015), include the testing terms and fees for COVID-19 testing, and raise the total contract spend to \$5,000,000. If the Regents approve, the \$5,000,000 cap would not apply for the balance of the contract term in order to ensure U. T. Austin would have access to a sufficient capacity of COVID-19 testing, including for surveillance testing needs of the university community. While the total possible spend under the Fifth Amendment could be significant, it should be noted that many tests ordered under the Agreement are paid for by third party payers. It is possible the University's testing surveillance needs during the COVID-19 pandemic could run approximately \$245,000 per week under the terms of the Agreement, if the University ordered the full allotment of tests, but it is very likely that this would only happen for a short period of time (such as in the event of a disruption of University surveillance testing) or that a significant percentage of the tests would be covered by third party payers (if the testing is for symptomatic individuals), or both.

15. Request for Budget Change - U. T. Austin: Transfer \$5,000,000 from Provost Enhancement - AUF to Perry - Castaneda Library (PCL) - Scholar's Lab for the Perry - Castaneda Library: Scholar's Lab Renovation (RBC No. 11049) -- amendment to the 2019-2020 budget

16. Request for Budget Change - U. T. Austin: New Hire with Tenure -- amendment to the 2019-2020 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
Dell Medical School					
Population Health					
Associate Professor					
Brian Hobbs (T)	8/17-8/31	100	12	190,000	11437

17. 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 2021 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
School of Architecture		
Jacob Wegmann	Assistant Professor	Associate Professor (T)
McCombs School of Business		
Business, Government, and Society		
Joel Cobb	Assistant Professor	Associate Professor (T)
Finance		
Travis Johnson	Assistant Professor	Associate Professor (T)
Information Risk and Operations Management		
Wen Wen	Assistant Professor	Associate Professor (T)
Management		
Ramkumar Ranganathan	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Moody College of Communication		
Advertising and Public Relations Kathrynn Pounders	Assistant Professor	Associate Professor (T)
Communication Studies Stacey Sowards	New Hire	Professor (T)
Journalism Gina Chen	Assistant Professor	Associate Professor (T)
Radio, Television, and Film Suzanne Scott	Assistant Professor	Associate Professor (T)
College of Education		
Curriculum and Instruction Katherina Payne	Assistant Professor	Associate Professor (T)
Educational Leadership and Policy Huriya Jabbar	Assistant Professor	Associate Professor (T)
Educational Psychology James Pustejovsky Erin Rodriguez	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Kinesiology and Health Education Julie Maslowsky	Assistant Professor	Associate Professor (T)
Special Education North Cooc Jessica Toste	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Cockrell School of Engineering		
Aerospace Engineering and Engineering Mechanics Moriba Jah Ufuk Topcu	Associate Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Biomedical Engineering Amy Brock Tyrone Porter Janeta Zoldan	Assistant Professor New Hire Assistant Professor	Associate Professor (T) Professor (T) Associate Professor (T)
Chemical Engineering Lea Hildebrandt Ruiz Nathaniel Lynd	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)

College, Department, and Name	From	To
Electrical and Computer Engineering Demetrios Christodoulides	New Hire	Professor (T)
Mechanical Engineering Michael Cullinan	Assistant Professor	Associate Professor (T)
Ann Fey	New Hire	Associate Professor (T)
Yaguo Wang	Assistant Professor	Associate Professor (T)
College of Fine Arts		
Butler School of Music Jonathan Gunn	Assistant Professor	Associate Professor (T)
Hannah Lewis	Assistant Professor	Associate Professor (T)
Colette Valentine	Associate Professor	Associate Professor (T)
Jackson School of Geosciences		
Geological Sciences Rowan Martindale	Assistant Professor	Associate Professor (T)
School of Law		
Lee Kovarsky	New Hire	Professor (T)
College of Liberal Arts		
Asian Studies Youjeong Oh	Assistant Professor	Associate Professor (T)
Economics Marika Cabral	Assistant Professor	Associate Professor (T)
Michael Geruso	Assistant Professor	Associate Professor (T)
History Monica Martinez	New Hire	Associate Professor (T)
Mexican American and Latina/o Studies Danielle Clealand	New Hire	Associate Professor (T)
Rachel Gonzalez-Martin	Assistant Professor	Associate Professor (T)
Philosophy Jon Litland	Assistant Professor	Associate Professor (T)
Psychology Jarrod Lewis-Peacock	Assistant Professor	Associate Professor (T)
Franco Pestilli	New Hire	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
College of Natural Sciences		
Astronomy Stella Offner	Assistant Professor	Associate Professor (T)
Chemistry Sean Roberts	Assistant Professor	Associate Professor (T)
Computer Science Eric Price	Assistant Professor	Associate Professor (T)
Marine Science Brad Erisman	Assistant Professor	Associate Professor (T)
Mathematics Jeffrey Danciger Arie Israel	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Neuroscience Amy Lee	New Hire	Professor (T)
Physics Elena Caceres Pablo Laguna Deirdre Shoemaker Andreas Karch	Associate Professor New Hire New Hire New Hire	Associate Professor (T) Professor (T) Professor (T) Professor (T)
School of Nursing		
John Lowe Cara Young	New Hire Assistant Professor	Professor (T) Associate Professor (T)
College of Pharmacy		
Debadyuti Ghosh Feng Zhang	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Lyndon B. Johnson School of Public Affairs		
Abigail Aiken Sheena Greitens Erin Lentz	Assistant Professor New Hire Assistant Professor	Associate Professor (T) Associate Professor (T) Associate Professor (T)
School of Social Work		
Social Work Lauren Gulbas	Assistant Professor	Associate Professor (T)

18. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Head Women's Basketball Coach Vic Schaefer

The following Head Women's Basketball Coach Employment Agreement has been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Vic Schaefer will be in excess of \$1 million. Such employment under the Agreement is subject to 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. Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal.

Proposed: **Guaranteed compensation:**

Annual Salary:

FY 2020-2021: \$1,800,000

FY 2021-2022: \$1,800,000

FY 2022-2023: \$1,800,000

FY 2023-2024: \$1,900,000

FY 2024-2025: \$1,900,000

FY 2025-2026: \$2,000,000

FY 2026-2027: \$2,100,000

Special Payment:

FY 2024 -2025: One-time special payment of \$200,000

Automobile: One Dealer Car, included in Annual Salary

Relocation: One-time relocation payment of \$300,000

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

Nonguaranteed compensation:

Sports Camps: Determined by the Vice President and Athletics Director

Performance Incentives:

Team wins Big 12 Conference Regular Season Championship
or Tournament Championship: \$50,000

Team wins the NCAA Division 1 Basketball Tournament
Championship: \$250,000

Team Academic Performance Incentives: \$0 (in base salary)

National Coach of the Year: \$50,000

Coach of the Year Honors: \$20,000

Description: Employment Agreement for new Head Women’s Basketball Coach Vic Schaefer. Approved pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a).

Source of Funds: Intercollegiate Athletics

Period: April 6, 2020 through March 31, 2027

19. Sale of Property - U. T. Austin: Authorization to sell gastroesophageal reflux disease (GERD) medical equipment to Ascension Seton

The following sale of property is being brought to the Board for approval pursuant to Regents’ Rule 10501, Section 1.1, as a contract for the sale of U. T. property that does not fall within a delegated authority. This is not a surplus sale as provided for under Regents' *Rules and Regulations*, Rule 80201. U. T. Austin is selling this equipment to its affiliate for the continued use of U. T. Austin employees at the affiliate's facility.

Item to be Sold: Medical and office equipment that was previously operated from November 2018 through present at U. T. Austin’s UT Health Austin in the Health Transformation Building

Amount: \$225,260

Purchaser: Ascension Seton

Explanation: U. T. Austin purchased this equipment from Ascension Seton in November 2018 for fair market value to provide the community a GERD medical practice at U. T. Austin. U. T. Austin determined that the community is better served with the GERD practice at its affiliated hospital rather than located in the health clinic. U. T. Austin employees will still utilize the GERD equipment at the hospital. The equipment is not useless or surplus to the department. This sale is within the Guidelines of the affiliation agreement between the parties and within the mission and purpose of U. T. Austin Dell Medical School.

