

Meeting No. 1,187

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

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September 6, 2018

Austin, Texas

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OF
THE UNIVERSITY OF TEXAS SYSTEM
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MEETING NO. 1,187

THURSDAY, SEPTEMBER 6, 2018.--The members of the Board of Regents of The University of Texas System convened a special called meeting at 1:30 p.m. via telephone conference call on Thursday, September 6, 2018, in the Board Room, Second Floor, The University of Texas System Building, 210 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Tucker
Vice Chairman Hildebrand
Regent Aliseda
Regent Beck
Regent Eltife
Regent Hicks
Regent Longoria
Regent Weaver
Regent Jewell, Student Regent, nonvoting

Absent

Vice Chairman Foster

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Tucker called the meeting to order in Open Session.

RECESS TO EXECUTIVE SESSION.--At 1:30 p.m., the Board recessed to Executive Session, pursuant to *Texas Government Code* Sections 551.071, 551.073, and 551.074 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 AGENDA ITEMS.--The Board reconvened in Open Session at 1:49 p.m. to consider the following actions on Executive Session Agenda Items 1a and 2a and to consider the following Agenda Items.

- 1a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features

Regent Aliseda moved that the Board authorize the Vice Chancellor for External Relations, the Chancellor, and the President of The University of Texas Rio Grande Valley to conclude negotiations necessary to finalize, approve, and accept a gift and to finalize and execute the agreement with potential naming features for the benefit of the named institution consistent with the terms and conditions outlined and recommended in Executive Session.

The motion was seconded and carried unanimously.

- 1b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features

No action was taken on this item.

- 2a. U. T. System Board of Regents: Discussion and appropriate action regarding pending litigation styled *The University of Texas MD Anderson Cancer Center, The Board of Regents of The University of Texas System, and The University of Houston v Otsuka Pharmaceutical Co., Ltd.*

Regent Beck moved that the Board authorize the Vice Chancellor and General Counsel, with approval of the Chancellor, the Executive Vice Chancellor for Health Affairs, and the President of The University of Texas M. D. Anderson Cancer Center, to conclude negotiations and settle issues related to pending litigation posted under Item 2a, within the parameters recommended to the Board in Executive Session.

The motion was seconded and carried unanimously.

- 2b. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

3. 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); 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); Board members, task force members, and advisory council members; and U. T. System and institutional employees

No action was taken on this item.

AGENDA ITEMS

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

Chairman Tucker noted that if Vice Chairman Foster was on the call, he would have abstained from any discussion and vote on Item 1 because of financial interests.

The Board then approved the Consent Agenda, which is set forth on Pages 61 - 63.

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 System institution involved.

2. 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

Upon recommendation of The University of Texas/Texas A&M Investment Management Company Board of Directors (UTIMCO Board), the Board (U. T. System Board) approved the amended and restated UTIMCO Compensation Program (Plan) effective July 1, 2018, as set forth on the following pages. The Plan was approved by the UTIMCO Board on July 26, 2018, and amends and restates the UTIMCO Compensation Program that was approved by the U. T. System Board on November 5, 2015 (Prior Plan).

The Plan consists of two elements: base salary and an annual incentive plan. The UTIMCO Board has the discretion to interpret the Plan, may from time to time adopt such rules and regulations that it may deem necessary to carry out the Plan, and may also amend the Plan.

The changes were as follows:

- a. Section 1 was changed to reflect a new effective date of July 1, 2018.
- b. Section 5.2 was changed to reflect the new Performance Period beginning July 1 and ending June 30.
- c. Section 5.3 was changed to provide that if an employee is in an Eligible Position, the employee is a Participant in the Plan. The employee will become a Participant on the later of the first day of the Performance Period or the employee's hire date in the Performance Period. Employees hired within the last six months of the Performance Period will not be eligible to participate for that Performance Period. These changes streamline Plan participation and eliminate the need for the Compensation Committee to annually select the Participants in the Plan.
- d. Sections 5.4 and 5.8 terminology was changed from "Performance Goals" to "Performance Standards." Performance Standards consist of both Quantitative and Qualitative Performance Standards. Quantitative Performance Standards include Benchmark Performance, i.e., Entity (Total Endowment Assets (TEA) and Intermediate Term Fund (ITF), Asset Class and Peer Group Performance). Weightings for each of the components of the Quantitative and Qualitative Performance Standards are assigned in Table 1.
- e. Section 5.4 was changed to provide that except for the Chief Executive Officer (CEO) and Chief Compliance Officer (CCO), Performance Standards

are determined jointly by the Participant and his or her supervisor, subject to approval of the CEO. Performance Standards for the CEO are determined and approved by the Board. Performance Standards for the CCO are limited to Qualitative Performance Standards and these are determined jointly by the CEO and Chairman of the Audit and Ethics Committee (a change from the requirement to have the Committee take action).

- f. Section 5.7 was changed to modify the deferral period for nonvested awards from three to two years.
- g. Section 5.8 was changed to provide details on the Quantitative Performance Standards methodology.
- h. Section 5.8 was also changed to reflect the new methodology for determining Qualitative Performance Standards for each Participant. Qualitative Performance Standards are measured during the annual performance appraisal process for each employee and include a 360 review of the employee's adherence to UTIMCO's cultural values, training requirements, and supervisor evaluation.
- i. Section 5.9 was changed to eliminate the phase-in for a newly hired Participant which means that all Participants will be measured and rewarded in the same manner.
- j. Section 5.11 was changed to modify the deferral period for voluntarily deferred awards from three to two years; the same as applies to nonvested awards.
- k. Section 5.12 was changed to remove the language related to the Extraordinary Circumstance of automatic deferral of Performance Awards when the Net Returns of the Total Endowment Assets are negative 10.00% or below between the end of the Performance Period and the determination and approval of Performance Awards by the UTIMCO Board.
- l. Section 6.2 was changed consistent with the change in Section 5.3 regarding participation in the Plan; the power to determine the Eligible Positions remains with the UTIMCO Board but the selection of Participants in Eligible Positions will be automatic and no longer require UTIMCO Board action.
- m. Section 8.24 was changed to define the new Peer Group.
- n. Appendix A, Performance Award Methodology, was changed to be consistent with the new Quantitative and Qualitative Performance Standards.
- o. Appendix B was deleted. The Peer Group will be determined by Cambridge Associates for each Performance Period.

- p. Table 1 was changed to include specific Quantitative Weightings for the TEA, ITF, Asset Class, and Peer Group. The Target Award Opportunity was removed. Additional Eligible Positions were included for the Global Asset Allocation team, Chief of Staff, and Investment Counsel. The Risk Eligible Positions' Maximum Award Opportunities changed to reflect a progression from the Senior Analyst's Award Opportunity of 110% to the Risk Managing Director's current Award Opportunity of 135%.
- q. Table 2 was changed to include benchmarks for all Quantitative Performance Standards.
- r. Table 3 was changed to include Associate Directors in the list of Eligible Positions of Affected Participants.
- s. Other miscellaneous nonsubstantive and editorial changes consistent with adoption of new terminology for the Corporation, in the Plan, and in the Investment Policy Statements, and for clarification.



UTIMCO COMPENSATION PROGRAM

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

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1. COMPENSATION PROGRAM STRUCTURE AND EFFECTIVE DATE

The UTIMCO Compensation Program (“Compensation Program” or “Plan”) consists of two elements: base salary and an annual performance plan (the “Performance Plan”):



The base salary portion of the Compensation Program sets forth a structure and guidelines for establishing and adjusting the salaries of key investment and operations employees. The Performance Plan portion of the Compensation Program sets forth the criteria for calculating and receiving annual performance awards for key investment and operations employees who are eligible Participants in the Performance Plan. Provisions of the Compensation Program relating solely to the base salary portion of the Compensation Program are described in Section 4. Provisions of the Compensation Program relating solely to the Performance Plan portion of the Compensation Program are described in Section 5. Sections 1, 2, 3, 6, 7, and 8 of the Compensation Program relate to both the base salary portion and the Performance Plan portion except where otherwise specified in any such Section.

