



SCHEDULE OF EVENTS FOR BOARD OF REGENTS MEETING

August 24-25, 2022
Austin, Texas

Wednesday, August 24, 2022

Convene the Board in Open Session to Recess to Executive Session.....	1:00 p.m.
Reconvene the Board in Open Session for Possible Action on Executive Session Item and to Convene Committee Meetings.....	1:30 p.m.
Audit, Compliance, and Risk Management Committee	1:45 p.m.
Finance and Planning Committee	2:15 p.m.
Academic Affairs Committee	3:00 p.m.
Health Affairs Committee	3:45 p.m.
Facilities Planning and Construction Committee.....	4:30 p.m.
Recess	5:15 p.m.

Thursday, August 25, 2022

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



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

**August 24-25, 2022
Austin, Texas**

Wednesday, August 24, 2022

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CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551 *1:00 p.m.*

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

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

RECONVENE THE BOARD IN OPEN SESSION FOR POSSIBLE ACTION ON EXECUTIVE SESSION ITEM AND TO CONVENE COMMITTEE MEETINGS *1:30 p.m.*

COMMITTEE MEETINGS *1:45 p.m. – 5:15 p.m.*

RECESS *5:15 p.m.*

Thursday, August 25, 2022

CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS *9:00 a.m.*

STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD *9:05 a.m.*

- 1. **U. T. System Board of Regents: Approval of Consent Agenda and consideration of any item referred to the full Board** **6**
- 2. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed appointment to the University Lands Advisory Board (ULAB)** **7**
- 3. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed appointment to the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO)** **8**

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5. U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Regents' <i>Rules and Regulations</i>, Rule 60102 (Fees for Endowment Administration and Management)	11
6. U. T. System Board of Regents: Discussion and appropriate action regarding proposed revision to Regents' <i>Rules and Regulations</i>, Rule 60202 (Endowed Academic Positions) regarding endowment minimums	15
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RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551

9:30 a.m.

1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074
 - a. **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 (Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members; and U. T. System and institutional employees**
 - b. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (such as Chancellor, General Counsel to the Board, and Chief Audit Executive); U. T. System and institutional employees, and related personnel aspects of the operating budget for Fiscal Year 2023**
 - c. **U. T. System: Discussion and appropriate action concerning individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives**

Thursday, August 25, 2022 (cont.)

- d. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to assignment and duties of the Chancellor, including responsibilities associated with the admissions procedures set forth in Regents' *Rules and Regulations*, Rule 40303**
 - e. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding a proposed new hire with tenure and compensation for Tong Joo Gan, M.D., MBA, MHS, Division Head, Anesthesia/Critical Care/Pain Medicine, and Professor, Department of Anesthesiology (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
 - f. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding a proposed new hire with tenure and compensation for Donna Elisabeth Hansel, M.D., Ph.D., Professor, Department of Pathology Anatomical and Division Head Pathology and Laboratory Medicine (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
2. **Negotiated Contracts for Prospective Gifts or Donations – Section 551.073**
- a. **U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**
 - b. **U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**
3. **Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071**
- a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
 - b. **U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System**
 - c. **U. T. System Board of Regents: Discussion regarding legal issues, if any, associated with proposed U. T. System budget**
 - d. **U. T. Austin: Discussion regarding legal Issues, if any, associated with proposed ground lease and related agreements with an entity owned or controlled by NextEra Energy Resources, LLC, for the construction, operation, and maintenance of a water reclamation and reuse facility and the processing and purchase of reclaimed water, and authorization to purchase reclaimed water throughout the ground lease term and to purchase the improvements at any time during the ground lease term; and finding of public purpose**

Thursday, August 25, 2022 (cont.)

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4. Deliberation Regarding Security Devices or Security Audits – Sections 551.076 and 551.089

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

5. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072

U. T. Austin: Discussion and appropriate action to enter into a ground lease and related agreements with an entity owned or controlled by NextEra Energy Resources, LLC, for the construction, operation, and maintenance of a water reclamation and reuse facility and the processing and purchase of reclaimed water on a portion of U. T. Austin’s main campus located north of Dean Keaton Street and between San Jacinto Blvd and Speedway, directly south of Chilling Station #5, 2610 San Jacinto Blvd, Austin, Travis County, Texas, and authorization to purchase reclaimed water throughout the ground lease term and to purchase the improvements at any time during the ground lease term; and finding of public purpose

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

*12:00 p.m.
approximately*

8. **U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2023** 21
9. **U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration and institutional operating budgets for Fiscal Year 2023** 22
10. **U. T. Austin: Discussion and appropriate action regarding proposed ground lease and related agreements with an entity owned or controlled by NextEra Energy Resources, LLC, for the construction, operation, and maintenance of a water reclamation and reuse facility and the processing and purchase of reclaimed water, and authorization to purchase reclaimed water throughout the ground lease term and to purchase the improvements at any time during the ground lease term; and finding of public purpose** 23

ADJOURN

*12:30 p.m.
approximately*

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

RECOMMENDATION

The Board will be asked to approve the Consent Agenda beginning on [Page 327](#).

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

RECOMMENDATION

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

BACKGROUND INFORMATION

The membership structure for the University Lands Advisory Board (ULAB) is as follows:

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

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

3. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed appointment to the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO)**

RECOMMENDATION

Chairman Eltife may recommend action concerning appointment to the UTIMCO Board of Directors.

BACKGROUND INFORMATION

Texas Education Code Section 66.08 and Regents' *Rules and Regulations*, Rule 10402, Section 6 require that the U. T. System Board of Regents appoint seven members to the UTIMCO Board of Directors of whom three must be members of the Board of Regents.

4. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed revision to Regents' Rules and Regulations, Rule 30105 (Sexual Harassment, Sexual Misconduct, and Consensual Relationships), Section 2, regarding approval of institution policies**

RECOMMENDATION

The Chancellor, the Executive Vice Chancellors for Academic Affairs and Health Affairs, and the Vice Chancellor and General Counsel recommend that the U. T. System Board of Regents approve proposed revision to Regents' *Rules and Regulations*, Rule 30105 (Sexual Harassment, Sexual Misconduct, and Consensual Relationships), Section 2 as shown below:

...

Sec. 2.1 Adoption of Sexual Misconduct Policies. Each U. T. ~~System~~ institution and U. T. System Administration shall adopt policies and procedures prohibiting sexual harassment, sexual misconduct, and other inappropriate sexual conduct, ~~and regarding consensual relationships~~ in compliance with ~~state and federal and state~~ law, including Texas Education Code Section 51.282. The policies must be and in substantial compliance with model policies and procedures promulgated by the U. T. System Office of Systemwide Compliance as approved by the Board of Regents. The Office of Systemwide Compliance must review the model policies each biennium and submit any substantive changes to the Board for approval. If substantive changes to the model policy are approved by the Board, each institution must adopt those substantive changes in its policies. Additional substantive changes to an institution's policy that were not approved by the Board in the model policy must be submitted to the Board for approval following review and approval by the Offices of Systemwide Compliance and General Counsel.

Sec. 2.2 Adoption of Consensual Relationship Policies. Each U. T. institution and U. T. System Administration shall adopt policies and procedures regarding consensual relationships that are consistent with federal and state law and in compliance with the model policy promulgated by the Office of General Counsel.

~~In accordance with state law, each institution's policy must include definitions of prohibited behavior, sanctions for violations, the protocol for reporting and responding to reports of prohibited behavior, interim measures to protect victims during the pendency of the institution's disciplinary process, and a statement regarding (a) the importance of a victim going to the hospital for treatment and preservation of evidence, (b) the right of a victim to report to the institution and receive a prompt and equitable resolution of the report, and (c) the right of a victim of a crime to choose to report the crime to law enforcement, to be assisted by the institution in reporting the crime to law enforcement, or to decline to report the crime to law enforcement. Each institution must review the policy each biennium and submit changes to the Board for approval.~~

BACKGROUND INFORMATION

Regents' Rule 30105, Section 2, sets forth a process to ensure each U. T. institution and System Administration maintain policies prohibiting sexual harassment, sexual misconduct, other inappropriate sexual conduct, and regarding consensual relationships as required by state and federal law. The policies must also be in substantial compliance with model policies promulgated by U. T. System's Office of Systemwide Compliance.

The Rule currently requires that each institution submit all changes to its policies to the Board for approval. The proposed revision would require the Board consider only proposed substantive changes to the U. T. System Sexual Misconduct model policy and direct the institutions to adopt all substantive changes as approved. This would create process efficiencies and enable quicker adoption of policy changes required by state or federal law. An institution seeking to make substantive changes to its Sexual Misconduct policy in addition to those in the model policy would still be required to seek Board approval. Recommended nonsubstantive changes to the Rule delete repetitive language in Section 2 concerning details of state law and clarify that changes to model policies regarding consensual relationships are not subject to the same state-law-required Board approval.

This revision does not impact the full-time equivalent (FTE) employee count Systemwide and has potential to result in cost savings due to process efficiencies. The proposed Rules change was reviewed by the institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

5. U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Regents' Rules and Regulations, Rule 60102 (Fees for Endowment Administration and Management)

RECOMMENDATION

The Chancellor, the Executive Vice Chancellors for Academic Affairs, Health Affairs, and Business Affairs, the Vice Chancellor for External Relations, Communications and Advancement Services, and the Vice Chancellor and General Counsel recommend that the U. T. System Board of Regents approve revisions to Regents' *Rules and Regulations*, Rule 60102 (Fees for Endowment Administration and Management), as shown below:

1. Title

Fees for Endowment Administration and Management and Enhancement of Philanthropy to Support University Missions

2. Rule and Regulation

Sec. 1 Background. Each University of Texas ~~System~~ institution is charged with raising private sector philanthropic contributions for the establishment of Endowments and other funds to fulfill the educational, research, and clinical missions and goals of the institution. Endowments are designated for student scholarships and fellowships, faculty and administrative research support, and for programmatic purposes. Administration and management of the Endowments are the joint responsibility of the U. T. System Administration and each institution. ~~The U. T. System and System institutions~~ They must devote adequate resources to assure appropriate accounting and use of Endowment funds. In addition, high-quality, effective compliance programs are of fundamental importance and represent an ongoing fiduciary responsibility of System Administration and each institution. ~~As authorized by Texas Education Code Section 65.37, the Board of Regents may assess fees for endowment administration and management.~~

Philanthropy across U. T. institutions constitutes a critical revenue source to augment other income such as tuition and fees, sponsored research, and clinical revenue.

Sec. 2 Type and Amount of Mandatory Fees. ~~The Board of Regents authorizes The University of Texas/Texas A&M Investment Management Company (UTIMCO) to assess an administration and management fee of up to 0.20% of the market value of the Long Term Fund's (LTF) net asset value as determined by UTIMCO for the support of endowment administration and management efforts by each institution. As authorized by Texas Education Code Section 65.37, the Board of Regents assesses the following fees from Endowments for endowment administration, management and compliance and the enhancement of philanthropy. Investment-related expenses are not covered under this Rule, but are covered by the Investment Management~~

Services Agreement between the U. T. System Board of Regents and The University of Texas/Texas A&M Investment Management Company (UTIMCO).

~~In addition, the Board of Regents authorizes UTIMCO to assess an administrative fee of up to 0.03% of the market value of the LTF's net asset value as determined by UTIMCO for the support of endowment administration and management efforts by System Administration for support of enhanced and expanded System Administration endowment administration and management efforts. These administration and management fees replace the previously charged fee for endowment compliance (0.08%) and the fee for education purposes (0.02%) and those fees will no longer be assessed.~~

2.1 Institutional Endowment Fee. The Board of Regents assesses an endowment fee of 0.80% (80 basis points) of the market value of the Long Term Fund's (LTF's) net asset value of an institution's Endowments to be disbursed to each institution. Such endowment fee shall be used by each institution to ensure endowment administration and compliance; to provide more adequate funding for development operations at the institution; and to substantially increase philanthropic revenue to support the education, research, and clinical missions and goals of the institution.

All new Endowments created after September 1, 2022, will be assessed the Institutional Endowment Fee.

Only Endowments that were previously exempted from the Institutional Endowment Fee (formerly the "development allocation") prior to August 31, 2022, are grandfathered.

Donors with cumulative Endowments with a market value in excess of \$50 million at one institution may request an exception from the institutional president to allow their Endowments to be assessed the Institutional Endowment Fee at 20 basis points at that institution once the cumulative market value of the Endowment exceeds \$50 million.

2.2 Endowment Management Fee. The Board of Regents assesses an administrative fee of 0.03% (3 basis points) of the market value of the LTF's net asset value of all institutional Endowments to be disbursed to U. T. System Administration for the support of Systemwide endowment administration and management efforts in the provision of direct service and support to the institutions.

2.3 System Administrative and Endowment Fee. The Board of Regents assesses an administrative fee of 0.20% (20 basis points) of the market value of the LTF's net asset value of only U. T. System Administration's Endowments (not institutional Endowments) to be disbursed to U. T. System Administration to ensure appropriate administration and management as well as compliance with the agreements made with Endowment donors.

~~Sec. 3 — Implementation and Use of Fee. This Rule authorizes a small portion of the LTF (up to an aggregate of 0.23%) to be used to offset the U. T. System and an institution's administrative and management activities to ensure appropriate administration and management as well as institutional compliance with the agreements made with endowment donors. The Chancellor may authorize an institution to exercise this funding option and assess up to the 0.20% of the market value of its endowments invested in the LTF and up to 0.03% of the market value of all LTF endowments for System Administration.~~

~~To be eligible to receive these administration and management fees above a rate of 0.08% for the institutions and 0.02% for the U. T. System, System Administration offices and each institution must provide evidence of expenditures on endowment administration and management based on guidance provided by the Office of External Relations, Communications and Advancement Services and verified by institutional internal audit departments in coordination with the System Audit Office. The assessment of the administration and management fees on the endowments may not exceed the amount necessary to reimburse System offices and the institution for its verified endowment administration and management expenses. An institution may exempt specific endowments from the assessment and is not required to assess a fee if it wishes to absorb administration and management expenses.~~

~~Sec. 34 — Program Details. Operational details, including UTIMCO's processing of distributions related to these fee assessments, are to be determined by the Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor for External Relations, Communications and Advancement Services, in consultation with UTIMCO, President and Chief Executive Officer of UTIMCO, and/or their designated representatives. Funds resulting from the fee assessments are to be distributed annually based on the prior 12-quarter average of the market value of the LTF Endowments on May 31 of each fiscal year.~~

~~4.1 — Basis of Distributions. Assessment level distributions will to be made annually based on the prior 12-quarter average of the market value of the LTF on May 31 of each fiscal year.~~

3. Definition

Endowment – funds that typically have certain donor-imposed restrictions placed upon the principal and/or the funds available for distribution (e.g., income and/or gains).

BACKGROUND INFORMATION

Currently, Regents' Rule 60102 authorizes fees to be charged on endowments in the Long Term Fund. The Board last modified the authorization for endowment fee assessments in 2017 and 2019, ultimately authorizing an allocation of up to 0.80% from the market value of an institution's endowments in the LTF to provide funding for institutional development operations; 0.03% to fund direct System support to the institutions; and 0.20% of only System Administration

endowments to fund administration for those endowments as well as Systemwide endowment compliance. Pursuant to those authorizations, institution presidents were allowed discretion to participate in the assessment. While most institutions opted to assess the maximum fee, some took a lesser amount. Moreover, some endowments were exempted from the assessment while others were not. The proposed revisions would provide consistency and allow exemptions only as authorized in the Rule.

Two-thirds of all public universities in the United States use some type of common mechanism to support philanthropy efforts. All university systems in Texas have gift fees, endowment allocations, or a combination of both. With philanthropy continuing to play an ever-increasing role in supporting institutions' educational, research and clinical missions and goals, adequate resources to support development office personnel and operations will ensure philanthropy as an essential source of sustainable private funding to support those missions.

Although there is no change proposed to the fee assessment levels, this revision may generate additional funding for institutions through increased philanthropy and may increase the number of full-time equivalent (FTE) employees working on development Systemwide. The proposed Rules change was reviewed by the institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

6. U. T. System Board of Regents: Discussion and appropriate action regarding proposed revision to Regents' Rules and Regulations, Rule 60202 (Endowed Academic Positions) regarding endowment minimums

RECOMMENDATION

The Chancellor, the Executive Vice Chancellors for Academic Affairs, Health Affairs, and Business Affairs, the Vice Chancellor and General Counsel, and the Vice Chancellor for External Relations, Communications, and Advancement recommend that the U. T. System Board of Regents approve revisions to Regents' *Rules and Regulations*, Rule 60202 (Endowed Academic Positions), as shown below and direct the General Counsel to the Board to make corresponding changes to other Regents' Rules impacted by any approved changes to minimum endowment levels.

1. Title

Endowed Academic Positions, Endowed Student Support, and Other Endowments

2. Rule and Regulation

Sec. 1 Purpose of Endowed Academic Positions, Endowed Student Support, and Other Endowments. ~~Endowments~~ ~~Academic Positions~~ are ~~intended~~ central to ~~promote the continued growth and~~ excellence ~~among~~ of individual institutions ~~within~~ and the education and success of students throughout the U. T. System. Faculty holders of Endowed Academic Positions shall have ~~had~~ a distinguished record of excellence (Chairs/Professorships) or demonstrated accomplishment or future promise in the intellectual field (Faculty Fellowships). Holders of Endowed Academic Positions shall contribute substantially to the mission and goals of individual institutions. Holders of Endowed Academic Positions are stewards of the Endowments and are subject to periodic evaluation to ensure satisfactory performance. Recipients of Endowed Student Support shall be selected based on need or merit-based criteria in line with donor intent and applicable policy and law.

Sec. 2 Approval Prior to Announcement. Negotiations and fund raising for an Endowment are permitted prior to its formal approval and establishment by the Board or its designee(s). However, an Endowment may not be announced as having been established prior to its establishment by the Board or its designee(s). All initial or new holder appointments to a Chair or Professorship require prior approval by the Chancellor. Under special circumstances and when authorized by the Chancellor, an institution may grant an Endowed Professorship to an outstanding faculty member prior to achieving full professor status. The Chancellor may delegate authority for approval to the appropriate institution president or Executive Vice Chancellor.

Sec. 3 Reporting and Compliance. Each institution should report annually to the Chancellor on appointments to Endowed Academic Positions. The U. T. System Office of External Relations, Communications, and Advancement Services, in coordination with the institutions, conducts an annual endowment

compliance program assessing expenditures, usage of funds, and adherence to donor intent.

Sec. 4 Categories and Minimum Funding Levels.

4.1 Endowed Academic Positions. The ~~six~~ categories of endowed and named academic positions and the minimum funding levels to establish the positions are:

Distinguished University Chair	(2 million)
Distinguished Chair	<u>(\$3 million)</u>
Chair	<u>(\$2 million)</u>
Distinguished Professorship	<u>(\$1 million)</u>
Professorship	<u>(\$500,000)</u>
<u>Faculty</u> Fellowship	<u>(\$250,000)</u>

~~Individual institutions are not required to utilize all categories of Endowed Academic Positions and may, with advance administrative approval and inclusion in the institutional *Handbook of Operating Procedures*, limit institutional endowment activity to those position categories which best fit the institution's mission and goals.~~

~~4.1 Whether an endowment has attained the minimum funding level necessary to establish a particular academic position will be determined by the total value of gifts from donors and transfers of funds valued as of the gift date or date of transfer. Funding levels may not be determined by the amount of net sale proceeds received from a non-cash gift or by the current market value of the investments held in an endowment.~~

4.2 Endowed Student Support includes:

<u>Graduate Fellowship</u>	<u>(\$50,000)</u>
<u>Scholarships</u>	<u>(\$25,000)</u>

~~With the specific approval of the Board of Regents, an Endowed Academic Position may be established without the above minimum funding levels. Such agreements must contain the provisions outlined in Sections 4.3 and 4.4.~~

4.3 Other Endowments. Other miscellaneous Endowments may be established to provide support for items such as, but not limited to research, programming, student experiences, facilities, and additional needs of the institutions.

Other Endowments will be established with gifts that have been completed for tax purposes or with a combination of such gifts, pledges, and other funds at a minimum funding level of \$25,000.

~~If an external entity requests that the Board of Regents establish an Endowed Academic Position based upon the entity's agreement to hold and manage an endowment fund supporting the position, the entity must irrevocably agree to dedicate the endowment to the support of the academic position in perpetuity or for a specified term of years. The entity must agree to adhere to Board policies regarding minimum funding levels for an endowment. The entity must agree to employ annual payout policies that are consistent with the goal of distributing from the endowment, or otherwise contributing to the institution, an annual payout amount substantially similar to that distributed from a comparable Board-managed endowment. The entity must agree that funds distributed from the endowment shall be paid to the institution for further expenditure in accordance with Board policies.~~

- 4.4 Individual institutions are not required to utilize all categories of Endowments and may, with advance administrative approval and inclusion in the institutional *Handbook of Operating Procedures*, focus institutional endowment activity to those categories that best fit the institution's mission and goals.

~~If an external entity requests that the Board of Regents establish an Endowed Academic Position without the funding of an endowment to support the position, the entity must irrevocably agree to contribute annually, either in perpetuity or for a specified term of years, an amount substantially similar to that distributed from a Board-managed endowment in support of a comparable position. The entity must agree that the funds will be contributed for further expenditure in accordance with Board policies regarding the particular category of academic position being established.~~

- 4.5 Whether funding has attained the minimum level necessary to establish a particular category of Endowment will be determined by the total value of gifts from donors and transfers of funds valued as of the gift date or date of transfer. Funding levels may not be determined by the amount of net sale proceeds received from a non-cash gift or by the current market value of the investments held in an Endowment.

- Sec. 5 Distributions for Endowed Chairs and Professorships. The institution will set the salary of the holder at a level commensurate with his or her record, experience, and position in the faculty. Subject to donor criteria, distributions from the Eendowment may be used for a reasonable amount of salary support as determined by institutional policy, for salary supplementation, and for other professional support of the holder of the Endowed Chair/Professorship, including assistance in the holder's research program. An institution may, with advance administrative approval and inclusion in the institutional *Handbook of Operating Procedures*, utilize a minimal portion of the distribution to support costs associated with administering the Eendowment (only if not already receiving endowment administration funding from other sources) and/or for strategic priorities, according to the purpose of the Eendowment. Chairs/Professorships are intended to have

holders. However, unfilled Chair/Professorships may be used to support faculty fellows, according to the purpose of the Endowment. Faculty may also be appointed as a fellow supported by funds available from a filled Endowed Chair/Professorship.

Sec. 6 Distributions for Endowed Faculty Fellowships. Distributions from an Endowment may be used for reasonable salary support, salary supplementation, and/or other professional support of the holder of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status. The Endowed Faculty Fellowship may also be used to provide temporary support (not to exceed one academic year) of:

- distinguished scholars who are in temporary residence at the institution while participating in planned academic programs;
- visiting scholars who are in temporary residence at the institution for special academic programs or purposes;
- institution faculty who have made unique contributions to academic life or the knowledge in their academic discipline; and
- institution faculty of any academic rank, irrespective of tenure status, who have been selected for teaching excellence.

Sec. 7 Evaluation of Holders of All Endowed Academic Positions, including Faculty Fellowships. Individual institutions shall, with advance administrative approval and inclusion in the institutional *Handbook of Operating Procedures*, establish procedures for the review of holders of Endowed Academic Positions. Such review shall normally occur in conjunction with existing performance appraisal processes, such as annual evaluation (for Faculty Fellowships) and comprehensive periodic review (for Chair/Professorships).

Sec. 8 Oversight of Endowments Supporting Faculty Positions. Each president is responsible for maintaining oversight of Endowments established to support faculty positions, including assignment of holders and use of distributions, but may delegate this authority.

3. Definitions

Endowment – funds that typically have certain donor-imposed restrictions placed upon the principal and/or the funds available for distribution (e.g., income and/or gains).

Endowed Academic Position – ~~a Distinguished University Chair~~, Distinguished Chair, Chair, Distinguished Professorship, Professorship, or Faculty Fellowship.

Endowed Chair/Professorship – a faculty position supported by an Endowment from which distributions are dedicated to reasonable salary support (as determined by institutional policy), salary supplementation, research support, and/or other professional support of a faculty member, subject to donor criteria. The holder will normally be a faculty member who has had a distinguished career. Except in extraordinary circumstances, the holder will be named to an Endowed Chair/Professorship for a specified length of time. The Chair/Professorship may be renewable or non-renewable.

Endowed Faculty Fellowship – a faculty position supported by an Endowment from which distributions are dedicated to reasonable salary support (as determined by institutional policy), salary supplementation, research support, and/or other professional support of a faculty member of any academic rank, subject to donor criteria. The holder will normally be a faculty member who exhibits demonstrated accomplishment or future promise in the intellectual field. The Endowed Faculty Fellowship will be awarded for a specified length of time. The Fellowship may be renewable or non-renewable.

Endowed Student Support - an endowed fund with a purpose primarily to support student success including through student scholarships.

BACKGROUND INFORMATION

Currently, Regents' Rule 60202 speaks only to endowed academic positions and sets minimum funding levels for those positions. The proposed revisions would expand the scope of the Rule to include all endowments, such as those related to student support, update the minimum funding levels for the establishment of endowments systemwide, and delete outdated language from the Rule.

The minimum current funding levels were established in 1988, and each institution has discretion to set higher minimums based on institutional needs. A survey of peer institutions indicated that the minimum funding levels applicable to U. T. System are substantially lower than both national peers and other university systems in Texas.

This revision does not impact the full-time equivalent (FTE) employee count Systemwide and has a potentially positive impact on the budget from increased endowment amounts. The proposed Rules change was reviewed by the institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

7. **U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Regents' Rules and Regulations, Rule 60302 (Advisory Councils of an Institution)**

RECOMMENDATION

The Chancellor, the Executive Vice Chancellors for Academic Affairs and Health Affairs, the Vice Chancellor and General Counsel, and the Vice Chancellor for External Relations, Communications, and Advancement recommend that the U. T. System Board of Regents direct the General Counsel to the Board to revise Regents' *Rules and Regulations*, Rule 60302 (Advisory Councils of an Institution) to delete two outdated provisions requiring the adoption of bylaws and the provision of an annual roster of membership to U. T. System Administration.

BACKGROUND INFORMATION

Regents' *Rules and Regulations*, Rule 60302 authorizes and sets out a process for establishing and operating institutional advisory councils. Provisions of the rule requiring formal bylaws and an annual forwarding of a membership roster are recommended for deletion as unnecessary for the successful functioning of such councils.

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

8. **U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2023**

RECOMMENDATION

Chancellor Milliken, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the presidents of the U. T. institutions, will recommend that the nonpersonnel aspects of the U. T. System Operating Budgets for Fiscal Year 2023 be approved.

9. **U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration and institutional operating budgets for Fiscal Year 2023**

RECOMMENDATION

Chancellor Milliken concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs that approval be granted regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2023 as included in the previous Agenda Item.

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

10. **U. T. Austin: Discussion and appropriate action regarding proposed ground lease and related agreements with an entity owned or controlled by NextEra Energy Resources, LLC, for the construction, operation, and maintenance of a water reclamation and reuse facility and the processing and purchase of reclaimed water, and authorization to purchase reclaimed water throughout the ground lease term and to purchase the improvements at any time during the ground lease term; and finding of public purpose**



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

Committee Meeting: 8/24/2022

Board Meeting: 8/25/2022
Austin, Texas

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

	Committee Meeting	Board Meeting	Page
Convene	1:45 p.m. Chairman Perez		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	Discussion	Action	25
2. U. T. System: Discussion of Systemwide internal audit activities, including updates on the Systemwide Cancer Prevention and Research Institute of Texas (CPRIT) grants assurance work, the presidential travel, entertainment, and university residence maintenance expenses audit, and the Fiscal Year 2022 Annual Audit Plan status	Action Mr. Peppers	Not on Agenda	26
3. U. T. System: Approval of non-audit services to be performed by U. T. System’s external audit firm, Deloitte & Touche LLP, for intellectual property license royalty audits to be utilized by any interested U. T. institution	Action Mr. Peppers	Not on Agenda	27
4. U. T. System: Approval of the U. T. Systemwide Annual Audit Plan for Fiscal Year 2023	Action Mr. Peppers	Action	28
5. U. T. System: Discussion and appropriate action regarding request for additional funding of \$18,500,000 including \$8,500,000 from Available University Funds (AUF) and \$10,000,000 from Permanent University Fund (PUF) Bond Proceeds to fund the strategic security services provided to U. T. System by U. T. Austin and to conduct periodic assessments and exercises at the institutions for the period FY24-FY28	Action Mr. Dendy Ms. Mohrmann Mr. Cam Beasley U. T. Austin	Action	44
Adjourn	2:15 p.m.		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 3 - 4](#).

2. **U. T. System: Discussion of Systemwide internal audit activities, including updates on the Systemwide Cancer Prevention and Research Institute of Texas (CPRIT) grants assurance work, the presidential travel, entertainment, and university residence maintenance expenses audit, and the Fiscal Year 2022 Annual Audit Plan status**

Chief Audit Executive Peppers will report on the assurance work conducted by external providers on the Cancer Prevention and Research Institute of Texas (CPRIT) grant activity at U. T. institutions. Additionally, Mr. Peppers will provide an update on the presidential travel, entertainment, and university residence maintenance expenses audit and the Fiscal Year 2022 Annual Audit Plan status as of May 31, 2022. A summary of the CPRIT assurance work, presidential expenses audit results, and details on the plan status were provided to the Audit, Compliance, and Risk Management Committee members prior to the meeting.

BACKGROUND INFORMATION

Deloitte & Touche LLP was engaged to conduct audits of FY 2021 CPRIT grant activity for six U. T. institutions. Four other U. T. institutions engaged Weaver & Tidwell to perform agreed upon procedures of FY 2021 CPRIT grant activity.

3. **U. T. System: Approval of non-audit services to be performed by U. T. System's external audit firm, Deloitte & Touche LLP, for intellectual property license royalty audits to be utilized by any interested U. T. institution**

RECOMMENDATION

It is recommended that approval be given by the Audit, Compliance, and Risk Management Committee (ACRMC) for U. T. System's external audit firm, Deloitte & Touche LLP, to contract with interested U. T. institutions through a master services agreement for the performance of intellectual property license royalty audits.

BACKGROUND INFORMATION

The current external audit firm engaged by the U. T. System Board of Regents to provide audit services is Deloitte & Touche LLP. Audit services are those provided for the purpose of expressing an opinion on the financial statements of U. T. System or any of the institutions.

Regents' Rule 20402, Section 2.1 states, "The U. T. System and the institutions may not engage the external audit firm to perform non-audit services unless the proposed engagement is reviewed and approved by the ACRMC."