Method of Sale: Contractual based on fair market value and commercial reasonableness

20. 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 2021 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
School of Arts and Humanities		
History		
S. Deborah Kang	New Hire	Associate Professor (T)
School of Behavioral and Brain Sciences		
Callier Center for Communication Disorders		
Angela Shoup	New Hire	Professor (T)
Cognition and Neuroscience		
Benedict Kolber	New Hire	Associate Professor (T)
School of Arts, Technology, and Emerging Communication		
Arts, Technology, and Emerging Communication		
Sean McComber	Assistant Professor	Associate Professor (T)
Andrew Scott	Associate Professor	Associate Professor (T)
Emerging Media and Communication		
Olivia Banner	Assistant Professor	Associate Professor (T)
Angela Lee	Assistant Professor	Associate Professor (T)
School of Economic, Political and Policy Sciences		
Geospatial Information Sciences		
Anthony Cummings	Assistant Professor	Associate Professor (T)
Public and Nonprofit Management		
Evgenia Gorina	Assistant Professor	Associate Professor (T)
Erik Jonsson School of Engineering and Computer Science		
Bioengineering		
Seth Hays	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Computer Science Lingming Zhang	Assistant Professor	Associate Professor (T)
Mechanical Engineering Giacomo Iungo	Assistant Professor	Associate Professor (T)
Naveen Jindal School of Management		
Accounting Maria Loumisti	Assistant Professor	Associate Professor (T)
Information Systems Shaojie Tang	Assistant Professor	Associate Professor (T)
Operations Management Anyan Qi	Assistant Professor	Associate Professor (T)
School of Natural Sciences and Mathematics		
Biological Sciences Nikki Delk	Assistant Professor	Associate Professor (T)
Mathematical Sciences Maxim Arnold	Assistant Professor	Associate Professor (T)
Liang Hong	New Hire	Associate Professor (T)
Yifei Lou	Assistant Professor	Associate Professor (T)
Tomoki Ohsawa	Assistant Professor	Associate Professor (T)
Anh Tran	Assistant Professor	Associate Professor (T)
Physics Lloyd Lumata	Assistant Professor	Associate Professor (T)
Fan Zhang	Assistant Professor	Associate Professor (T)

21. Contract (funds coming in) - U. T. El Paso: The Aspire Sport Marketing Group to provide ticket selling services for athletic events

Agency: The Aspire Sport Marketing Group

Funds: Based on revenue sharing and expected to total \$7,500,000 for the initial three-year term and \$2,500,000 for each of the two one-year renewal options

Period: July 1, 2020 through June 30, 2023; with two one-year renewal options to extend

Description: The Aspire Sport Marketing Group will provide operational services for U. T. El Paso (UTEP) Intercollegiate Athletics Department for the purpose of selling tickets and other seating at the Sun Bowl stadium for UTEP football home games, Don Haskins Center for UTEP men's and women's home games, Memorial Gym for UTEP volleyball home games, and any other UTEP sport or athletic event. Selling shall include season ticket renewals, new season tickets, partial season ticket plans, group ticket plans, and individual game tickets, and as applicable, solicit cash contributions tied to seating and annual philanthropic cash contributions tied directly to annual giving to the Miner Athletic Club.

22. Request for Budget Change - U. T. El Paso: New Hire with Tenure -- amendment to the 2019-2020 budget

The following Request for Budget Change (RBC) has 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:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
College of Engineering					
Mechanical Engineering					
Professor					
Eric MacDonald (T)	8/1-8/31	100	09	170,000	11460
College of Health Sciences					
Dean's Office and Kinesiology					
Associate Dean and Professor					
Joel Cramer (T)	8/1-8/31	75	12	160,000	11458
		25	09	120,000	
Social Work					
Chair and Professor					
Bruce Friedman (T)	6/1-8/31	100	09	118,000	11431
		0	12	3,000	

23. 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 2021 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Education		
Educational Leadership and Foundations		
Jesus Cisneros	Assistant Professor	Associate Professor (T)
Edna Martinez	New Hire	Associate Professor (T)
Teacher Education		
Christina Convertino	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Engineering		
Computer Science		
Shirley Moore	New Hire	Associate Professor (T)
Natalia Villanueva Rosales	Assistant Professor	Associate Professor (T)
Electrical and Computer Engineering		
Deidra Hodges	Assistant Professor	Associate Professor (T)
Metallurgy, Materials and Biomedical Engineering		
Binata Joddar	Assistant Professor	Associate Professor (T)
College of Health Sciences		
Kinesiology/Physical Therapy		
Jason B. Boyle	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
Art		
Tom Birkner	Assistant Professor	Associate Professor (T)
Communications		
Yannick Atouba	Assistant Professor	Associate Professor (T)
Creative Writing		
Andrea Cote-Botero	Assistant Professor	Associate Professor (T)
Tim Z. Hernandez	Assistant Professor	Associate Professor (T)
Criminal Justice		
Melinda Tasca	New Hire	Associate Professor (T)
English		
Barbara Zimbalist	Assistant Professor	Associate Professor (T)
Music		
Chris Reyman	Assistant Professor	Associate Professor (T)
Political Science		
Eric J. Boyer	Assistant Professor	Associate Professor (T)
Sociology and Anthropology		
Jeremy Slack	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Science		
Biological Sciences Jennie McLaren	Assistant Professor	Associate Professor (T)
Geology Benjamin Brunner	Assistant Professor	Associate Professor (T)
School of Nursing		
BSN Programs Guillermina Solis	Assistant Professor	Associate Professor (T)

24. 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 2021 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Arts and Sciences		
Department of History Michael Frawley	Assistant Professor	Associate Professor (T)
Department of Literature and Languages Antonio Moreno	Assistant Professor	Associate Professor (T)
Department of Social Sciences Sebahatin Ziyanak	Assistant Professor	Associate Professor (T)
Department of Social Work Samuel Terrazas	New Hire	Professor (T)
Department of Chemistry Raj Dakshinamurthy	New Hire	Professor (T)
College of Business		
Department of Management, Marketing and Industrial Tech Lili Gai	Assistant Professor	Associate Professor (T)
Department of Finance Al Gormus	New Hire	Associate Professor (T)

25. Gift - U. T. Permian Basin: Authorization to accept the gift of a sculpture to be placed outdoors in the quad behind the Science and Technology Building on the U. T. Permian Basin campus

Description: U. T. Permian Basin is requesting approval to accept a donation from Nick Taylor and Katherine Taylor, for a sculpture to be placed in the quad behind the Science and Technology Building located at 4901 E. University Boulevard, Odessa, Texas.

The outdoor art, to be sculpted by Katherine Taylor, is of a falcon in stainless steel, 'colored' with shiny high polish, textured metal, and black patina. The falcon will be landing with open wings on a rock. The rock will be anchored to a concrete platform in the ground. The sculpture will weigh approximately 2,000 pounds and will require a concrete foundation to properly anchor the supporting stone to the ground. The falcon sculpture will be approximately 10 feet in height, 13 feet deep, and 7.5 feet deep. The artist's creative process has been identified as "organic realism." The idea comes from nature, in how the boards are camouflaged to their surroundings. Molds will be made from the surrounding natural textures to create the sculpture.

Donor: Katherine Taylor is a sculpturess living and working in Houston. Her sculptures, primarily metal, are rooted in her longstanding fascination with the natural world and inclination toward whimsy and play. Katherine holds a Bachelor of Arts from Dartmouth College and a MFA from the University of Melbourne in Australia. Her work has been exhibited nationally and internationally, including exhibitions at the Skoto Gallery and the National Arts Club in New York, and the Hood Museum of Art in New Hampshire. She is in several public and private collections in the U.S. and abroad. Katherine's father, Nick Taylor, an attorney and Chairman/CEO of Mexco Energy Corp., approached U. T. Permian Basin with this idea.

Value: The artist and donor anticipate the sculpture to cost in the range of \$110,000 to create and \$120,000 for installation. The cost of the donated artwork and installation will be funded by the donors. Minimal continuing maintenance includes dust and debris removal that can be done with mild soap and water. Depending on conditions, cleaning could be done once a year.