Effective Date: Except as provided in Section 7.9, this document, with an “Effective Date” of July 1, 2018, supersedes the UTIMCO Compensation Program that was effective 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, 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. 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 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, 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 +150 bps of the TEA benchmark portion of the TEA portion of the Entity Performance Standard has been achieved, that +150 bps is between the Threshold (+0 bps) and the Maximum (+250 bps) levels, so to determine the amount of the award attributable to +150 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 150 (the attained level of achievement) by 250 (the Maximum level) to determine the percentage actually achieved ($150/250 = 0.60$); 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, 2018)

Eligible Position	Weighting		Quantitative Weightings				Peer Group	Award Opportunity (% of Base Salary)		Percentage of Award Deferred
			Benchmark Performance			Threshold		Maximum		
	Entity									
	Quantitative	Qualitative	TEA	IIF	Asset Class					
<i>Investment Professionals</i>										
CEO & Chief Investment Officer	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	70%	30%	31.4%	7.8%	16.8%	14.0%	0%	300%	45%	
Managing Director - Investments	65%	35%	29.1%	7.3%	15.6%	13.0%	0%	250%	40%	
Managing Director - Fixed Income	65%	35%	29.1%	7.3%	15.6%	13.0%	0%	200%	40%	
Managing Director - Global Asset Allocation	65%	35%	41.6%	10.4%	0.0%	13.0%	0%	250%	40%	
Managing Director - Risk Management	65%	35%	41.6%	10.4%	0.0%	13.0%	0%	135%	40%	
Senior Director - Investments	60%	40%	26.9%	6.7%	14.4%	12.0%	0%	185%	35%	
Senior Director - Risk Management	60%	40%	38.4%	9.6%	0.0%	12.0%	0%	130%	35%	
Senior Investment Counsel	50%	50%	32.0%	8.0%	0.0%	10.0%	0%	80%	25%	
Director - Investments	50%	50%	22.4%	5.6%	12.0%	10.0%	0%	175%	30%	
Director - Risk Management	50%	50%	32.0%	8.0%	0.0%	10.0%	0%	125%	30%	
Director - Chief of Staff	50%	50%	32.0%	8.0%	0.0%	10.0%	0%	175%	30%	
Investment Counsel	40%	60%	25.6%	6.4%	0.0%	8.0%	0%	60%	25%	
Associate Director - Investments	40%	60%	17.9%	4.5%	9.6%	8.0%	0%	155%	20%	
Associate Director - Risk Management	40%	60%	25.6%	6.4%	0.0%	8.0%	0%	120%	20%	
Associate - Investments	35%	65%	15.7%	3.9%	8.4%	7.0%	0%	145%	15%	
Associate - Global Asset Allocation	35%	65%	22.4%	5.6%	0.0%	7.0%	0%	145%	15%	
Associate - Risk Management	35%	65%	22.4%	5.6%	0.0%	7.0%	0%	115%	15%	
Senior Analyst - Investments	30%	70%	13.4%	3.4%	7.2%	6.0%	0%	110%	0%	
Senior Analyst - Risk Management	30%	70%	19.2%	4.8%	0.0%	6.0%	0%	110%	0%	
Analyst - Investments	20%	80%	9.0%	2.2%	4.8%	4.0%	0%	75%	0%	
Analyst - Risk Management	20%	80%	12.8%	3.2%	0.0%	4.0%	0%	75%	0%	
<i>Support and Control Professionals</i>										
Senior Managing Director	20%	80%	12.8%	3.2%	0.0%	4.0%	0%	90%	40%	
Chief Technology Officer	20%	80%	12.8%	3.2%	0.0%	4.0%	0%	70%	30%	
Corporate Counsel & Chief Compliance Officer	0%	100%	0.0%	0.0%	0.0%	0.0%	0%	70%	30%	
Senior Director	20%	80%	12.8%	3.2%	0.0%	4.0%	0%	60%	25%	
Director	20%	80%	12.8%	3.2%	0.0%	4.0%	0%	60%	25%	
Director - Security; Information Technology	20%	80%	12.8%	3.2%	0.0%	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, 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	+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
Real Estate	(1)	+0 bps	+250 bps

(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, 2018)**

Eligible Positions of Affected Participants
<i>Investment Professionals</i>
CEO & Chief Investment Officer
Deputy Chief Investment Officer
Senior Managing Director - Investments
Managing Director - Investments
Managing Director - Global Asset Allocation
Managing Director - Risk Management
Senior Director - Investments
Senior Director - Risk Management
Senior Investment Counsel
Director - Investments
Director - Risk Management
Director - Chief of Staff
Investment Counsel
Associate Director - Investments
Associate Director - Risk Management
<i>Support and Control Professionals</i>
Senior Managing Director
Chief Technology Officer
Corporate Counsel & Chief Compliance Officer
Senior Director
Director
Director - Security; Information Technology

3. U. T. System: Discussion and appropriate action regarding request for approval of academic institutions' list of projects submitted to the Texas Legislature for Tuition Revenue Bond funding

The Board approved the following projects submitted to the Texas Legislature for Tuition Revenue Bond (TRB) funding. If approved for TRB funding by the Legislature, each project will be submitted to the Board of Regents for addition to the Capital Improvement Program and design development approval.

Executive Vice Chancellor Leslie noted a correction on the square footage of the Health Affairs Building for The University of Texas Rio Grande Valley to reflect the gross square footage of 111,500 instead of 11,500 as included in the Agenda materials. He said the cost of \$70,000,000 is correct.

A chart summarizing the projects is set forth on the following pages.

ACADEMIC INSTITUTIONS

U. T. Arlington	Social Work & College of Nursing Academic Building
U. T. Austin	Renovation of J. T. Patterson Labs Building
U. T. Dallas (joint request with U. T. Southwestern)	UTD-UTSW Translational Biomedical Engineering and Science Building
U. T. Dallas	Student Success Center
U. T. El Paso	Advanced Teaching and Learning Complex
U. T. Rio Grande Valley	Health Affairs Building
U. T. Permian Basin	Mesa Building Remodel/Renovation
U. T. San Antonio	College of Business Building (Downtown Campus)
U. T. Tyler	College of Nursing & Health Sciences Building