Institutions who engage for these services will provide the source funds. Additional information on this project was provided to members of the ACRMC prior to the meeting.

4. **U. T. System: Approval of the U. T. Systemwide Annual Audit Plan for Fiscal Year 2023**

RECOMMENDATION

Chief Audit Executive Peppers will present the proposed Fiscal Year 2023 U. T. Systemwide Annual Audit Plan (Audit Plan) using the PowerPoint set forth on the following pages and will recommend its approval. Development of the Audit Plan is based on risk assessments performed at each institution. Implementation of the Audit Plan will be coordinated with the institutional auditors. The Audit Plan executive summary is set forth on the pages following the PowerPoint. Additionally, the detailed annual audit plans were provided to the Audit, Compliance, and Risk Management Committee members prior to the meeting.

BACKGROUND INFORMATION

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

U. T. Systemwide FY 2023 Annual Audit Plan

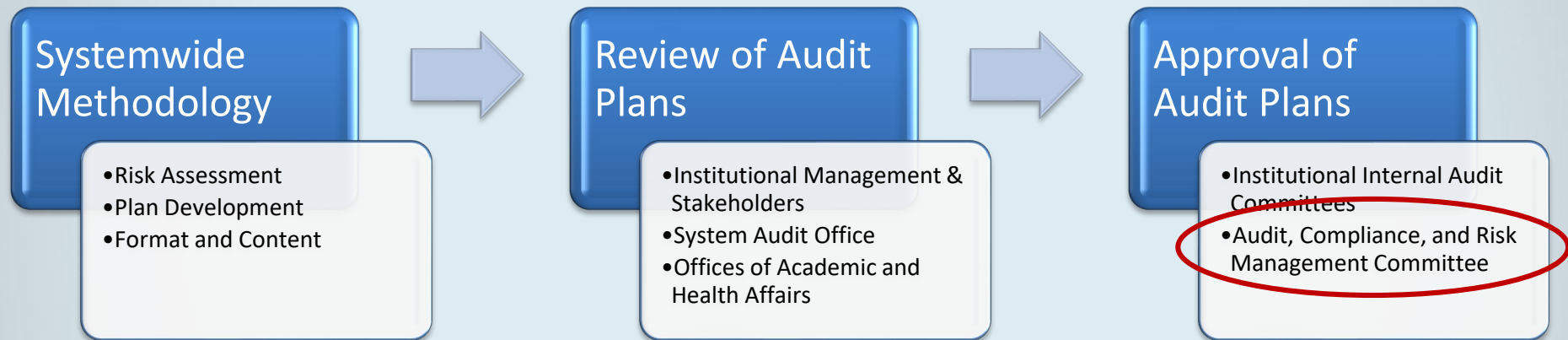
Mr. J. Michael Peppers, U. T. System Chief Audit Executive

U. T. System Board of Regents Meeting
Audit, Compliance, and Risk Management Committee
August 2022



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Overall Audit Plan Process



FY 2023 Annual Work Plans

- Internal audit work plans across the System:
 - 46% Assurance Engagements
 - 15% Advisory and Consulting Engagements
- Reserve hours to stay agile and responsive to management needs
- Diverse topics to maximize coverage of risk areas
- Commonality in high-risk area topics



Most Common Topics

Research Administration

- Ensure expenditure compliance with grant or contract-specific requirements, including:
 - Evaluating processes and controls, policy and procedures



Most Common Topics (cont.)

Foreign Influence

- Assess controls to protect research and intellectual property from inappropriate foreign influence:
 - Data security
 - Identity and access management
 - Disclosure requirements
 - Physical equipment/materials



Most Common Topics (cont.)



- Assess processes, controls, and procedures for timely completion of construction projects, accurate billing, and change order management
- Facilities management: Evaluate procedures and risks around deferred maintenance



Most Common Topics (cont.)

Medical Services Revenue Cycle

- Evaluate processes and controls around various aspects of the medical services revenue cycle, including:
 - Billing practices
 - Charge capture for services provided
 - Collections



Most Common Topics (cont.)

Employee Onboarding & Offboarding

- Verify timely processes and controls around employee onboarding/offboarding:
 - Access management (physical/digital)
 - Compliance with policy requirements
 - Hiring practices (recruitment, background checks, etc.)
 - Onboarding training
 - Offboarding benefits/payouts



Other Common Topics

Account Reconciliation
Segregation of Duties

Enterprise Risk Management

Purchasing/
Supply Chain

Accounts Payable/
Disbursements

Contracting

Controlled Substances Management

Payroll



Common Topics for Required Engagements

Procurement
Compliance

Annual
Financial
Report

NCAA
Compliance

Institutional
Facilities
Inventory

Various Grants



Most Common IT Topics

Disaster Recovery/
Business
Continuity

- Disaster recovery & business continuity plans
- Ransomware and backup process
- Decentralized IT disaster Recovery preparedness



Most Common IT Topics (cont.)



Information
Security

- Cybersecurity protection and incident response
- Identity and access management
- Cloud/3rd party security
(including TX-RAMP compliance)
- Data governance and data management
(including Senate Bill 475 compliance)



Other Common IT Topics

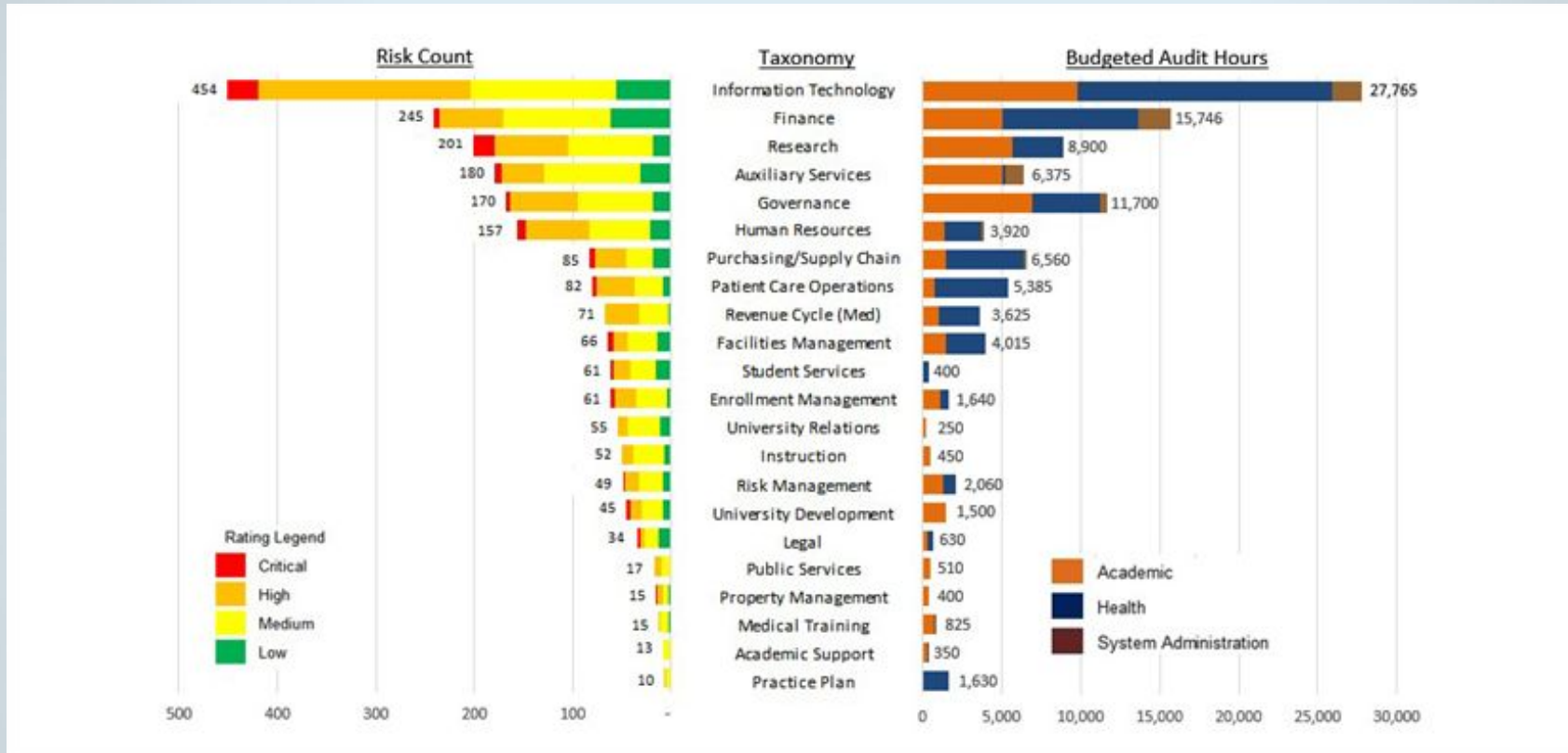
Decentralized IT

IT Asset
Management

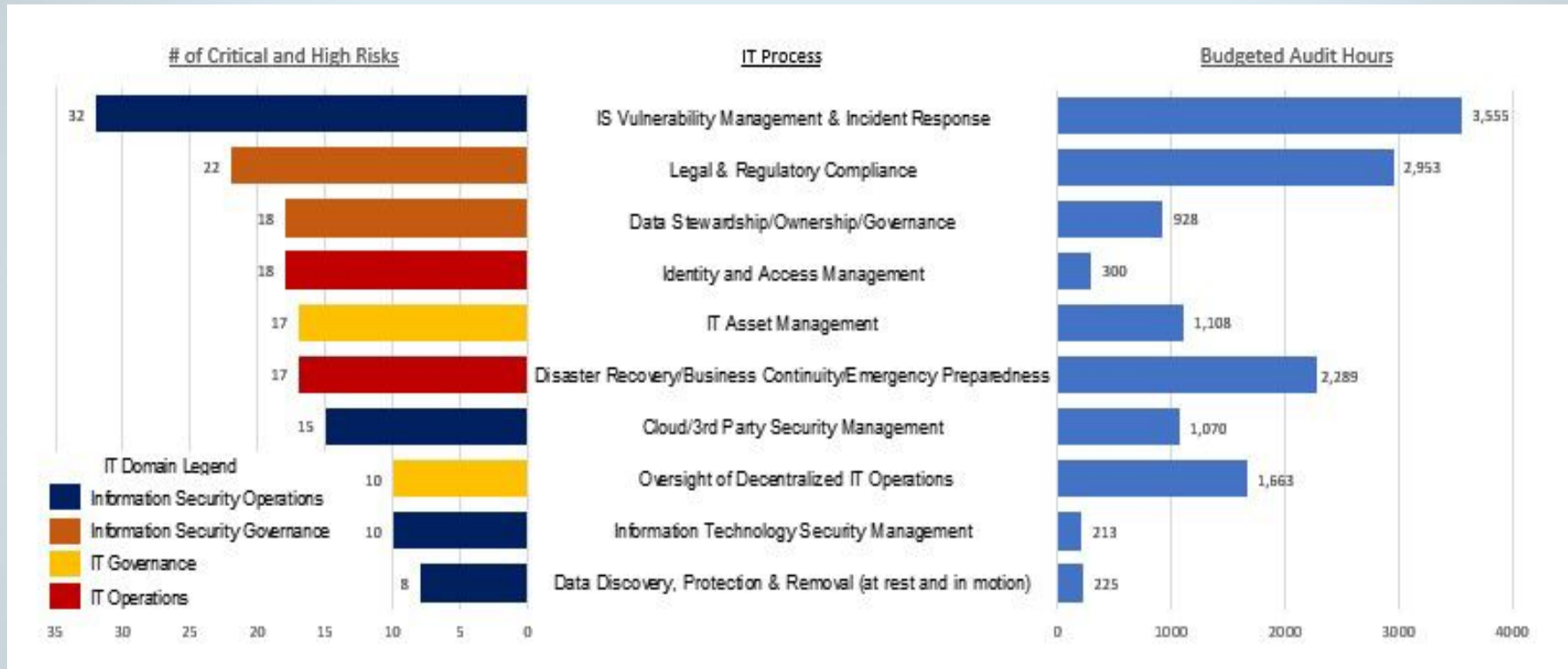
Electronic Health
Records



Systemwide Risk Count vs. Audit Hours by Taxonomy



Systemwide IT Critical/High Risk Count vs. Audit Hours by IT Process



5. **U. T. System: Discussion and appropriate action regarding request for additional funding of \$18,500,000 including \$8,500,000 from Available University Funds (AUF) and \$10,000,000 from Permanent University Fund (PUF) Bond Proceeds to fund Systemwide strategic security services provided by U. T. Austin and to conduct periodic assessments and exercises at the institutions for the period Fiscal Year 2024 - Fiscal Year 2028**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Chief Compliance and Risk Officer, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the U. T. System Board of Regents approve additional funding in the amount of \$18,500,000 including \$8,500,000 from Available University Funds (AUF) and \$10,000,000 from Permanent University Fund (PUF) Bond Proceeds for Systemwide security services and assessments at the institutions for Fiscal Year 2024 through Fiscal Year 2028.

It is also requested that within the total allocation of \$18,500,000, the Executive Vice Chancellor for Business Affairs is authorized to adjust the individual allocations of AUF versus PUF Bond Proceeds to the extent necessary to optimize funding sources and to ensure that expenditures from PUF Bond Proceeds meet the requirements of Article VII, Section 18 of the Texas Constitution.

In addition, the Board is asked to find that expenditure of AUF for this purpose is appropriate under the U. T. System's responsibilities to oversee and coordinate the activities and operations of the U. T. institutions, with the intent that the expenditure will benefit all academic and health institutions and U. T. System Administration.

BACKGROUND INFORMATION

Information security is a significant high-risk area within the U. T. System. The Systemwide security services provided by U. T. Austin have reliably served U. T. institutions in detecting and reporting system compromises, high-risk vulnerabilities, and collecting useful data for forensics. Of the requested \$18,500,000, \$17,000,000 is expected to be used to upgrade the software and hardware used for the services and fund related staff at U. T. Austin and \$1,500,000 is expected to be allocated for ongoing exercises and assessments at U. T. institutions.

U. T. Austin, System Administration, and institutions work together to enhance the strategic security services: vulnerability scanning, intrusion detection, and compilation of forensic log data. In Fiscal Year 2021, the intrusion detection component found more than thirty different types of malware across the System. Alerts are sent twenty four hours a day, three hundred sixty five days a year to security and information technology staff at each institution. The Board has funded these services since 2009. Of the \$15,500,000 allocated by the Board in Fiscal Year 2018 to fund these services through Fiscal Year 2023, \$14,344,866 has been expended.

Additional background information is provided in the PowerPoint on the following pages.

Strategic Security Services

Cam Beasley, Chief Information Security Officer, U. T. Austin
Helen Mohrmann, Chief Information Security Officer, U. T. System

U. T. System Board of Regents Meeting
Audit, Compliance, and Risk Management Committee
August 2022



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Strategic Security Services Assist in Every Phase of an Attack

PROACTIVE DEFENSE

Vulnerability Scanning

Identify Vulnerabilities

Intrusion Detection

Identify Compromised Systems • Find Malware • Detect Lateral Movement • Detect Data Exfiltration



STEPS IN AN ATTACK

Reconnaissance

An organization is targeted. Outward facing systems are scanned for vulnerabilities.



Malware Installation

Vulnerabilities in systems are exploited - malware is deployed



Command & Control

Attackers gain access and take control of system or network.



Lateral Movement

Attackers move laterally within the network, spreading malware as they go.



Attempt Objective

Exfiltrate data, launch ransomware, or disrupt business operations.



ANALYSIS OF AN ATTACK

Digital Forensic Analysis

Analyze available Information: what is the source, how far has it spread, which accounts have been used?



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TEXAS ²
The University of Texas at Austin

Benefits to U. T. Institutions

- Identifies vulnerabilities and detects intrusions
- Leverages scarce expertise available at U. T. Austin
- Saves time and reduces cost to the institutions
- Identifies trends



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Benefits to U. T. Austin

- Provides enriched environment for U. T. Austin's information security team, funds some staff, improves retention
- Provides an applied cybersecurity learning environment for students
- Creates a unique, large store of data for use by cybersecurity researchers



Benefits to U. T. System

- Develops expertise in house instead of using third party vendors
- Reduces overall cost
- Ensures adequate coverage across System
- Provides a basis for metrics across System
- Supports System Administration's fiduciary role



Exercises and Assessments with the Institutions

- FY19-22
 - Red Team simulated attacks
 - Incident response plan reviews
 - Ransomware tabletop
 - Phishing simulation
- FY22-23
 - Analysis of key controls coverage
 - Directory analysis
 - Metrics and Key Indicators development
 - Continued use of third party scoring system





TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

Committee Meeting: 8/24/2022

Board Meeting: 8/25/2022
Austin, Texas

Janiece Longoria, Chairman
R. Steven Hicks
Jodie Lee Jiles
Stuart W. Stedman
Kelcy L. Warren
Rad Weaver

	Committee Meeting	Board Meeting	Page
Convene	<i>Chairman Longoria</i> <i>2:15 p.m</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	Discussion	Action	53
2. U. T. System: Financial Status Presentation and Monthly Financial Report	Report/Discussion <i>Mr. Pruitt</i>	Not on Agenda	54
3. U. T. System Board of Regents: Equipment financing authorization for Fiscal Year 2023 and resolution regarding parity debt	Action <i>Mr. Pruitt</i>	Action	79
4. U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds and authorization to complete all related transactions	Action <i>Mr. Pruitt</i>	Action	82
5. U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds and authorization to complete all related transactions	Action <i>Mr. Pruitt</i>	Action	84
6. U. T. System Board of Regents: a) Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt, and b) ratification of U. T. System Interest Rate Swap Policy (Regents' Rule 70202)	Action <i>Mr. Pruitt</i>	Action	86

	Committee Meeting	Board Meeting	Page
7. U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, the Liquidity Policy, and the Derivative Investment Policy	Action <i>Mr. Britt Harris</i> <i>Mr. Rich Hall</i>	Action	94
8. U. T. System Board of Regents: Approval of proposed amendments to the Master Investment Management Services Agreement (IMSA) with The University of Texas/TexasA&M Investment Management Company (UTIMCO)	Action <i>Mr. Pruitt</i> <i>Mr. Britt Harris</i> <i>Mr. Rich Hall</i>	Action	159
9. U. T. System Board of Regents: Approval of the Annual Budget for Fiscal Year 2023, including the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas/Texas A&M Investment Management Company (UTIMCO)	Action <i>Mr. Pruitt</i> <i>Mr. Britt Harris</i> <i>Mr. Rich Hall</i> <i>Ms. Joan Moeller</i>	Action	177
10. U. T. System Board of Regents: The University of Texas/Texas A&M Investment Management Company (UTIMCO) Update	Report/Discussion <i>Mr. Britt Harris</i> <i>Mr. Rich Hall</i>	Not on Agenda	198
Adjourn	3:00 p.m		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 5 - 6](#).

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

Mr. Jonathan Pruitt, Executive Vice Chancellor for Business Affairs, will discuss the Financial Status Presentation, the highlights of which are set forth in the PowerPoint on the following pages and the May Monthly Financial Report, which follows the PowerPoint. The monthly financial report represents the consolidated and individual operating detail of the U. T. institutions.

U. T. System

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

Jonathan Pruitt
Executive Vice Chancellor for Business Affairs

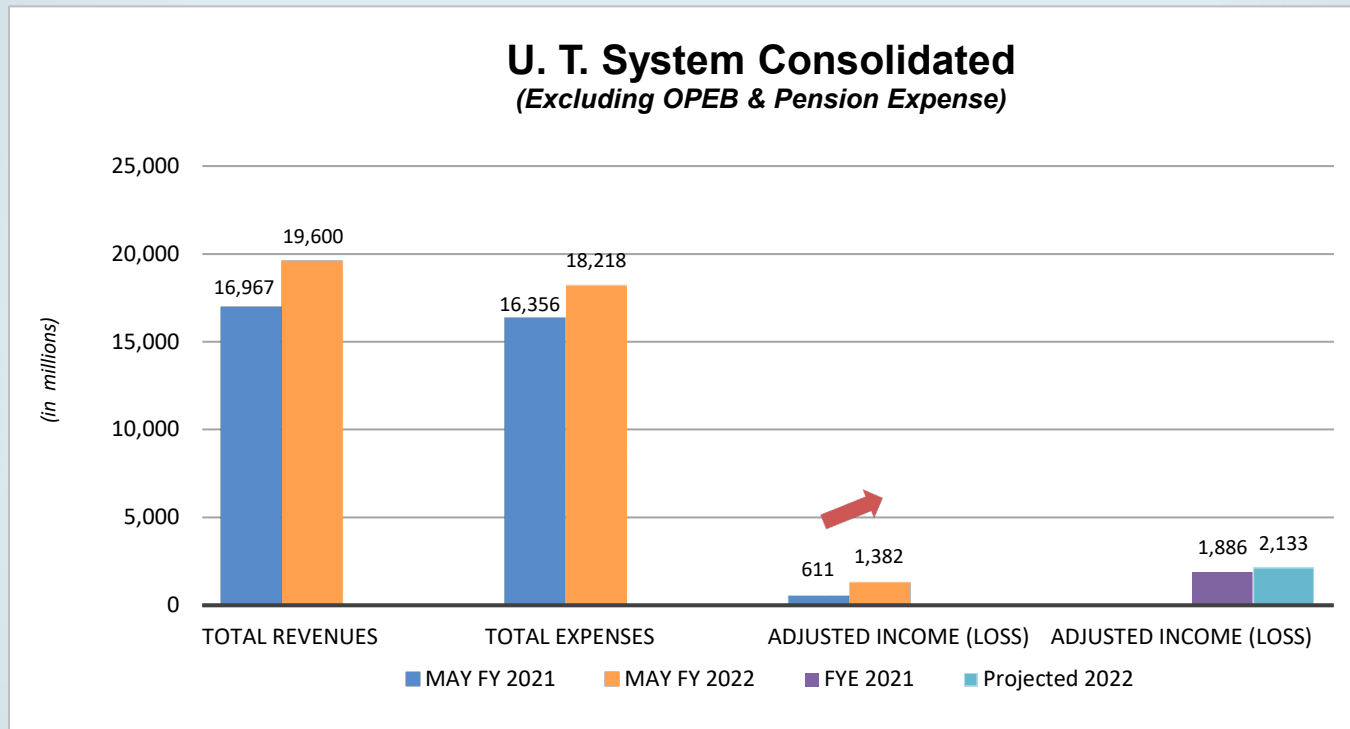
U. T. System Board of Regents Meeting
Finance and Planning Committee
August 2022



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U. T. System Consolidated Landscape

For the Period Ending May 31, 2022 and Projected Fiscal Year-End

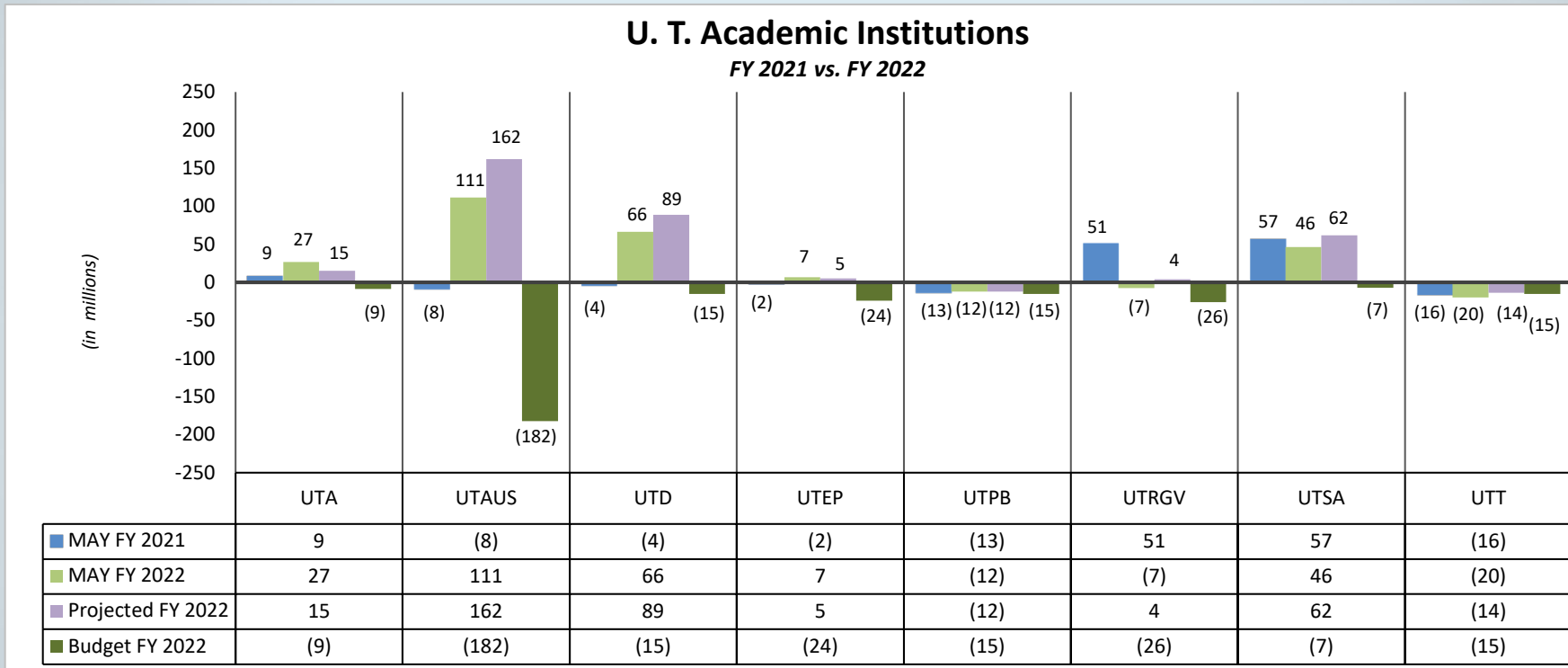


Source: May 2022 Monthly Financial Report



Academic Adjusted Income (Loss) Comparison

For the Period Ending May 31, 2022 and Projected Fiscal Year-End



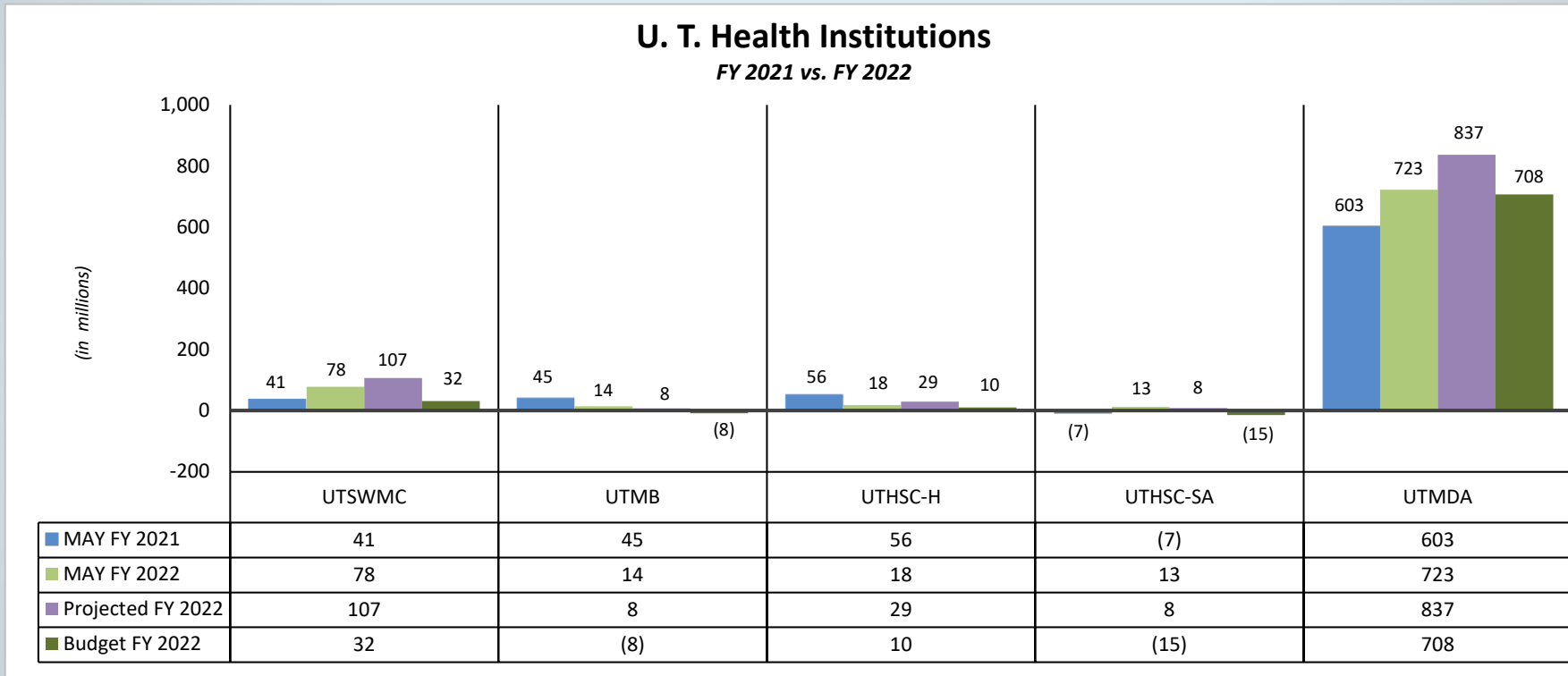
Source: May 2022 Monthly Financial Report



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Health Adjusted Income (Loss) Comparison

For the Period Ending May 31, 2022 and Projected Fiscal Year-End



Source: May 2022 Monthly Financial Report



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Systemwide Operations Financial Summary

	FY 2022 Budget	FYTD Actual (May 2022)	% of Budget
U. T. System Administration (AUF)	\$ 55,405,440	\$ 39,815,054	72%
Direct Campus Support (AUF)	41,459,566	27,908,815	67%
Other Operations Funded with AUF Reserves	50,000	46,724	93%
Service Departments and Other Non-AUF*	58,719,378	35,428,063	60%
Total – U. T. System Administration and Campus Support	\$ 155,634,384	\$ 103,198,656	66%