Figure 1: Falcon model (general view)



Figure 2: Falcon model (front view)

26. 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 2021 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
Robert C. Vackar College of Business and Entrepreneurship		
School of Accountancy		
Christian Kuate-Sobngwi	Assistant Professor	Associate Professor (T)
Economics and Finance		
Yu Liu	Assistant Professor	Associate Professor (T)
College of Education and P-16 Integration		
Teaching and Learning		
Maria E. Diaz	Assistant Professor	Associate Professor (T)
Miryam Espinosa-Dulanto	Assistant Professor	Associate Professor (T)
Counseling		
James Whittenberg	Assistant Professor	Associate Professor (T)
Organization and School Leadership		
Roberto Zamora	Assistant Professor	Associate Professor (T)
College of Engineering and Computer Science		
Computer Science		
Dongchul Kim	Assistant Professor	Associate Professor (T)
Timothy Wylie	Assistant Professor	Associate Professor (T)
College of Fine Arts		
School of Music		
Andres Amado Pineda	Assistant Professor	Associate Professor (T)
Sean Taylor	Assistant Professor	Associate Professor (T)
Creative Writing Program		
Claude Haraway	Assistant Professor	Associate Professor (T)
Jose Rodriguez	Assistant Professor	Associate Professor (T)
School of Art		
Ping Xu	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Health Professions		
Health and Human Performance		
Ulku Karabulut	Assistant Professor	Associate Professor (T)
School of Rehabilitation Services and Counseling		
Veronica Umeasiegbu	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
Political Science		
Natasha Altema	Assistant Professor	Associate Professor (T)
Alexandre Couture Gagnon	Assistant Professor	Associate Professor (T)
Richard Longoria	Assistant Professor	Associate Professor (T)
Public Affairs and Security Studies		
George Atisa	Assistant Professor	Associate Professor (T)
Literatures and Cultural Studies		
David Bowles	Assistant Professor	Associate Professor (T)
Cathryn Merla-Watson	Assistant Professor	Associate Professor (T)
Diana Rivera	Assistant Professor	Associate Professor (T)
History		
Friederike Bruehoefener	Assistant Professor	Associate Professor (T)
Psychology		
Ruby Charak	Assistant Professor	Associate Professor (T)
Writing and Language Studies		
Gabriel Gonzalez-Nunez	Assistant Professor	Associate Professor (T)
Sociology		
Bienvenido Ruiz	Assistant Professor	Associate Professor (T)
David Wladyka	Assistant Professor	Associate Professor (T)
Anthropology		
Rosalynn Vega	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Sciences		
Biology		
Karl Berg	Assistant Professor	Associate Professor (T)
Julie Mustard	Assistant Professor	Associate Professor (T)
Kathryn Perez	Assistant Professor	Associate Professor (T)
John Thomas	Assistant Professor	Associate Professor (T)
School of Earth, Environmental and Marine Sciences		
Chu-Lin Cheng	Assistant Professor	Associate Professor (T)
Diego Figueroa	Assistant Professor	Associate Professor (T)
Jihoon Kang	Assistant Professor	Associate Professor (T)
School of Mathematical and Statistical Science		
Alexey Garber	Assistant Professor	Associate Professor (T)
Hyung Kim	Assistant Professor	Associate Professor (T)
Tamer Oraby	Assistant Professor	Associate Professor (T)
Wilson A. Zuniga-Galindo	New Hire	Professor (T)
Chemistry		
Mohammed Uddin	Assistant Professor	Associate Professor (T)
Yonghong Zhang	Assistant Professor	Associate Professor (T)
School of Social Work		
School of Social Work		
Susy Villegas	Assistant Professor	Associate Professor (T)

27. Purchase - U. T. Rio Grande Valley: Authorization to purchase approximately 1.37 acres of undeveloped land located at the northwest corner of Camelot Drive and Hale Avenue, Harlingen, Cameron County, Texas, from LJM Group I LLC and Rafael Partnership LTD, for future programmed campus expansion, including medical and clinical uses

Description: Purchase of approximately 1.37 acres of undeveloped land located at the northwest corner of Camelot Drive and Hale Avenue, Harlingen, Cameron County, Texas, and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to purchase the property. The tract is adjacent to two existing medical clinics owned by U. T. Rio Grande Valley (UTRGV) and operated by UTRGV's School of Medicine. If approved, this acquisition would provide UTRGV with nearly three acres in this subdivision, including a corner fronting onto through streets. The property will be used for future programmed campus expansion, including medical and clinical uses.

Seller: LJM Group I LLC and Rafael Partnership LTD, a Texas Limited Partnership

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Aguirre and Patterson, Inc. Appraisal is confidential pursuant to *Texas Education Code* Section 51.951.

28. Contract (funds coming in and going out) - U. T. San Antonio: Aramark Educational Services of Texas, LLC, (Aramark) to provide campus-wide food and dining operations

Agency: Aramark Educational Services of Texas, LLC

Funds: Estimated value of \$116,182,000 to be received by U. T. San Antonio over the entire contract term, including all renewal terms. The value includes contractor capital investments and annual non-capital funding, retail dining commissions, anticipated meal plan overrides, and in-kind services. U. T. San Antonio will make payments to Aramark for requested catering services from time to time.

Period: July 31, 2020 through July 31, 2025; with two additional five-year renewal options, with each renewal option being at U. T. San Antonio's discretion

Description: Aramark will provide operation and management of food services at U. T. San Antonio campus facilities. These services will include meal plans, cash retail food services, and catering options. The contract resulted from a competitive Request for Proposal evaluated in accordance with *Texas Education Code*, Section 51.9335. Pursuant to *Texas Education Code*, Section 51.945, students were provided an opportunity to comment in the procurement evaluation process.

29. Request for Budget Change - U. T. San Antonio: New Hires with Tenure -- amendment to the 2019-2020 budget

The following Requests for Budget Changes (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:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
College of Engineering					
Department of Civil and Environmental Engineering					
Professor					
Arturo Ernest Schultz (T)	8/13-5/31	100	09	180,000	11425
Randall Poston (T)	8/13-5/31	10	09	300,000	11472
Department of Mechanical Engineering					
Professor					
Hyman Norman Abramson (T)	8/13-5/31	5	09	200,000	11470
College of Education and Human Development					
Department of Race, Ethnicity, Gender and Sexual Studies					
Professor					
C. Alejandra Elenes (T)	8/13-5/31	100	09	106,000	11058
College of Science					
Department of Biology					
Professor					
T. Christopher Gamblin (T)	8/13-5/31	100	09	125,000	11059
Department of Chemistry					
Professor					
Audrey L. Lamb (T)	8/13-5/31	100	09	160,000	11054
Department of Computer Science					
Professor					
Sumit Jha (T)	8/13-5/31	100	09	125,000	11055
Department of Physics and Astronomy					
Professor					
Cristian E. Botez (T)	5/15-5/31	0	9	108,750	11471

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
College for Health, Community and Policy					
Department of Psychology Associate Professor Joseph Houpt (T)	8/13-5/31	100	09	94,000	11430
Department of Social Work Associate Professor Emily Nicklett (T)	8/13-5/31	100	09	120,000	11057
Department of Sociology Professor Kara Joyner (T)	8/13-5/31	100	09	155,000	11429
Raymond R. Swisher (T)	7/15-5/31	100	09	125,000	11427
Associate Professor Terrance Hill (T)	8/13-5/31	100	09	110,000	11428