**The University of Texas System
Academic Institutions
86th Legislative Session - Tuition Revenue Bond Requests**

ACADEMIC INSTITUTIONS	NAME OF FACILITY PROPOSED	BRIEF PROJECT DESCRIPTION	PROJECT TYPE	TRB REQUEST	TOTAL PROJECT COST
UT Arlington	Social Work & College of Nursing Academic Building	This project involves the construction of a 150,000 GSF academic building to serve the School of Social Work (SSW) and the College of Nursing and Health Innovation (CoNHI). For SSW, the new building replaces the existing SSW building, which dates back to 1922 and has facility code deficiencies as well as fire and life safety issues that are not feasible to address. For CoNHI, the building will replace current facilities that have required a very high level of maintenance and are deteriorating rapidly. The new facility will provide a permanent home for the Smart Hospital and will provide a safe learning environment to a rapidly expanding nursing program.	New Construction	\$ 60,800,000	\$ 76,000,000
UT Austin	Renovation of J.T. Patterson Labs Building	The project would address needed renovations to the J.T. Patterson Lab building, built in 1967. The renovations will also continue the transformation of the College into a multidisciplinary program-based organization and will improve their ability to recruit and retain talented faculty and accommodate program growth projections. The renovation will provide flexible, modern laboratory spaces and provide new mechanical infrastructure to support the research mission of the College and improve space utilization. As part of the renovation, the mechanical system will be upgraded to meet current codes and modernized to improve energy efficiency, and current system failure risks and existing fire and life safety code issues will be corrected.	Repair and Rehabilitation	\$ 100,000,000	\$ 150,000,000
UT Dallas (joint request with UT Southwestern)	UTD-UTSW Translational Biomedical Engineering and Science Building	This project involves the construction of a new 150,000 to 180,000 GSF Translational Biomedical Engineering and Science building to enable UTD and UTSW to leverage their research strengths in basic and applied biomedical and engineering sciences to create a center for biomedical innovation and translation. Building on current collaborations between the two institutions, the building would solve the lack of needed proximity between physician, engineering and other researchers, and provide essential access to a patient population. Located on the UTSW campus, the facility would include: properly designed labs for equipment development and testing; research bench space; interactive office space for informatics experts and software developers; patient space to allow for assessment of research participants and pilot clinical studies and trials; shared support space; and potential co-location of imaging equipment and services.	New Construction	\$ 120,000,000	\$ 120,000,000

**The University of Texas System
Academic Institutions
86th Legislative Session - Tuition Revenue Bond Requests**

ACADEMIC INSTITUTIONS	NAME OF FACILITY PROPOSED	BRIEF PROJECT DESCRIPTION	PROJECT TYPE	TRB REQUEST	TOTAL PROJECT COST
UT Dallas	Student Success Center	This project involves the construction of a new 170,000 GSF Student Success Center that would provide needed expansion space for new student success activities and replacement space for classrooms, offices, and programs now located in 30,000 GSF of one-story, aging, conjoined modular buildings. The Center would also include centrally located homes for honors, support, and co-curricular programs aimed at enriching student life integrated across all disciplinary majors. The Center would provide new facilities and classrooms to improve student learning, offices for faculty and staff dedicated to assisting students, and will contribute directly to increasing first-year retention and graduation rates at UT Dallas.	New Construction	\$ 85,000,000	\$ 85,000,000
UT El Paso	Advanced Teaching and Learning Complex	This project involves the construction of a new 223,034 GSF building to support the College of Liberal Arts and a variety of programs and services designed to broaden the scope and enhance the quality of undergraduate students' academic and co-curricular experiences on the UTEP campus. Located where the existing Liberal Arts and Academic Advising buildings currently sit, this complex will bring together multiple humanities and social sciences programs promoting an atmosphere of student learning, collaboration, and success. The building will include enhanced teaching spaces and collaborative learning environments that are integrated with community outreach areas to strengthen adult centered learning.	New Construction	\$ 113,000,000	\$ 113,000,000
UT Rio Grande Valley	Health Affairs Building	The project involves the construction of a new Health Affairs building with a total of 111,500 gross square feet on the Edinburg campus. The building will add much needed classroom and research space to accommodate undergraduate, masters, and doctoral programs to address strong demand for physician assistants, nurses, occupational therapists, speech pathologists, etc. The facility will also accommodate planned doctoral programs in pharmacy, physical therapy, nursing practice, social work, occupational therapy, and communication sciences and disorders.	New Construction	\$ 70,000,000	\$ 70,000,000

**The University of Texas System
Academic Institutions
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ACADEMIC INSTITUTIONS	NAME OF FACILITY PROPOSED	BRIEF PROJECT DESCRIPTION	PROJECT TYPE	TRB REQUEST	TOTAL PROJECT COST
UT Permian Basin	Mesa Building Remodel/Renovation	The project involves the remodel and renovation of an estimated 318,800 SF Mesa Building, which houses the majority of the administrative offices as well as classrooms used by all programs. More specifically, the nursing, business and education programs will be housed here once the Engineering and Kinesiology building projects are complete. The building needs significant repairs and rehabilitation to extend the useful life of the facility. Many building systems have reached or will reach the end of typical design life, resulting in diminished operating reliability, increased maintenance needs, scheduled outages and repairs, emergency repairs and individual equipment replacements required to keep the facility operational.	Repair and Rehabilitation	\$ 40,000,000	\$ 40,000,000
UT San Antonio	College of Business Building (Downtown Campus)	This project involves the construction of a new 250,000 GSF building for the College of Business (COB). This new facility would include teaching labs, classrooms, faculty offices, and research labs. The COB building is a critical element in the university's strategic plan. It would support programs that enhance the skills of students preparing them for careers in business. The facility would provide additional classroom space to help the institution meet its enrollment goal of 45,000 students by 2028. It would provide new class labs, classrooms, and research labs for undergraduate and graduate instruction at UTSA. This building would be used to support the new graduate degree programs in Business, emphasizing multidisciplinary and collaborative research.	New Construction	\$ 126,250,000	\$ 126,250,000

**The University of Texas System
Academic Institutions
86th Legislative Session - Tuition Revenue Bond Requests**

ACADEMIC INSTITUTIONS	NAME OF FACILITY PROPOSED	BRIEF PROJECT DESCRIPTION	PROJECT TYPE	TRB REQUEST	TOTAL PROJECT COST
UT Tyler	College of Nursing & Health Sciences Building	This project involves the construction of a new 80,000 GSF building to provide much needed space for growing programs in the School of Nursing and Department of Health & Kinesiology, as well as the recently-approved program in Occupational Therapy and planned future programs. Current facilities limit the College's ability to maintain and grow nationally-recognized nursing programs and to become a national leader of health and wellness education. The new building would enable the growth of College programs and facilitate student success by providing expanded teaching labs, clinical simulation, and research laboratory space for cutting-edge group learning experiences.	New Construction	\$ 50,000,000	\$ 50,000,000
Total All Academic Institutions				\$ 765,050,000	\$ 830,250,000
Total U. T. System¹				\$ 1,222,571,432	\$ 1,598,771,432

¹UTD-UTSW joint request amount included only once in Total U.T. System funding amount

4. U. T. System: Discussion and appropriate action regarding request for approval of health institutions' list of projects submitted to the Texas Legislature for Tuition Revenue Bond funding

The Board approved the following projects submitted to the Texas Legislature for Tuition Revenue Bond (TRB) funding. If approved for TRB funding by the Legislature, each project will be submitted to the Board of Regents for addition to the Capital Improvement Program and design development approval.

A chart summarizing the projects is set forth on the following pages.

HEALTH INSTITUTIONS

U. T. Southwestern (joint request with U. T. Dallas)	UTD-UTSW Translational Biomedical Engineering and Science Building
U. T. Medical Branch - Galveston	Education and Clinical Building – Medical Plaza 1 Expansion, League City
U. T. Health Science Center - Houston (joint request with U. T. M. D. Anderson Cancer Center)	Joint UTHealth and MD Anderson Research Building
U. T. Health Science Center - San Antonio	Institute for Alzheimer's & Neurodegenerative Diseases Building
U. T. M. D. Anderson Cancer Center (joint request with U. T. Health Science Center - Houston)	Joint UTHealth and MD Anderson Research Building
U. T. Health Science Center - Tyler	Biomedical Research Building Repair and Rehabilitation