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



**THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER**

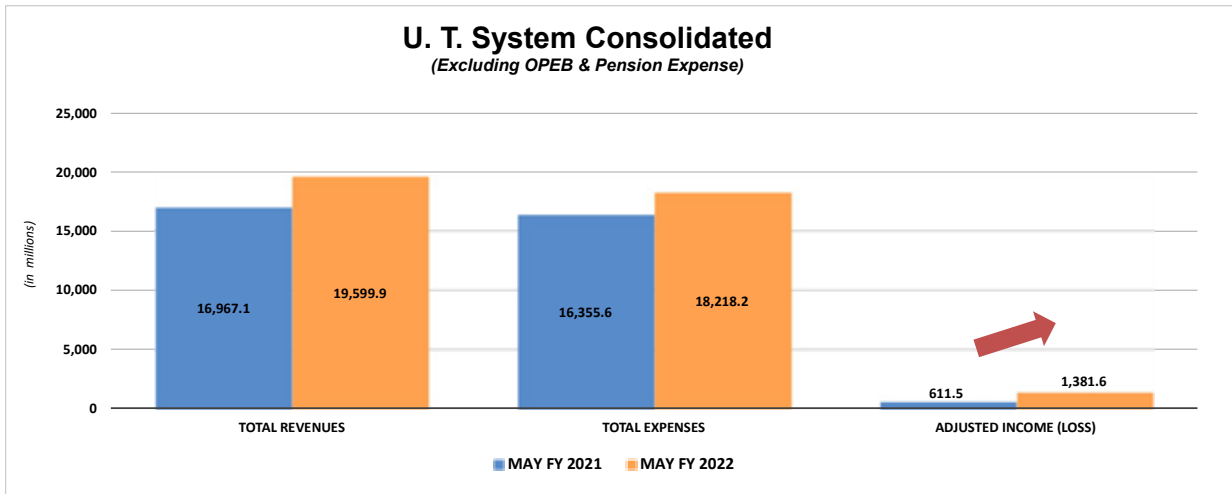
MONTHLY FINANCIAL REPORT
(unaudited)

**May 2022
FY 2022**



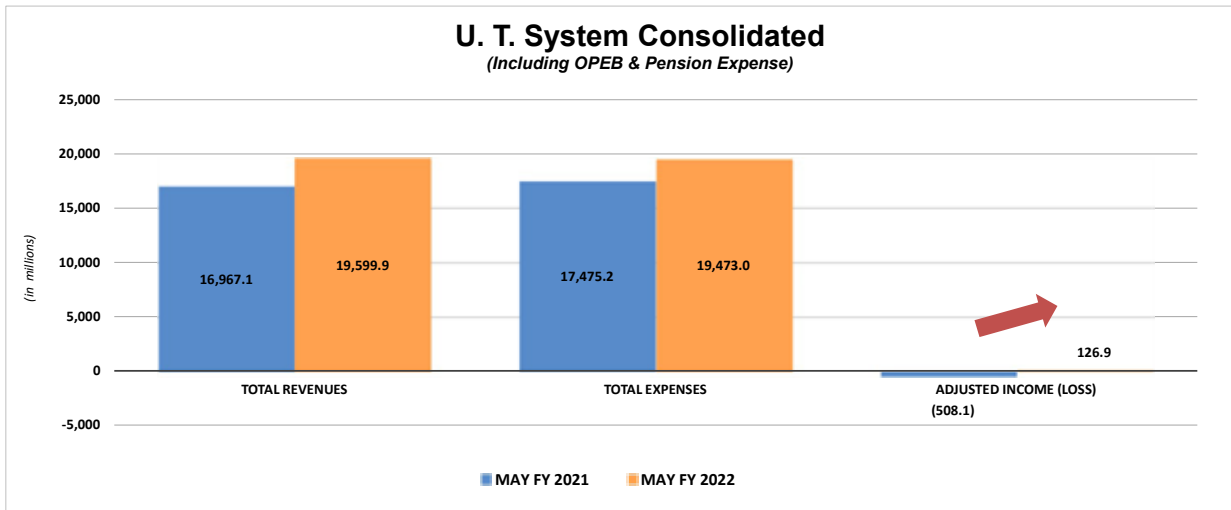
210 West Seventh Street
Austin, Texas 78701
512.499.4527
www.utsystem.edu/cont

Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending May 31, 2022

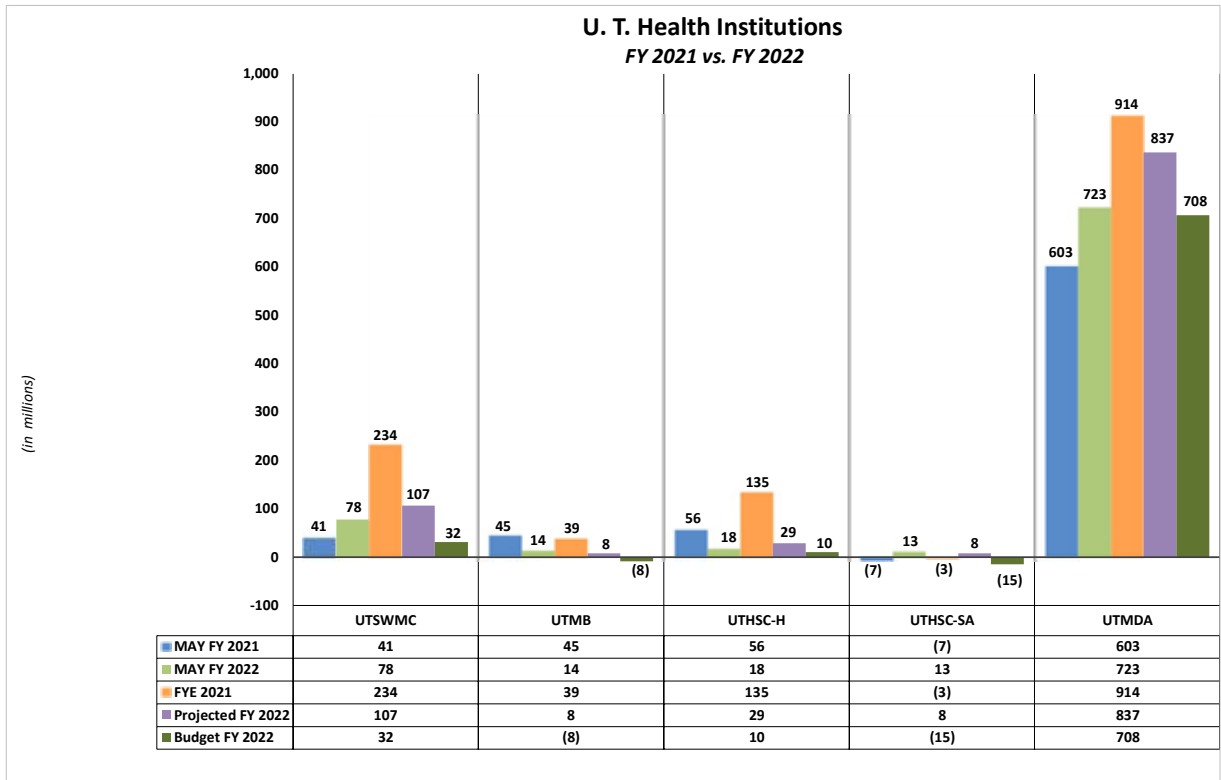
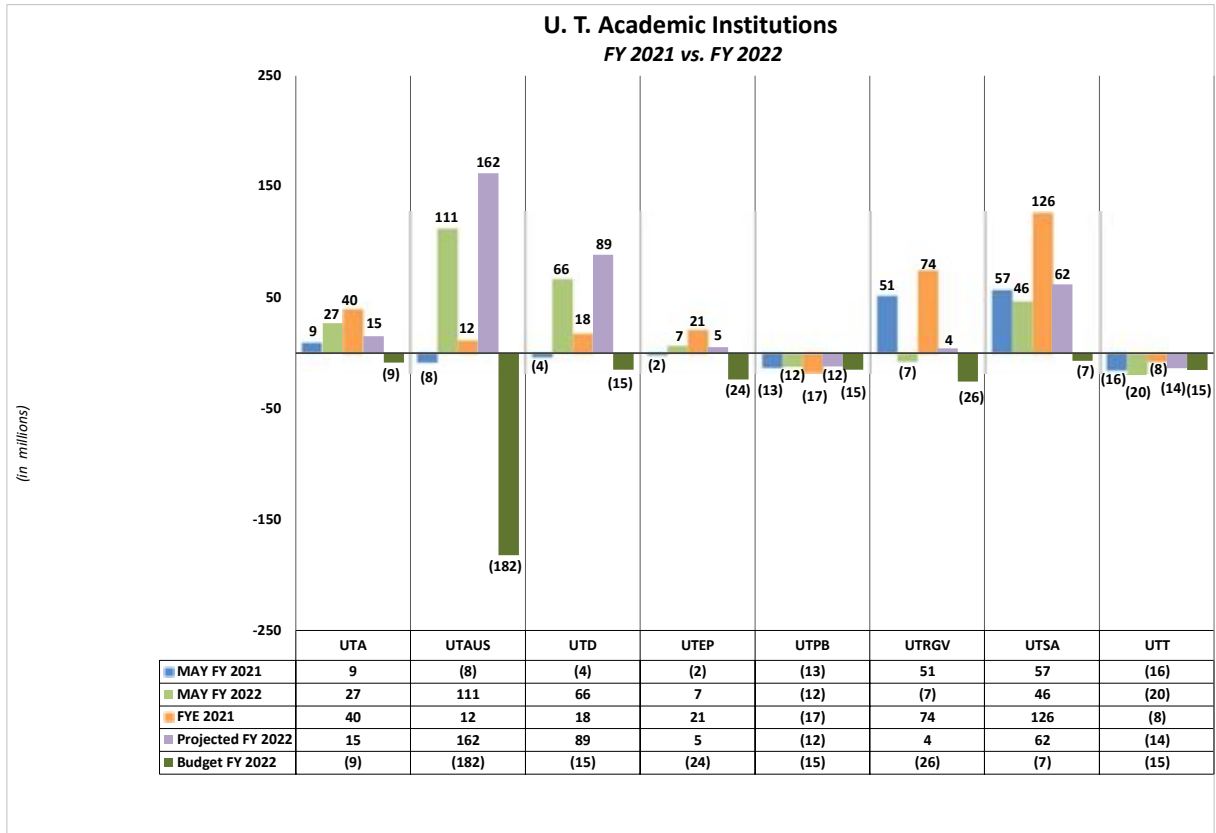


Excluding other postemployment benefits (OPEB) and pension expense, *U. T. System Consolidated* shows year-to-date adjusted income of \$1,381.6 million, an increase in adjusted income of \$770.1 million (126%) from the prior year. The increase was primarily due to increases in net investment income and clinical revenues.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022
Clinical Revenues	\$ 7,366.6	8,220.0	853.3	11,017.7
Sponsored Programs/Nonexchange Sponsored Programs	3,742.9	4,063.5	320.6	5,488.2
State Appropriations	1,632.3	1,766.9	134.6	2,350.1
Net Tuition and Fees	1,479.8	1,574.0	94.2	2,115.6
Auxiliary Revenues/Sales & Services of Educational Activities	775.9	1,044.6	268.7	1,171.3
Net Investment Income	1,150.7	2,027.9	877.2	2,668.4
Other Operating Revenues/Gift Contributions for Operations	818.9	902.9	84.1	1,219.7
Total Revenues	16,967.1	19,599.9	2,632.7	26,031.0
Salaries and Wages/Payroll Related Costs	9,967.9	10,730.3	762.4	13,919.0
Materials and Supplies/Cost of Goods Sold	2,159.8	2,495.9	336.1	3,319.5
Depreciation and Amortization	1,221.5	1,317.5	96.0	1,763.3
Other Contracted Services/Professional Fees & Services	1,064.4	1,297.3	232.9	1,709.1
All Other Operating Expenses	1,942.0	2,377.2	435.2	3,186.9
Total Expenses (Excluding OPEB & Pension Exp)	\$ 16,355.6	18,218.2	1,862.6	23,897.8
Adjusted Income (Loss) Excluding OPEB & Pension Exp	611.5	1,381.6	770.1	2,133.2
OPEB Expense	514.8	747.0	232.1	996.0
Pension Expense	604.8	507.8	(97.0)	677.1
Adjusted Income (Loss)	(508.1)	126.9	635.0	460.2
Adjusted Income (Loss) Excluding Depr & Amort Exp	713.4	1,444.4	731.0	2,223.4



**Monthly Financial Report
Comparison of Adjusted Income (Loss)
For the Period Ending May 31, 2022**



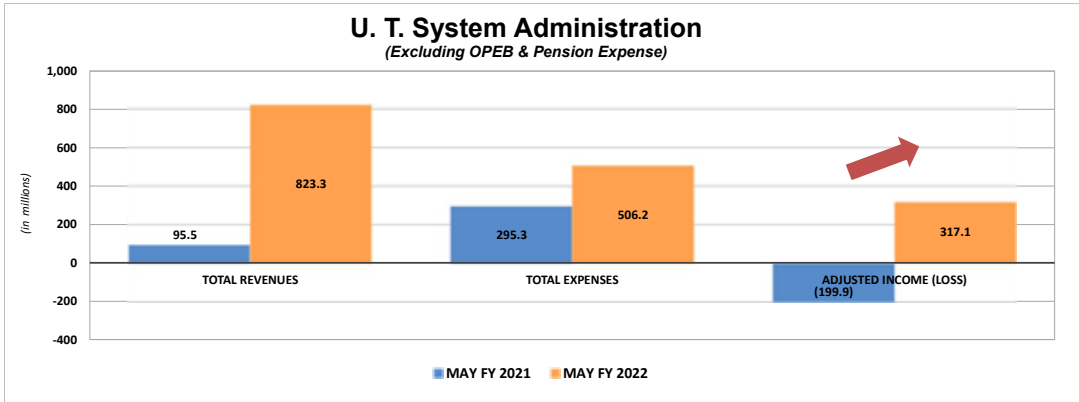
Monthly Financial Report
Comparison of Adjusted Income (Loss)
For the Period Ending May 31, 2022

Executive Summary of Adjusted Income (Loss)*

	May FYTD 2021 (millions)	May FYTD 2022 (millions)	Variance %	Comments
U. T. System Administration (excluding OPEB & Pension Expense)	\$ (199.9)	317.1	259%	Increase in Net Investment Income Projected income of \$832.8 million for the FY
U. T. Arlington	9.1	26.9	196%	Increases in Other Operating Revenues, Auxiliary Revenues Projected income of \$15.1 million for the FY
U. T. Austin	(8.5)	111.4	1,415%	Increases in Auxiliary Revenues/Sales & Services of Educational Activities Projected income of \$162.0 million for the FY
U. T. Dallas	(3.8)	66.5	1,841%	Increases in Net Tuition and Fees, Auxiliary Revenues/Sales & Services of Educational Activities Projected income of \$88.6 million for the FY
U. T. El Paso	(1.9)	6.6	447%	Increase in Auxiliary Revenues Projected income of \$5.3 million for the FY
U. T. Permian Basin	(13.2)	(12.1)	9%	Increase in Gift Contributions for Operations Projected loss of (\$12.1) million for the FY
U. T. Rio Grande Valley	51.4	(7.4)	-114%	Decrease in Gift Contributions for Operations Increase in Salaries & Wages/Payroll Related Costs Projected income of \$4.3 million for the FY
U. T. San Antonio	56.8	46.4	-18%	Increase in Salaries & Wages/Payroll Related Costs Projected income of \$61.8 million for the FY
U. T. Tyler	(15.7)	(19.8)	-26%	Increase in Salaries & Wages/Payroll Related Costs Projected loss of (\$13.7) million for the FY
Southwestern	40.7	77.8	91%	Increase in Clinical Revenues Projected income of \$106.5 million for the FY
UTMB	44.7	14.4	-68%	Increases in Salaries & Wages/Payroll Related Costs, Other Contracted Services Projected income of \$8.0 million for the FY
UTHSC-Houston	56.5	18.2	-68%	Increase in Salaries & Wages/Payroll Related Costs Projected income of \$29.2 million for the FY
UTHSC-San Antonio	(7.2)	12.6	274%	Increases in Clinical Revenues, Sales & Services of Educational Activities Projected income of \$8.1 million for the FY
M. D. Anderson	602.7	723.1	20%	Increase in Clinical Revenues Projected income of \$837.3 million for the FY
Total Adjusted Income (Loss)	\$ 611.5	1,381.6	126%	

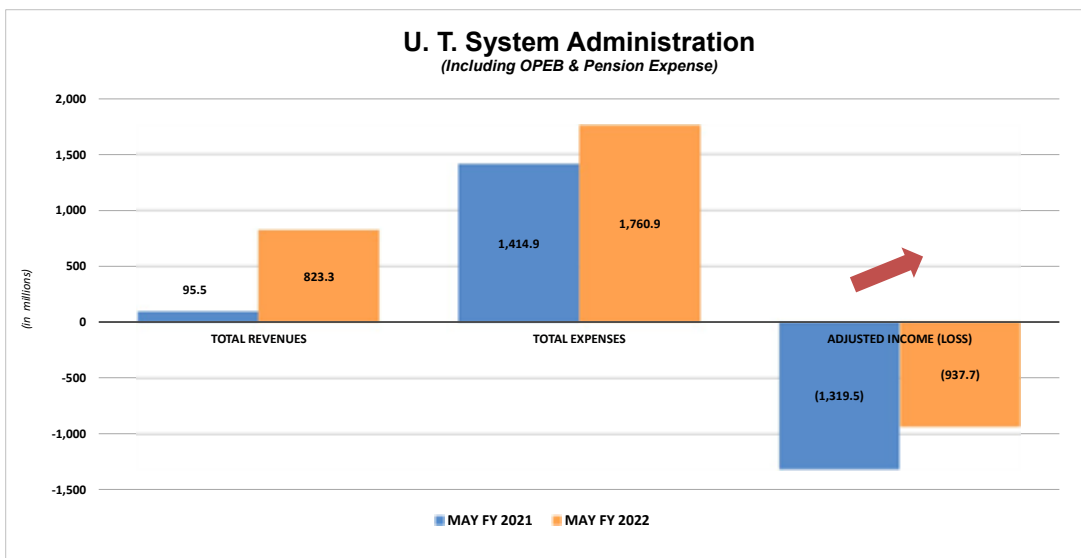
* For additional details on the variances, please see pages 4 through 18.

Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending May 31, 2022



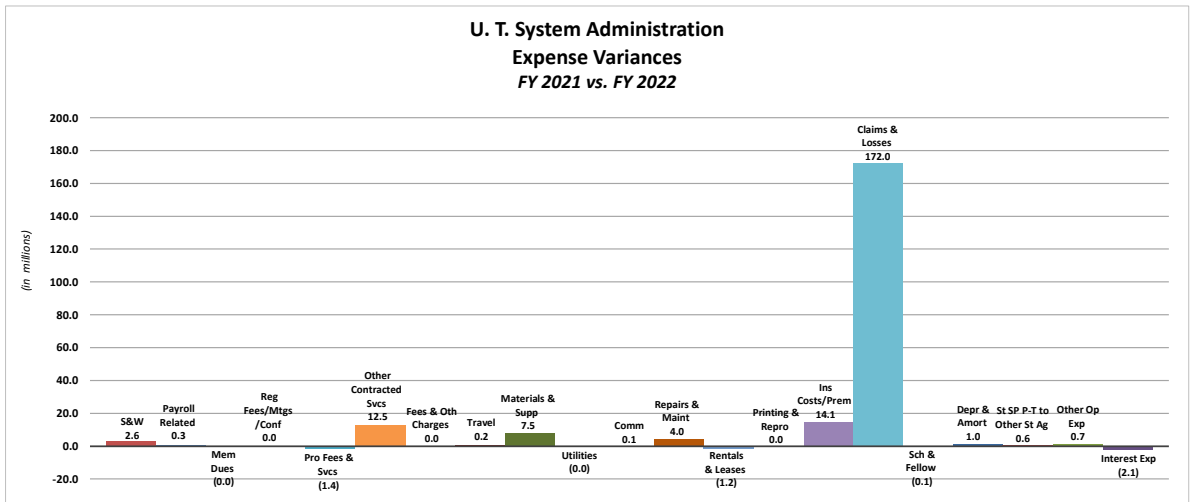
Excluding OPEB and pension expense, *U. T. System Administration* reported year-to-date adjusted income of \$317.1 million, an increase of \$517.0 million (259%) from the prior year. The increase was primarily attributable to an increase in net investment income due to increases in oil and gas royalties and mineral lease bonuses, as well as an increase in investment income in the Permanent University Fund. The most current projection, excluding OPEB and pension expense, reflects income of \$832.8 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022
Sponsored Programs/Nonexchange Sponsored Programs	\$ 42.0	35.2	(6.8)	50.6
State Appropriations	3.9	5.5	1.6	7.3
Auxiliary Revenues/Sales & Services of Educational Activities	7.0	10.1	3.1	13.5
Net Investment Income/Available University Fund (AUF)	15.4	749.8	734.4	999.7
Other Operating Revenues/Gift Contributions for Operations	27.2	22.7	(4.6)	30.1
Total Revenues	95.5	823.3	727.8	1,101.2
Salaries and Wages/Payroll Related Costs	39.3	42.2	2.9	(329.0)
Materials and Supplies/Cost of Goods Sold	12.0	19.5	7.5	9.2
Depreciation and Amortization	11.7	12.7	1.0	16.8
Other Contracted Services/Professional Fees & Services	34.7	45.8	11.1	58.3
All Other Operating Expenses	197.7	386.0	188.3	513.2
Total Expenses (Excluding OPEB & Pension Exp)	\$ 295.3	506.2	210.8	268.4
Adjusted Income (Loss) Excluding OPEB & Pension Exp	(199.9)	317.1	517.0	832.8
OPEB Expense	514.8	747.0	232.1	996.0
Pension Expense	604.8	507.8	(97.0)	677.1
Adjusted Income (Loss)	(1,319.5)	(937.7)	381.8	(840.3)
Adjusted Income (Loss) Excluding Depr & Amort Exp	(1,307.8)	(925.0)	382.8	(823.5)



Monthly Financial Report Detailed Expense Break-out for U. T. System Administration For the Period Ending May 31, 2022

(in millions)	May YTD FY 2021	May YTD FY 2022	Actual Year-End FY 2021	Annual Projected FY 2022
Salaries and Wages	\$ 30.8	33.3	41.6	44.4
Payroll Related Costs	8.6	8.9	(374.0)	(373.4) *
Membership Dues	0.3	0.3	0.3	0.4
Registration Fees, Meetings, Conferences	0.1	0.1	0.1	0.2
Professional Fees and Services	4.6	3.3	7.9	4.4
Other Contracted Services	30.0	42.5	39.2	53.9
Fees and Other Charges	0.5	0.6	0.0	0.8
Travel	0.1	0.3	0.1	0.4
Materials and Supplies	12.0	19.5	11.2	9.2
Utilities	0.2	0.2	0.3	0.3
Communications	3.3	3.4	3.4	3.6
Repairs and Maintenance	7.7	11.7	7.6	15.6
Rentals and Leases	1.3	0.1	0.0	0.2
Printing and Reproduction	0.1	0.1	0.1	0.1
Insurance Costs/Premiums	65.7	79.8	13.6	106.4
Claims and Losses	95.2	267.2	112.8	356.2
Scholarships and Fellowships	0.5	0.3	0.8	0.4
Depreciation and Amortization	11.7	12.7	17.1	16.8
State Sponsored Program Pass-Through to Other State Agencies	3.5	4.1	4.6	4.9
Other Operating Expenses	0.4	1.1	0.6	1.5
Interest Expense	18.9	16.8	44.3	22.3
Total Expenses (Excluding OPEB & Pension Expense)	295.3	506.2	(68.1)	268.4
OPEB Expense	514.8	747.0	996.0	996.0
Pension Expense	604.8	507.8	677.1	677.1
Total Expenses (Including OPEB & Pension Expense)	\$ 1,414.9	1,760.9	1,604.9	1,941.5



Brief explanations for U. T. System Administration's largest expense variances are provided below:

***Payroll Related Costs** - the negative payroll related costs at year-end relate to the pension entry to defer pension contributions made after the measurement date for the entire System.

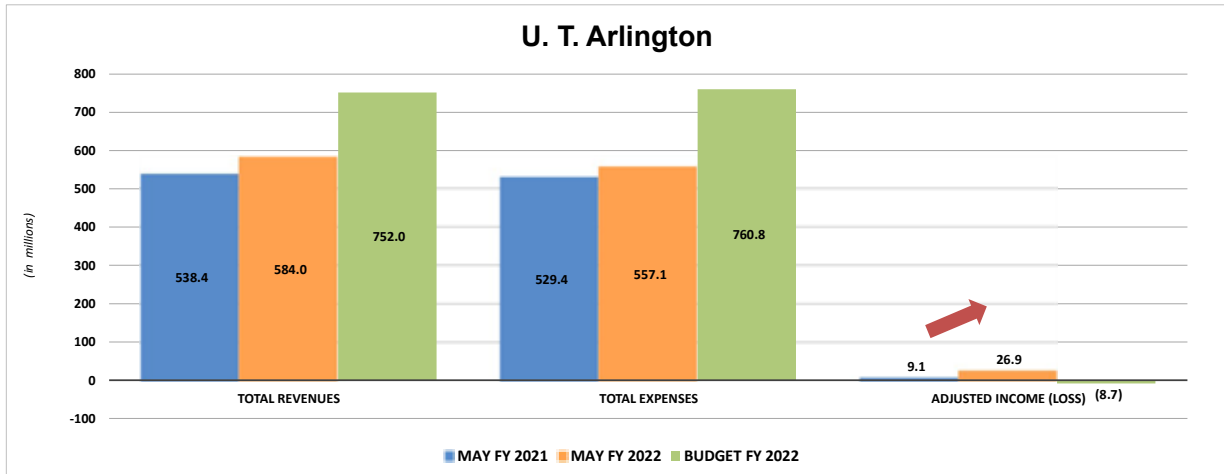
Other Contracted Services - increase of \$12.5 million primarily attributable to an increase in expenses for Shared Information Services (SIS) and the Arlington Regional Data Center, as well as payments made to SIS for the hardware replacement project, Virtual Health Network payments, and a payment to McKinsey and Company for organizational consulting services.

Materials and Supplies - increase of \$7.5 million primarily attributable to timing of the Microsoft Agreement revenue and corresponding service department elimination.

Insurance Costs/Premiums - increase of \$14.1 million primarily attributable to an increase in the medical self-insurance plan, as well as increases in insurance premiums for Comprehensive Property Protection Plan (CPPP) Wind & Flood, CPPP Fire and All Other Perils (AOP), and the Rolling Owner Controlled Insurance Program (ROCIIP).

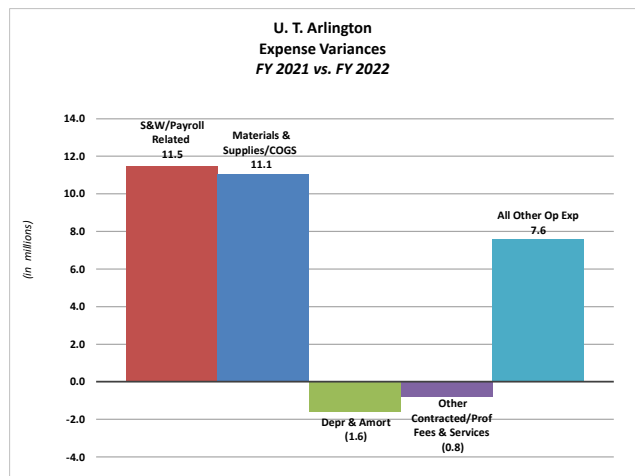
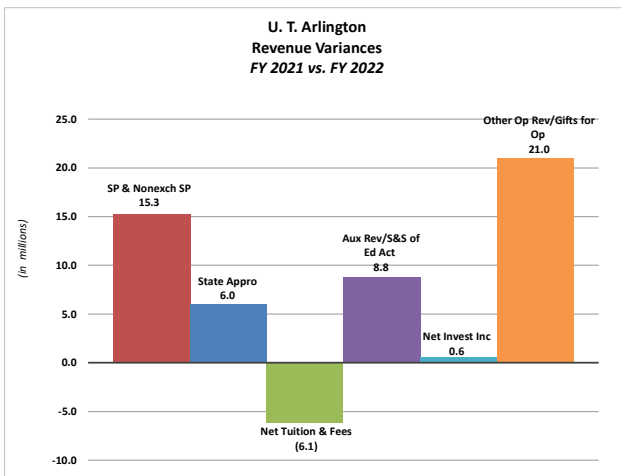
Claims and Losses - increase of \$172.0 million primarily due to the medical self-insurance plan.

Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022

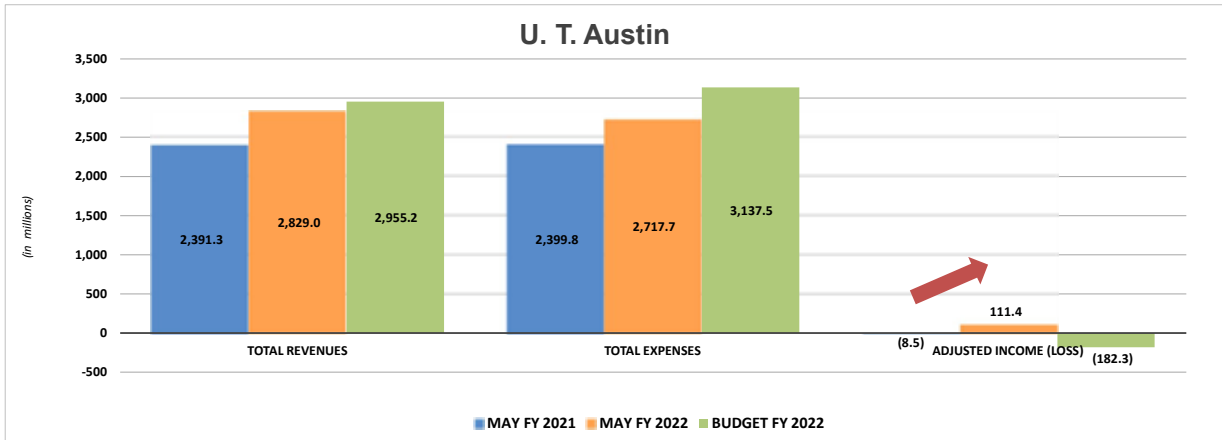


U. T. Arlington reported year-to-date adjusted income of \$26.9 million, an increase in adjusted income of \$17.8 million (196%) from the prior year. The increase was primarily attributable to the following: an increase in other operating revenues primarily due to alternative loans and revenue from the financial aid program Post-9/11 G.I. Bill benefits, which were not included in the MFR in the prior year; and an increase in auxiliary enterprises revenues attributable to an increase in on-campus activities. The most current projection received from *U. T. Arlington* reflects income of \$15.1 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Sponsored Programs/Nonexchange Sponsored Programs	\$ 110.8	126.0	15.3	155.7	
State Appropriations	96.0	102.0	6.0	148.9	
Net Tuition and Fees	255.1	248.9	(6.1)	352.9	
Auxiliary Revenues/Sales & Services of Educational Activities	41.5	50.3	8.8	74.7	
Net Investment Income	24.1	24.7	0.6	33.7	
Other Operating Revenues/Gift Contributions for Operations	10.9	32.0	21.0	32.5	
Total Revenues	538.4	584.0	45.5	798.3	752.0
Salaries and Wages/Payroll Related Costs	318.5	330.0	11.5	444.7	
Materials and Supplies/Cost of Goods Sold	27.1	38.2	11.1	49.6	
Depreciation and Amortization	43.7	42.1	(1.6)	58.9	
Other Contracted Services/Professional Fees & Services	58.7	57.9	(0.8)	78.2	
All Other Operating Expenses	81.3	88.9	7.6	151.8	
Total Expenses	\$ 529.4	557.1	27.7	783.2	760.8
Adjusted Income (Loss)	9.1	26.9	17.8	15.1	(8.7)
Adjusted Income (Loss) Excluding Depr & Amort Exp	52.8	69.0	16.2	74.0	50.1

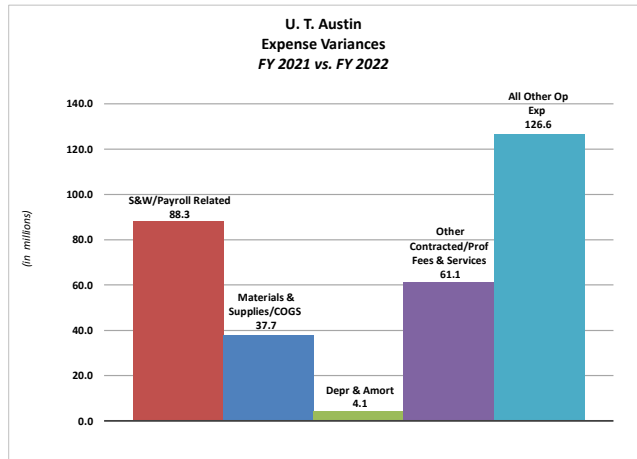
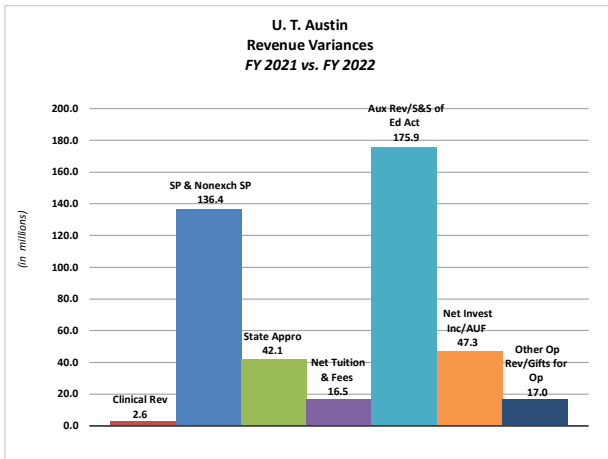


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022

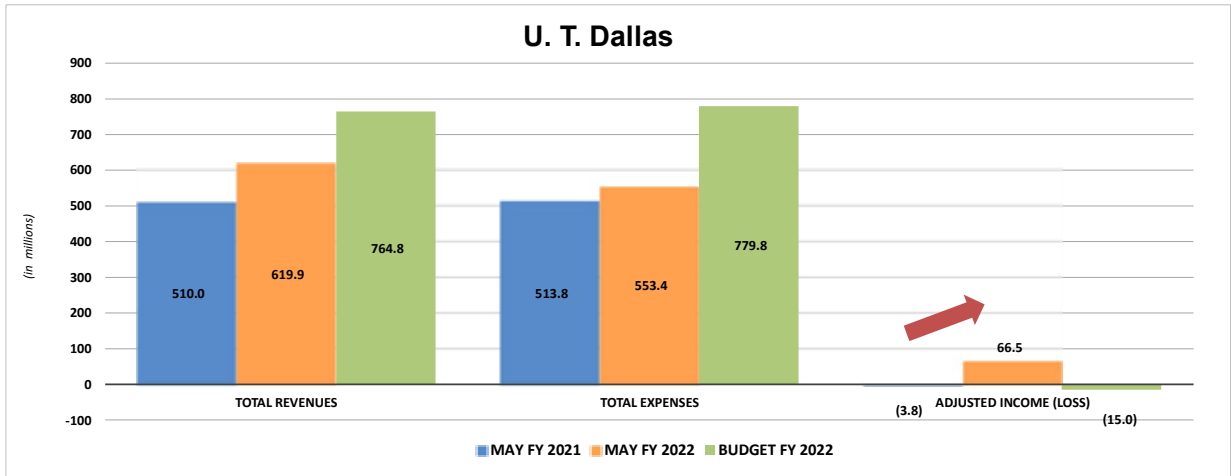


U. T. Austin reported year-to-date adjusted income of \$111.4 million, an increase of \$119.8 million (1,415%) from the prior year. The increase was primarily due to an increase in auxiliary enterprises and sales and services of educational activities revenues attributable to an increase in on-campus activities. The most current projection received from *U. T. Austin* reflects income of \$162.0 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 7.8	10.3	2.6	14.3	
Sponsored Programs/Nonexchange Sponsored Programs	591.2	727.6	136.4	1,032.3	
State Appropriations	237.8	279.9	42.1	368.4	
Net Tuition and Fees	389.3	405.8	16.5	541.0	
Auxiliary Revenues/Sales & Services of Educational Activities	458.3	634.2	175.9	617.8	
Net Investment Income/Available University Fund (AUF)	562.4	609.7	47.3	810.9	
Other Operating Revenues/Gift Contributions for Operations	144.6	161.6	17.0	238.5	
Total Revenues	2,391.3	2,829.0	437.7	3,623.2	2,955.2
Salaries and Wages/Payroll Related Costs	1,470.9	1,559.1	88.3	2,011.3	
Materials and Supplies/Cost of Goods Sold	101.3	139.0	37.7	160.3	
Depreciation and Amortization	275.3	279.4	4.1	372.6	
Other Contracted Services/Professional Fees & Services	128.0	189.1	61.1	229.3	
All Other Operating Expenses	424.4	551.0	126.6	687.7	
Total Expenses	\$ 2,399.8	2,717.7	317.9	3,461.2	3,137.5
Adjusted Income (Loss)	(8.5)	111.4	119.8	162.0	(182.3)
Adjusted Income (Loss) Excluding Depr & Amort Exp	266.8	390.7	124.0	534.6	198.4

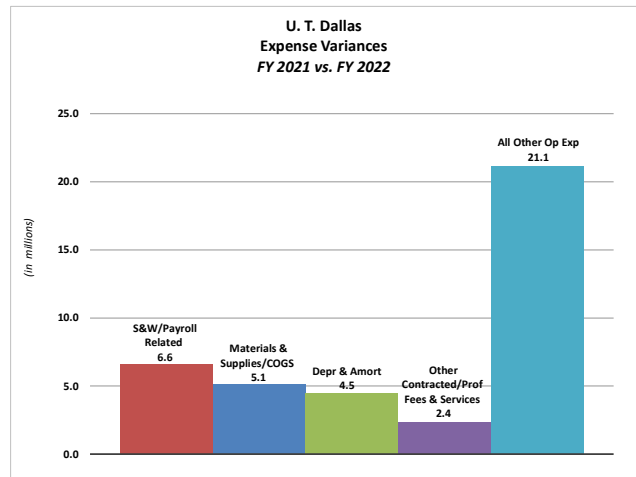
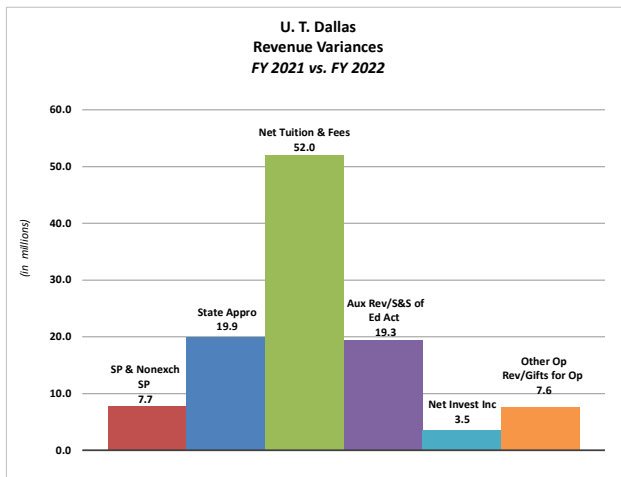


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022

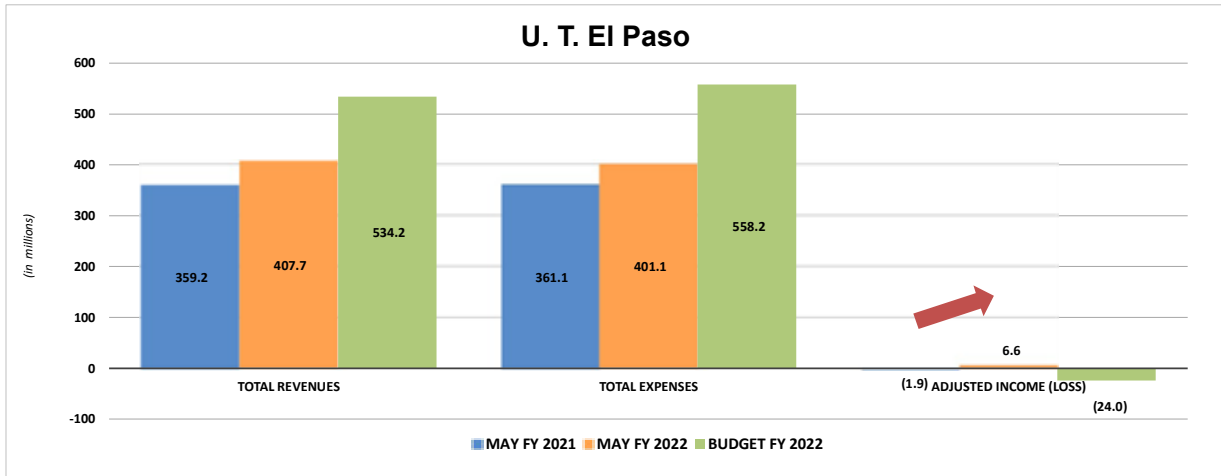


U. T. Dallas reported year-to-date adjusted income of \$66.5 million, an increase of \$70.3 million (1,841%) from the prior year. The increase was primarily attributable to the following: an increase in net student tuition and fees due to increased enrollment; and an increase in auxiliary enterprises and sales and services of educational activities revenues primarily attributable to an increase in on-campus activities. The most current projection received from U. T. Dallas reflects income of \$88.6 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Sponsored Programs/Nonexchange Sponsored Programs	\$ 117.7	125.3	7.7	167.1	
State Appropriations	83.6	103.5	19.9	138.0	
Net Tuition and Fees	222.2	274.2	52.0	365.5	
Auxiliary Revenues/Sales & Services of Educational Activities	45.6	64.9	19.3	86.5	
Net Investment Income	27.5	31.0	3.5	41.3	
Other Operating Revenues/Gift Contributions for Operations	13.5	21.1	7.6	28.1	
Total Revenues	510.0	619.9	110.0	826.6	764.8
Salaries and Wages/Payroll Related Costs	301.5	308.1	6.6	410.7	
Materials and Supplies/Cost of Goods Sold	20.2	25.3	5.1	33.8	
Depreciation and Amortization	64.9	69.4	4.5	92.5	
Other Contracted Services/Professional Fees & Services	25.6	27.9	2.4	37.3	
All Other Operating Expenses	101.6	122.7	21.1	163.6	
Total Expenses	\$ 513.8	553.4	39.7	737.9	779.8
Adjusted Income (Loss)	(3.8)	66.5	70.3	88.6	(15.0)
Adjusted Income (Loss) Excluding Depr & Amort Exp	61.1	135.9	74.8	181.2	76.8

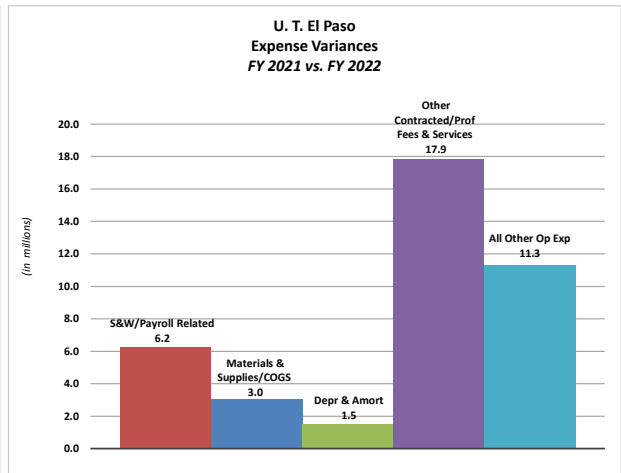
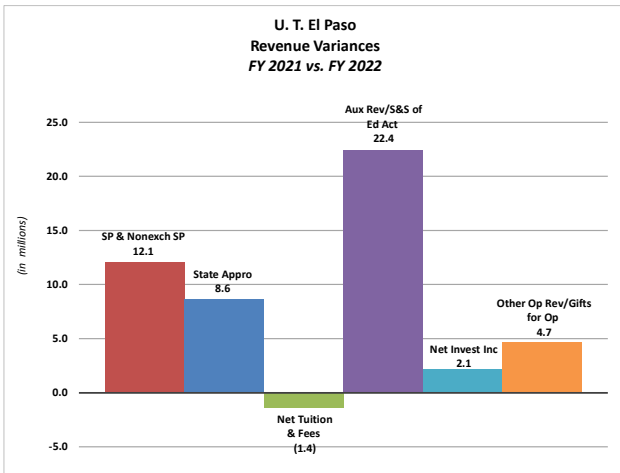


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022

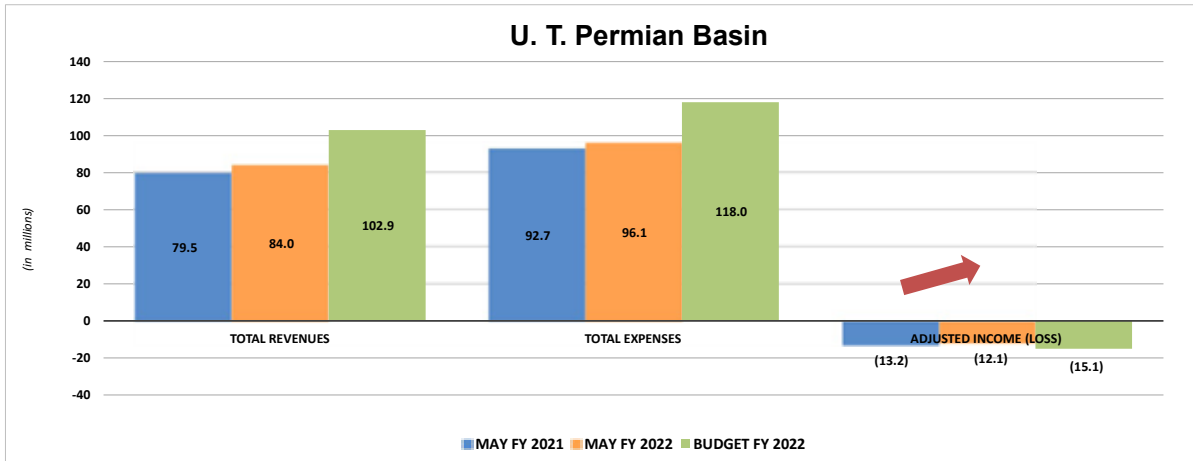


U. T. El Paso reported year-to-date adjusted income of \$6.6 million, an increase of \$8.5 million (447%) from the prior year. The increase was primarily due to an increase in auxiliary enterprises revenues as a result of an increase in on-campus activities. The most current projection received from U. T. El Paso reflects income of \$5.3 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Sponsored Programs/Nonexchange Sponsored Programs	\$ 134.8	146.9	12.1	197.3	
State Appropriations	74.5	83.1	8.6	107.1	
Net Tuition and Fees	116.4	115.0	(1.4)	148.9	
Auxiliary Revenues/Sales & Services of Educational Activities	14.8	37.2	22.4	43.8	
Net Investment Income	13.0	15.1	2.1	19.1	
Other Operating Revenues/Gift Contributions for Operations	5.8	10.5	4.7	11.0	
Total Revenues	359.2	407.7	48.5	527.2	534.2
Salaries and Wages/Payroll Related Costs	209.1	215.4	6.2	268.9	
Materials and Supplies/Cost of Goods Sold	16.0	19.1	3.0	25.6	
Depreciation and Amortization	24.3	25.9	1.5	34.6	
Other Contracted Services/Professional Fees & Services	13.2	31.1	17.9	33.2	
All Other Operating Expenses	98.4	109.7	11.3	159.7	
Total Expenses	\$ 361.1	401.1	40.0	521.9	558.2
Adjusted Income (Loss)	(1.9)	6.6	8.5	5.3	(24.0)
Adjusted Income (Loss) Excluding Depr & Amort Exp	22.4	32.5	10.0	39.8	10.8

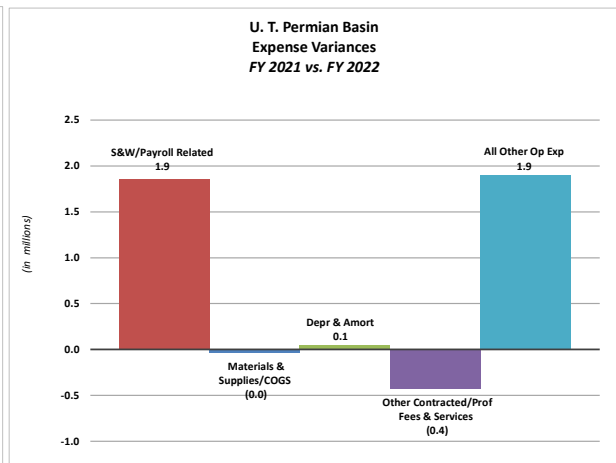
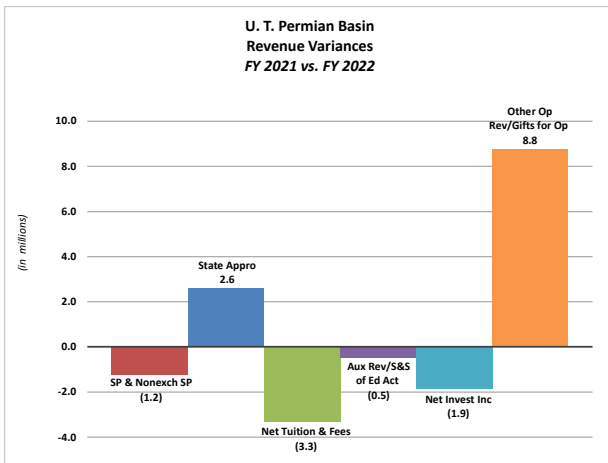


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022

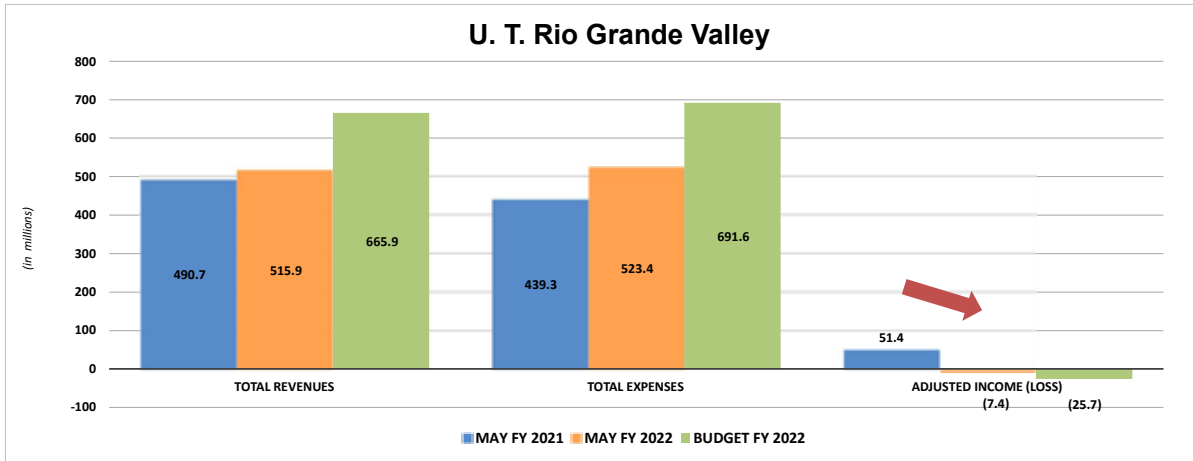


U. T. Permian Basin incurred a year-to-date adjusted loss of \$12.1 million, a decrease in adjusted loss of \$1.1 million (9%) from the prior year. The decrease was primarily attributable to an increase in gift contributions for operations due to a \$10.7 million gift received from Permian Strategic Partnership (PSP). The most current projection received from U. T. Permian Basin reflects a loss of \$12.1 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Sponsored Programs/Nonexchange Sponsored Programs	\$ 20.9	19.7	(1.2)	28.0	
State Appropriations	16.2	18.8	2.6	25.1	
Net Tuition and Fees	27.6	24.3	(3.3)	32.3	
Auxiliary Revenues/Sales & Services of Educational Activities	5.6	5.1	(0.5)	7.8	
Net Investment Income	4.5	2.7	(1.9)	3.4	
Other Operating Revenues/Gift Contributions for Operations	4.8	13.5	8.8	15.3	
Total Revenues	79.5	84.0	4.5	111.9	102.9
Salaries and Wages/Payroll Related Costs	45.0	46.8	1.9	58.5	
Materials and Supplies/Cost of Goods Sold	4.6	4.6	(0.0)	6.5	
Depreciation and Amortization	15.6	15.6	0.1	20.8	
Other Contracted Services/Professional Fees & Services	8.9	8.5	(0.4)	10.6	
All Other Operating Expenses	18.6	20.5	1.9	27.6	
Total Expenses	\$ 92.7	96.1	3.3	124.0	118.0
Adjusted Income (Loss)	(13.2)	(12.1)	1.1	(12.1)	(15.1)
Adjusted Income (Loss) Excluding Depr & Amort Exp	2.4	3.6	1.2	8.7	5.7

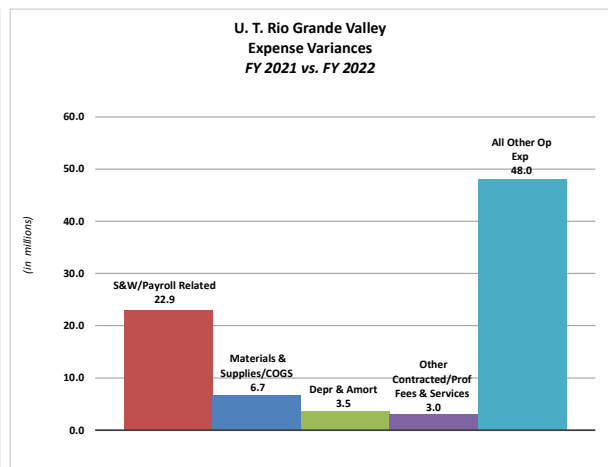
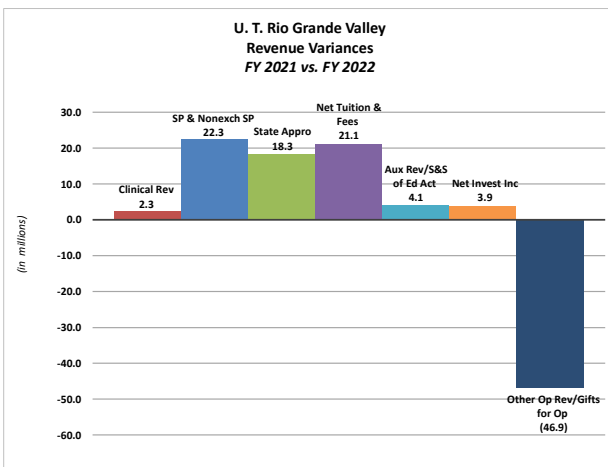


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022

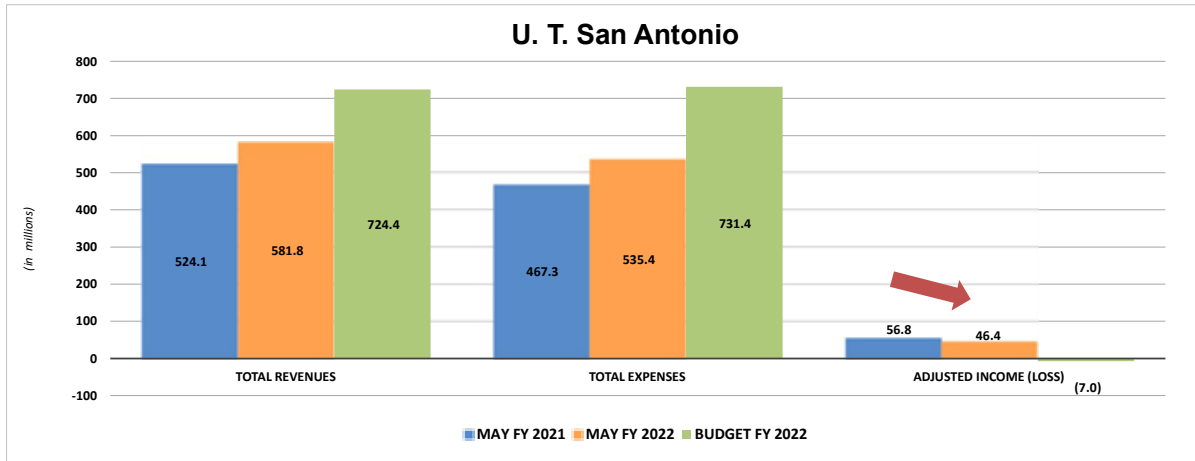


U. T. Rio Grande Valley incurred a year-to-date adjusted loss of \$7.4 million, a decrease of \$58.8 million (114%) from the prior year. The decrease was primarily due to the following: a decrease in gift contributions for operations attributable to a \$40 million philanthropic gift received in 2021 with no such comparable gift in 2022; and an increase in salaries and wages and payroll related costs due to an increase in faculty and staff positions. The most current projection received from U. T. Rio Grande Valley reflects income of \$4.3 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 12.5	14.8	2.3	19.6	
Sponsored Programs/Nonexchange Sponsored Programs	202.5	224.8	22.3	312.8	
State Appropriations	114.6	132.9	18.3	162.4	
Net Tuition and Fees	89.2	110.3	21.1	147.1	
Auxiliary Revenues/Sales & Services of Educational Activities	8.2	12.3	4.1	17.3	
Net Investment Income	6.8	10.7	3.9	14.1	
Other Operating Revenues/Gift Contributions for Operations	56.9	10.1	(46.9)	22.5	
Total Revenues	490.7	515.9	25.2	695.7	665.9
Salaries and Wages/Payroll Related Costs	297.1	320.0	22.9	405.4	
Materials and Supplies/Cost of Goods Sold	17.5	24.2	6.7	33.0	
Depreciation and Amortization	38.9	42.4	3.5	58.9	
Other Contracted Services/Professional Fees & Services	13.8	16.8	3.0	24.4	
All Other Operating Expenses	72.0	120.0	48.0	169.7	
Total Expenses	\$ 439.3	523.4	84.1	691.4	691.6
Adjusted Income (Loss)	51.4	(7.4)	(58.8)	4.3	(25.7)
Adjusted Income (Loss) Excluding Depr & Amort Exp	90.3	34.9	(55.4)	63.1	33.6

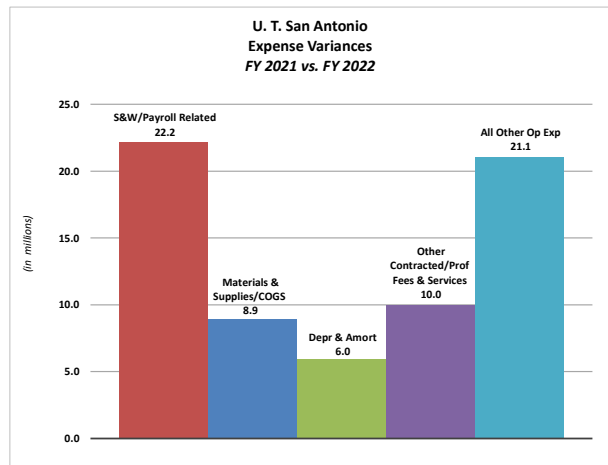
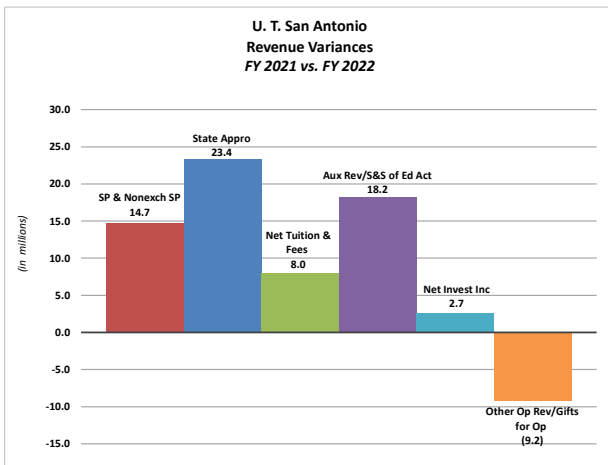