30. 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 2021 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Business		
Department of Economics Samson Alva	Assistant Professor	Associate Professor (T)
Department of Finance Zijun Wang	Associate Professor	Associate Professor (T)
Ivalina Kalcheva	New Hire	Associate Professor (T)
Department of Information Systems and Cyber Security Peyman (Paul) Najafirad	Associate Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Education and Human Development		
Department of Bicultural-Bilingual Studies		
Martha Sidury Christiansen	Assistant Professor	Associate Professor (T)
Kathryn Henderson	Assistant Professor	Associate Professor (T)
Department of Counseling		
Jessica Lloyd-Hazlett	Assistant Professor	Associate Professor (T)
Department of Kinesiology, Health and Nutrition		
Sarah Ullevig	Assistant Professor	Associate Professor (T)
Langston Clark	Assistant Professor	Associate Professor (T)
Department of Educational Psychology		
Leslie Neely	Assistant Professor	Associate Professor (T)
College of Liberal and Fine Arts		
Department of Communication		
Shamshad Khan	Assistant Professor	Associate Professor (T)
Department of English		
Paul Ardoin	Assistant Professor	Associate Professor (T)
Department of Music		
Jennifer Beavers	Assistant Professor	Associate Professor (T)
Department of Political Science and Geography		
Ritu Mathur	Assistant Professor	Associate Professor (T)
College for Health, Community and Policy (formerly College of Public Policy)		
Department of Criminology and Criminal Justice		
Megan Augustyn	Assistant Professor	Associate Professor (T)
Department of Social Work		
Lucinda Nevarez	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Sciences		
Department of Biology		
Matthew Wanat	Assistant Professor	Associate Professor (T)
Hyoung-gon Lee	Associate Professor	Associate Professor (T)
Rahul Raghavan	New Hire	Associate Professor (T)
Department of Mathematics		
Priya Prasad	Assistant Professor	Associate Professor (T)
Department of Physics and Astronomy		
Kathryn Mayer	Assistant Professor	Associate Professor (T)
College of Engineering		
Department of Biomedical and Chemical Engineering		
Teja Guda	Assistant Professor	Associate Professor (T)

31. 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 2021 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Arts and Science		
Art and Art History		
Elizabeth Lisot	Assistant Professor	Associate Professor (T)
Biology		
Brent Bill	Assistant Professor	Associate Professor (T)
Riqing Yu	Assistant Professor	Associate Professor (T)
Mathematics		
Katie Anders	Assistant Professor	Associate Professor (T)
Scott Lalonde	Assistant Professor	Associate Professor (T)
Political Science and History		
Mark Owens	Assistant Professor	Associate Professor (T)
School of Performing Arts		
Soo-Ah Park	Assistant Professor	Associate Professor (T)
Social Sciences		
Elizabeth Sills	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
College of Engineering		
Mechanical Engineering		
Mohammad Biswas	Assistant Professor	Associate Professor (T)
College of Education and Psychology		
Psychology and Counseling		
Amy Hayes	Assistant Professor	Associate Professor (T)
Randall Moate	Assistant Professor	Associate Professor (T)
School of Education		
Gary Miller	Assistant Professor	Associate Professor (T)
Yanira Oliveras	Assistant Professor	Associate Professor (T)
College of Nursing and Health Sciences		
Health and Kinesiology		
Ahmed Abdelal	New Hire	Associate Professor (T)
Soules College of Business		
Accounting, Finance, Business Law		
Hui Liang James	Assistant Professor	Associate Professor (T)
Human Resource Development		
Yonjoo Cho	New Hire	Associate Professor (T)
Management and Marketing		
Abdullahel Bari	Assistant Professor	Associate Professor (T)
Kyung-Ah Byun	Assistant Professor	Associate Professor (T)
Kevin James	Assistant Professor	Associate Professor (T)

HEALTH AFFAIRS COMMITTEE

32. Contract (funds coming in) - U. T. Southwestern Medical Center: Amendment to Agreement to provide professional pediatric anesthesiologist services to Anesthesiologists for Children

Agency: Anesthesiologists for Children, a Texas nonprofit corporation

Funds: \$125,394,410

Period: September 1, 2020 through August 31, 2025

Description: U. T. Southwestern Medical Center to continue providing professional pediatric anesthesiology services. The Agreement dated September 1, 2018, was approved by the Board of Regents on August 10, 2018. The First Amendment, dated May 1, 2019, added cardiac anesthesia call coverage services and compensation. The Second Amendment extended the term of Agreement to August 31, 2020. This Third Amendment adds administrative services for physicians rendering services and extends the term five years.

33. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide Critical Care Anesthesia Physician Services to the U.S. Department of Veterans Affairs

Agency: U.S. Department of Veterans Affairs

Funds: \$5,532,126

Period: June 29, 2020 through June 28, 2025

Description: U. T. Southwestern Medical Center to provide Critical Care Anesthesia Physician Services to the U.S. Department of Veterans Affairs

34. 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, a not-for-profit corporation

Agency: UT Southwestern Moncrief Cancer Center, a not-for-profit corporation

Funds: \$8,671,055

Period: September 1, 2020 through August 31, 2021

Description: U. T. Southwestern Medical Center to provide professional and technical services. UT Southwestern Moncrief Cancer Center (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.

35. Contract (funds going out) - U. T. Southwestern Medical Center: Children's Health Clinical Operations, dba Children's Medical Center of Dallas, to provide child psychiatry consultative services and training opportunities for pediatricians and primary care providers

Agency: Children's Health Clinical Operations, dba Children's Medical Center of Dallas

Funds: \$5,178,190

Period: February 17, 2020 through December 31, 2021

Description: Children's Health Clinical Operations to provide services in support of U. T. Southwestern's Child Psychiatry Access Network Program and Texas Child Health Access Through Telemedicine Program. This Agreement was acquired via an Exclusive Acquisition Justification.

36. Contract (funds going out) - U. T. Southwestern Medical Center: Second Amendment to Agreement with Mercury Global, LLC., to continue to provide revenue billing support services

Agency: Mercury Global, LLC

Funds: \$8,000,000

Period: May 10, 2020 through February 14, 2021; with option to renew for two additional one-year terms

Description: Mercury Global, LLC., will continue to provide revenue billing support services (charge entry, claim denial follow-up, payment posting, etc.). The Master Services Agreement dated February 15, 2018, and First Amendment dated June 20, 2018, were not previously submitted for Board consideration because the total contract amounts were below the delegated approval threshold. The First Amendment added a clause for Medicare Parts C and D compliance. This Second Amendment increases the Fee Cap to \$8,000,000. The Master Services Agreement was competitively bid.

37. Contract (funds going out) - U. T. Southwestern Medical Center: First Amendment to Agreement with Netsync Network Solutions, a Texas Corporation, to continue to provide service for Cisco equipment, products, and associated maintenance

Agency: Netsync Network Solutions, a Texas Corporation

Funds: \$20,000,000

Period: June 1, 2020 through March 25, 2021; with the option to renew for two additional one-year terms

Description: Netsync Network Solutions, Inc., will continue to provide service for Cisco equipment, products, and associated maintenance. The Master Services Agreement dated March 26, 2018, was not previously submitted for Board consideration because the total contract amount was below the delegated approval threshold. This First Amendment is being brought to the Board as both the Cap amount and the total cost of services will increase to \$20,000,000. The contract was competitively bid.

38. Request for Budget Change - U. T. Southwestern Medical Center: New Hires with Tenure -- amendment to the 2019-2020 budget

The following Requests for Budget Changes (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:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
Southwestern Medical School					
Internal Medicine					
Professor and Chair					
Thomas Wang (T)	2/1-8/31	100	12	650,000	11004
Pathology					
Associate Professor					
Qing Zhang (T)	9/3-8/31	100	12	160,000	11005
Surgery					
Associate Professor					
Benjamin Levi (T)	6/1-8/31	100	12	192,300	11274

39. 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 2021 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Cecil H. and Ida Green Center for Reproductive Biology Sciences Cecil H. and Ida Green Center for Reproductive Biology Sciences Yunsun Nam	Assistant Professor	Associate Professor (T)
College of Children's Medical Center Research Institute Children's Medical Center Research Institute Jian Xu	Assistant Professor	Associate Professor (T)
College of Internal Medicine Internal Medicine James Kim Wanpen Vongpatanasin	Assistant Professor Professor	Associate Professor (T) Professor (T)
College of Microbiology Microbiology Sebastian Winter	Assistant Professor	Associate Professor (T)
College of Neuroscience Neuroscience Todd Roberts	Assistant Professor	Associate Professor (T)
College of Pharmacology Pharmacology James Collins Xuelian Luo	Assistant Professor Associate Professor	Associate Professor (T) Associate Professor (T)
College of Radiation Oncology Radiation Oncology Asaithamby Aroumougame	Assistant Professor	Associate Professor (T)

40. Lease - U. T. Southwestern Medical Center: Authorization to lease up to approximately 40,303 square feet of space at 7609 Preston Road, Plano, Collin County, Texas, from Children's Health Clinical Operations dba Children's Medical Center of Dallas or its successors or assigns, for mission purposes, including clinical uses