**The University of Texas System
Health Institutions
86th Legislative Session - Tuition Revenue Bond Requests**

HEALTH INSTITUTIONS	NAME OF FACILITY PROPOSED	BRIEF PROJECT DESCRIPTION	PROJECT TYPE	TRB REQUEST	TOTAL PROJECT COST
UT Southwestern Medical Center (joint request with UT Dallas)	UTD-UTSW Translational Biomedical Engineering and Science Building	This project involves the construction of a new 150,000 to 180,000 GSF Translational Biomedical Engineering and Science building to enable UTD and UTSW to leverage their research strengths in basic and applied biomedical and engineering sciences to create a center for biomedical innovation and translation. Building on current collaborations between the two institutions, the building would solve the lack of needed proximity between physician, engineering and other researchers, and provide essential access to a patient population. Located on the UTSW campus, the facility would include: properly designed labs for equipment development and testing; research bench space; interactive office space for informatics experts and software developers; patient space to allow for assessment of research participants and pilot clinical studies and trials; shared support space; and potential co-location of imaging equipment and services.	New Construction	\$ 120,000,000	\$ 120,000,000
UT Medical Branch - Galveston	Education and Clinical Building - Medical Plaza 1 Expansion, League City	This new 240,000 GSF is a key component of the campus master plan at the League City Campus and an integral part of the collaboration between UT MD Anderson and UTMB at that site. The multiuse building will provide space for instruction, research, outpatient clinics, clinical trials, faculty offices, conference areas, and other functions to support both institutions' current and expanding footprint in the League City market. The project would support the anticipated growth of the League City and adjacent markets for patient care services, health care providers, and students seeking professions in health care, as well as providing needed and appropriate instruction space and connectivity to clinical research.	New Construction	\$ 157,000,000	\$ 157,000,000
UT Health Science Center - Houston	Joint UTHealth and MD Anderson Research Building	This joint project with UT MD Anderson would include a new 692,750 GSF research building that would comprise exclusive research space as part of the TMC3 project and would be constructed on the UT Research Park Campus in close proximity to the TMC mid campus. As part of the TMC3 project, each partner institution is contemplated to have its own exclusive research facility adjacent to the collaborative space. UTHealth and MD Anderson are collaborating to build a shared research facility for the project and are focused on leveraging 2,000 investigators, staff, and industry collaborators present in the UT Research Park, with a planned bridge connecting the South Campus to the TMC Mid-campus.	New Construction	\$ 200,000,000	\$ 511,000,000

**The University of Texas System
Health Institutions
86th Legislative Session - Tuition Revenue Bond Requests**

HEALTH INSTITUTIONS	NAME OF FACILITY PROPOSED	BRIEF PROJECT DESCRIPTION	PROJECT TYPE	TRB REQUEST	TOTAL PROJECT COST
UT Health Science Center - San Antonio	Institute for Alzheimer's & Neurodegenerative Diseases Building	This project would include a new 125,000 GSF building for the Glenn Biggs Institute for Alzheimer's & Neurodegenerative Diseases, an institute that helps enhance the extraordinary work at the Barshop Institute for Longevity and Aging. The new facility would enable the Biggs Institute to facilitate basic and translational research efforts, including access to leading-edge clinical trials in the search for new, much needed therapies to improve patient care today and in the future. In addition, this new facility would be the first medical home dedicated to serving the comprehensive needs of patients with Alzheimer's disease and their families in this area of the county.	New Construction	\$ 82,000,000	\$ 82,000,000
UT MD Anderson Cancer Center	Joint UTHealth and MD Anderson Research Building	This joint project with UTHealth would include a new 692,750 GSF research building that would comprise exclusive research space as part of the TMC3 project and would be constructed on the UT Research Park Campus in close proximity to the TMC mid campus. As part of the TMC3 project, each partner institution is contemplated to have its own exclusive research facility adjacent to the collaborative space. UTHealth and MD Anderson are collaborating to build a shared research facility for the project and are focused on leveraging 2,000 investigators, staff, and industry collaborators present in the UT Research Park, with a planned bridge connecting the South Campus to the TMC Mid-campus.	New Construction	\$ 200,000,000	\$ 511,000,000

**The University of Texas System
Health Institutions
86th Legislative Session - Tuition Revenue Bond Requests**

HEALTH INSTITUTIONS	NAME OF FACILITY PROPOSED	BRIEF PROJECT DESCRIPTION	PROJECT TYPE	TRB REQUEST	TOTAL PROJECT COST
UT Health Science Center - Tyler	Biomedical Research Building Repair and Rehabilitation	This project would consist of repair and rehabilitation of 28,025 GSF of existing lab space in the Biomedical Research facility. The project would include renovations to lab space, microscope rooms, culture rooms, walk-in cooler, office space, and other teaching and academic support areas. The renovations would bring 19 labs into substantial compliance with current mechanical, electrical, and plumbing codes, TAS/ADA standards, and other regulatory requirements. These repairs and renovations accommodate new technology for both students and researchers to better educate students in a modern, efficient facility.	Repair and Rehabilitation	\$ 18,521,432	\$ 18,521,432
Total All Health Institutions¹				\$ 577,521,432	\$ 888,521,432
Total U. T. System²				\$ 1,222,571,432	\$ 1,598,771,432

¹UTHealth and MDA joint request amount included only once in the Total All Health Institutions funding amount

²UTD-UTSW joint request amount included only once in Total U.T. System funding amount

5. U. T. System: Discussion and appropriate action regarding request for approval of Exceptional Item requests by U. T. academic institutions, U. T. health institutions, and System Administration submitted to the Texas Legislature for funding

The Board approved the Exceptional Item requests for The University of Texas academic and health institutions submitted to the Texas Legislature for funding as set forth on the following pages.

The University of Texas System
Summarized and Prioritized List of Exceptional Item Requests
FY 2020-21 Legislative Appropriation Request

Priority Number ¹	New (N) or Expansion of Existing Item (E)	Name of Proposed Exceptional Item	Amounts Requested		
			FY 2020	FY 2021	Total
ACADEMIC INSTITUTIONS					
<u>U. T. Arlington</u>					
1	N	Institute for P-16 Progress	2,000,000	2,000,000	4,000,000
2	N	Center for Entrepreneurship and Economic Innovation	1,500,000	1,500,000	3,000,000
3	E	Restoration of 2017 Budget Reductions	2,717,085	2,717,085	5,434,170
			<u>6,217,085</u>	<u>6,217,085</u>	<u>12,434,170</u>
<u>U. T. Austin</u>					
		None	-	-	-
			<u>-</u>	<u>-</u>	<u>-</u>
<u>U. T. Dallas</u>					
1	N	Engineering for Life	4,000,000	4,000,000	8,000,000
2	E	Intensive Summer Academic Bridge Program	225,648	225,648	451,296
3	E	Middle School Brain Years	509,698	509,698	1,019,396
			<u>4,735,346</u>	<u>4,735,346</u>	<u>9,470,692</u>
<u>U. T. El Paso</u>					
1	E	Pharmacy Extension Funding	1,500,000	1,500,000	3,000,000
2	N	Technology Research and Innovation Acceleration (TRIAc) Institute	5,000,000	5,000,000	10,000,000
3	N	Student Success Initiative	5,000,000	5,000,000	10,000,000
			<u>11,500,000</u>	<u>11,500,000</u>	<u>23,000,000</u>
<u>U. T. Rio Grande Valley²</u>					
		None	-	-	-
			<u>-</u>	<u>-</u>	<u>-</u>
<u>U. T. Permian Basin</u>					
1	E	Instruction Enhancement	2,000,000	2,000,000	4,000,000
2	E	Institutional Enhancement	2,000,000	2,000,000	4,000,000
			<u>4,000,000</u>	<u>4,000,000</u>	<u>8,000,000</u>
<u>U. T. San Antonio</u>					
1	N	Leadership in Cybersecurity	2,500,000	2,500,000	5,000,000
2	N	College Completion UTSA	495,000	495,000	990,000
			<u>2,995,000</u>	<u>2,995,000</u>	<u>5,990,000</u>
<u>U. T. Tyler</u>					
1	N	Partnership for an Affordable Engineering Degree	2,500,000	2,500,000	5,000,000
			<u>2,500,000</u>	<u>2,500,000</u>	<u>5,000,000</u>
TOTAL - ACADEMIC INSTITUTIONS²			31,947,431	31,947,431	63,894,862

Notes

¹Exceptional items listed in priority order notwithstanding new TRB requests.