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022

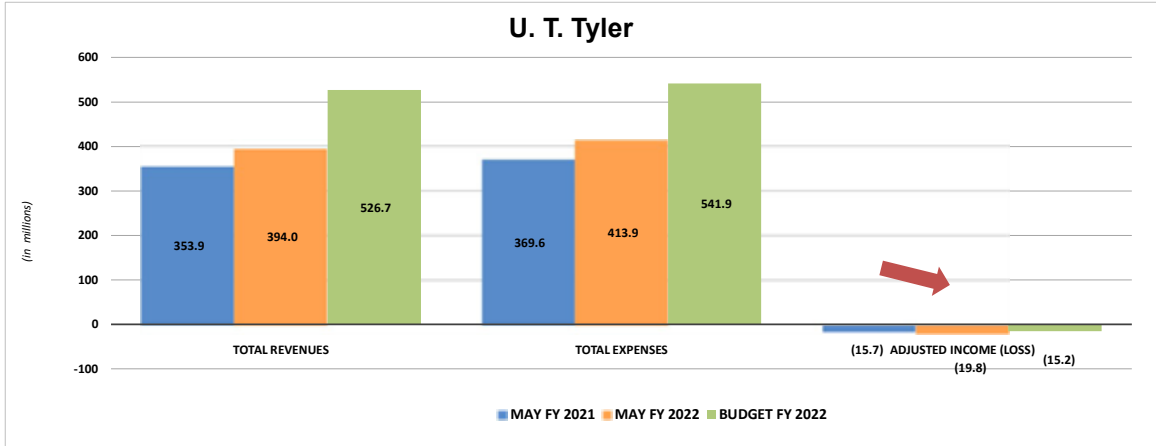


U. T. San Antonio reported year-to-date adjusted income of \$46.4 million, a decrease in adjusted income of \$10.4 million (18%) from the prior year. The decrease was primarily attributable to an increase in salaries and wages and payroll related costs as a result of an increase in annual merit increases combined with an increase in faculty and staff positions as hiring has returned to pre-pandemic levels. The most current projection received from U. T. San Antonio reflects income of \$61.8 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Sponsored Programs/Nonexchange Sponsored Programs	\$ 159.1	173.7	14.7	232.0	
State Appropriations	90.9	114.3	23.4	152.4	
Net Tuition and Fees	186.1	194.1	8.0	258.8	
Auxiliary Revenues/Sales & Services of Educational Activities	27.0	45.2	18.2	60.2	
Net Investment Income	15.7	18.4	2.7	24.5	
Other Operating Revenues/Gift Contributions for Operations	45.3	36.2	(9.2)	47.8	
Total Revenues	524.1	581.8	57.8	775.8	724.4
Salaries and Wages/Payroll Related Costs	262.3	284.5	22.2	379.3	
Materials and Supplies/Cost of Goods Sold	21.2	30.1	8.9	40.1	
Depreciation and Amortization	43.2	49.2	6.0	65.6	
Other Contracted Services/Professional Fees & Services	18.3	28.3	10.0	37.7	
All Other Operating Expenses	122.4	143.4	21.1	191.3	
Total Expenses	\$ 467.3	535.4	68.1	713.9	731.4
Adjusted Income (Loss)	56.8	46.4	(10.4)	61.8	(7.0)
Adjusted Income (Loss) Excluding Depr & Amort Exp	100.0	95.6	(4.4)	127.5	53.3

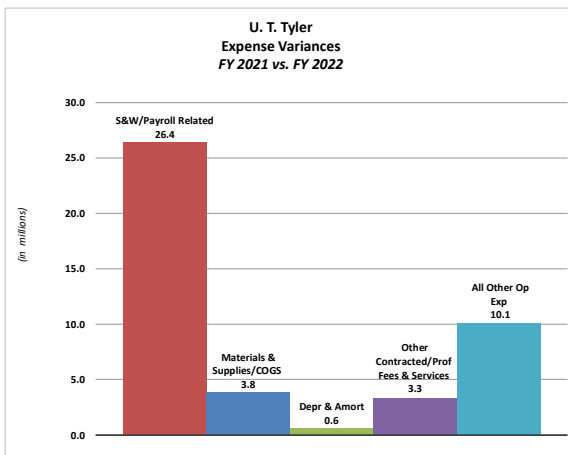
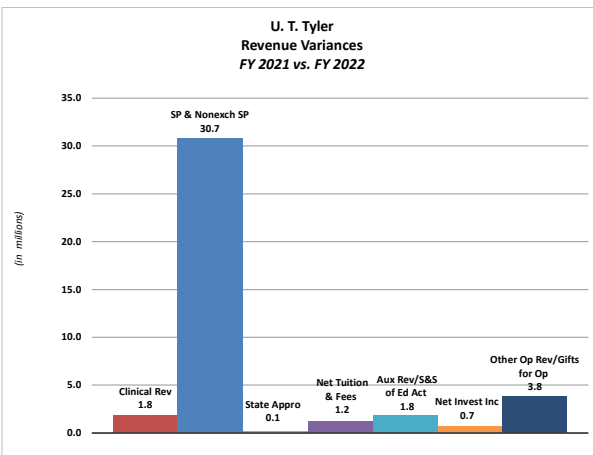


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022



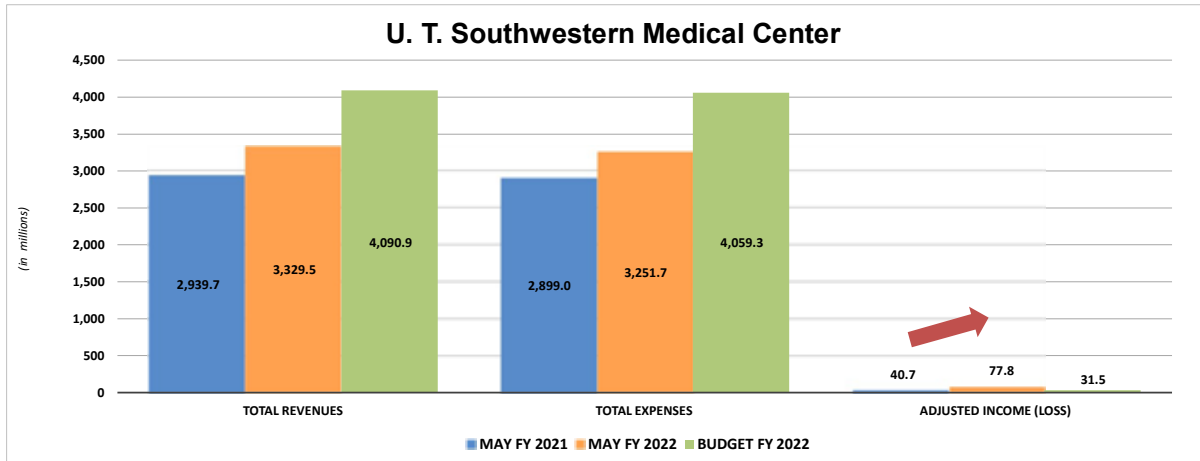
U. T. Tyler incurred a year-to-date adjusted loss of \$19.8 million, an increase in adjusted loss of \$4.1 million (26%) from the prior year. The increase was primarily due to an increase in salaries and wages and payroll related costs attributable to increases in faculty and staff positions as a result of growth in the physician master services agreement with UT Health East Texas (UTHET). The most current projection received from *U. T. Tyler* reflects a loss of \$13.7 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 128.6	130.4	1.8	174.6	
Sponsored Programs/Nonexchange Sponsored Programs	68.0	98.7	30.7	134.7	
State Appropriations	64.5	64.6	0.1	88.8	
Net Tuition and Fees	45.1	46.3	1.2	59.7	
Auxiliary Revenues/Sales & Services of Educational Activities	23.1	24.9	1.8	30.4	
Net Investment Income	7.6	8.2	0.7	11.4	
Other Operating Revenues/Gift Contributions for Operations	17.0	20.8 *	3.8	29.1 *	
Total Revenues	353.9	394.0	40.1	528.7	526.7
Salaries and Wages/Payroll Related Costs	219.3	245.7	26.4	318.7	
Materials and Supplies/Cost of Goods Sold	54.2	58.0	3.8	77.4	
Depreciation and Amortization	25.7	26.3	0.6	34.5	
Other Contracted Services/Professional Fees & Services	37.5	40.9	3.3	54.1	
All Other Operating Expenses	33.0	43.1	10.1	57.7	
Total Expenses	\$ 369.6	413.9	44.2	542.4	541.9
Adjusted Income (Loss)	(15.7)	(19.8)	(4.1)	(13.7)	(15.2)
Adjusted Income (Loss) Excluding Depr & Amort Exp	10.0	6.5	(3.5)	20.8	22.3



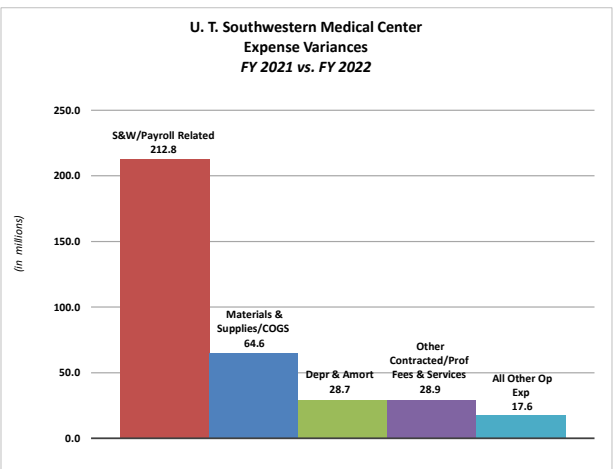
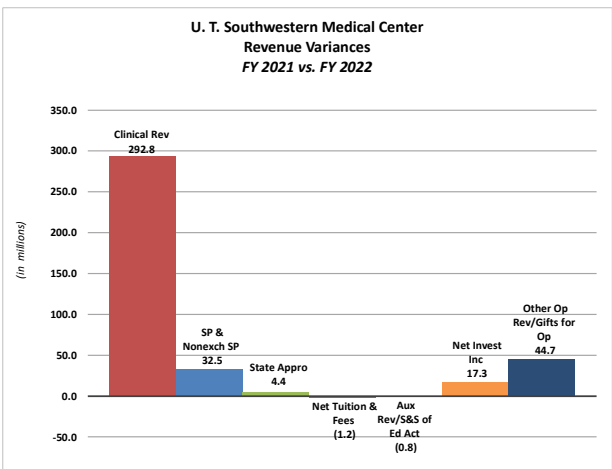
*Other Operating Income includes 30% of UTHET's net adjusted loss which was \$1.2 million through May. The projected loss of \$13.7 million includes \$4.1 million of UTHET's net adjusted income for the year.

Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022

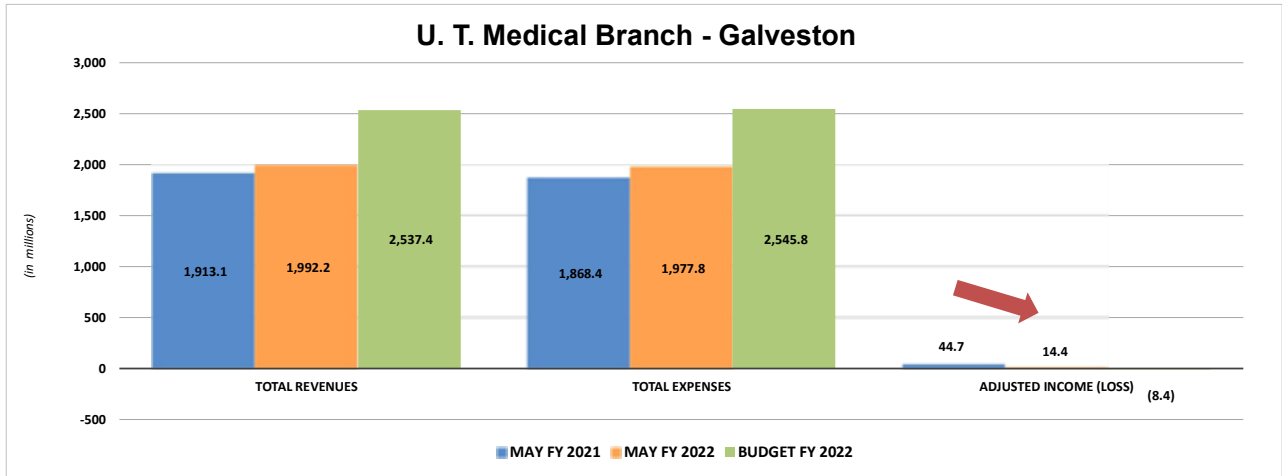


U. T. Southwestern Medical Center reported year-to-date adjusted income of \$77.8 million, an increase in adjusted income of \$37.2 million (91%) from the prior year. The increase was primarily due to an increase in clinical revenues as a result of increased inpatient and outpatient visits, as well as increased surgical volumes and admissions. The most current projection received from U. T. Southwestern Medical Center reflects income of \$106.5 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 1,865.1	2,157.9	292.8	2,877.2	
Sponsored Programs/Nonexchange Sponsored Programs	604.0	636.5	32.5	842.0	
State Appropriations	135.9	140.3	4.4	190.1	
Net Tuition and Fees	19.6	18.4	(1.2)	24.6	
Auxiliary Revenues/Sales & Services of Educational Activities	29.2	28.4	(0.8)	37.9	
Net Investment Income	108.3	125.6	17.3	164.0	
Other Operating Revenues/Gift Contributions for Operations	177.6	222.4	44.7	283.4	
Total Revenues	2,939.7	3,329.5	389.9	4,419.1	4,090.9
Salaries and Wages/Payroll Related Costs	1,812.3	2,025.1	212.8	2,683.1	
Materials and Supplies/Cost of Goods Sold	564.0	628.6	64.6	838.1	
Depreciation and Amortization	154.3	183.0	28.7	248.0	
Other Contracted Services/Professional Fees & Services	166.7	195.6	28.9	260.8	
All Other Operating Expenses	201.8	219.4	17.6	282.5	
Total Expenses	\$ 2,899.0	3,251.7	352.7	4,312.6	4,059.3
Adjusted Income (Loss)	40.7	77.8	37.2	106.5	31.5
Adjusted Income (Loss) Excluding Depr & Amort Exp	195.0	260.9	65.9	354.5	279.0

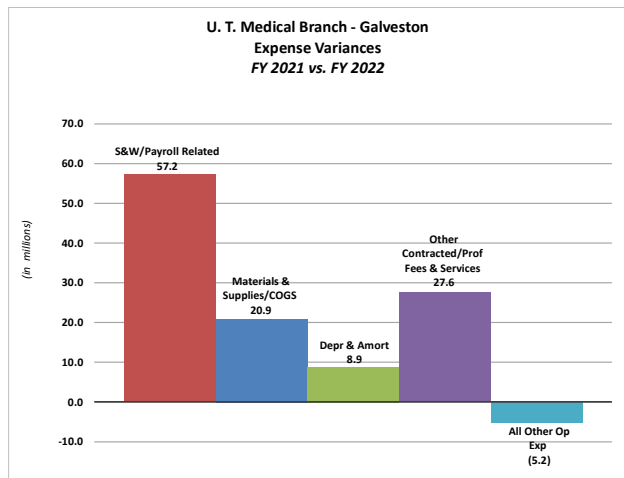
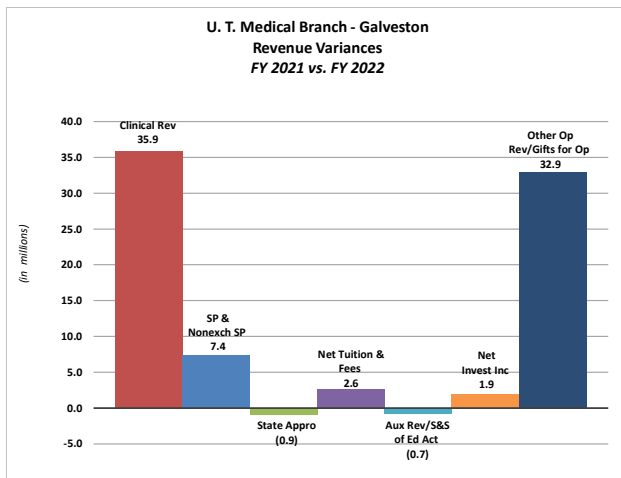


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022

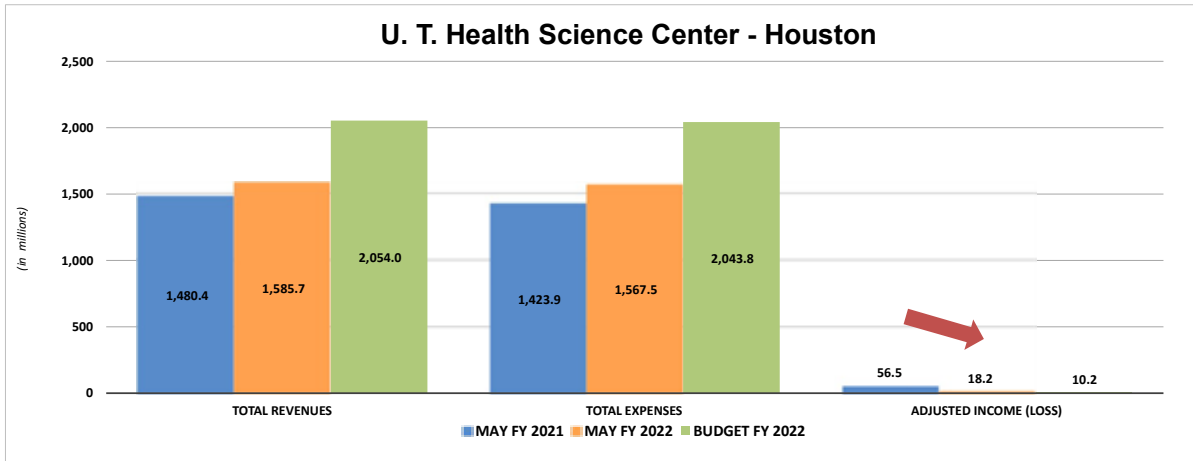


U. T. Medical Branch - Galveston reported year-to-date adjusted income of \$14.4 million, a decrease in adjusted income of \$30.2 million (68%) from the prior year. The decrease was primarily attributable to labor costs. Increased staffing needs due to the COVID-19 surge combined with a tight labor market resulted in an increased utilization of contract labor. The most current projection received from *U. T. Medical Branch - Galveston* reflects income of \$8.0 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 1,286.0	1,321.9	35.9	1,794.5	
Sponsored Programs/Nonexchange Sponsored Programs	176.4	183.8	7.4	225.4	
State Appropriations	270.5	269.6	(0.9)	358.1	
Net Tuition and Fees	37.0	39.6	2.6	52.0	
Auxiliary Revenues/Sales & Services of Educational Activities	20.0	19.2	(0.7)	31.5	
Net Investment Income	50.1	52.0	1.9	67.3	
Other Operating Revenues/Gift Contributions for Operations	73.1	106.1	32.9	131.4	
Total Revenues	1,913.1	1,992.2	79.1	2,660.1	2,537.4
Salaries and Wages/Payroll Related Costs	1,130.0	1,187.2	57.2	1,593.0	
Materials and Supplies/Cost of Goods Sold	265.8	286.7	20.9	384.7	
Depreciation and Amortization	148.1	156.9	8.9	211.2	
Other Contracted Services/Professional Fees & Services	146.3	173.8	27.6	231.8	
All Other Operating Expenses	178.4	173.1	(5.2)	231.4	
Total Expenses	\$ 1,868.4	1,977.8	109.3	2,652.2	2,545.8
Adjusted Income (Loss)	44.7	14.4	(30.2)	8.0	(8.4)
Adjusted Income (Loss) Excluding Depr & Amort Exp	192.8	171.4	(21.4)	219.2	207.9

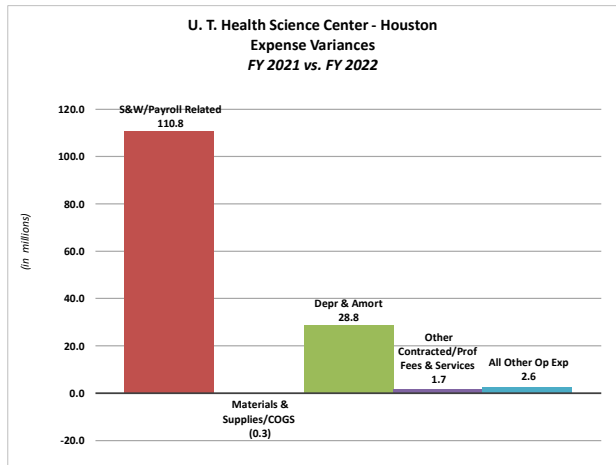
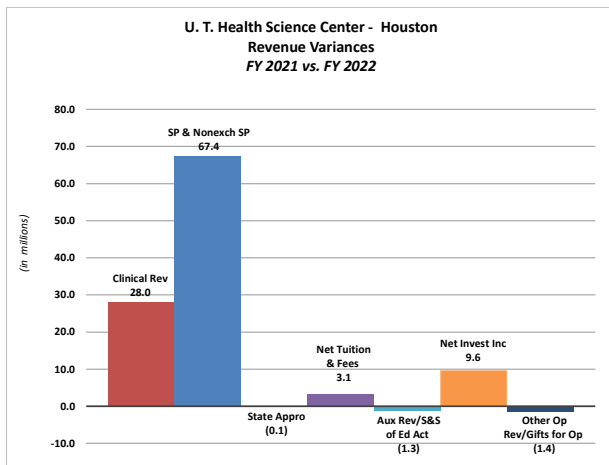


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022

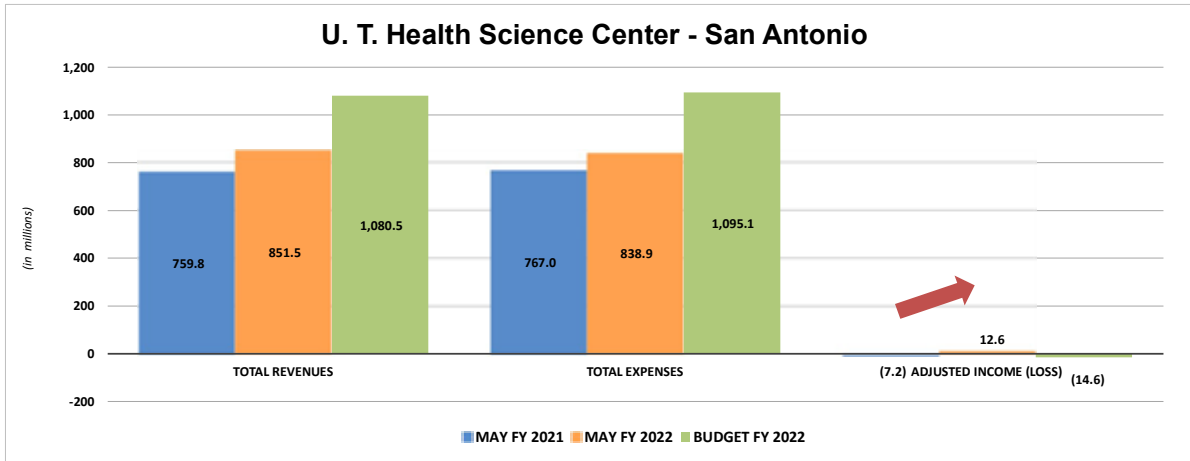


U. T. Health Science Center - Houston reported year-to-date adjusted income of \$18.2 million, a decrease in adjusted income of \$38.3 million (68%) from the prior year. The decrease was primarily due to an increase in salaries and wages and payroll related costs attributable to increases in staff and faculty positions, as well as clinical staff market adjustments. The most current projection received from U. T. Health Science Center - Houston reflects income of \$29.2 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 386.2	414.2	28.0	555.4	
Sponsored Programs/Nonexchange Sponsored Programs	731.6	799.0	67.4	1,060.4	
State Appropriations	162.5	162.4	(0.1)	221.6	
Net Tuition and Fees	53.1	56.2	3.1	76.3	
Auxiliary Revenues/Sales & Services of Educational Activities	53.8	52.5	(1.3)	72.1	
Net Investment Income	53.4	63.0	9.6	81.5	
Other Operating Revenues/Gift Contributions for Operations	39.7	38.3	(1.4)	70.5	
Total Revenues	1,480.4	1,585.7	105.3	2,137.8	2,054.0
Salaries and Wages/Payroll Related Costs	1,099.0	1,209.8	110.8	1,613.1	
Materials and Supplies/Cost of Goods Sold	79.0	78.7	(0.3)	109.3	
Depreciation and Amortization	51.3	80.2	28.8	106.9	
Other Contracted Services/Professional Fees & Services	87.5	89.2	1.7	126.4	
All Other Operating Expenses	107.0	109.6	2.6	152.9	
Total Expenses	\$ 1,423.9	1,567.5	143.6	2,108.6	2,043.8
Adjusted Income (Loss)	56.5	18.2	(38.3)	29.2	10.2
Adjusted Income (Loss) Excluding Depr & Amort Exp	107.8	98.3	(9.5)	136.1	89.4

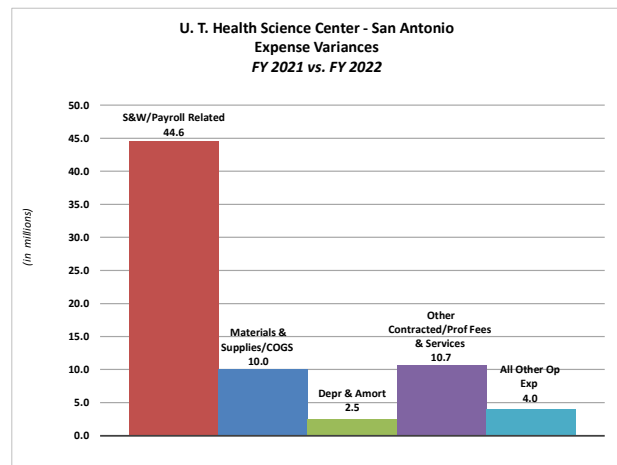
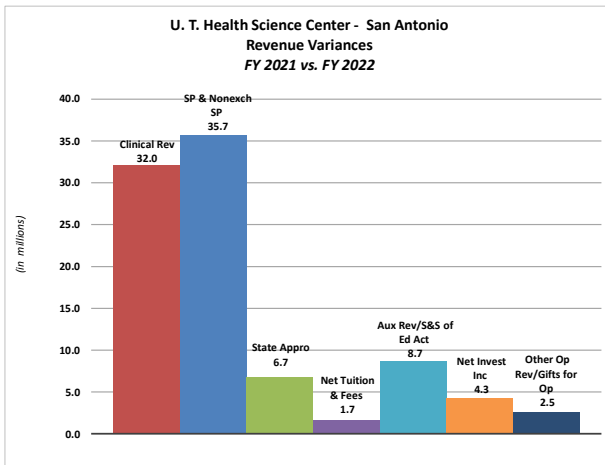


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022

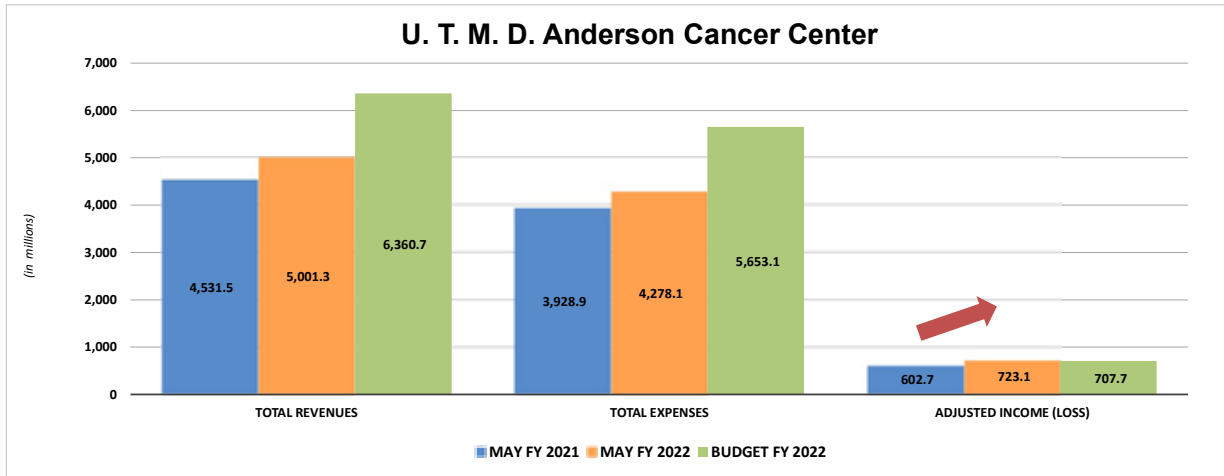


U. T. Health Science Center - San Antonio reported year-to-date adjusted income of \$12.6 million, an increase of \$19.8 million (274%) from the prior year. The increase was primarily attributable to the following: an increase in clinical revenues as a result of increased volume and clinical productivity at all UT Health Physicians sites; and an increase in sales and services of educational activities due to the resumption of continuing education and public outreach activities. The most current projection received from U. T. Health Science Center – San Antonio reflects income of \$8.1 million for the year, which represents a \$22.7 million improvement over the planned \$14.6 million operating deficit.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 221.5	253.6	32.0	349.9	
Sponsored Programs/Nonexchange Sponsored Programs	296.1	331.8	35.7	451.0	
State Appropriations	125.8	132.5	6.7	172.1	
Net Tuition and Fees	37.5	39.2	1.7	54.6	
Auxiliary Revenues/Sales & Services of Educational Activities	24.5	33.2	8.7	41.0	
Net Investment Income	39.4	43.7	4.3	50.6	
Other Operating Revenues/Gift Contributions for Operations	15.0	17.6	2.5	31.6	
Total Revenues	759.8	851.5	91.7	1,150.8	1,080.5
Salaries and Wages/Payroll Related Costs	517.5	562.1	44.6	768.3	
Materials and Supplies/Cost of Goods Sold	82.6	92.6	10.0	129.8	
Depreciation and Amortization	50.6	53.2	2.5	68.7	
Other Contracted Services/Professional Fees & Services	51.6	62.3	10.7	80.5	
All Other Operating Expenses	64.7	68.7	4.0	95.3	
Total Expenses	\$ 767.0	838.9	71.9	1,142.7	1,095.1
Adjusted Income (Loss)	(7.2)	12.6	19.8	8.1	(14.6)
Adjusted Income (Loss) Excluding Depr & Amort Exp	43.4	65.7	22.3	76.8	56.3

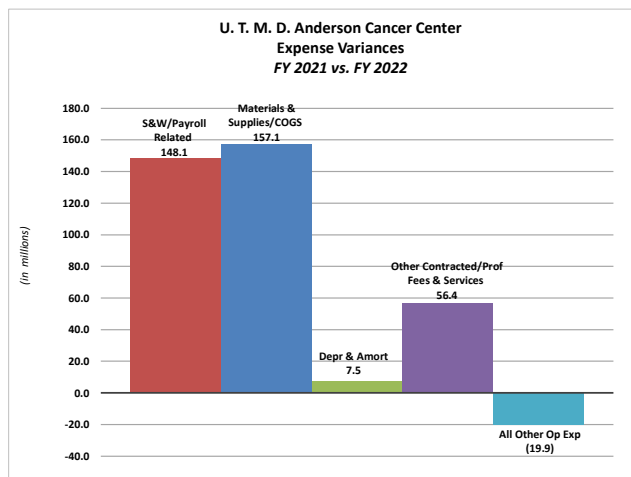
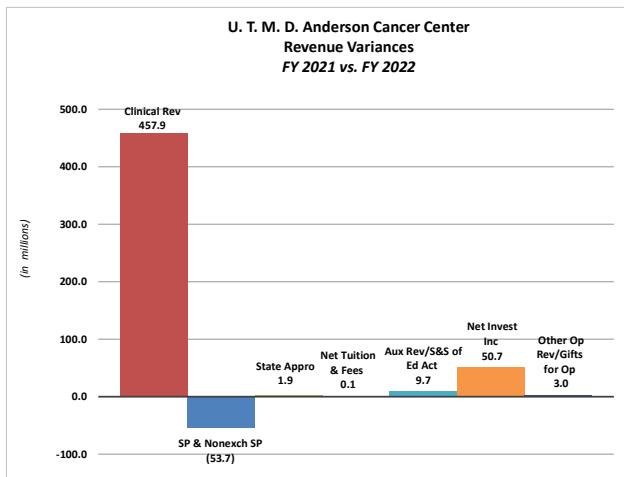


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending May 31, 2022



U. T. M. D. Anderson Cancer Center reported year-to-date adjusted income of \$723.1 million, an increase in adjusted income of \$120.5 million (20%) from the prior year. The increase was primarily due to an increase in clinical revenues attributable to increased volume and clinical productivity. The most current projection received from U. T. M. D. Anderson Cancer Center reflects income of \$837.3 million for the year.