- Description: Space lease for up to approximately 40,303 square feet of office space for mission purposes to include medical and clinical uses located at 7609 Preston Road in Plano, Collin County, Texas. The institution will initially lease approximately 34,191 square feet and has an option to lease an additional 6,112 square feet.
- Lessor: Children's Health Clinical Operations, a Texas nonprofit corporation, or its successor or assigns
- Term: Proposed 120 months with a commencement date anticipated in the first quarter of 2021.
- Lease Cost: Annual rent begins at \$31.00 per square foot, with Lessor abating the first four months, totaling \$801,350 in year one. Rent escalates by 2.5% annually for a total amount of \$13,549,384 over the term for the entire space. This is a full-service lease with typical operating expenses, including taxes, insurance, utilities, and common area maintenance being included in the rental rate rather than the Lessee paying additional amounts.
- Tenant Improvements: The premises are currently built out. Lessor will renovate the build out to Lessee's requirements and provide a \$50 per square foot tenant improvement allowance, an estimated \$2,015,150. Any additional improvement costs will be at Lessee expense. U. T. Southwestern Medical Center projects an additional \$75 per square foot, or approximately \$3,022,725, will be required to be funded by the institution to pay for expected improvement costs above the allowance provided by Lessor.
- Total Project Cost: Projected to be \$16,572,109, which includes rent for the entire space and Lessee funded tenant improvement costs.

41. Lease - U. T. Southwestern Medical Center: Authorization to lease approximately 181,424 square feet of space at 3000 Pegasus Park Drive, Dallas, Dallas County, Texas, from Pegasus Place, LLC, or its successors or assigns, for mission purposes to include administrative office use

Description: Lease of approximately 181,424 square feet of space located at 3000 Pegasus Park Drive, Dallas, Dallas County, Texas, for mission purposes to include administrative office use. The space consists of five contiguous floors in an 18-story office building. The location is on the south side of Stemmons Freeway (IH-35), a short distance from the institutions' main campus to the north of the Stemmons Freeway.

The Lessor is in the process of a major renovation and upgrade of the subject building, containing approximately 550,000 square feet and built in 1972. Although it is currently partially re-leased, the subject building offers the institution an opportunity to lease a large contiguous block space close to its campus. U. T. Southwestern Medical Center plans to relocate mostly administrative functions from the institution's main campus to the subject building; personnel will relocate primarily but not exclusively from the Paul M. Bass Center (Bass Center). The Bass Center is approximately 60 years old and has become functionally obsolete. Its operating and maintenance costs have become excessive, and the use of space is not as efficient as it is in more modern facilities. The Bass Center is located on approximately 25 acres of land on the institution's main campus at Forest Park Road and Treadway Street, immediately across Harry Hines Boulevard from the recently built William P. Clements University Hospital. Accordingly, U. T. Southwestern Medical Center intends to demolish the Bass Center, and replace it with clinical facilities due to its proximity to Clements Hospital. The planning of the redevelopment of the Bass Center property is underway; however, the institution has not yet firmly established the scope and timing of the project.

U. T. Southwestern Medical Center plans to build a replacement administrative building on its campus at a location and on a schedule yet to be determined. The institution anticipates relocating most if not all administrative functions back to its campus when such new administrative facility becomes available.

Lessor: Pegasus Park, LLC; a domestic limited liability company, or its successors or assigns

Term: The lease commences in the first quarter of 2021. The terms of the differing floors vary from seven years to eight years with the initial term ending in 2029. U. T. Southwestern Medical Center has the option to renew the space, on a floor-by-floor basis, for consecutive terms of two years, three years, two years and three years, in that order. This renewal structure may facilitate an efficient exit by the institution of the subject property.

Lease Cost: Annual rent is initially \$23 per square foot, escalating by 3% annually for a total estimated amount of \$32,678,693 over the initial term of the lease for all five floors. The Lessor is responsible for 2021 base year expenses and the institution is responsible for increases in operating expense costs thereafter, plus electricity. Operating expenses in excess of the base year amount are estimated to increase by \$0.50 per square foot annually; and electricity is projected to cost \$2.00 per square foot annually, with assumed 3% increases for a total projection of \$5,014,000 for the initial term of the five floors. The total lease cost over the initial term, including both rent, increases in operating expenses and electricity, is projected to be \$37,692,693.

Base rent for each renewal term will be set at then fair market value. Were rents, excess operating expenses and electricity costs to grow from today as described above, and; if U. T. Southwestern Medical Center were to exercise all renewal options for all of the space, the total cost of the lease renewals is estimated to be \$72,842,952.

Tenant Improvements: The Lessor will provide the space in a semi-shell condition with building systems in place, and will be responsible for the buildout. Lessor will provide a \$50 per square foot tenant finish allowance, or \$9,071,200. The institution estimates it may spend up to an additional \$30 per square foot in tenant improvement costs to finish the space as required for its uses; accordingly, U. T. Southwestern Medical Center may be responsible for up to this \$5,442,720 excess amount.

Total Project Cost: The total rent, including base year expense increases and electricity, is projected to be \$37,692,693 for the initial term. The institution will also be responsible for excess tenant improvement expenditures estimated up to \$5,442,720 with total project cost to be \$43,135,413 for the initial term. If the institution were to exercise all its renewal options for all floors, based on the assumptions described above the total cost of occupancy over the extended term of the lease is estimated at \$115,978,365.

42. Contract (funds going out) - U. T. Medical Branch - Galveston: Eighth Amendment to Agreement with Owens & Minor Distribution, Inc., to provide distribution services for medical/surgical supplies

Agency: Owens & Minor Distribution, Inc.

Funds: \$100,000,000

Period: March 31, 2020 through December 31, 2020

Description: The current state of the Agreement with Owens & Minor Distribution, Inc., (Owens) through the first seven amendments can be summarized by the following: the Agreement 1) began on March 17, 2014, and ended on March 31, 2020, 2) has a \$100,000,000 cap amount, and 3) is for the provision of distribution services for medical/surgical supplies to U. T. Medical Branch - Galveston (UTMB). The Eighth Amendment to the Agreement 1) extends the term of the Agreement nine months through December 31, 2020, 2) provides an option for one 12-month term extension at the end of this extension term, 3) increases the cap amount from \$100,000,000 to \$200,000,000, 4) replaces the pricing and incentives rider, 5) incorporates a Past Due Settlement (UTMB to pay 50% of the outstanding balance of \$54,735), and 6) incorporates miscellaneous provisions. The primary reason for the large increase in the cap amount is due to UTMB adding three additional campuses: Angleton-Danbury, League City, and Clear Lake. The original agreement was competitively procured and did not require Board approval under Section 2.2.15 of Regents' Rule 10501, and the Eighth Amendment was procured via Best Value Exclusive Acquisition Justification (EAJ). UTMB and UT Supply Chain Alliance have entered into a contract with a planned transition in February 2021. This Eighth Amendment will cover the transition to a new vendor agreement. Given the EAJ and the amount involved, UTMB is required to submit for Board of Regents approval.

43. Contract (funds going out) - U. T. Medical Branch - Galveston: Evoqua Water Technologies, LLC, to perform certain specialty water treatment services

Agency: Evoqua Water Technologies, LLC

Funds: \$5,000,000

Period: July 1, 2020 through June 30, 2025; with option to renew for two additional 12-month periods

Description: Evoqua Water Technologies, LLC, (Evoqua) will operate, manage, and maintain the specialty water treatment system, including provision of equipment currently in operation and additional equipment (as needed), meters, tools, supplies, and labor. These systems provide purified water by means of reverse osmosis and/or deionization as well as exchange stations that provide additional purification. The contract was procured via a Best Value Exclusive Acquisition Justification to provide for exact compatibility with existing equipment. Evoqua has been the vendor for these services for ten years. The previous agreement with Evoqua was approved by the Board of Regents on August 20, 2015.