²UTRGV School of Medicine requests are reflected separately with the health institutions

The University of Texas System
Summarized and Prioritized List of Exceptional Item Requests
FY 2020-21 Legislative Appropriation Request

Priority Number ¹	New (N) or Expansion of Existing Item (E)	Name of Proposed Exceptional Item	Amounts Requested		
			FY 2020	FY 2021	Total
HEALTH INSTITUTIONS					
<u>U. T. Southwestern Medical Center</u>					
1	N	Center for Gene Therapy & Curative Medicine	9,000,000	9,000,000	18,000,000
2	E	Center for Advanced Radiation Therapy	4,500,000	4,500,000	9,000,000
			<u>13,500,000</u>	<u>13,500,000</u>	<u>27,000,000</u>
<u>U. T. Medical Branch - Galveston</u>					
1	E	Restoration of Reductions from 85th Legislative Session	5,542,362	5,542,362	11,084,724
			<u>5,542,362</u>	<u>5,542,362</u>	<u>11,084,724</u>
<u>U. T. Health Science Center - Houston</u>					
1	N	Women's Health, Education, and Research Center	9,000,000	9,000,000	18,000,000
2	E	Restoration of Non-Formula Funding	1,761,697	1,761,697	3,523,394
			<u>10,761,697</u>	<u>10,761,697</u>	<u>21,523,394</u>
<u>U. T. Health Science Center - San Antonio</u>					
1	E	Barshop Institute for Longevity and Aging Studies - Alzheimer's Research	6,350,000	6,350,000	12,700,000
2	E	Restoration of Funding - Regional Campus Laredo	756,814	756,814	1,513,628
3	E	Restoration of Funding - San Antonio Life Science Institute (SALSI)	176,000	176,000	352,000
4	E	Restoration of Funding - Outreach Support for South Texas Programs	67,270	67,270	134,540
			<u>7,350,084</u>	<u>7,350,084</u>	<u>14,700,168</u>
<u>U. T. M. D. Anderson Cancer Center</u>					
1	E	Restoration of Breast Cancer Research Program	480,000	480,000	960,000
			<u>480,000</u>	<u>480,000</u>	<u>960,000</u>
<u>U. T. Health Science Center - Tyler</u>					
1	E	Workforce Expansion for Youth & Families with Mental Illness	2,730,000	2,730,000	5,460,000
			<u>2,730,000</u>	<u>2,730,000</u>	<u>5,460,000</u>
<u>U. T. Rio Grande Valley - School of Medicine</u>					
1	E	School of Medicine	5,000,000	5,000,000	10,000,000
2	N	Cervical Dysplasia and Cancer Clinic	2,200,000	2,200,000	4,400,000
			<u>7,200,000</u>	<u>7,200,000</u>	<u>14,400,000</u>
TOTAL - HEALTH INSTITUTIONS			47,564,143	47,564,143	95,128,286
<u>U. T. System Administration</u>					
1	N	Texas Health Improvement Network (THIN)	1,000,000	1,000,000	2,000,000
			<u>1,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>
TOTAL - U. T. SYSTEM			\$ 80,511,574	\$ 80,511,574	\$ 161,023,148

Notes

¹Exceptional items listed in priority order notwithstanding new TRB requests.

²UTRGV School of Medicine requests are reflected separately with the health institutions

6. U. T. El Paso: Approval of preliminary authority for a Doctor of Philosophy degree program in Data Science

The Board approved

- a. preliminary authority for The University of Texas at El Paso to create a Doctor of Philosophy degree program in Data Science; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

U. T. El Paso requested preliminary authority for a Ph.D. program in Data Science. The program will be designed to prepare graduates for high-demand careers as data scientists in both industry and academia.

The job market for data scientists appears to be strong nationally and in Texas. The U.S. Bureau of Labor Statistics (BLS) projects a 33% increase in the number of jobs for data scientists (mathematicians and statisticians), a percentage increase that is higher than for most occupations. The BLS also projects a 9% increase in the number of jobs for postsecondary mathematics faculty, adding about 5,600 jobs between 2016 and 2026. In Texas, the need is projected to be even higher: a 44% increase for data science occupations and a 25% increase for postsecondary mathematical science faculty. Further, a survey of the supply and demand for data scientists recently conducted by *Forbes* indicated that approximately 43% of companies report not being able to find personnel for their data science needs.

Drawing from five departments across the University (mathematical sciences, biological sciences, computer science, geological sciences, and psychology), U. T. El Paso has identified up to 28 faculty who will support the program and report that, collectively, the faculty demonstrate levels of research productivity comparable to their peers nationally.

7. U. T. Rio Grande Valley: Discussion and appropriate action regarding request for approval to create a) a School of Social Work, and b) a stand-alone School of Nursing outside the College of Health Affairs

The Board granted approval to create a) a School of Social Work, and b) a stand-alone School of Nursing outside the College of Health Affairs at The University of Texas Rio Grande Valley.

Currently, the Department of Social Work is part of the College of Health Affairs and offers programs leading to a Bachelor of Social Work and a Master of Science in Social Work. The mission of the Department of Social Work is based on a commitment to prepare generalists and advanced professional social workers to meet the needs of a binational and multicultural community. The current educational emphasis is on social work practice with Latinas/Latinos considering multicultural competence, ethical practice, knowledge building, and social services that promote

social and economic justice. As research and interprofessional opportunities increase, the challenge to improve social, mental health, systemic health, and ethical understanding of the unique culture of the community will also increase. A particular strength of U. T. Rio Grande Valley is the bicultural exposure for students, researchers, and educators, thus creating a prime location for future premier research, research funding, and knowledge application.

The School of Social Work's role in the community will become even more important as significant growth continues and evidence-based practice and interprofessional collaborative health care practice models continue to gain support in the work environment. As a Hispanic-serving higher education institution, U. T. Rio Grande Valley is positioned to deliver quality social work programs needed to serve the population of the surrounding disadvantaged and racial-minority communities. While planning has not yet begun, and Board of Regents' approval will be required, expanding the University's presence across the entire Rio Grande Valley by creating doctoral programs in social work and establishing programs in partnership with health care facilities, school districts, geriatric facilities, primary care facilities, criminal justice facilities, and mental health facilities will be critical to continue to meet workforce demand and projected shortages. Additional graduate programs and graduate certificates will be requested to address the expanding scope of social work practice. Future undergraduate and graduate-level programs will allow students a broader range of quality education options with the ability to concentrate their degrees in alignment with direct practice with the additional unique challenges of the Latina/Latino population. A curricular focus on social work aligned with health care will also facilitate interprofessional programming within U. T. Rio Grande Valley's new Division of Health Affairs.

To ensure the Department of Social Work is on equal footing with other programs in the State of Texas and nationally, specialized leadership is critical in continuing to grow and elevate the program to the level needed to reach its potential. The quality of candidates needed to lead this program cannot be recruited and hired without elevating the position to a Dean-level designation. The independent School of Social Work designation will give a prospective Dean the flexibility and authority to move the program forward. No additional funding will be needed other than a change in compensation associated with a Dean-level designation.

The School of Nursing (SON) plays a pivotal role in educating a substantial number of health care professionals in the Rio Grande Valley. The SON recently celebrated its 50th anniversary in the Rio Grande Valley and received recognition for its impact on education, students, patients, and the community. The SON's future role in the community will be even more important as significant nursing workforce shortages continue and evidence-based practice and interprofessional collaborative health care practice models continue to gain support in the work environment. Expanding SON's presence across the entire Rio Grande Valley, growing the R.N. to B.S.N. program, and establishing pipeline programs in partnership with school districts, primary care facilities, and community colleges will be critical in meeting the workforce shortages. Increased educational opportunities such as offering a Doctor of Nursing Practice, additional specialized M.S.N. programs, and specialized graduate certificate programs will address the expanding scope of nursing practice.