(in millions)	May YTD FY 2021	May YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 3,458.9	3,916.8	457.9	5,232.1	
Sponsored Programs/Nonexchange Sponsored Programs	488.0	434.3	(53.7)	599.0	
State Appropriations	155.6	157.5	1.9	210.0	
Net Tuition and Fees	1.8	1.8	0.1	1.9	
Auxiliary Revenues/Sales & Services of Educational Activities	17.3	27.0	9.7	36.6	
Net Investment Income	222.6	273.3	50.7	347.0	
Other Operating Revenues/Gift Contributions for Operations	187.4	190.4	3.0	248.0	
Total Revenues	4,531.5	5,001.3	469.8	6,674.6	6,360.7
Salaries and Wages/Payroll Related Costs	2,246.2	2,394.4	148.1	3,293.0	
Materials and Supplies/Cost of Goods Sold	894.3	1,051.4	157.1	1,422.2	
Depreciation and Amortization	273.8	281.3	7.5	373.2	
Other Contracted Services/Professional Fees & Services	273.8	330.1	56.4	446.6	
All Other Operating Expenses	240.7	220.9	(19.9)	302.4	
Total Expenses	\$ 3,928.9	4,278.1	349.3	5,837.3	5,653.1
Adjusted Income (Loss)	602.7	723.1	120.5	837.3	707.7
Adjusted Income (Loss) Excluding Depr & Amort Exp	876.5	1,004.4	128.0	1,210.5	1,112.5



3. U. T. System Board of Regents: Equipment financing authorization for Fiscal Year 2023 and resolution regarding parity debt

RECOMMENDATION

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

- a. approve an aggregate amount of \$266,908,000 of Revenue Financing System Equipment Financing for FY 2023 as allocated to those U. T. System institutions listed in the table at the end of this item; and
- b. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the cost of equipment including costs incurred prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
 - the U. T. System institutions, which are “Members” as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$266,908,000 for the purchase of equipment; and
 - this resolution satisfies the official intent requirements set forth in Section 1.150-2 of Title 26 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

BACKGROUND INFORMATION

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

This agenda item requests approval of an aggregate amount of \$266,908,000 for equipment financing for Fiscal Year 2023. On August 19, 2021, the U. T. System Board of Regents approved a total of \$227,834,000 of equipment financing for Fiscal Year 2022. Through July 31, 2022, \$50,411,000 of equipment financing has been utilized for Fiscal Year 2022.

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

U. T. SYSTEM EQUIPMENT FINANCING - INSTITUTION REQUESTS
FY 2023

Institution	\$ Amount of Request	Description of Expected Capital Equipment	Spendable Cash & Investments to Total Debt *	Unrestricted Cash & Investments to Total Debt *
U. T. Dallas	6,000,000	General purpose equipment supporting University's instruction, research, and business operations	1.8x	
U. T. El Paso	400,000	Vehicle purchases	2.8x	
U. T. Rio Grande Valley	7,000,000	Campus PC and IT replacement; instruction and research activities; security-related equipment	8.6x	
U. T. San Antonio	13,525,000	Boiler; campus deferred maintenance; research; TV facility for athletic and academic buildings	2.3x	
U. T. Tyler	24,983,000	Clinical, laboratory, and IT equipment	1.9x	
U. T. Southwestern Medical Center	30,000,000	Information resources projects; clinical and hospital equipment		0.6x
U. T. Medical Branch - Galveston	50,000,000	Clinical, research, and facility-related equipment; IT infrastructure		1.0x
U. T. Health Science Center - Houston	10,000,000	Research and clinical equipment		6.9x
U. T. Health Science Center - San Antonio	45,000,000	Clinical transformation and research related to primary care, cancer, longevity, and aging studies		3.5x
U. T. M. D. Anderson Cancer Center	80,000,000	Medical, diagnostic, and research equipment; vehicles; information systems and information technology		9.8x

Total	\$266,908,000
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* Spendable Cash & Investments to Total Debt ratios and Unrestricted Cash & Investments to Total Debt ratios are based on FY2021 Analysis of Financial Condition (February 2022). The calculation excludes TRB debt service.

U. T. System Office of Finance, June 27, 2022

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

RECOMMENDATION

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

- a. adopt a Resolution, substantially in the form previously approved by the U. T. System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Permanent University Fund (PUF) Bonds in one or more installments in an aggregate principal amount not to exceed \$750 million to be used to refund certain outstanding PUF Bonds, to refund PUF Commercial Paper Notes, to provide new money to fund construction and acquisition costs, and to pay the costs of issuance; and
- b. authorize appropriate officers and employees of U. T. System as set forth in the Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such bonds.

BACKGROUND INFORMATION

On August 19, 2021, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$750 million for Fiscal Year 2022. Adoption of this Resolution would provide \$750 million of authorization for similar purposes for Fiscal Year 2023. Approval of this item does not allocate additional PUF debt for capital projects.

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

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

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

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

Note: The proposed Resolution is available online at <https://utsystem.edu/board-of-regents/meetings/board-meeting-2022-08-24>.

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

RECOMMENDATION

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

- a. adopt a Supplemental Resolution, substantially in the form previously approved by the U. T. System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System (RFS) Bonds in one or more installments in an aggregate principal amount not to exceed \$850 million to be used to refund certain outstanding RFS Bonds, to refund RFS Commercial Paper Notes, to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program, and to pay the costs of issuance; and
- b. authorize appropriate officers and employees of U. T. System as set forth in the Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such RFS Bonds.

BACKGROUND INFORMATION

On August 19, 2021, the Board of Regents adopted the 36th Supplemental Resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$850 million. Adoption of this 37th Supplemental Resolution would provide authority to finance additional projects approved by the Board of Regents under the same provisions as the prior resolution.

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

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

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

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

Note: The proposed Resolution is available online at <https://utsystem.edu/board-of-regents/meetings/board-meeting-2022-08-24>.

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

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents a) adopt resolutions substantially in the form previously approved by the U. T. System Board of Regents (the Resolutions) authorizing appropriate officers of the U. T. System to enter into bond enhancement agreements related to its Revenue Financing System (RFS) and Permanent University Fund (PUF) debt programs in accordance with the U. T. System Interest Rate Swap Policy and to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents, and b) ratify the U. T. System Interest Rate Swap Policy as set forth in Regents Rule 70202 on the following pages.

BACKGROUND INFORMATION

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

The U. T. System Interest Rate Swap Policy was approved by the Board of Regents as a Regental Policy on February 13, 2003, and was incorporated into the Regents' *Rules and Regulations*, Rule 70202, on December 10, 2004. The Rule was subsequently amended on August 23, 2007. Section 1371.056(l) of the *Texas Government Code* requires that while an interest rate management agreement transaction is outstanding, the governing body of the issuer shall review and ratify or modify its related risk management policy at least biennially.

On August 19, 2021, the Board approved bond enhancement agreement resolutions for FY 2022. Approval of this item would authorize the execution of bond enhancement agreement transactions related to RFS and PUF debt in accordance with the U. T. System Interest Rate Swap Policy for FY 2023 and will ratify the existing U. T. System Interest Rate Swap Policy, set out on the following pages and included as Exhibit B to both resolutions, as required by *Texas Government Code* Section 1371.056. The determination to utilize bond enhancement agreements will be made based on market conditions at the time of pricing the related debt issuance. The Chancellor and the Chairman of the Board's Finance and Planning Committee will be informed in advance of any proposed transactions to be undertaken pursuant to the resolutions.

Note: The proposed Resolutions are available online at <https://utsystem.edu/board-of-regents/meetings/board-meeting-2022-08-24>.

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

Rule: 70202

1. Title

Interest Rate Swap Policy

2. Rule and Regulation

Sec. 1 Authority. *Texas Education Code*, [Chapter 55](#), including Section [55.13](#), *Texas Education Code*, [Chapter 65](#), including Section [65.461](#), and *Texas Government Code*, [Chapter 1371](#), including Section [1371.056](#), authorize the Board of Regents (Board) of The University of Texas System (U. T. System) to enter into interest rate management agreements and bond enhancement agreements (collectively “swaps”).

Sec. 2 Purpose. This policy will govern the use of swaps in connection with the U. T. System’s management of its debt programs, including the Permanent University Fund and Revenue Financing System debt programs. By using swaps in a prudent manner, the U. T. System can increase the U. T. System’s financial flexibility, provide opportunities for interest rate savings, allow the U. T. System to actively manage asset and liability interest rate risk, take advantage of market opportunities to lower the overall cost of debt, balance interest rate risk, or hedge other exposures. The use of swaps must be tied directly to U. T. System debt instruments. The U. T. System shall not enter into swaps for speculative purposes.

Sec. 3 Legality/Approval. Prior to entering into a swap, the U. T. System must receive approval from the Board of Regents (which may include a delegation of authority to an Authorized Representative to enter into one or more swaps) and any required approvals from the Texas Attorney General and the Texas Bond Review Board. The U. T. System will also secure an opinion acceptable to the Authorized Representative from legal counsel that the swap is a legal, valid, and binding obligation of the U. T. System and that entering into the swap complies with applicable State and federal laws.

Sec. 4 Form of Agreements. Each interest rate swap shall contain terms and conditions as set forth in the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, as amended, and such other terms and conditions including schedules, credit support annexes, and confirmations as deemed necessary by an Authorized Representative.

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- Sec. 5 Methods of Procuring Swaps. Swaps can be procured via competitive bids or on a negotiated basis with counterparties or its credit support providers having credit ratings of 'A' or 'A2' or better from Standard & Poor's or Moody's, respectively.
- 5.1 Competitive. The competitive bid should include a minimum of three firms. An Authorized Representative may allow a firm or firms not submitting the bid that produces the lowest cost to match the lowest bid and be awarded a specified percentage of the notional amount of the swap.
- 5.2 Negotiated. An Authorized Representative may procure swaps by negotiated methods in the following situations:
- (a) A determination is made by an Authorized Representative that due to the complexity of a particular swap, a negotiated bid would result in the most favorable pricing;
 - (b) A determination is made by an Authorized Representative that, in light of the facts and circumstances, a negotiated bid will promote the U. T. System's interests by encouraging and rewarding innovation; or
 - (c) A determination is made by an Authorized Representative that a competitive bid would likely create market pricing effects that would be detrimental to the interests of the U. T. System.
- Sec. 6 Counterparty Risk. Counterparty risk is the risk of a failure by one of the U. T. System's swap counterparties to perform as required under a swap. To mitigate this risk, the U. T. System will 1) diversify its exposure among highly rated swap counterparties satisfying the rating criteria set forth in Section 5 above; 2) require collateralization as set forth below; and 3) include an optional termination event if the counterparty (or its credit support provider, if applicable) is downgraded below a second (lower) threshold.
- 6.1 Value Owed by Counterparty. To limit and diversify the U. T. System's counterparty risk and to monitor credit exposure to each counterparty, the U. T. System may not enter into a swap with an otherwise qualified counterparty

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

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

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

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

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

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

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

- Sec. 8 Amortization Risk. The amortization schedules of the debt and associated swap should be closely matched for the duration of the swap. Mismatched amortization schedules can result in a less than satisfactory hedge and create unnecessary risk. In no circumstance may (i) the notional amount of a swap exceed the principal amount of the related debt at any time, or (ii) the term of a swap extend beyond the final maturity date of the related debt instrument, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds.
- Sec. 9 Basis Risk. Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the U. T. System. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, any index used as part of a swap shall be a recognized market index, including but not limited to the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index or the London Interbank Offered Rate (LIBOR).
- Sec. 10 Tax Risk. Tax risk is the risk that tax laws will change, resulting in a change in the marginal tax rates on swaps and their underlying assets. Tax risk is present in all tax-exempt debt issuances. The U. T. System Office of Finance will continually monitor and evaluate tax risk.
- Sec. 11 Interest Rate Risk. Interest rate risk is the risk that costs associated with variable rate exposure increase as a result of changes in market interest rates. Additional interest rate risk can be created by entering into certain types of swaps. The U. T. System Office of Finance will incorporate the impact of each swap on the overall debt portfolio.
- Sec. 12 Reporting.
- 12.1 The U. T. System Office of Finance staff will report to the Board within 30 days of completion of any swap transaction.

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

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

3. Definitions

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

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

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

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

Interest Rate Swap – a swap in which two parties agree to exchange future net cash flows based on predetermined interest rates or indices calculated on an agreed notional amount. An interest rate swap is not a debt instrument and there is no exchange of principal.

ISDA Master Agreement – the International Swaps and Derivatives Association, Inc. (ISDA), is the global trade association for the derivatives industry. The ISDA Master Agreement is the basic governing document that serves as a framework for all interest rate swaps and certain other

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types of swaps between two counterparties. It is a standard form used throughout the industry. It is typically negotiated once, prior to the first swap transaction, and remains in force for all subsequent swap transactions.

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

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

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

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

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

4. Relevant Federal and State Statutes

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

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

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

5. Relevant System Policies, Procedures, and Forms

None

6. Who Should Know

Administrators

7. System Administration Office(s) Responsible for Rule

Office of Business Affairs

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8. Dates Approved or Amended

Editorial amendment to Number 3 made July 24, 2012
Editorial amendments made June 30, 2011
August 23, 2007
December 10, 2004

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu

7. **U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, the Liquidity Policy, and the Derivative Investment Policy**

RECOMMENDATION

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

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

A PowerPoint Presentation setting out UTIMCO's Strategic Asset Allocation follows the Investment Policy Statements.

BACKGROUND INFORMATION

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

The amended PUF, GEF, PHF, LTF and ITF Investment Policy Statements, the Liquidity Policy, and the Derivative Investment Policy were approved by the UTIMCO Board on June 10, 2022.

The PUF and GEF Investment Policy Statements have been amended to reflect the following changes:

- Clarify that Portable Alpha strategies are permitted. These strategies are commonplace in the investment management industry and are already in use by UTIMCO. This clarification eliminates any ambiguity about their use. Portable Alpha strategies obtain the desired market exposure to a specific benchmark through cash funded and/or derivative investments and use an overlay portfolio of other assets to generate returns in excess of the benchmark.
- Add an Innovation and Disruption portfolio where UTIMCO can make and house investments in emerging asset types that are innovative and/or disruptive and which currently may have no clear categorization within the asset class descriptions currently specified in the Investment Policies. Investments in the Innovation and Disruption Portfolio will be benchmarked against the Total Endowment Benchmark before returns for the Innovation and Disruption Portfolio.
- Other minor edits and cleanups.

Exhibits to the PUF, GEF, PHF and LTF were amended to add the Hedge Fund Research Indices Macro benchmark to the blend of benchmarks for the Strategic Partnerships. This change is proposed to allow the addition of a Macro Hedge Fund manager to the Strategic Partnership portfolio.

The ITF Investment Policy Statement includes the same changes as the PUF and GEF except the Innovation and Disruption portfolio will not be included.

Exhibits A to the PUF, GEF, and ITF, and Exhibits B of the PHF and LTF Investment Policy Statements are also being amended to reflect changes to the asset allocation framework and to set forth revised Asset Class targets and ranges effective September 1, 2022.

Recommended changes to the Liquidity Policy are non-substantive. References to the “Risk Committee” are changed to the “Investment Risk Committee” to reflect the name change of that committee.

Recommended changes to the Derivative Investment Policy are non-substantive. Non-operative term “Investment Type” is removed from the definitions, and a typographical clarification is recommended to reflect that externally managed accounts may include both an agency agreement and a limited liability entity (rather than “or”).

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

**THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND
INVESTMENT POLICY STATEMENT**

Purpose

The Permanent University Fund (the “PUF”) is a public endowment contributing to the support of eligible institutions of The University of Texas System and The Texas A&M University System as provided in Article VII, Section 18 of the *Texas Constitution*.

PUF Organization

The PUF was established in the *Texas Constitution* of 1876 through the appropriation of land grants previously given to The University of Texas at Austin plus one million acres. The land grants to the PUF were completed in 1883 with the contribution of an additional one million acres of land. Today, the PUF contains 2,109,190 acres of land (the “PUF Lands”) located in 19 counties primarily in West Texas.

The 2.1 million acres comprising the PUF Lands produce two streams of income: a) mineral income, primarily in the form of oil and gas royalties and b) surface income, primarily from surface leases and easements. Under the Texas Constitution, mineral income, as a non-renewable source of income, remains a non-distributable part of PUF corpus, and is invested pursuant to this Policy Statement. Surface income, as a renewable source of income, is distributed to the Available University Fund (the “AUF”), as received. The Constitution also requires that all surface income and investment distributions paid to the AUF be expended for certain authorized purposes.

The expenditure of the AUF is subject to a prescribed order of priority:

First, following a 2/3rds and 1/3rd allocation of AUF receipts to the U. T. System and the A&M System, respectively, AUF receipts are expended for debt service on PUF bonds. Article VII of the *Texas Constitution* authorizes the U. T. System Board of Regents (the “Board of Regents”) and the Texas A&M University System Board of Regents (the “TAMUS Board”) to issue bonds payable from their respective interests in AUF receipts to finance permanent improvements and to refinance outstanding PUF obligations. The Constitution limits the amount of bonds and notes secured by each System’s interest in divisible PUF income to 20% and 10% of the book value of PUF investment securities, respectively. Bond resolutions adopted by both Boards also prohibit the issuance of additional PUF parity obligations unless the interest of the related System in AUF receipts during the preceding fiscal year covers projected debt service on all PUF Bonds of that System by at least 1.5 times.

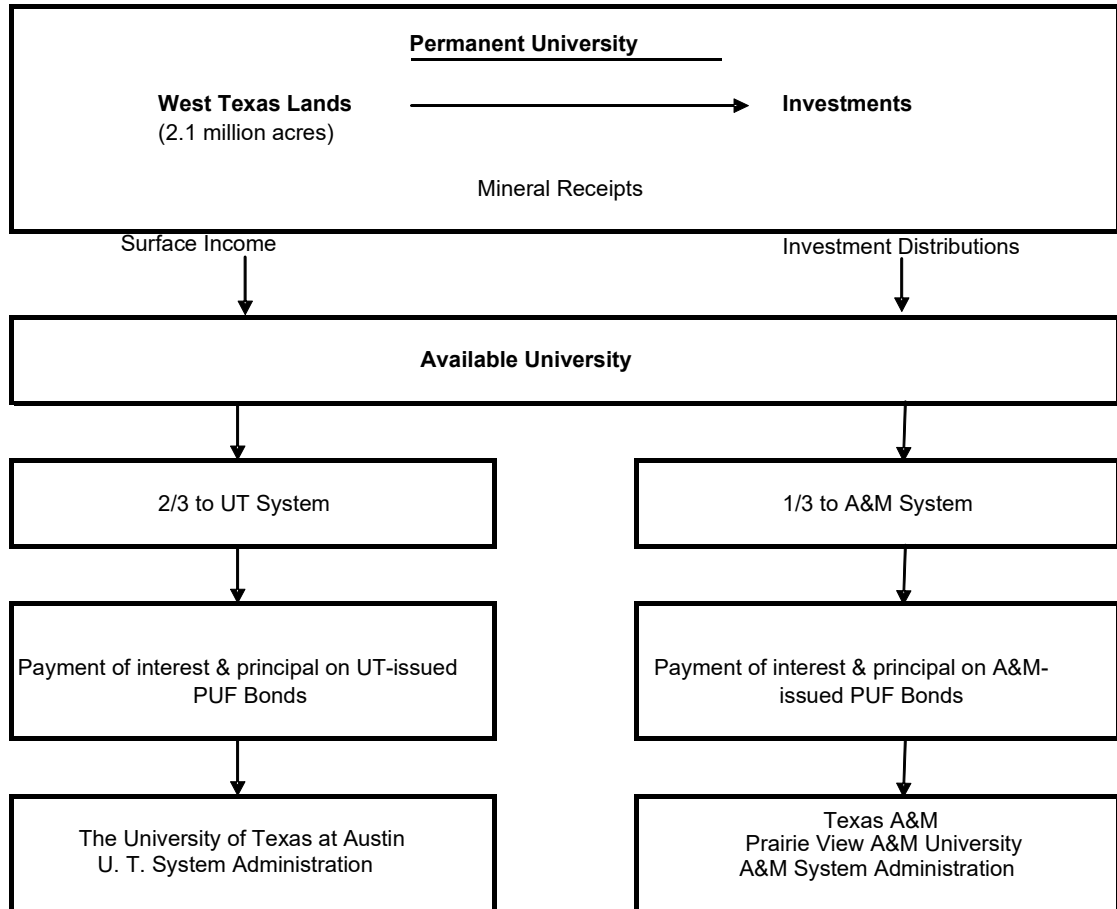
Second, AUF receipts are expended to fund a) excellence programs specifically at U. T. Austin, Texas A&M University and Prairie View A&M University and b) the administration of the university Systems.

UTIMCO [09/04/202409/01/2022](#)

Permanent University Fund Investment Policy Statement (continued)

The payment of surface income and investment distributions from the PUF to the AUF and the associated expenditures is depicted below in Exhibit 1:

Exhibit 1



PUF Management

Article VII, Section 11b of the *Texas Constitution* assigns fiduciary responsibility for managing and investing the PUF to the Board of Regents. Article VII, Section 11b authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the PUF in any kind of investments and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then

Permanent University Fund Investment Policy Statement (continued)

prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

Ultimate fiduciary responsibility for the PUF rests with the Board of Regents. Section 66.08 of the *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company (“UTIMCO”), the PUF shall be managed by UTIMCO, which shall a) recommend investment policy for the PUF, b) recommend specific Asset Class allocation targets, ranges and performance benchmarks consistent with PUF objectives, and c) monitor PUF performance against PUF objectives. UTIMCO shall invest the PUF’s assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges, and performance benchmarks, are subject to approval by the Board of Regents.

UTIMCO may select and terminate unaffiliated investment managers subject to the Delegation of Authority Policy approved by the UTIMCO Board. Managers shall be monitored for performance and adherence to investment disciplines.

PUF Administration

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized so as to provide for responsible separation of duties and adequacy of an audit trail. Custody of PUF assets shall comply with applicable law and be structured so as to provide essential safekeeping and trading efficiency.

PUF Investment Objectives

The PUF and the General Endowment Fund (the “GEF”) are managed similarly for efficient investment purposes. The primary investment objective of the PUF shall be to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses. Additional expenses include U.T. System administrative fees charged to the fund.

Investments must be prudently diversified, and within the approved Policy Downside Volatility Bounds, as defined in Exhibit A, and measured at least monthly by UTIMCO’s risk model. Liquidity of the PUF will be governed by the Liquidity Policy, overseen by the Investment Risk Committee of the UTIMCO Board.

Permanent University Fund Investment Policy Statement (continued)

PUF return, Asset Class allocations, and downside volatility targets are subject to adjustment from time to time by the Board of Regents.

Asset Class Allocation and Policy

Asset Class allocation is the primary determinant of the volatility of investment return and, subject to the Asset Class allocation ranges specified in Exhibit A, is the responsibility of UTIMCO. UTIMCO is responsible for measuring actual Asset Class allocation at least monthly (incorporating the impact of derivative positions covered under the Derivative Investment Policy), and for reporting the actual portfolio Asset Class allocation to the UTIMCO Board and the Board of Regents at least quarterly. While specific Asset Class allocation positions may be changed within the ranges specified in Exhibit A based on the economic and investment outlook from time to time, the range limits cannot be intentionally breached without prior approval of the Board of Regents.

In the event that actual portfolio positions in Asset Classes or the Portfolio Projected Downside Volatility move outside the ranges indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will immediately report this situation to the UTIMCO Board Chairman and take steps to rebalance portfolio positions back within the policy ranges in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the PUF asset values could warrant requesting approval of the UTIMCO Board Chairman to waive immediate remedial action.

Portable alpha strategies are permitted within and across regimes and generally involve the use of leverage. Each Asset Class may include investments that collectively target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.

Within the general investment regimes of Global Equity, Stable Value, and Real Return, PUF assets shall be allocated among the following broad Asset Classes based upon their individual return/risk characteristics and relationships to other Asset Classes:

Global Equity:

Developed Public Equity – Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (including the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Developed Public Equity includes common stocks, depositary receipts, preferred

Permanent University Fund Investment Policy Statement (continued)

stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).

Emerging Markets Public Equity – Emerging Markets Public Equity invests primarily in the equity securities of companies that are domiciled in (i) the emerging countries that are part of the MSCI Emerging Markets Index or (ii) countries that have yet to reach MSCI Emerging Markets Index qualification status. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Emerging Markets Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).

Directional Hedge Funds – Directional Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Directional Hedge Funds exhibit some market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, distressed and stressed credit and global macro.

Private Equity – Private Equity investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in controlling or minority ownership interests in private or publicly-traded companies. These investments are acquired by purchasing publicly-traded or privately-issued common and preferred stocks, convertible securities, warrants, rights, options or debt obligations of private or publicly-traded companies. Private Equity investments often have transfer restrictions and are not as liquid as publicly-traded securities. Private Equity investments are often classified by strategy including: buyouts, venture capital and private credit.

Stable Value:

Investment Grade Fixed Income – Investment Grade Fixed Income represents ownership of fixed income instruments across all maturities, U.S. and non-U.S., that are rated investment grade. These include debt issued by the Sovereign Governments, various government enterprises and agencies, and corporations. The principal securities include bonds, notes, bills and mortgage and asset-backed securities. In addition, derivative applications that serve as a fixed income substitute may be classified as Investment Grade Fixed Income.

Long Treasuries – Long Treasuries represents ownership of fixed income instruments across long-dated maturities issued by the U.S. government. The principal securities may include bonds, notes and bills. In addition, derivative applications that serve as a fixed income substitute may be classified as Long Treasuries.

Permanent University Fund Investment Policy Statement (continued)

Credit-Related Fixed Income – Credit-Related Fixed Income represents ownership of fixed income instruments across all maturities, including real and nominal, U.S. and non-U.S., that are rated below investment grade.

Stable Value Hedge Funds – Stable Value Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Stable Value Hedge Fund investments exhibit little to no market sensitivity, as defined by beta to Developed Public Equity, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, trend following, senior secured lending and global macro.

Cash – Cash has the same meaning as given to the term “Cash” in the Liquidity Policy and includes, for example, cash in any currencies and other overnight funds that have not been allocated to a specific Asset Class.

Real Return:

Inflation Linked Bonds – Inflation Linked Bonds include fixed income investments issued by both U.S. and Non-U.S. Governments where the principal value of the bond has been indexed to some rate of inflation, as well as derivatives referencing Inflation Linked Bonds or directly linked to inflation rates, including but not limited to inflation swaps. Inflation Linked Bonds are intended to provide some degree of inflation protection .

Commodities – Commodities investments represent ownership of fungible goods such as metals, grains, foods and energy products or any other investment defined by regulators as a commodity. These investments can be made through actual physical ownership of the goods, or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

Natural Resources – Natural Resources investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in a controlling or minority ownership interest in a company involved in the production of natural resources including, but not limited to: energy, precious metals, metals, minerals, agriculture, livestock, and timber. Some Natural Resource investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Infrastructure – Infrastructure investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in ownership of companies or assets that provide an essential service that contributes to the economic or social productivity of an organization, community, or society at large with real assets in the water, transportation, energy, communication or social sectors. Investments generally have structure features

Permanent University Fund Investment Policy Statement (continued)

that include a monopolistic or oligopolistic market position with high barriers to entry; a low elasticity of demand due to their essential functions; stable, predictable, and long-term revenue contracts; or inflation protection through inflation adjustment mechanisms in underlying contracts. Some Infrastructure investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Real Estate – Real Estate investments may be public, made principally in companies that are part of the MSCI US REIT ~~(RMZ)~~Gross Total Return (RMSG) Index and that own or manage equity or debt interests in portfolios of real estate. Public Real Estate investments generally trade in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Real Estate investments may also be private. Private Real Estate investments may have transfer restrictions and may not be as liquid as publicly-traded securities. Real Estate investments may be made by purchasing or selling: physical real estate; privately issued securities such as interests in private limited partnerships, joint ventures or other special purpose vehicles (which in each case could result in a controlling or minority ownership interest in a real estate focused company); common or preferred stocks; depositary receipts; exchange traded funds; secured or subordinated debt; mortgage-related investments; real estate investment trusts (“REITs”) or any other instrument commonly used by institutional investors and derivatives based on any of the foregoing. Real Estate investments are often classified by strategy including: core, core-plus, value-added, opportunistic and special situations.

Strategic Partnerships:

Strategic Partnerships are multi-asset investment portfolios designed to generate investment returns through a combination of security selection and tactical asset allocation. Strategic Partnerships may invest long or short in equities, fixed income, commodities, currencies, funds, and other global market instruments, including derivatives. Strategies utilized by Strategic Partnerships may involve the use of leverage to enhance the portfolio’s risk-adjusted returns.

Innovation and Disruption:

The Innovation and Disruption portfolio comprises investments in emerging asset types or industries that are innovative or disruptive. Innovation and Disruption investments have the potential to become large and institutional markets over time. This portfolio provides a nimble and timely means to identify and invest in these opportunities with the primary objectives of developing a deeper understanding of the assets and benefitting from the returns earned by early movers. To manage the risk of this portfolio, UTIMCO will develop and maintain portfolio guidelines that determine the investment selection process and limit the maximum size of the portfolio and the maximum size of individual investments. Over time, UTIMCO will assess if these investments should become larger and

Permanent University Fund Investment Policy Statement (continued)

more permanent elements of funds managed by UTIMCO, either as part of an existing or a newly defined Asset Class.