44. Request for Budget Change - U. T. Medical Branch - Galveston: New Hires with tenure -- amendment to the 2019-2020 budget

The following Requests for Budget Changes (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:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Medicine					
Department of Obstetrics and Gynecology					
Professor and Chair					
Jerome Yaklic (T)	5/1-8/31	100	12	650,000	11038
Department of Neurosurgery					
Professor and Chair					
Peter Kan (T)	7/1-8/31	100	12	985,000	11053

45. 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 2021 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
School of Medicine		
Anesthesiology Maria Micci	Associate Professor	Associate Professor (T)
Pathology Heather Stevenson-Lerner	Associate Professor	Associate Professor (T)
Pharmacology and Toxicology Thomas Green	Associate Professor	Associate Professor (T)
Obstetrics and Gynecology Ana Rodriguez	Associate Professor	Associate Professor (T)
Ophthalmology Gianmarco Vizzeri	Associate Professor	Professor (T)
School of Health Professionals		
Nutrition and Metabolism Elizabeth Lyons	Associate Professor	Associate Professor (T)

46. **Sale - U. T. Medical Branch - Galveston: Authorization to sell approximately 6.57 acres of submerged land and land improved with buildings, surface parking, and a helipad at 600 Harborside Drive, and approximately 3.783 acres of land improved with a building and related parking at 1902 Harborside Drive, Galveston, Galveston County, Texas, to the The Sealy and Smith Foundation; and lease back of both properties**

Description:

Authorization to sell approximately 6.57 acres of submerged land and land improved with a building, surface parking, and a helipad at 600 Harborside Drive, and approximately 3.783 acres of land improved with a building and related parking at 1902 Harborside Drive, Galveston, Galveston County, Texas; and lease back of both properties from The Sealy and Smith Foundation at a nominal cost to the institution.

600 Harborside includes approximately 1.33 acres of submerged land with 577 feet of bulkhead water frontage, a grade level helipad, roughly 3.5 acres of surface parking, four-story building containing approximately 53,205 square feet of space and a two story building containing approximately 10,635 square feet of space, all on approximately 6.57 acres. The buildings were built in 1972 and 1979 respectively. The facilities currently house classrooms and learning laboratories used by the institution's academic programs. This property abuts other property held for the institution's use and is across Harborside Drive, a four-lane divided thoroughfare, from U. T. Medical Branch - Galveston's main clinical facilities, including the replacement Jennie Sealy Hospital built in 2016. The helipad serves as a back-up to primary helipads located on top of clinical facilities. This property is within the institution's Board-approved master plan.

1902 Harborside includes a five-story office building containing approximately 172,113 square feet of space, with a large one-story annex that was formerly a tea processing plant. The building was built in 1980 and renovated in 1997. Approximately 48,158 square feet of first floor space is in shell condition. There are also two small metal warehouse structures totaling 4,188 square feet, and related surface parking. The building currently houses back-of-house functions, including administrative offices, a central laundry facility, a print shop, and record and other storage. This property is six blocks from U. T. Medical Branch - Galveston's main campus.

The institution is facing increasing costs to maintain the aging facilities on the properties. It expects to lease back the properties, and over time relocate the occupants to other facilities. In addition, regulators have reduced the period for which records must be kept, and new records are electronic; both factors reduce the need for space at 1902 Harborside.

Purchaser: The Sealy and Smith Foundation, a Texas non-profit corporation. This purchaser was selected through direct negotiation, as it has a reversionary interest in 1902 Harborside Drive triggered by the transfer of the property to a third party, and its agreement to lease back both properties to U. T. Medical Branch - Galveston at a nominal cost.

Lease Back: U. T. Medical Branch - Galveston will lease back each property for \$1 annually, for terms of one year at a time, renewable at the discretion of the institution. The institution shall be responsible for all costs of occupancy, including maintenance, utilities, repair, and replacements.

Purchase Price: No less than fair market value as determined by independent appraisal performed by BBG, Inc. and Bay Area Real Property Appraisers & Consultants, Inc. Appraisal is confidential pursuant to *Texas Education Code* Section 51.951.

47. Contract (funds coming in) - U. T. Health Science Center - Houston: Second Amendment to Agreement with Memorial Hermann Health System to provide financial support for U. T. Health Science Center - Houston's academic, research, and community service programs

Agency: Memorial Hermann Health System

Funds: Approximately \$199,909,140

Period: July 1, 2020 through June 30, 2021

Description: Second Amendment to the Annual Funding Agreement approved by the U. T. System Board of Regents on November 15, 2018, whereby Memorial Hermann Health System provides financial support to U. T. Health Science Center - Houston for academic support, program support, contracted services, and clinical support. All amounts paid for clinical support are to be used for the recruitment, retention, or engagement of physicians as agreed separately in writing. The First Amendment dated July 1, 2019, which increased the cap, did not require Board approval as the change in monetary value did not exceed 25%.

Authorization is also requested for President Colasurdo or his delegate to execute all necessary documents and agreements, subject to approval by the Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel.

48. Contract (funds going out) - U. T. Health Science Center - Houston: Agreement with Richards Carlberg, LLC, to perform a continuation of advertising campaign services on a multiyear basis

Agency: Richards Carlberg, LLC

Funds: \$15,000,000

Period: June 12, 2020 through August 31, 2025; with two one-year renewal options

Description: Richards Carlberg, LLC, will be responsible for continuing the highly successful "Many Faces of UTHealth" branding and awareness campaign aimed at a very targeted, potential donor audience. The campaign was initially launched in 2015. The Agreement was competitively bid.

49. 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 2021 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>
Cizik School of Nursing		
Nursing Research		
Hyochol Ahn	Associate Professor	Associate Professor (T)
Nikhil Padhye	Associate Professor	Associate Professor (T)
McGovern Medical School		
Anesthesiology		
Maya Suresh	New Hire	Professor (T)
Advanced Cardiopulmonary Therapies and Transplantation - Children's Heart Institute		
Sunjay Kaushal	New Hire	Professor (T)
Peixin Yang	New Hire	Professor (T)
Diagnostic Imaging and Interventional Radiology		
Ahmed Kamel Abdel Aal	New Hire	Professor (T)
Internal Medicine - Infectious Diseases		
Jordan E. Lake	Associate Professor	Associate Professor (T)

College, Department, and Name	From	To
Institute of Molecular Medicine		
Ali Azhdarinia	Associate Professor	Associate Professor (T)
Nicholas J. Justice	Assistant Professor	Associate Professor (T)
Microbiology and Molecular Genetics		
Nicholas R. De Lay	Assistant Professor	Associate Professor (T)
Neurobiology and Anatomy		
Shin Nagayama	Assistant Professor	Associate Professor (T)
Neurology		
Samden D. Lhatoo	New Hire	Professor (T)
Amrou Sarraj	Associate Professor	Associate Professor (T)
Guo-Qiang Zhang	New Hire	Professor (T)
Neurosurgery		
Rachel Sirianni	Assistant Professor	Associate Professor (T)
Pediatrics - Children's Learning Institute		
Kausalai (Kay) Wijekumar	New Hire	Professor (T)
Pediatrics - Nephrology		
Joshua A. Samuels	Professor	Professor (T)
Pediatrics - Research Center		
Rachel K. Miller	Assistant Professor	Associate Professor (T)
Psychiatry and Behavioral Sciences		
Ronald Acierno	New Hire	Professor (T)
Anilkumar Pillai	New Hire	Professor (T)
Surgery - Acute Care Surgery		
Bryan A. Cotton	Professor	Professor (T)
School of Dentistry		
Diagnostic and Biomedical Sciences		
Ariadne Letra	Associate Professor	Professor (T)
Dharini van der Hoeven	Associate Professor	Associate Professor (T)
General Practice and Dental Public Health		
Shawn Shahriar Adibi	Associate Professor	Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Restorative Dentistry and Prosthodontics Joe C. Ontiveros	Professor	Professor (T)
School of Public Health Biostatistics and Data Science Baojiang Chen	Associate Professor	Associate Professor (T)
Health Promotion and Behavioral Sciences Nalini Ranjit	Associate Professor	Associate Professor (T)

50. Sale of Surplus Property - U. T. Health Science Center - Houston: Authorization to sell Heidelberg SX 74-5L Press

The following sale of surplus property has been administratively approved by the Executive Vice Chancellor for Health 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: Heidelberg SX 74-5L Press (2014)

Amount: \$325,000

Purchaser: Press Clean Sales, LLC

Explanation: The Heidelberg SX74-5L Press (2014) was purchased in November 2014 for approximately \$977,000 by Auxiliary Enterprises - Printing & Media Services at U. T. Health Science Center - Houston. Auxiliary Enterprises - Printing & Media Services primarily served the printing needs for internal U. T. Health Science Center - Houston departments. Due to the economic impact of the COVID-19 pandemic, the demand for printing services across the university has significantly diminished. As a result, the decision was made to close Auxiliary Enterprises - Printing & Media Services effective May 1, 2020.