To ensure the SON is on equal footing with other nursing programs in the State of Texas and nationally, excellent nursing leadership is critical. Elevating nursing to a stand-alone School outside the College of Health Affairs will enable U. T. Rio Grande Valley to recruit an outstanding nursing leader to serve as Dean. Other than an increase in the salary for the current Dean, the establishment of a stand-alone School of Nursing will have no additional costs.

8. U. T. San Antonio: Appropriation of \$70 million of Permanent University Fund Bond Proceeds for construction of a National Security Collaboration Center and a School of Data Science; amendment of the FY 2019-2024 Capital Improvement Program to include projects; and approval for U. T. San Antonio to coordinate with the Office of Facilities Planning and Construction to manage the projects with a high degree of local control

The Board approved

- a. appropriation of \$70,000,000 of Permanent University Fund (PUF) Bond Proceeds for two capital projects for:
 - The University of Texas at San Antonio - Downtown Campus - National Security Collaboration Center (\$30,000,000)
 - U. T. San Antonio - Downtown Campus - School of Data Science (\$40,000,000);
- b. amendment of the Fiscal Year 2019-2024 Capital Improvement Program (CIP) to include the projects above; and
- c. authorization for U. T. San Antonio to coordinate with The University of Texas Office of Facilities Planning and Construction to manage the projects with a high degree of local control.

National Security Collaboration Center (Downtown)

U. T. San Antonio (UTSA) will construct a new 80,000 gross square foot facility, to be named the National Security Collaboration Center (NSCC), at the UTSA Downtown Campus. The NSCC will provide an additional 52,000 assignable square feet (ASF) to the campus. Subject to further program development, the facility will provide space for computational technology laboratories, office and research laboratory space for two existing computational research centers, leasable space for industry partners, and a UTSA-managed technology incubator. Federal research laboratories managed by the National Security Agency, U.S. Army Research Laboratory, U.S. Secret Service, the Federal Bureau of Investigations, and other agencies are expected to lease space in the facility. An additional 5,200 ASF will be dedicated for a Sensitive Compartmented Information Facility to conduct classified research with federal and industry partners. The NSCC will provide both virtual resources and physical capabilities to enable Government-University-Industry

partnerships for cutting-edge basic and applied research, rapid prototype development, and transition of advanced computational technologies to strengthen national security and global defense.

The estimated total project cost of \$33,000,000 will be funded with \$30,000,000 in PUF and \$3,000,000 from other sources. Additional information is set forth below.

School of Data Science (Downtown)

U. T. San Antonio will construct a 138,182 gross square foot building to house the new School of Data Science as part of the Downtown Campus. This building will create an additional 92,500 assignable square feet (ASF) to the overall UTSA campus inventory. Subject to further program development, the facility will provide space for computational teaching and research labs, student collaboration space, and faculty office space. The School of Data Science will be the first in Texas and foundational to U. T. San Antonio's already top-ranked cybersecurity programs. The School will answer the national call for data science, data management, and information technology workforce needs. It will supply intellectual talent to companies in the growing San Antonio tech corridor and will generate valuable synergy with federal agencies and industry partners.

The estimated total project cost of \$57,000,000 will be funded with \$40,000,000 in PUF and \$17,000,000 from other sources. Additional information is set forth below.

National Security Collaboration Center

Project Description

U. T. San Antonio seeks to construct a new 80,000 gross square foot (GSF) facility, to be named the National Security Collaboration Center (NSCC), in downtown San Antonio as part of the distributed Downtown Campus. The NSCC will provide an additional 52,000 assignable square feet to the U. T. San Antonio campus. Subject to further program development, the facility is expected to provide 10,400 ASF of computational technology laboratories (cyber range, visualization, high-performance and cloud computing, and machine learning); 10,400 ASF of office and research laboratory space for two existing computational research centers: (1) the Cyber Center for Security and Analytics, and (2) the Center for Infrastructure Assurance and Security; 10,400 ASF of leasable space for industry partners and a U. T. San Antonio-managed technology incubator; and 15,600 ASF for federal research laboratories managed by the National Security Agency, U.S. Army Research Laboratory, U.S. Secret Service, the Federal Bureau of Investigations, and other agencies. An additional 5,200 ASF will be dedicated for a Sensitive Compartmented Information Facility (SCIF) to conduct classified research with federal and industry partners. The NSCC will provide both virtual resources and physical capabilities to enable Government-University-Industry (GUI) partnerships for cutting-edge basic and applied research, rapid prototype development, and transition of advanced computational technologies to strengthen national security and global defense.

Strategic Implications

The NSCC will reduce the present space deficit of 52,000 net square feet (NSF) according to the Adjusted Fall 2017 Texas Higher Education Coordinating Board Academic Space Projection Model. It is anticipated that even with the additional space that will be provided by this project, U. T. San Antonio will continue to maintain a high space usage efficiency rating. Reducing the space deficit will support the University’s efforts to increase GUI partnerships that enhance the institution’s research intensity and increase research revenue and associated research expenditure. The facility will provide additional research space to help the institution meet its goal of reaching \$200 million in annual research expenditures by 2022. Therefore, providing new research space for U. T. San Antonio faculty and students, the government, and industry partners is critical for research competitiveness at the national level.

Investment amount/Sources of funding

The estimated project cost of \$33,000,000 will be funded with \$30,000,000 in PUF and \$3,000,000 from other sources. The 52,000 NSF results in 80,000 GSF assuming a 65% net to gross ratio. The average construction cost per square foot is estimated to be \$330 per square feet as taken from The Texas Higher Education Coordinating Board Project Construction Cost Analysis Fall 2017, updated February 2018. A 25% increase has been applied to this number to get a total project cost of \$412.50 per square feet.

Operational Costs added to Institution’s Budget (downtown location)

Description	Area		Unit Cost		Total Cost
Custodial, Grounds, Building Maintenance					
Maintenance	80,000	gsf	\$ 1.24	\$/gsf	\$ 99,200
Grounds	6	acres	\$1,898.96	\$/acres	\$ 11,394
Custodial	80,000	gsf	\$ 0.62	\$/gsf	\$ 49,600
Utilities					
Natural Gas	80,000	gsf	\$.17	\$/gsf	\$ 13,600
Electricity	80,000	gsf	\$ 1.60	\$/gsf	\$ 128,000
Water/Sewer	80,000	gsf	\$ 0.27	\$/gsf	\$ 21,600
Repair Reserve (Capital Renewal)	80,000	gsf	\$ 0.57	\$/gsf	\$ 45,600
Security					\$ 15,000
Shuttle Service					\$ 0
Total Year One					\$ 383,994

Ability of Institution to Absorb Operational Costs

The project may minimally impact the operating expense ratio, currently at 5.2 months of coverage, and the annual operating margin ratio, currently at 1.3%. Although the construction is for a “nonrevenue generating” property, it is expected that the facility will have a positive impact on revenue due to the increased enrollment capacity and expected improvements in student retention and graduation rates.

Outcome Measures

Subject to further programming development the facility will:

- Reduce the UTSA E&G space deficit by 52,000 NSF.
- Increase assignable office space by an expected 5,200 ASF.
- Increase assignable teaching lab space by an expected 5,200 ASF.
- Increase assignable research lab space by an expected 10,400 ASF.