All mandates will be categorized at inception and on an ongoing basis by Asset Class.

Performance Measurement

The investment performance of the PUF will be measured by the PUF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board and compared against the stated Policy Benchmarks of the PUF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices weighted to reflect PUF's Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

Investment Guidelines

The PUF must be invested at all times in strict compliance with applicable law.

Investment guidelines include the following:

General

- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief Investment Officer prior to investment of PUF assets in such investments.
- No securities may be purchased or held which would jeopardize the PUF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.

Permanent University Fund Investment Policy Statement (continued)

- The PUF's investments in warrants shall not exceed more than 5% of the PUF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The PUF may utilize derivatives only in accordance with the Derivative Investment Policy. The aggregate prorated annual premium of Derivative Investments utilized to reduce exposure to an Asset Class or hedge against risk shall not exceed 75 basis points of PUF value.

Investment Grade and Credit-Related Fixed Income

Not more than 5% of the market value of fixed income securities may be invested in corporate and municipal bonds of a single issuer.

Public Real Estate, and Public Equity

- Not more than 25% of the market value of equity securities may be invested in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at cost.
- Not more than 5% of the market value of equity securities may be invested in the securities of one corporation at cost.

Stable Value

- Not more than 7.5% of the market value of equity and fixed income securities taken together may be invested in one corporation at cost.

PUF Distributions

The PUF shall balance the needs and interests of present beneficiaries with those of the future. PUF spending policy objectives shall be to:

- provide a predictable, stable stream of distributions over time;
- ensure that the inflation adjusted value of distributions is maintained over the long term; and
- ensure that the inflation adjusted value of PUF assets after distributions is maintained over rolling 10-year periods.

The goal is for the PUF's average spending rate over time not to exceed the PUF's average annual investment return after inflation and expenses in order to preserve the purchasing power of PUF distributions and underlying assets.

Annually, the Board of Regents will approve a distribution amount to the AUF pursuant to Regents' Rule 80303, Section 2.2.

Permanent University Fund Investment Policy Statement (continued)

Following approval of the distribution amount, distributions from the PUF to the AUF will be made at the discretion of UTIMCO management in consultation with the U. T. System Office of Finance and The Texas A&M University System Office of Treasury Services.

PUF Accounting

The fiscal year of the PUF shall begin on September 1st and end on August 31st. Market value of the PUF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles (“GAAP”), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO’s Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be “other than temporarily impaired” as defined by GAAP shall be written off and reported to UTIMCO’s Chief Investment Officer and the UTIMCO Board when material. The PUF’s financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

Valuation of Assets

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all PUF net assets. Valuation of PUF assets shall be based on the books and records of the custodian for the valuation date. The final determination of PUF net assets for a month end close shall normally be completed within seven business days but determination may be longer under certain circumstances. ~~Valuation of alternative assets shall be determined in accordance with the UTIMCO Valuation Criteria for Alternative Assets as approved by the UTIMCO Board and then in effect.~~

The fair market value of the PUF’s net assets shall include all related receivables and payables of the PUF on the valuation. Such valuation shall be final and conclusive.

Compliance

Compliance with this Policy will be monitored by UTIMCO’s Chief Compliance Officer. UTIMCO’s Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO’s compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO’s Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO’s Chief Executive Officer and approved by the Chairman of the UTIMCO Board with timelines for bringing the non-compliant activity within this Policy.

Securities Lending

Permanent University Fund Investment Policy Statement (continued)

The PUF may participate in a securities lending contract with a bank or nonbank security lending agent for purposes of realizing additional income. Loans of securities by the PUF shall be collateralized by cash, letters of credit or securities issued or guaranteed by the U.S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate.

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the lending agent shall be reviewed by UTIMCO staff to ensure compliance with contract provisions.

Investor Responsibility

As a shareholder, the PUF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the PUF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the PUF solely in the interest of the U. T. System and the A&M System, in compliance with the Proxy Voting Policy then in effect, and shall not invest the PUF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

The Board of Regents reserves the right to amend this Policy Statement as it deems necessary or advisable.

Effective Date

The effective date of this Policy shall be September 1, ~~2021~~2022.

**EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2024²**

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾⁽³⁾	Max v Target ⁽¹⁾	Benchmark
Global Equity:				
Developed Public Equity	-5.0%	23.6%	+5.0%	MSCI World Index with Net Dividends
Emerging Markets Public Equity	-5.0%	7.0%	+5.0%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	-5.0%	30.6%	+5.0%	
Directional Hedge Funds	-5.0%	6.5% 5.0%	+5.0%	HFRI Fund of Funds Composite
Private Equity ⁽³⁾	14.2% 15.0%	24.2% 25.0%	34.2% 35.0%	Blended Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	-7.0%	64.3% 60.6%	+7.0%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	4.5% 0.0%	+5.0%	Bloomberg Global Aggregate Index - Hedged
Long Treasuries	-5.0%	2.2% 4.4%	+5.0%	Bloomberg US Treasury Long Index
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index
<i>Total Fixed Income</i>	-5.0%	6.7% 4.4%	+5.0%	
Cash	-5.0%	1.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	9.2% 10.0%	+5.0%	HFRI Fund of Funds Conservative
Total Stable Value	-10.0%	46.9% 15.4%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	2.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	-5.0%	0.0%	+5.0%	
Natural Resources ⁽³⁾	0.0%	4.5% 3.0%	9.5% 8.0%	Cambridge Natural Resources
Infrastructure ⁽³⁾	0.0%	3.0% 5.0%	8.0% 10.0%	Cambridge Infrastructure
Real Estate ⁽³⁾	2.3% 4.0%	7.3% 9.0%	12.3% 14.0%	Blended MSCI US REIT Gross Total Return Index (RMSG) and Cambridge Total Real Estate
Total Real Return	-6.0%	46.8% 19.0%	+6.0%	
Strategic Partnerships	-5.0%	5.0%	+5.0%	Blended Bloomberg Global Aggregate Index - Hedged, Bloomberg US Treasury Long Index, MSCI US with Net Dividends, MSCI World Index with Net Dividends, and MSCI Emerging Markets Index with Net Dividends, and HFRI Macro
Innovation & Disruption	0.0%	0.0%	5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
Total All Asset Classes		100.0%		

The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.

POLICY/TARGET RETURN/RISKS ⁽²⁾	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	3.22% 3.43%
Expected 10-Year Annual Real Return (Policy Portfolio Total)	4.57% 4.78%
One Year Downside Volatility	9.35% 9.62%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) When preceded by a "-" or "+", in relation to the Asset Class Target with the exception of Cash, "Min" will not be below zero

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

(3) The Adjusted Target weight of each of Private Equity, Real Estate, Natural Resources and Infrastructure, will be set each month as the average ending actual weight of the combined PUF and GEF from the prior month. Any difference in the calculated Private Equity, Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using other asset classes with 80% Developed Public Equity and 20% to blend of Total Fixed Income components.

**THE UNIVERSITY OF TEXAS SYSTEM
GENERAL ENDOWMENT FUND
INVESTMENT POLICY STATEMENT**

Purpose

The General Endowment Fund (the "GEF"), established by the Board of Regents of The University of Texas System (the "Board of Regents") March 1, 2001, is a pooled fund for the collective investment of certain long-term funds under the control and management of the Board of Regents. The GEF provides for greater diversification of investments than would be possible if each account were managed separately.

GEF Organization

The GEF functions like a mutual fund in which each eligible fund purchases and redeems GEF units as provided herein. The ownership of GEF assets shall at all times be vested in the Board of Regents. Such assets shall be deemed to be held by the Board of Regents, as a fiduciary, regardless of the name in which the assets may be registered.

GEF Management

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Section 51.0031(c) of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the GEF.

Ultimate fiduciary responsibility for the GEF rests with the Board of Regents. Section 66.08, *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

General Endowment Fund Investment Policy Statement (continued)

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company (“UTIMCO”), the GEF shall be managed by UTIMCO, which shall a) recommend investment policy for the GEF, b) recommend specific Asset Class allocation targets, ranges, and performance benchmarks consistent with GEF objectives, and c) monitor GEF performance against GEF objectives. UTIMCO shall invest the GEF assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

UTIMCO may select and terminate unaffiliated investment managers subject to the Delegation of Authority Policy approved by the UTIMCO Board. Managers shall be monitored for performance and adherence to investment disciplines.

GEF Administration

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized so as to provide for responsible separation of duties and adequacy of an audit trail. Custody of GEF assets shall comply with applicable law and be structured so as to provide essential safekeeping and trading efficiency.

Funds Eligible to Purchase GEF Units

No fund shall be eligible to purchase units of the GEF unless it is under the sole control, with full discretion as to investments, of the Board of Regents.

Any fund whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the GEF.

Currently, the Long Term Fund (the “LTF”) and the Permanent Health Fund (the “PHF”) purchase units in the GEF.

GEF Investment Objectives

The GEF and the PUF are managed similarly for efficient investment purposes. The primary investment objective of the GEF shall be to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses.

Investments must be prudently diversified, and within the approved Policy Downside Volatility Bounds, as defined in Exhibit A, and measured at least monthly by UTIMCO’s risk model. Liquidity of the GEF will be governed by the Liquidity Policy, overseen by the [Investment](#) Risk Committee of the UTIMCO Board.

General Endowment Fund Investment Policy Statement (continued)

GEF return, Asset Class allocations, and downside volatility targets are subject to adjustment from time to time by the Board of Regents.

Asset Class Allocation and Policy

Asset Class allocation is the primary determinant of the volatility of investment return and, subject to the Asset Class allocation ranges specified in Exhibit A, is the responsibility of UTIMCO. UTIMCO is responsible for measuring actual Asset Class allocation at least monthly (incorporating the impact of derivative positions covered under the Derivative Investment Policy), and for reporting the actual portfolio Asset Class allocation to the UTIMCO Board and the Board of Regents at least quarterly. While specific Asset Class allocation positions may be changed within the ranges specified in Exhibit A based on the economic and investment outlook from time to time, the range limits cannot be intentionally breached without prior approval of the Board of Regents.

In the event that actual portfolio positions in Asset Classes or the Portfolio Projected Downside Volatility move outside the ranges indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will immediately report this situation to the UTIMCO Board Chairman and take steps to rebalance portfolio positions back within the policy ranges in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the GEF asset values could warrant requesting approval of the UTIMCO Board Chairman to waive immediate remedial action.

Portable alpha strategies are permitted within and across regimes and generally involve the use of leverage. Each Asset Class may include investments that collectively target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.

Within the general investment regimes of Global Equity, Stable Value, and Real Return, GEF assets shall be allocated among the following broad Asset Classes based upon their individual return/risk characteristics and relationships to other Asset Classes:

Global Equity:

Developed Public Equity – Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (including the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment.

General Endowment Fund Investment Policy Statement (continued)

Developed Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).

Emerging Markets Public Equity – Emerging Markets Public Equity invests primarily in the equity securities of companies that are domiciled in (i) the emerging countries that are part of the MSCI Emerging Markets Index or (ii) countries that have yet to reach MSCI Emerging Markets Index qualification status. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Emerging Markets Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).

Directional Hedge Funds – Directional Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Directional Hedge Funds exhibit some market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, distressed and stressed credit and global macro.

Private Equity – Private Equity investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in controlling or minority ownership interests in private or publicly-traded companies. These investments are acquired by purchasing publicly-traded or privately-issued common and preferred stocks, convertible securities, warrants, rights, options or debt obligations of private or publicly-traded companies. Private Equity investments often have transfer restrictions and are not as liquid as publicly-traded securities. Private Equity investments are often classified by strategy including: buyouts, venture capital and private credit.

Stable Value:

Investment Grade Fixed Income – Investment Grade Fixed Income represents ownership of fixed income instruments across all maturities, U.S. and non-U.S., that are rated investment grade. These include debt issued by the Sovereign Governments, various government enterprises and agencies, and corporations. The principal securities include bonds, notes, bills and mortgage and asset-backed securities. In addition, derivative applications that serve as a fixed income substitute may be classified as Investment Grade Fixed Income.

Long Treasuries – Long Treasuries represents ownership of fixed income instruments across long-dated maturities issued by the U.S. government. The principal securities may include bonds, notes and bills. In addition, derivative

General Endowment Fund Investment Policy Statement (continued)

applications that serve as a fixed income substitute may be classified as Long Treasuries.

Credit-Related Fixed Income – Credit-Related Fixed Income represents ownership of fixed income instruments across all maturities, including real and nominal, U.S. and non-U.S., that are rated below investment grade.

Stable Value Hedge Funds – Stable Value Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Stable Value Hedge Fund investments exhibit little to no market sensitivity, as defined by beta to Developed Public Equity, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, trend following, senior secured lending and global macro.

Cash – Cash has the same meaning as given to the term “Cash” in the Liquidity Policy and includes, for example, cash in any currencies and other overnight funds that have not been allocated to a specific asset class.

Real Return:

Inflation Linked Bonds – Inflation Linked Bonds include fixed income investments issued by both U.S. and Non-U.S. Governments where the principal value of the bond has been indexed to some rate of inflation, as well as derivatives referencing Inflation Linked Bonds or directly linked to inflation rates, including but not limited to inflation swaps. Inflation Linked Bonds are intended to provide some degree of inflation protection .

Commodities – Commodities investments represent ownership of fungible goods such as metals, grains, foods and energy products or any other investment defined by regulators as a commodity. These investments can be made through actual physical ownership of the goods, or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

Natural Resources – Natural Resources investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in a controlling or minority ownership interest in a company involved in the production of natural resources including, but not limited to: energy, precious metals, metals, minerals, agriculture, livestock, and timber. Some Natural Resource investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Infrastructure – Infrastructure investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in ownership of companies or assets that provide an essential service that contributes to the economic or social productivity of an organization, community,

General Endowment Fund Investment Policy Statement (continued)

or society at large with real assets in the water, transportation, energy, communication or social sectors. Investments generally have structure features that include a monopolistic or oligopolistic market position with high barriers to entry; a low elasticity of demand due to their essential functions; stable, predictable, and long-term revenue contracts; or inflation protection through inflation adjustment mechanisms in underlying contracts. Some Infrastructure investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Real Estate – Real Estate investments may be public, made principally in companies that are part of the MSCI US REIT ~~(RMZ)~~Gross Total Return (RMSG) Index and that own or manage equity or debt interests in portfolios of real estate. Public Real Estate investments generally trade in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Real Estate investments may also be private. Private Real Estate investments may have transfer restrictions and may not be as liquid as publicly-traded securities. Real Estate investments may be made by purchasing or selling: physical real estate; privately issued securities such as interests in private limited partnerships, joint ventures or other special purpose vehicles (which in each case could result in a controlling or minority ownership interest in a real estate focused company); common or preferred stocks; depositary receipts; exchange traded funds; secured or subordinated debt; mortgage-related investments; real estate investment trusts (“REITs”) or any other instrument commonly used by institutional investors and derivatives based on any of the foregoing. Real Estate investments are often classified by strategy including: core, core-plus, value-added, opportunistic and special situations.

Strategic Partnerships:

Strategic Partnerships are multi-asset investment portfolios designed to generate investment returns through a combination of security selection and tactical asset allocation. Strategic Partnerships may invest long or short in equities, fixed income, commodities, currencies, funds, and other global market instruments, including derivatives. Strategies utilized by Strategic Partnerships may involve the use of leverage to enhance the portfolio’s risk-adjusted returns.

Innovation and Disruption:

The Innovation and Disruption portfolio comprises investments in emerging asset types or industries that are innovative or disruptive. Innovation and Disruption investments have the potential to become large and institutional markets over time. This portfolio provides a nimble and timely means to identify and invest in these opportunities with the primary objectives of developing a deeper understanding of the assets and benefitting from the returns earned by early movers. To manage the risk of this portfolio, UTIMCO will develop and maintain portfolio guidelines that determine the investment selection process and limit the

General Endowment Fund Investment Policy Statement (continued)

maximum size of the portfolio and the maximum size of individual investments. Over time, UTIMCO will assess if these investments should become larger and more permanent elements of funds managed by UTIMCO, either as part of an existing or a newly defined Asset Class.

All mandates will be categorized at inception and on an ongoing basis by Asset Class.

Performance Measurement

The investment performance of the GEF will be measured by the GEF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated Policy Benchmarks of the GEF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices weighted to reflect GEF's Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

Investment Guidelines

The GEF must be invested at all times in strict compliance with applicable law.

Investment guidelines include the following:

General

- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief Investment Officer prior to investment of GEF assets in such investments.
- No securities may be purchased or held which would jeopardize the GEF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.

General Endowment Fund Investment Policy Statement (continued)

- The GEF's investments in warrants shall not exceed more than 5% of the GEF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The GEF may utilize derivatives only in accordance with the Derivative Investment Policy. The aggregate prorated annual premium of Derivative Investments utilized to reduce exposure to an Asset Class or hedge against risk shall not exceed 75 basis points of GEF value.

Investment Grade and Credit-Related Fixed Income

Not more than 5% of the market value of fixed income securities may be invested in corporate and municipal bonds of a single issuer.

Public Real Estate, and Public Equity

- Not more than 25% of the market value of equity securities may be invested in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at cost.
- Not more than 5% of the market value of equity securities may be invested in the securities of one corporation at cost.

Stable Value

- Not more than 7.5% of the market value of equity and fixed income securities taken together may be invested in one corporation at cost.

GEF Accounting

The fiscal year of the GEF shall begin on September 1st and end on August 31st. Market value of the GEF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles ("GAAP"), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO's Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be "other than temporarily impaired" as defined by GAAP shall be written off and reported to UTIMCO's Chief Investment Officer and the UTIMCO Board when material. The GEF's financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

Valuation of Assets

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all GEF net assets and the net asset value per unit of the GEF. Valuation of GEF assets shall be based on the books and records of the custodian for the valuation date. The final determination of GEF net assets for a month

UTIMCO [09/04/202409/01/2022](#)

General Endowment Fund Investment Policy Statement (continued)

end close shall normally be completed within seven business days but determination may be longer under certain circumstances. ~~Valuation of alternative assets shall be determined in accordance with the UTIMCO Valuation Criteria for Alternative Assets as approved by the UTIMCO Board and then in effect.~~

The fair market value of the GEF's net assets shall include all related receivables and payables of the GEF on the valuation date and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

Compliance

Compliance with this Policy will be monitored by UTIMCO's Chief Compliance Officer. UTIMCO's Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO's compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO's Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO's Chief Executive Officer and approved by the Chairman of the UTIMCO Board with timelines for bringing the non-compliant activity within this Policy.

Purchase of GEF Units

Purchase of GEF units may be made on any quarterly purchase date (September 1, December 1, March 1, and June 1 of each fiscal year or the first business day subsequent thereto) upon payment of cash to the GEF or contribution of assets approved by UTIMCO's Chief Investment Officer, at the net asset value per unit of the GEF as of the most recent quarterly valuation date. Each fund whose monies are invested in the GEF shall own an undivided interest in the GEF in the proportion that the number of units invested therein bears to the total number of all units comprising the GEF.

Redemption of GEF Units

Redemption of GEF units shall be paid in cash as soon as practicable after the quarterly valuation date of the GEF. Withdrawals from the GEF shall be at the market value price per unit determined at the time of the withdrawal.

Securities Lending

The GEF may participate in a securities lending contract with a bank or nonbank security lending agent for purposes of realizing additional income. Loans of securities by the GEF shall be collateralized by cash, letters of credit, or securities issued or guaranteed by the U.S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate.

General Endowment Fund Investment Policy Statement (continued)

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the lending agent shall be reviewed by UTIMCO staff to ensure compliance with contract provisions.

Investor Responsibility

As a shareholder, the GEF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the GEF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the GEF solely in the interest of GEF unit holders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the GEF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

The Board of Regents reserves the right to amend this Policy Statement as it deems necessary or advisable.

Effective Date

The effective date of this Policy shall be September 1, ~~2021~~2022.

**EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2024²**

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾⁽³⁾	Max v Target ⁽¹⁾	Benchmark
Global Equity:				
Developed Public Equity	-5.0%	23.6%	+5.0%	MSCI World Index with Net Dividends
Emerging Markets Public Equity	-5.0%	7.0%	+5.0%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	-5.0%	30.6%	+5.0%	
Directional Hedge Funds	-5.0%	6.5% 5.0%	+5.0%	HFRI Fund of Funds Composite
Private Equity ⁽³⁾	14.2% 15.0%	24.2% 25.0%	34.2% 35.0%	Blended Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	-7.0%	64.3% 60.6%	+7.0%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	4.5% 0.0%	+5.0%	Bloomberg Global Aggregate Index - Hedged
Long Treasuries	-5.0%	2.2% 4.4%	+5.0%	Bloomberg US Treasury Long Index
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index
<i>Total Fixed Income</i>	-5.0%	6.7% 4.4%	+5.0%	
Cash	-5.0%	1.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	9.2% 10.0%	+5.0%	HFRI Fund of Funds Conservative
Total Stable Value	-10.0%	46.9% 15.4%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	2.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	-5.0%	0.0%	+5.0%	
Natural Resources ⁽³⁾	0.0%	4.5% 3.0%	9.5% 8.0%	Cambridge Natural Resources
Infrastructure ⁽³⁾	0.0%	3.0% 5.0%	8.0% 10.0%	Cambridge Infrastructure
Real Estate ⁽³⁾	2.3% 4.0%	7.3% 9.0%	12.3% 14.0%	Blended MSCI US REIT Gross Total Return Index (RMSG) and Cambridge Total Real Estate
Total Real Return	-6.0%	46.8% 19.0%	+6.0%	
Strategic Partnerships	-5.0%	5.0%	+5.0%	Blended Bloomberg Global Aggregate Index - Hedged, Bloomberg US Treasury Long Index, MSCI US with Net Dividends, MSCI World Index with Net Dividends, and MSCI Emerging Markets Index with Net Dividends, and HFRI Macro
Innovation & Disruption	0.0%	0.0%	5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
Total All Asset Classes		100.0%		

The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.

POLICY/TARGET RETURN/RISKS ⁽²⁾	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	3.22% 3.43%
Expected 10-Year Annual Real Return (Policy Portfolio Total)	4.57% 4.78%
One Year Downside Volatility	9.35% 9.62%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) When preceded by a "-" or "+", in relation to the Asset Class Target with the exception of Cash, "Min" will not be below zero

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

(3) The Adjusted Target weight of each of Private Equity, Real Estate, Natural Resources and Infrastructure, will be set each month as the average ending actual weight of the combined PUF and GEF from the prior month. Any difference in the calculated Private Equity, Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using other asset classes with 80% Developed Public Equity and 20% to blend of Total Fixed Income components.

**THE UNIVERSITY OF TEXAS SYSTEM
INTERMEDIATE TERM FUND
INVESTMENT POLICY STATEMENT**

Purpose

The University of Texas System Intermediate Term Fund (the “ITF”) was established by the Board of Regents of The University of Texas System (the “Board of Regents”) as a pooled fund for the collective investment of operating funds and other intermediate and long-term funds held by U. T. System institutions and U. T. System Administration.

ITF Organization

The ITF functions as a mutual fund in which each eligible account purchases and redeems ITF units as provided herein. The ownership of ITF assets shall at all times be vested in the Board of Regents. Such assets shall be deemed to be held by the Board of Regents, as a fiduciary, regardless of the name in which the assets may be registered.

ITF Management

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the “PUF”) in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Section 51.0031(c) of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the ITF.

Ultimate fiduciary responsibility for the ITF rests with the Board of Regents. Section 66.08, *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company (“UTIMCO”), the ITF shall be managed by UTIMCO, which shall a) recommend investment policy for the ITF, b) recommend specific Asset Class allocation targets, ranges, and performance benchmarks consistent with ITF objectives, and c) monitor ITF performance against ITF objectives. UTIMCO shall invest the ITF assets in

Intermediate Term Fund Investment Policy Statement (continued)

conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

UTIMCO may select and terminate unaffiliated investment managers subject to the Delegation of Authority Policy approved by the UTIMCO Board. Managers shall be monitored for performance and adherence to investment disciplines.

ITF Administration

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized so as to provide for responsible separation of duties and adequacy of an audit trail. Custody of ITF assets shall comply with applicable law and be structured so as to provide essential safekeeping and trading efficiency.

Funds Eligible to Purchase ITF Units

No account shall be eligible to purchase units of the ITF unless it is under the sole control, with full discretion as to investments, by the Board of Regents. Any account whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the ITF.

ITF Investment Objectives

The ITF consists of intermediate and long-term funds held by the U. T. System Board of Regents, as a fiduciary, for the benefit of U. T. System institutions, U. T. System Administration, and other affiliated funds. ITF assets are pooled for efficient investment purposes and managed by UTIMCO over the intermediate to longer term.

The primary investment objective of the ITF is to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate.

The secondary investment objective is to preserve the purchasing power of ITF assets by earning a compound annualized return over rolling five-year periods, net of all direct and allocated expenses, of at least inflation as measured by the Consumer Price Index (CPI-U) plus 3% and to generate average annual returns net of all investment-related expenses, in excess of the approved Policy Portfolio over rolling five-year periods. Investment returns are expressed net of all investment-related expenses. Additional expenses include U. T. System administrative fees charged to the fund.

Investments must be prudently diversified, and within the approved Policy Downside Volatility Bounds, as defined in Exhibit A, and measured at least monthly by UTIMCO's risk model. Liquidity of the ITF will be governed by the Liquidity Policy, overseen by the [Investment](#) Risk Committee of the UTIMCO Board.

Intermediate Term Fund Investment Policy Statement (continued)

ITF return, Asset Class allocations, and downside volatility targets are subject to adjustment from time to time by the Board of Regents.

Asset Class Allocation and Policy

Asset Class allocation is the primary determinant of the volatility of investment return and, subject to the Asset Class allocation ranges specified in Exhibit A, is the responsibility of UTIMCO. The Asset Class allocation is designed to accommodate the intermediate investment horizon of the ITF assets with enhanced returns at moderate managed risk levels. UTIMCO is responsible for measuring actual Asset Class allocation at least monthly (incorporating the impact of derivative positions covered under the Derivative Investment Policy), and for reporting the actual portfolio Asset Class allocation to the UTIMCO Board and the Board of Regents at least quarterly. While specific Asset Class allocation positions may be changed within the ranges specified in Exhibit A based on the economic and investment outlook from time to time, the range limits cannot be intentionally breached without prior approval of the Board of Regents.

In the event that actual portfolio positions in Asset Class or the Projected Downside Volatility move outside the ranges indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will immediately report this situation to the UTIMCO Board Chairman and take steps to rebalance portfolio positions back within the policy ranges in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the ITF asset values could warrant requesting approval of the UTIMCO Board Chairman to waive remedial action.

Portable alpha strategies are permitted within and across regimes and generally involve the use of leverage at the underlying strategy level. The ITF will offset that leverage with Cash holdings. Each Asset Class may include investments that collectively target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.

Within the general investment regimes of Global Equity, Stable Value, and Real Return, ITF assets shall be allocated among the following broad Asset Classes based upon their individual return/risk characteristics and relationships to other Asset Classes:

Global Equity:

Developed Public Equity – Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (including

Intermediate Term Fund Investment Policy Statement (continued)

the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Developed Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).

Emerging Markets Public Equity – Emerging Markets Public Equity invests primarily in the equity securities of companies that are domiciled in (i) the emerging countries that are part of the MSCI Emerging Markets Index or (ii) countries that have yet to reach MSCI Emerging Markets Index qualification status. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Emerging Markets Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).

Directional Hedge Funds – Directional Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Directional Hedge Funds exhibit some market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, distressed and stressed credit and global macro.

Stable Value:

Investment Grade Fixed Income – Investment Grade Fixed Income represents ownership of fixed income instruments across all maturities, U.S. and non-U.S., that are rated investment grade. These include debt issued by the Sovereign Governments, various government enterprises and agencies, and corporations. The principal securities include bonds, notes, bills and mortgage and asset-backed securities. In addition, derivative applications that serve as a fixed income substitute may be classified as Investment Grade Fixed Income.

Long Treasuries – Long Treasuries represents ownership of fixed income instruments across long-dated maturities issued by the U.S. government. The principal securities may include bonds, notes and bills. In addition, derivative applications that serve as a fixed income substitute may be classified as Long Treasuries.

Stable Value Hedge Funds – Stable Value Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Stable Value Hedge Fund investments exhibit

Intermediate Term Fund Investment Policy Statement (continued)

little to no market sensitivity, as defined by beta to Developed Public Equity, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, trend following, senior secured lending and global macro.

Cash – Cash has the same meaning as given to the term “Cash” in the Liquidity Policy and includes, for example, cash in any currencies and other overnight funds that have not been allocated to a specific Asset Class.

Real Return:

Inflation Linked Bonds – Inflation Linked Bonds include fixed income investments issued by both U.S. and Non-U.S. Governments where the principal value of the bond has been indexed to some rate of inflation, as well as derivatives referencing Inflation Linked Bonds or directly linked to inflation rates, including but not limited to inflation swaps. Inflation Linked Bonds are intended to provide some degree of inflation protection .

Commodities – Commodities investments represent ownership of fungible goods such as metals, grains, foods and energy products or any other investment defined by regulators as a commodity. These investments can be made through actual physical ownership of the goods, or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

Public Real Estate – Public Real Estate invests principally in companies that are part of the MSCI US REIT ~~(RMZ)~~Gross Total Return Index (RMSG) and that own or manage equity or debt interests in portfolios of real estate or real assets. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Public Real Estate includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).

All mandates will be categorized at inception and on an ongoing basis by Asset Class.

Intermediate Term Fund Investment Policy Statement (continued)

Performance Measurement

The investment performance of the ITF will be measured by the ITF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, compared against the stated Policy Benchmarks of the ITF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices reported by the independent custodian and weighted to reflect ITF's approved Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

Investment Guidelines

The ITF must be invested at all times in strict compliance with applicable law. Investment guidelines include the following:

General

- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief Investment Officer prior to investment of ITF assets in such investments.
- No securities may be purchased or held which would jeopardize the ITF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- The ITF's investments in warrants shall not exceed more than 5% of the ITF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The ITF may utilize derivatives only in accordance with the Derivative Investment Policy. The aggregate prorated annual premium of Derivative Investments utilized to reduce exposure to an Asset Class or hedge against risk shall not exceed 50 basis points of ITF value.

Intermediate Term Fund Investment Policy Statement (continued)

Investment Grade Fixed Income

Not more than 5% of the market value of fixed income securities may be invested in corporate and municipal bonds of a single issuer.