Method of Sale: U. T. Health Science Center - Houston researched the market price and reached out to several other Texas public universities and state agencies to determine if they were interested in the equipment. However, the equipment is highly specialized and there was no market for sale to any of the state institutions contacted. U. T. Health Science Center - Houston was able to negotiate a favorable price with PressClean Sales, LLC. Therefore, it was determined to be in the best interest of the university to complete the sale to PressClean, LLC.

Authorization: U. T. Health Science Center - Houston requests that the U. T. System Board of Regents authorize U. T. Health Science Center - Houston's Auxiliary Enterprises to consummate the sale of the Heidelberg SX74-5L press to PressClean Sales, LLC, for the purchase price of \$325,000.

51. Contract (funds coming in) - U. T. Health Science Center - San Antonio: To provide physician medical, administrative support, and non-emergency services for Bexar County Hospital District, dba University Health System

Agency: Bexar County Hospital District, dba University Health System

Funds: Approximately \$126,793,064

Period: September 1, 2019 through August 30, 2020

Description: Master Health Care Services Agreement between U. T. Health Science Center - San Antonio and Bexar County Hospital District, dba University Health System.

This Agreement continues a long-standing arrangement between U. T. Health Science Center San - Antonio and University Health System under which U. T. Health Science Center - San Antonio provides physician medical, administrative support, and non-emergency services for University Health System.

U. T. Health Science Center - San Antonio bills and collects for all professional services supplied by its providers.

52. Contract (funds coming in) - U. T. Health Science Center - San Antonio: To provide physician medical, administrative support, and emergency services for Bexar County Hospital District, dba University Health System

Agency: Bexar County Hospital District, dba University Health System

Funds: Approximately \$13,589,003

Period: September 1, 2019 through August 30, 2020

Description: Master Health Care Services Agreement: Emergency Services between U. T. Health Science Center - San Antonio and Bexar County Hospital District, dba University Health System.

This Agreement continues a long-standing arrangement between U. T. Health Science Center - San Antonio and University Health System under which U. T. Health Science Center - San Antonio provides physician medical, administrative support, and emergency services for University Health System.

U. T. Health Science Center San Antonio bills and collects for all professional services supplied by its providers.

53. Contract (funds coming in) - U. T. Health Science Center - San Antonio: Annual Operating Agreement for Medical Director Services to provide non-physician medical and administrative services for Bexar County Hospital District, dba University Health System

Agency: Bexar County Hospital District, dba University Health System

Funds: Approximately \$12,135,427

Period: January 1, 2020 through August 31, 2021

Description: This Agreement continues a long-standing arrangement between U. T. Health Science Center - San Antonio and University Health System under which U. T. Health Science Center - San Antonio provides non-professional medical and administrative services for University Health System, specifically for Medical Directorships in University Hospital.

54. Contract (funds coming in) - U. T. Health Science Center - San Antonio: Annual Operating Agreement for General Services to provide non-physician medical and administrative services for Bexar County Hospital District, dba University Health System

Agency: Bexar County Hospital District, dba University Health System

Funds: Approximately \$17,604,807

Period: January 1, 2020 through August 31, 2021

Description: This Agreement continues a long-standing arrangement between U. T. Health Science Center - San Antonio and University Health System under which U. T. Health Science Center - San Antonio provides non-professional medical and administrative services for University Health System.

55. Request for Budget Change - U. T. Health Science Center - San Antonio: New Hires with Tenure -- amendment to the 2019-2020 budget

The following Requests for Budget Changes (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:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Medicine					
Radiation Oncology					
Professor and Chair					
Mark Bonnen (T)	9/4-8/31	100	12	524,000	10947
Rehabilitation Medicine					
Professor and Chair					
Monica Verduzco-Gutierrez (T)	4/1-8/31	100	12	285,000	11060
School of Nursing					
Office of Faculty Excellence					
Professor					
Kyungeh An (T)	8/1-8/31	100	12	135,000	11056

56. 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 2021 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
School of Medicine		
Cell Systems and Anatomy		
Susan Frost	Assistant Professor	Associate Professor (T)
Erzsebet Kokovay	Assistant Professor	Associate Professor (T)
Alan Sakaguchi	Associate Professor	Professor (T)
Kristine Vogel	Assistant Professor	Associate Professor (T)
Cellular and Integrative Physiology		
Jason Pugh	Assistant Professor	Associate Professor (T)
Microbiology		
Nu Zhang	Assistant Professor	Associate Professor (T)
Molecular Medicine		
Mengwei Zang	Associate Professor	Professor (T)
Orthopaedics		
Boris Zelle	Associate Professor	Professor (T)
Pediatrics		
Andrew Meyer	Assistant Professor	Associate Professor (T)
Margarita Vasquez	Associate Professor	Professor (T)
Psychiatry		
Brett Ginsburg	Associate Professor	Professor (T)
Radiation Oncology		
Neil Kirby	Assistant Professor	Associate Professor (T)
School of Dentistry		
Comprehensive Dentistry		
Hassem Geha	Associate Professor	Professor (T)
School of Health Professions		
Occupational Therapy		
Karin Barnes	Associate Professor	Professor (T)
Physician Assistant Studies		
Paul Allen	Assistant Professor	Associate Professor (T)

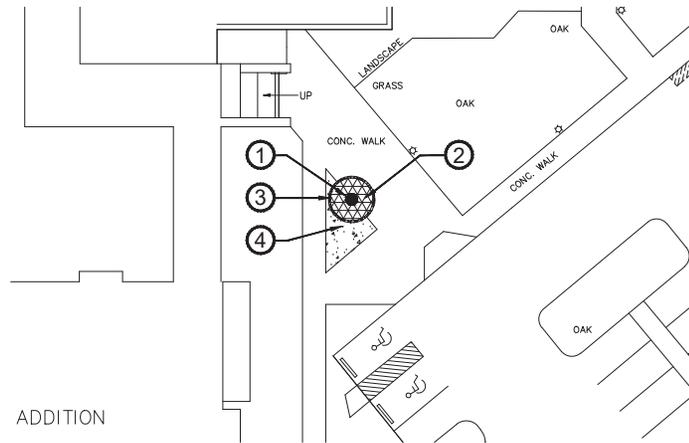
57. Gift - U. T. Health Science Center - San Antonio: Authorization to accept the gift of a sculpture to be placed outdoors in front of the School of Nursing on the U. T. Health Science Center - San Antonio main campus

Description: U. T. Health Science Center - San Antonio is requesting approval to accept a donation from Dr. Kathleen Stevens and her husband, Mr. Alexander Hamilton, for a sculpture to be placed in front of the School of Nursing buildings located at 7703 Floyd Curl Drive in San Antonio, Texas.

The outdoor art, to be sculpted by Rick McCumber, will be entitled, "Light the Future". The Florence Nightingale sculpture will be approximately nine feet in height and three and a half feet wide. This significant contribution will provide many valued benefits to the campus and the School of Nursing, including unique and recognizable branding that enhances the mission of discovery, interprofessional patient care, healthcare education, and service to the community. The statue is in the modeling phase and anticipated to be completed by 2021. Mr. McCumber is a silversmith and sculptor who currently resides in Bastrop, Texas. Since 1985, he has created unique custom art pieces that are a source of pride and pleasure for his clients.

Donor: This gift is donated in the spirit of the 50th Anniversary of the School of Nursing, by Kathleen Stevens, Ed.D., RN, ANEF, FAAN, and her husband, Mr. Alexander Hamilton. Dr. Stevens is a Professor in the School of Nursing and holder of the Berneice Castella Distinguished Professorship in Aging Research. She is also the founding director of the Academic Center for Evidence-Based Practice (ACE), now named the Center for Advancing Clinical Excellence. This is a School of Nursing Center of Excellence where she leads efforts to advance evidence-based quality improvement through research, education, and practice.