Key Milestones

	Start/Approval Date
Appropriation of PUF/Addition to CIP	September 2018
Proposals/Contracts (3 months)	October 2018
Definition Phase (4 months)	January 2019
Design Development (6 months)	May 2019
Design Development Approval	November 2019
Construction Documents/GMP (6 months)	November 2019
Construction Notice to Proceed	June 2020
Construction (26 months)	June 2020
Substantial Completion	August 2022
Occupancy	October 2022

School of Data Science

Project Description

U. T. San Antonio seeks to construct a 138,182 gross square foot building to house the new School of Data Science as part of the Downtown Campus. This building will create an additional 92,500 assignable square feet (ASF) to the overall U. T. San Antonio campus inventory. Subject to further program development, the facility is expected to provide space for computational teaching and research labs, student collaboration space, and faculty office space. The School of Data Science will be the first in Texas and foundational to U. T. San Antonio's already top-ranked cybersecurity programs. It will answer the national call for data science, data management, and information technology workforce needs. The school will supply intellectual talent to companies in the growing San Antonio tech corridor and will generate valuable synergy with federal agencies and industry partners.

Strategic Implications

The School of Data Science will reduce the present space deficit of 92,500 net square foot (NSF) according to the Adjusted Fall 2017 Texas Higher Education Coordinating Board Academic Space Projection Model. It is anticipated that even with the additional space that would be provided by this project, U. T. San Antonio will continue to maintain a high space usage efficiency rating. A first for the state, the School of Data Science will unify U. T. San Antonio's talent and resources in data science, data management, cloud computing, and machine learning/artificial intelligence into one cohesive and impactful business model for computational related academic and research programs. The following U. T. San Antonio units on the main campus will be centralized into the new downtown school:

- Department of Computer Science
- Computer Engineering from the Department of Electrical and Computer Engineering
- Department of Management Science & Statistics
- Department of Information Systems and Cyber Security
- The Institute for Cyber Security
- The Open Cloud Institute

These units currently account for 92,500 NSF, supporting 87.25 faculty and staff (FTEs), and associated student programming. There is an anticipated planned growth of 130% in the aforementioned units, which will attribute to a need for an additional 117,477 NSF by 2022 to accommodate a total of 116.5 faculty and staff (FTEs), and associated student programming.

Project Financials and Total Costs

The estimated project cost of \$57,000,000 would be funded with \$40,000,000 in Permanent University Funds and \$17,000,000 from other sources. The 92,500 NSF results in 138,182 gross square foot (GSF) assuming a 67% net to gross ratio. The average construction cost per square foot is estimated to be \$330 per square foot as taken from The Texas Higher Education Coordinating Board Project Construction

Cost Analysis Fall 2017, updated February 2018. A 25% increase has been applied to this number to get a total project cost of \$412.50/sq.ft.

Operational Costs added to Institution’s Budget (downtown location)

Description	Area		Unit Cost		Total Cost
Custodial, Grounds, Building Maintenance					
Maintenance	138,182	gsf	\$ 1.24	\$/gsf	\$ 171,346
Grounds	6	acres	\$ 1,898.96	\$/acres	\$ 11,394
Custodial	138,182	gsf	\$ 0.62	\$/gsf	\$ 85,673
Utilities					
Natural Gas	138,182	gsf	\$ 0.17	\$/gsf	\$ 23,491
Electricity	138,182	gsf	\$ 1.60	\$/gsf	\$ 221,091
Water/Sewer	138,182	gsf	\$ 0.27	\$/gsf	\$ 37,309
Repair Reserve (Capital Renewal)	138,182	gsf	\$ 0.57	\$/gsf	\$ 78,764
Security					\$ 15,000
Shuttle Service					\$ 0
Total, Year One					\$ 644,067

Ability of Institution to Absorb Operational Costs

The project may minimally impact the operating expense ratio, currently at 5.2 months of coverage, and the annual operating margin ratio, currently at 1.3%. Although the construction is for a “nonrevenue generating” property, it is expected that the facility will have a positive impact on revenue due to the increased enrollment capacity and expected improvements in student retention and graduation rates.

Outcome Measures

Subject to further programming development the facility will:

- Reduce the UTSA E&G space deficit by 107,531 NSF.
- Increase assignable office space by an expected 15,410 ASF.
- Increase assignable teaching lab space by an expected 42,386 ASF.
- Increase assignable research lab space by an expected 39,747 ASF.

Key Milestones

	Start/Approval Date
Appropriation of PUF/Addition to the CIP	September 2018
Proposals/Contracts (3 months)	October 2018
Definition Phase (4 months)	January 2019
Design Development (6 months)	May 2019
Design Development Approval	November 2019
Construction Documents/GMP (6 months)	November 2019
Construction Notice to Proceed	June 2020
Construction (26 months)	June 2020
Substantial Completion	August 2022
Occupancy	October 2022

9. U. T. Permian Basin: Kinesiology Building - Amendment of the Fiscal Year 2019-2024 Capital Improvement Program (CIP) to increase the total project cost; reapproval of design development; approval to revise funding sources; approval to increase Permanent University Funds (PUF) funding for the Kinesiology Building; approval to reallocate Grant funding and insurance proceeds to the Kinesiology Building; approval to increase PUF funding for the Engineering Building project; approval to allocate PUF funding for minor roofing project; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the Kinesiology Building project at The University of Texas of the Permian Basin as follows:

- a. amend the Fiscal Year 2019-2024 Capital Improvement Program (CIP) to increase the total project cost from \$23,200,000 to \$37,000,000;
- b. reapprove design development plans;
- c. revise funding sources to include Unexpended Plant Funds;
- d. approve additional Permanent University Fund (PUF) Bond Proceeds of \$1,957,000 for the Kinesiology Building project;
- e. approve the transfer of \$3,100,000 of Grant funding from the Midland Development Corporation from the Engineering Building project to the Kinesiology Building project;
- f. approve additional PUF Bond Proceeds of \$3,100,000 for the Engineering Building project to replace the Grant funding transferred to the Kinesiology Building project;
- g. approve the transfer of \$3,000,000 of insurance proceeds from institutional balances to the Kinesiology Building;
- h. approve additional PUF Bond Proceeds of \$3,000,000 to establish a minor project for Roofing - Various Buildings to replace insurance proceeds transferred to the Kinesiology Building project;
- i. appropriate funds and authorize expenditure of \$37,000,000 with funding of \$16,157,000 from PUF Bond Proceeds, \$11,743,000 from RFS Bond Proceeds, \$2,000,000 from Gifts, \$4,100,000 from Grants, and \$3,000,000 from Unexpended Plant Funds for the Kinesiology Building project;
- j. appropriate funds and authorize expenditure of \$3,100,000 of PUF Bond Proceeds for the Engineering Building project;
- k. appropriate funds and authorize expenditure of \$3,000,000 of PUF Bond Proceeds for the Roofing - Various Buildings minor project; and

- I. 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. Permian Basin, 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 \$11,743,000.

Debt Service

Of the \$11,743,000 in RFS debt, \$7,000,000 will be repaid from a grant from the Odessa Development Corporation and \$4,743,000 is interim financing to be retired as Gifts are collected. Debt service on the \$7,000,000 RFS debt to be repaid from the Odessa Development Corporation is expected to be \$1.49 million annually over five years. The \$4,743,000 of bridge financing will provide time for U. T. Permian Basin to raise Gifts without delaying the project. Interest expense on the \$4,743,000 is estimated at \$140,000 annually. The institution's debt service coverage is expected to be at least 1.2 times and average 1.3 times over FY 2019-2024.

Previous Actions

On July 10, 2014, President Watts presented the School of Engineering Building and the Kinesiology and Athletic Complex projects to the Board of Regents for approval to submit the projects for consideration by the Texas Legislature for Tuition Revenue Bond (TRB) funding. The 84th Legislature passed, and Governor Greg Abbott signed into law House Bill 100, allowing for the issuance of \$922,632,000 in TRB Proceeds for U. T. institutions effective September 1, 2015.

On August 20, 2015, the Engineering Building project was included in the CIP with a total project cost of \$60,000,000 with funding of \$48,000,000 from TRBs, \$4,000,000 from PUF, and \$8,000,000 from Gifts. On December 11, 2015, the Chancellor approved a decrease in the total project cost of \$8,000,000 from Gifts to \$52,000,000. On August 25, 2016, the Board approved the design development plans and appropriated funding of \$52,000,000 with \$48,000,000 from TRBs and \$4,000,000 from PUF Bond Proceeds. On June 28, 2017, the Chancellor approved an increase in the total project cost to \$55,100,000 with additional funds of \$3,100,000 from Grants.

On September 8, 2016, the Chancellor approved the Kinesiology Building project for Definition Phase. On February 9, 2017, the project was included in the CIP with a total project cost of \$16,200,000 with funding of \$14,200,000 from PUF Bond Proceeds and \$2,000,000 from Gifts. On August 24, 2017, the Board approved

design development and an increase in the total project cost and authorized expenditure of \$23,200,000 with funding of \$14,200,000 from PUF Bond Proceeds, \$6,000,000 from RFS Bond Proceeds, \$2,000,000 from Gifts, and \$1,000,000 from Grants.

Project Description

After initial approval, U. T. Permian Basin leadership determined that an expanded scope would leverage the academic growth potential for Kinesiology programs and enhance student athletic recruitment and retention, resulting in this request for reapproval of design development to add approximately 19,000 gross square feet (GSF) for a total of 63,717 GSF. The expanded scope will include a 150-seat team meeting/lecture hall, 12 additional Kinesiology offices, additional clinical areas for athletic training, and an athletics office suite.

The originally approved project was designed to house the Kinesiology Department's classrooms, labs, offices, and storage areas. The project also included a shared weight room, locker rooms for the men's football team and women's soccer team, and a student athlete lounge area, as well as equipment storage and laundry facilities. The project previously included a new track around the existing football practice field. The track is no longer included in the project scope.

The Kinesiology Department is experiencing growth in the area of exercise sciences. The facility will provide classrooms designed specifically for exercise physiology, biomechanics, and athletic training courses to enhance access to teaching and training tools, including anatomical models. New state-of-the-art laboratories will enhance the department's ability to apply for research grant funding and to recruit undergraduate and graduate-level students.

The new building will be centrally located between the recently completed football practice field and the intramural field and is adjacent to a parking lot that will also service the practice field.

Project Information

Project Number	501-918
CIP Project Type	New Construction
Facility Type	Classroom, General
Management Type	Office of Facilities Planning and Construction
Institution's Project Advocate	James Eldridge, Professor and Chair of Kinesiology
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	63,717

Project Funding	<u>Former</u>	<u>Current</u>
Permanent University Fund Bond Proceeds	\$14,200,000	\$16,157,000
Revenue Financing System Bond Proceeds ¹	\$ 6,000,000	\$11,743,000
Gifts ²	\$ 2,000,000	\$ 2,000,000
Grants ³	\$ 1,000,000	\$ 4,100,000
Unexpended Plant Funds ⁴	\$ _____ 0	\$ 3,000,000
Total Project Cost	\$23,200,000	\$37,000,000

¹Revenue Financing System (RFS) Bond Proceeds includes \$4,743,000 in interim financing to be retired as Gifts are collected; remaining RFS to be repaid from a Grant from Odessa Development Corporation over a 5-year period

²Gifts are fully collected

³Grants are \$1,000,000 from Grow Odessa and \$3,100,000 from Midland Development Corporation funding transferred from the Engineering Building project

⁴Unexpended Plant Funds are insurance proceeds applied to this project

Project Cost Detail	Cost
BUILDING COST	\$28,481,170
Fixed Equipment	400,000
Site Development	1,472,989
Furniture and Moveable Equipment	1,310,000
Institutionally Managed Work	675,541
Architectural/Design Services	2,000,000
Insurance	520,771
Other Professional Fees	841,000
Project Contingency	1,173,000
Other Costs	125,529
Total Project Cost	\$37,000,000

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

Kinesiology Building	\$447
Texas Higher Education Coordinating Board Average - Classroom, General	\$412

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$315	\$356	\$419
Other National Projects	\$315	\$409	\$568

Investment Metrics

- Increase the number of Kinesiology students from 300 to 600 and Athletic Training majors from 30 to 90 by 2025
- Increase Kinesiology graduates from 75 to 180 undergraduates and from 6 to 12 graduates by 2025
- Increase tenured and tenure-track faculty members from 4 to 8 by 2025
- Add \$10,000,000 in research grant funding and \$1,000,000 from community funding through wellness testing 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 2016
Addition to CIP	February 2017
Design Development Approval	September 2018
Construction Notice to Proceed	September 2018
Substantial Completion	May 2020

ADJOURNMENT.--There being no further business, the meeting was adjourned at 2:02 p.m.

/s/ Tina E. Montemayor
Assistant Secretary to the Board of Regents

October 25, 2018



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FINANCE AND PLANNING COMMITTEE

1. Contract (funds coming in) - U. T. System: Provide Western Refining Southwest, Inc. with a pipeline easement

Agency: Western Refining Southwest, Inc.

Funds: Projected revenue for the duration of the project is \$1,000

Period: August 6, 2018 through August 31, 2025

Description: Amendment to an existing lease approved by the Board on August 20, 2015. This amendment will increase the acreage covered by the lease, originally leased for a pipeline easement for installation by Western Refining Southwest, Inc. of two 10-inch and one 16-inch pipelines in portions of Section 12, Block 21, University Lands Survey, Winkler County, Texas.

ACADEMIC AFFAIRS COMMITTEE

2. Intentionally left blank

3. Foreign Contract (funds coming in) - U. T. Austin: IC2 Institute at U. T. Austin to provide services to Druk Holding and Investments, Ltd. in Bhutan

Agency: Druk Holding and Investments, Ltd. (DHI)

Funds: \$284,130

Period: August 27, 2018 through March 31, 2020

Description: U. T. Austin's IC2 Institute will provide entrepreneur training services to Druk Holding and Investments, Ltd., which is a government-owned holding company in Bhutan. The services for DHI will be performed in Bhutan and in Austin, Texas.

4. Foreign Contract (funds coming in) - U. T. Austin: Texas Engineering Executive Education – Petroleum Extension (PETEX) to provide services to The Ministry of Research, Technology and Higher Education of the Republic of Indonesia

Agency: The Ministry of Research, Technology and Higher Education of the Republic of Indonesia

Funds: \$408,538

Period: August 28, 2018 through December 31, 2018

Description: Texas Engineering Executive Education – Petroleum Extension will provide energy, oil, and gas vocational training services to The Ministry of Research, Technology and Higher Education of the Republic of Indonesia, which is a government-owned holding company in Indonesia. The services for the Indonesian Ministry will be performed in Houston, Texas.

5. Foreign Contract (funds coming in) - U. T. Austin: U. T. Austin's Center for Identity to provide services to Netherlands National Office for Identity Data in the Ministry of Interior and Kingdom Relations

Agency: Netherlands National Office for Identity Data in the Ministry of Interior and Kingdom Relations

Funds: €62,500 or approximately \$72,500 USD

Period: August 27, 2018 through October 31, 2018

Description: U. T. Austin's Center for Identity (CID) will provide U. T. CID Identity Leadership Certificate Program services to attendees at a conference from September 24 to September 26, 2018, held by the Netherlands National Office for Identity Data in the Ministry of Interior and Kingdom Relations. The services for the Netherland's Ministry will be performed in Holland.