Value: The artist and donor anticipate the sculpture to appraise for \$250,000. Before acceptance of the gift is finalized, a formal appraisal will be done. The cost of the donated artwork will be funded by the donors. The installation and minimal maintenance will be funded from the general budget of the School of Nursing.



PROPOSED SON STATUE PLAN



SCALE: 1/32" = 1'-0"

- ① OCTAGON STATUE BASE (9' TALL STATUE)
- ② DIAMOND PATTERN CONCRETE PAD
- ③ PAVERS AROUND CONCRETE PAD
- ④ FILLED CONCRETE SLAB

PROPOSED SON STATUE LOCATION

FEB 25, 2020



58. Other Matters - U. T. Health Science Center - San Antonio: Approval of tuition and fee proposal for new Pre-Professional Graduate Certificate (non-degree) program in the Graduate School of Biomedical Sciences

In Fall 2021, U. T. Health Science Center - San Antonio (UT Health San Antonio) will begin offering a new Pre-Professional Graduate Certificate in the Graduate School of Biomedical Sciences. This one-year, full-time pre-professional graduate certificate (non-degree) program at UT Health San Antonio is designed to offer qualified individuals with baccalaureate degrees aspiring to be admitted to medical school an opportunity to enhance their academic credentials.

The proposed tuition and fee proposal for this program for the 2021-2022 Academic Year is set forth below. Although authority to approve course fees for certificate programs is generally delegated to institutional presidents under Regents' Rule 40401, Board approval is required in this instance as the certificate program will collect tuition and receive formula funding. Accordingly, U. T. Health San Antonio seeks approval for the proposed tuition and fee plan for the Pre-Professional Graduate Certificate (non-degree) program in the Graduate School of Biomedical Science.

Table 1 outlines the proposed tuition and fee schedule for the program. (Note: the Library Fee, Student Services Fee, Medical Services Fee, and Fitness Center Fee are existing approved fees; as are the Gross Anatomy Course Fee and CSAT 5022 Lab Fee.)

Resident Tuition and Fee Schedule										
Pre-Professional (P&P) Graduate Certificate (assuming 21 hours)										
Semester Credit Hour	Statutory Tuition	Differential Tuition	Designated Tuition	Designated Tuition (Deregulated)	Library fee	Student Services Fee	Medical Service Fee	Fitness Center Fee	Health Insurance	Total
1	\$ 50.00	\$ 100.00	\$ 46.00	\$ 542.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 2,738.70
2	\$ 100.00	\$ 200.00	\$ 92.00	\$ 1,084.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 3,476.70
3	\$ 150.00	\$ 300.00	\$ 138.00	\$ 1,626.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 4,214.70
4	\$ 200.00	\$ 400.00	\$ 184.00	\$ 2,168.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 4,952.70
5	\$ 250.00	\$ 500.00	\$ 230.00	\$ 2,710.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 5,690.70
6	\$ 300.00	\$ 600.00	\$ 276.00	\$ 3,252.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 6,428.70
7	\$ 350.00	\$ 700.00	\$ 322.00	\$ 3,794.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 7,166.70
8	\$ 400.00	\$ 800.00	\$ 368.00	\$ 4,336.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 7,904.70
9	\$ 450.00	\$ 900.00	\$ 414.00	\$ 4,878.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 8,642.70
10	\$ 500.00	\$ 1,000.00	\$ 460.00	\$ 5,420.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 9,380.70
11	\$ 550.00	\$ 1,100.00	\$ 506.00	\$ 5,962.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 10,118.70
12	\$ 600.00	\$ 1,200.00	\$ 552.00	\$ 6,504.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 10,856.70
13	\$ 650.00	\$ 1,300.00	\$ 598.00	\$ 7,046.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 11,594.70
14	\$ 700.00	\$ 1,400.00	\$ 644.00	\$ 7,588.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 12,332.70
15	\$ 750.00	\$ 1,500.00	\$ 690.00	\$ 8,130.00	\$ 150.00	\$110.00	\$106.20	\$240.00	\$ 1,394.50	\$ 13,070.70
MCAT Prep Fee	2500.00									
Gross Anatomy Course Fee	884.00									
CSAT 5022 Lab fee	30.00									

Table 1: Proposed tuition and fee schedule for Pre-Professional Graduate Certificate Program

59. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Second Amendment to Agreement with Broaddus & Associates, Inc., to provide project management services for various construction or renovation projects

Agency: Broaddus & Associates, Inc.

Funds: The total contract value is estimated to be \$6,500,000

Period: August 14, 2020 through August 13, 2022; with no renewal options

Description: Broaddus & Associates, Inc., will act as a project manager to provide project management services for projects on a per-project basis as requested by U. T. M. D. Anderson Cancer Center. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required. The Master Agreement dated August 14, 2017, and the First Amendment dated August 14, 2019, did not require Board approval as the cap amount was within the institution's delegated approval threshold. The Master Agreement was competitively bid. The First Amendment extended the term one year and amended the Historically Underutilized Business rider.

60. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Mayo Clinic Laboratories will provide reference lab testing services

Agency: Mayo Collaborative Services, dba Mayo Clinic Laboratories

Funds: The total cost of the work under this Agreement will not exceed \$30,000,000

Period: May 1, 2020 through April 30, 2025; with two one-year renewal options

Description: Mayo Clinic Laboratories will provide Reference Laboratory Testing Services upon request of U. T. M. D. Anderson Cancer Center for tests that U. T. M. D. Anderson Cancer Center's Core Lab is unable to perform, including expedited results for a critical patient population. Mayo Clinic Laboratories will furnish all mailing containers, sterile vials, stool containers, and request forms deemed necessary for the collection and transportation of specimens for Reference Testing Services performed at Mayo Clinic Laboratories. This Agreement was acquired via an Exclusive Acquisition Justification.

61. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Syntropy Technologies LLC to collect, organize, and make accessible U. T. M. D. Anderson Cancer Center data for health care operations and research and to facilitate collaborations with third parties

Agency: Syntropy Technologies LLC

Funds: Maintenance Fee of \$2,000,000 annually and 15% on industry collaborations. If no industry collaborations, a one-time Deferred License Fee of \$6,000,000 and Maintenance Fees of \$4,000,000 for years three to five. Hosting fees are estimated at approximately \$100,000 annually. The total contract value is estimated to be \$22,000,000.

Period: July 1, 2020 through June 30, 2025

Description: Agreement to collaborate with Syntropy Technologies LLC (Syntropy) in the implementation and configuration of a software solution provided by Syntropy and to license the software from Syntropy to (i) collect, organize and make accessible internally U. T. M. D. Anderson Cancer Center's data and (ii) at U. T. M. D. Anderson Cancer Center's discretion, facilitate collaborations with third parties, in each case, for the purposes of accelerating its health care operations, data science capabilities, scientific discovery and research. Statements of Work will be developed for each collaboration, whether it is an academic or industry collaboration. This Agreement will increase U. T. M. D. Anderson Cancer Center's ability to deliver on all aspects of its strategic plan and accelerate its mission and rate of discovery.

62. Request for Budget Change - U. T. M. D. Anderson Cancer Center: New Hires with Tenure -- amendment to the 2019-2020 budget

The following Requests for Budget Changes (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:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
Department of General Oncology					
Division of Cancer Medicine					
Professor					
Elizabeth Yu Chiao (T)	5/1-8/31	100	12	362,000	11040
Department of Head and Neck Surgery					
Division of Surgery					
Professor					
Andrew Sikora (T)	7/1-8/31	100	12	460,000	11461

63. 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 2021 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
Department of Cancer Systems Imaging		
Division of Diagnostic Imaging Henry Charles Manning	New Hire	Professor (T)
Department of Critical Care-Research		
Division of Anesthesiology, Critical Care and Pain Sharma Jyotika	New Hire	Associate Professor (T)
Department of Neuro-Oncology		
Division of Cancer Medicine Vinay Puduvalli	New Hire	Chair and Professor (T)
Department of Endocrine Neoplasia and HD		
Division of Internal Medicine Theresa Guise	New Hire	Professor (T)

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

No items for Consent Agenda