Public Real Estate and Public Equity

- Not more than 25% of the market value of equity securities may be invested in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at cost.
- Not more than 5% of the market value of equity securities may be invested in the securities of one corporation at cost.

Stable Value

- Not more than 7.5% of the market value of equity and fixed income securities taken together may be invested in one corporation at cost.

ITF Accounting

The fiscal year of the ITF shall begin on September 1st and end on August 31st. Market value of the ITF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles (“GAAP”), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO’s Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be “other than temporarily impaired” as defined by GAAP shall be written off and reported to UTIMCO’s Chief Investment Officer and the UTIMCO Board when material. The ITF’s financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

Valuation of ITF Assets

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all ITF net assets and the net asset value per unit of the ITF. The final determination of ITF net assets for a month end close shall normally be completed within seven business days but determination may be longer under certain circumstances. Valuation of ITF assets shall be based on the books and records of the custodian for the valuation date.

The fair market value of the ITF’s net assets shall include all related receivables and payables of the ITF on the valuation date and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

Compliance

Intermediate Term Fund Investment Policy Statement (continued)

Compliance with this Policy will be monitored by UTIMCO's Chief Compliance Officer. UTIMCO's Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO's compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO's Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO's Chief Executive Officer and approved by the Chairman of the UTIMCO Board with timelines for bringing the noncompliant activity within this Policy.

ITF Distributions

The ITF shall provide monthly distributions to the unit holders. The Board of Regents will approve an annual distribution amount. Distributions from the ITF to the unit holders shall be made monthly on the first business day of each month. To calculate the monthly distribution, the distribution rate (% divided by 12) will be multiplied by each unit holder's account, determined as follows:

- Net asset value of each unit holder's account on the last business day of the second prior month;
- Plus value of each unit holder's net purchase/redemption amount on the first business day of the prior month;
- Less the distribution amount paid to each unit holder's account on the first business day of the prior month.

Purchase and Redemption of ITF Units

The ITF participants may purchase units on the first business day of each month upon payment of cash or reinvestment of distributions to the ITF, at the net asset value per unit of the ITF as of the prior month ending valuation date. Such purchase commitments are binding. The ITF participants may redeem ITF units on a monthly basis. The unit redemption shall be paid in cash as soon as practicable after the month end valuation date of the ITF. Redemptions from the ITF shall be at the market price per unit determined at the time of the redemption. Such redemption commitments are binding.

Participants of the ITF are required to provide notification of purchases and redemptions based on specific notification requirements as set forth in The University of Texas System Allocation Policy for Non-Endowment Funds.

Intermediate Term Fund Investment Policy Statement (continued)

Securities Lending

The ITF may participate in a securities lending contract with a bank or non-bank security lending agent for purposes of realizing additional income. Loans of securities by the ITF shall be collateralized by cash, letters of credit, or securities issued or guaranteed by the U.S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate.

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the lending agent shall be reviewed by UTIMCO staff to ensure compliance with contract provisions.

Investor Responsibility

As a shareholder, the ITF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the ITF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the ITF solely in the interest of ITF unitholders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the ITF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

The Board of Regents reserves the right to amend the Investment Policy Statement as it deems necessary or advisable.

Effective Date

The effective date of this Policy shall be September 1, ~~2021~~2022.

**EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2024²**

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾	Max v Target ⁽¹⁾	Benchmark
Global Equity:				
Developed Public Equity	-5.0%	40.0% 11.5%	+5.0%	MSCI World Index with Net Dividends MSCI Emerging Markets Index with Net Dividends
Emerging Markets Public Equity	-5.0%	3.2% 3.5%	+5.0%	
<i>Total Public Equity</i>	-5.0%	44.0% 15.0%	+5.0%	HFRI Fund of Funds Composite
Directional Hedge Funds	-5.0%	38.0% 35.0%	+5.0%	
Total Global Equity	-7.0%	52.0% 50.0%	+7.0%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	16.0% 6.0%	+5.0%	Bloomberg Global Aggregate Index - Hedged Bloomberg US Treasury: Long Index
Long Treasuries	-5.0%	4.0% 7.0%	+5.0%	
<i>Total Fixed Income</i>	-5.0%	20.0% 13.0%	+5.0%	3 month T-bills HFRI Fund of Funds Conservative
Cash	-5.0%	2.0%	+5.0%	
Stable Value Hedge Funds	-5.0%	16.0% 25.0%	+5.0%	
Total Stable Value	-10.0%	38.0% 40.0%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	5.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU) Bloomberg Commodity TRI
Commodities	-5.0%	2.5%	+5.0%	
<i>Total Commodities</i>	-5.0%	2.5%	+5.0%	MSCI US REIT Gross Total Return Index (RMSG)
Public Real Estate	-5.0%	2.5%	+5.0%	
Total Real Return	-6.0%	10.0%	+6.0%	
Total All Asset Classes		100.0%		

The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 100% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.

POLICY/TARGET RETURN/RISKS⁽²⁾	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	0.12% 0.16%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	2.54% 2.73%
One Year Downside Volatility	4.47% 4.56%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) In relation to the Asset Class Target; with the exception of Cash, "Min" will not be below zero

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

**THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT HEALTH FUND
INVESTMENT POLICY STATEMENT**

Purpose

The Permanent Health Fund (the “PHF”), established by the Board of Regents of The University of Texas System (the “Board of Regents”), is a pooled fund for the collective investment of certain permanent funds for health-related institutions of higher education created, effective August 30, 1999, by Chapter 63 of the *Texas Education Code*. The permanent health funds which have assets in the PHF are:

- A. The Permanent Health Fund for Higher Education (the “PHFHE”), the distributions from which are to fund programs that benefit medical research, health education, or treatment programs at 10 health-related institutions of higher education; and
- B. Eight of the thirteen separate Permanent Funds for Health Related Institutions (the “PFHRIs”), the distributions from which are to fund research and other programs at health-related institutions of higher education that benefit public health. The PFHRIs invested in the PHF are:

- U. T. Health Science Center - San Antonio
- U. T. M. D. Anderson Cancer Center
- U. T. Southwestern Medical Center
- U. T. Medical Branch - Galveston
- U. T. Health Science Center - Houston
- U. T. Health Science Center - Tyler
- U. T. El Paso
- Regional Academic Health Center

The PHF provides for greater diversification of investments than would be possible if each account were managed separately.

PHF Organization

The PHF functions like a mutual fund in which each eligible fund purchases and redeems PHF units as provided herein.

Permanent Health Fund Investment Policy Statement (continued)

PHF Management

Chapter 63 of the *Texas Education Code* designates: a) the Board of Regents as the administrator for the PHFHE and b) the governing board of an institution for which a PFHRI fund is established as the administrator for its own PFHRI, or if the governing board so elects, the Comptroller of Public Accounts (State Comptroller). It permits the State Comptroller, in turn, to contract with the governing board of any institution that is eligible to receive a grant under Chapter 63. Pursuant to the foregoing and an Investment Management Services Agreement between the Board of Regents and the State Comptroller, the Board of Regents is the administrator responsible for managing the PHF. Chapter 63 further states that the Board of Regents may manage and invest the PHF in the same manner as the Board of Regents manages and invests other permanent endowments. It also requires that the administrator invest the funds in a manner that preserves the purchasing power of the funds' assets and distributions. It further requires that the administrator make distributions in a manner consistent with the administrator's policies and procedures for making distributions to the beneficiaries of its own endowments in the case of the PHFHE or the funds themselves in the case of the PFHRI funds.

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Chapter 63 of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the PHF.

Ultimate fiduciary responsibility for the PHF rests with the Board of Regents. Section 66.08, *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company ("UTIMCO"), the PHF shall be managed by UTIMCO which shall: a) recommend investment policy for the PHF; b) recommend specific Asset Class allocation targets, ranges, and performance benchmarks consistent with PHF objectives; and c) monitor PHF performance against PHF objectives. UTIMCO shall invest the PHF assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset

Permanent Health Fund Investment Policy Statement (continued)

Class allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

PHF Administration

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized so as to provide for responsible separation of duties and adequacy of an audit trail. Custody of PHF assets shall comply with applicable law and be structured so as to provide essential safekeeping and trading efficiency.

Funds Eligible to Purchase PHF Units

No fund shall be eligible to purchase units of the PHF unless it is a permanent health fund established pursuant to Chapter 63 of the *Texas Education Code*, under the control, with full discretion as to investments, of the Board of Regents.

Any fund whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the PHF.

PHF Investment Objectives

The primary investment objective shall be to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses. Additional expenses include U. T. System administrative fees charged to the fund. The PHF's success in meeting its objectives depends upon its ability to generate high returns in periods of low inflation that will offset lower returns generated in years when the capital markets underperform the rate of inflation.

Asset Allocation and Policy

PHF assets shall be allocated among the following investments:

- A. Cash and Cash Equivalents - Cash and Cash Equivalents has the same meaning as given to the term "Cash" in the Liquidity Policy.
- B. U. T. System General Endowment Fund (GEF) - See Exhibit B for the current GEF allocation, which is subject to changes by the Board of Regents. Upon any change to the GEF asset allocation, Exhibit B shall be revised accordingly.

In the event that actual Cash and Cash Equivalents positions move outside the range indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will immediately report this situation to the UTIMCO Board Chairman

Permanent Health Fund Investment Policy Statement (continued)

and take steps to rebalance the Cash and Cash Equivalents positions back within the policy range in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the PHF asset values could warrant requesting approval of the UTIMCO Board Chairman to waive immediate remedial action.

Performance Measurement

The investment performance of the PHF will be measured by the PHF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated Policy Benchmarks of the PHF, as indicated in Exhibits A and B (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

Investment Guidelines

The PHF must be invested at all times in strict compliance with applicable law. Investment guidelines for the U. T. System GEF shall be as stated in the GEF Investment Policy Statement.

PHF Distributions

The PHF shall balance the needs and interests of present beneficiaries with those of the future. PHF spending policy objectives shall be to:

- A. provide a predictable, stable stream of distributions over time;
- B. ensure that the inflation adjusted value of distributions is maintained over the long term; and
- C. ensure that the inflation adjusted value of PHF assets after distributions is maintained over the long term.

The goal is for the PHF's average spending rate over time not to exceed the PHF's average annual investment return after inflation and expense ratio in order to preserve the purchasing power of PHF distributions and underlying assets.

The Board of Regents will designate a per unit distribution amount annually.

Distributions from the PHF to the unit holders shall be made quarterly as soon as practicable on or after the last business day of November, February, May, and August of each fiscal year.

Permanent Health Fund Investment Policy Statement (continued)

PHF Accounting

The fiscal year of the PHF shall begin on September 1st and end on August 31st. Market value of the PHF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles (“GAAP”), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO’s Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be “other than temporarily impaired” as defined by GAAP shall be written off and reported to UTIMCO’s Chief Investment Officer and the UTIMCO Board when material. The PHF’s financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

Valuation of Assets

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all PHF net assets and the net asset value per unit of the PHF. Valuation of PHF assets shall be based on the books and records of the custodian for the valuation date. The final determination of PHF net assets for a month end close shall normally be completed within eight business days but determination may be longer under certain circumstances.

The fair market value of the PHF’s net assets shall include all related receivables and payables of the PHF on the valuation date and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

Compliance

Compliance with this Policy will be monitored by UTIMCO’s Chief Compliance Officer. UTIMCO’s Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO’s compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO’s Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO’s Chief Executive Officer and approved by the Chairman of the UTIMCO Board with timelines for bringing the non-compliant activity within this Policy.

Permanent Health Fund Investment Policy Statement (continued)

Purchase of PHF Units

Purchase of PHF units may be made on any quarterly purchase date (September 1, December 1, March 1, and June 1 of each fiscal year or the first business day subsequent thereto) upon payment of cash to the PHF or contribution of assets approved by UTIMCO's Chief Investment Officer, at the net asset value per unit of the PHF as of the most recent quarterly valuation date.

Each fund whose monies are invested in the PHF shall own an undivided interest in the PHF in the proportion that the number of units invested therein bears to the total number of all units comprising the PHF.

Redemption of PHF Units

Redemption of PHF units shall be paid in cash as soon as practicable after the quarterly valuation date of the PHF. If the withdrawal is greater than \$10 million, advance notice of 60 business days shall be required prior to the quarterly valuation date. If the withdrawal is for less than \$10 million, advance notice of five business days shall be required prior to the quarterly valuation date. If the aggregate amount of redemptions requested on any redemption date is equal to or greater than 5% of the PHF's net asset value, the Board of Regents may redeem the requested units in installments and on a pro rata basis over a reasonable period of time that takes into consideration the time frame to liquidate illiquid investments and the best interests of all PHF unit holders. Withdrawals from the PHF shall be at the market value price per unit determined for the period of the withdrawal.

Investor Responsibility

As a shareholder, the PHF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the PHF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the PHF solely in the interest of PHF unit holders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the PHF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

The Board of Regents reserves the right to amend the Investment Policy Statement as it deems necessary or advisable.

Effective Date

The effective date of this Policy shall be September 1, ~~2021~~2022.

Permanent Health Fund Investment Policy Statement (continued)

EXHIBIT A

PHF ASSET ALLOCATION

**POLICY TARGETS, RANGES AND PERFORMANCE OBJECTIVES
EFFECTIVE DATE SEPTEMBER 1, 2008**

	Neutral Allocation	Range	Benchmark Return
GEF Commingled Fund	100.0%	95% - 100%	Endowment Policy Portfolio
Cash and Cash Equivalents	0.0%	-1% - 5%	90 day T-Bills
Unencumbered Cash			
Temporary Cash Imbalance*			
Net non-trading receivable			

The endowment policy portfolio is the sum of the neutrally weighted benchmark returns for the GEF.

*3 trading days or less

**EXHIBIT B - GENERAL ENDOWMENT FUND
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2024²**

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾⁽³⁾	Max v Target ⁽¹⁾	Benchmark
Global Equity:				
Developed Public Equity	-5.0%	23.6%	+5.0%	MSCI World Index with Net Dividends
Emerging Markets Public Equity	-5.0%	7.0%	+5.0%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	-5.0%	30.6%	+5.0%	
Directional Hedge Funds	-5.0%	6.5% 5.0%	+5.0%	HFRI Fund of Funds Composite
Private Equity ⁽³⁾	14.2% 15.0%	24.2% 25.0%	34.2% 35.0%	Blended Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	-7.0%	61.3% 60.6%	+7.0%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	4.5% 0.0%	+5.0%	Bloomberg Global Aggregate Index - Hedged
Long Treasuries	-5.0%	2.2% 4.4%	+5.0%	Bloomberg US Treasury Long Index
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index
<i>Total Fixed Income</i>	-5.0%	6.7% 4.4%	+5.0%	
Cash	-5.0%	1.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	9.2% 10.0%	+5.0%	HFRI Fund of Funds Conservative
Total Stable Value	-10.0%	16.9% 15.4%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	2.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	-5.0%	0.0%	+5.0%	
Natural Resources ⁽³⁾	0.0%	4.5% 3.0%	9.5% 8.0%	Cambridge Natural Resources
Infrastructure ⁽³⁾	0.0%	3.0% 5.0%	8.0% 10.0%	Cambridge Infrastructure
Real Estate ⁽³⁾	2.3% 4.0%	7.3% 9.0%	12.3% 14.0%	Blended MSCI US REIT Gross Total Return Index (RMSG) and Cambridge Total Real Estate
Total Real Return	-6.0%	16.8% 19.0%	+6.0%	
Strategic Partnerships	-5.0%	5.0%	+5.0%	Blended Bloomberg Global Aggregate Index - Hedged, Bloomberg US Treasury Long Index, MSCI US with Net Dividends , MSCI World Index with Net Dividends, and MSCI Emerging Markets Index with Net Dividends, and HFRI Macro
Innovation & Disruption	0.0%	0.0%	5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
Total All Asset Classes		100.0%		

The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.

POLICY/TARGET RETURN/RISKS ⁽²⁾	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	3.22% 3.43%
Expected 10-Year Annual Real Return (Policy Portfolio Total)	4.57% 4.78%
One Year Downside Volatility	9.35% 9.62%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) When preceded by a "-" or "+", in relation to the Asset Class Target, with the exception of Cash, "Min" will not be below zero

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

(3) The Adjusted Target weight of each of Private Equity, Real Estate, Natural Resources and Infrastructure, will be set each month as the average ending actual weight of the combined PUF and GEF from the prior month. Any difference in the calculated Private Equity, Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using other asset classes with 80% Developed Public Equity and 20% to blend of Total Fixed Income components.

**THE UNIVERSITY OF TEXAS SYSTEM
LONG TERM FUND
INVESTMENT POLICY STATEMENT**

Purpose

The Long Term Fund (the "LTF"), succeeded the Common Trust Fund in February 1995, and was established by the Board of Regents of The University of Texas System (the "Board of Regents") as a pooled fund for the collective investment of private endowments and other long-term funds supporting various programs of The University of Texas System. The LTF provides for greater diversification of investments than would be possible if each account were managed separately.

LTF Organization

The LTF functions like a mutual fund in which each eligible account purchases and redeems LTF units as provided herein. The ownership of LTF assets shall at all times be vested in the Board of Regents. Such assets shall be deemed to be held by the Board of Regents, as a fiduciary, regardless of the name in which the assets may be registered.

LTF Management

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Section 51.0031(c) of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the LTF.

Ultimate fiduciary responsibility for the LTF rests with the Board of Regents. Section 66.08, *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management

Long Term Fund Investment Policy Statement (continued)

Company (“UTIMCO”), the LTF shall be managed by UTIMCO, which shall a) recommend investment policy for the LTF, b) recommend specific Asset Class allocation targets, ranges, and performance benchmarks consistent with LTF objectives, and c) monitor LTF performance against LTF objectives. UTIMCO shall invest the LTF assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

LTF Administration

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized so as to provide for responsible separation of duties and adequacy of an audit trail. Custody of LTF assets shall comply with applicable law and be structured so as to provide essential safekeeping and trading efficiency.

Funds Eligible to Purchase LTF Units

No account shall be eligible to purchase units of the LTF unless it is under the sole control, with full discretion as to investments, of the Board of Regents.

Any account whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the LTF.

LTF Investment Objectives

The primary investment objective shall be to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses. Additional expenses include U. T. System administrative fees charged to the fund. The LTF’s success in meeting its objectives depends upon its ability to generate high returns in periods of low inflation that will offset lower returns generated in years when the capital markets underperform the rate of inflation.

Asset Allocation and Policy

LTF assets shall be allocated among the following investments.

- A. Cash and Cash Equivalents – Cash and Cash Equivalents has the same meaning as given to the term “Cash” in the Liquidity Policy.
- B. U. T. System General Endowment Fund (GEF) - See Exhibit B for the current GEF allocation, which is subject to changes by the Board of

Long Term Fund Investment Policy Statement (continued)

Regents. Upon any change to the GEF asset allocation, Exhibit B shall be revised accordingly.

In the event that actual Cash and Cash Equivalents positions move outside the range indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will immediately report this situation to the UTIMCO Board Chairman and take steps to rebalance Cash and Cash Equivalents positions back within the policy range in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the LTF asset values could warrant requesting approval of the UTIMCO Board Chairman to waive immediate remedial action.

Performance Measurement

The investment performance of the LTF will be measured by the LTF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated Policy Benchmarks of the PHF, as indicated in Exhibits A and B (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

Investment Guidelines

The LTF must be invested at all times in strict compliance with applicable law. Investment guidelines for the U. T. System GEF shall be as stated in the GEF Investment Policy Statement.

LTF Distributions

The LTF shall balance the needs and interests of present beneficiaries with those of the future. LTF spending policy objectives shall be to:

- A. provide a predictable, stable stream of distributions over time;
- B. ensure that the inflation adjusted value of distributions is maintained over the long term; and
- C. ensure that the inflation adjusted value of LTF assets after distributions is maintained over the long term.

The goal is for the LTF's average spending rate over time not to exceed the LTF's average annual investment return after inflation and expense ratio in order to preserve the purchasing power of LTF distributions and underlying assets.

Long Term Fund Investment Policy Statement (continued)

Generally, pursuant to the Uniform Prudent Management of Institutional Funds Act, Chapter 163, *Texas Property Code*, as amended, (“Act”), subject to the intent of a donor in a gift instrument, the Board of Regents may appropriate for expenditure or accumulate so much of the LTF as it determines is prudent for the uses, benefits, purposes, and duration for which the LTF is established. Notwithstanding the preceding sentence, the Board of Regents may not appropriate for expenditure in any year an amount greater than nine percent (9%) of the LTF, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made.

The Board of Regents will annually approve a per unit distribution amount.

Distributions from the LTF to the unit holders shall be made quarterly as soon as practicable on or after the last business day of November, February, May, and August of each fiscal year.

LTF Accounting

The fiscal year of the LTF shall begin on September 1st and end on August 31st. Market value of the LTF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles (“GAAP”), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO’s Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be “other than temporarily impaired” as defined by GAAP shall be written off and reported to UTIMCO’s Chief Investment Officer and the UTIMCO Board when material. The LTF’s financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

Valuation of Assets

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all LTF net assets and the net asset value per unit of the LTF. Valuation of LTF assets shall be based on the books and records of the custodian for the valuation date. The final determination of LTF net assets for a month end close shall normally be completed within eight business days but determination may be longer under certain circumstances.

The fair market value of the LTF’s net assets shall include all related receivables and payables of the LTF on the valuation date and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

Long Term Fund Investment Policy Statement (continued)

Compliance

Compliance with this Policy will be monitored by UTIMCO's Chief Compliance Officer. UTIMCO's Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO's compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO's Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO's Chief Executive Officer and approved by the Chairman of the UTIMCO Board with timelines for bringing the non-compliant activity within this Policy.

Purchase of LTF Units

Purchase of LTF units may be made on any quarterly purchase date (September 1, December 1, March 1, and June 1 of each fiscal year or the first business day subsequent thereto) upon payment of cash to the LTF or contribution of assets approved by UTIMCO's Chief Investment Officer, at the net asset value per unit of the LTF as of the most recent quarterly valuation date.

Each account whose monies are invested in the LTF shall own an undivided interest in the LTF in the proportion that the number of units invested therein bears to the total number of all units comprising the LTF.

Redemption of LTF Units

Redemption of LTF units shall be paid in cash as soon as practicable after the quarterly valuation date of the LTF. If the withdrawal is greater than \$25 million, advance notice of 60 business days shall be required prior to the quarterly valuation date. If the withdrawal is for less than \$25 million, advance notice of five business days shall be required prior to the quarterly valuation date. If the aggregate amount of redemptions requested on any redemption date is equal to or greater than 5% of the LTF's net asset value, the Board of Regents may redeem the requested units in installments and on a pro rata basis over a reasonable period of time that takes into consideration the time frame to liquidate illiquid investments and the best interests of all LTF unit holders. Withdrawals from the LTF shall be at the market value price per unit determined for the period of the withdrawal except as follows: withdrawals to correct administrative errors shall be calculated at the per unit value at the time the error occurred. To be considered an administrative error, the contribution shall have been invested in the LTF for a period less than or equal to one year determined from the date of the contribution to the LTF. Transfer of units between endowment unit holders shall not be considered redemption of units subject to this provision.

Long Term Fund Investment Policy Statement (continued)

Investor Responsibility

As a shareholder, the LTF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the LTF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the LTF solely in the interest of LTF unit holders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the LTF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

The Board of Regents reserves the right to amend the Investment Policy Statement as it deems necessary or advisable.

Effective Date

The effective date of this Policy shall be September 1, ~~2021~~2022.

Long Term Fund Investment Policy Statement (continued)

EXHIBIT A

LTF ASSET ALLOCATION

**POLICY TARGETS, RANGES AND PERFORMANCE OBJECTIVES
EFFECTIVE DATE SEPTEMBER 1, 2008**

	Neutral Allocation	Range	Benchmark Return
GEF Commingled Fund	100.0%	95% - 100%	Endowment Policy Portfolio
Cash and Cash Equivalents	0.0%	-1% - 5%	90 day T-Bills
Unencumbered Cash			
Temporary Cash Imbalance*			
Net non-trading receivable			

The endowment policy portfolio is the sum of the neutrally weighted benchmark returns for the GEF.

*3 trading days or less

**EXHIBIT B - GENERAL ENDOWMENT FUND
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2024²**

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾⁽³⁾	Max v Target ⁽¹⁾	Benchmark
Global Equity:				
Developed Public Equity	-5.0%	23.6%	+5.0%	MSCI World Index with Net Dividends
Emerging Markets Public Equity	-5.0%	7.0%	+5.0%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	-5.0%	30.6%	+5.0%	
Directional Hedge Funds	-5.0%	6.5% 5.0%	+5.0%	HFRI Fund of Funds Composite
Private Equity ⁽³⁾	14.2% 15.0%	24.2% 25.0%	34.2% 35.0%	Blended Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	-7.0%	61.3% 60.6%	+7.0%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	4.5% 0.0%	+5.0%	Bloomberg Global Aggregate Index - Hedged
Long Treasuries	-5.0%	2.2% 4.4%	+5.0%	Bloomberg US Treasury Long Index
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index
<i>Total Fixed Income</i>	-5.0%	6.7% 4.4%	+5.0%	
Cash	-5.0%	1.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	9.2% 10.0%	+5.0%	HFRI Fund of Funds Conservative
Total Stable Value	-10.0%	16.9% 15.4%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	2.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	-5.0%	0.0%	+5.0%	
Natural Resources ⁽³⁾	0.0%	4.5% 3.0%	9.5% 8.0%	Cambridge Natural Resources
Infrastructure ⁽³⁾	0.0%	3.0% 5.0%	8.0% 10.0%	Cambridge Infrastructure
Real Estate ⁽³⁾	2.3% 4.0%	7.3% 9.0%	12.3% 14.0%	Blended MSCI US REIT Gross Total Return Index (RMSG) and Cambridge Total Real Estate
Total Real Return	-6.0%	16.8% 19.0%	+6.0%	
Strategic Partnerships	-5.0%	5.0%	+5.0%	Blended Bloomberg Global Aggregate Index - Hedged, Bloomberg US Treasury Long Index, MSCI US with Net Dividends , MSCI World Index with Net Dividends, and MSCI Emerging Markets Index with Net Dividends, and HFRI Macro
Innovation & Disruption	0.0%	0.0%	5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
Total All Asset Classes		100.0%		

The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.

POLICY/TARGET RETURN/RISKS ⁽²⁾	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	3.22% 3.43%
Expected 10-Year Annual Real Return (Policy Portfolio Total)	4.57% 4.78%
One Year Downside Volatility	9.35% 9.62%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) When preceded by a "-" or "+", in relation to the Asset Class Target, with the exception of Cash, "Min" will not be below zero

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly

(3) The Adjusted Target weight of each of Private Equity, Real Estate, Natural Resources and Infrastructure, will be set each month as the average ending actual weight of the combined PUF and GEF from the prior month. Any difference in the calculated Private Equity, Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using other asset classes with 80% Developed Public Equity and 20% to blend of Total Fixed Income components.

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

Effective Date of Policy: ~~March 1, 2020~~[TBD]

Date Approved by U. T. System Board of Regents: ~~February 27, 2020~~[TBD]

Date Approved by UTIMCO Board: ~~December 5, 2019~~

[TBD]Supersedes: Liquidity Policy ~~dated August 10, 2018~~effective March 1, 2020

Purpose:

The purpose of this Liquidity Policy is to establish limits on the overall liquidity profile of investments in (1) the Permanent University Fund (PUF) and the General Endowment Fund (GEF), hereinafter collectively referred to as the Endowment Funds and, (2) the Intermediate Term Fund (ITF). For the purposes of this policy, “liquidity” is defined as a measure of the ability of an investment position to be converted into Cash. The established liquidity profile limits will act in conjunction with, but do not supersede, the Investment Policies adopted by the U. T. System Board of Regents.

Objective:

The objective of this Liquidity Policy is to control the element of total risk exposure of the Endowment Funds and the ITF stemming from the uncertainties associated with the ability to convert longer term investments to Cash to meet immediate needs or to change investment strategy, and the potential cost of that conversion.

Scope:

This Liquidity Policy applies to all PUF, GEF, and ITF investments made by The University of Texas/Texas A&M Investment Management Company (UTIMCO), both by internal and by external managers. Policy implementation will be managed at the aggregate UTIMCO level and will not be a responsibility of individual internal or external managers managing a portion of the aggregate assets.

Definition of Liquidity Risk:

“Liquidity risk” is defined as that element of total risk resulting from the uncertainty associated with both the cost and time period necessary to convert existing investment positions to Cash. Liquidity risk also entails obligations relating to the unfunded portions of capital commitments. Liquidity risk can result in lower than expected returns and reduced opportunity to make changes in investment positions to respond to changes in capital market conditions.

Definition of Cash:

Cash is defined as short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value. Holdings may include:

- the existing Dreyfus Institutional Preferred Money Market Fund mandate and any other UTIMCO Board approved SEC Rule 2a-7 money market fund rated AAAM by Standard & Poor’s or the equivalent by a Nationally Recognized Statistical Rating Organization (NRSRO),
- securities of the U.S. Treasury and U.S. Agencies and their instrumentalities with maturities of 397 days or less,
- separately managed accounts with investment guidelines equivalent to, or more stringent than, unaffiliated liquid investment funds rated AAAM by Standard & Poor’s Corporation or the equivalent by a NRSRO,
- the Custodian’s late deposit interest bearing liquid investment fund,
- municipal short term securities,
- commercial paper rated in the two highest quality classes by Moody’s Investor Service, Inc. (P1 or P2) or Standard & Poor’s Corporation (A1 or A2 or the equivalent),
- negotiable certificates of deposit with a bank that is associated with a holding company whose short-term rating meets the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps, and

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

- repurchase agreements and reverse repurchase agreements transacted with a dealer that is approved by UTIMCO and selected by the Federal Reserve as a Primary Dealer in U.S. Treasury securities and rated A-1 or P-1 or the equivalent.

Liquidity Risk Measurement-The Liquidity Profile:

For the purposes of this Liquidity Policy, potential liquidity risk will be monitored by measuring the aggregate liquidity profile of the Endowment Funds and ITF. All individual investments within the Endowment Funds and ITF will be segregated into two categories:

- **Liquid:** Investments that could be converted to Cash within a period of 120 days or less in an orderly market at a discount of 10% or less.
- **Illiquid:** Investments that could be converted to Cash in an orderly market over a period of more than 120 days or in a shorter period of time by accepting a discount of more than 10%.

The UTIMCO Team will report individual investments within the Endowment Funds and ITF categorized as follows:

- **Cash:** Short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value.
- **Liquid (Weekly):** Investments that could be converted to Cash within a period of one day to less than 7 days in an orderly market at a discount of 5% or less.
- **Liquid (Annual):** Investments that could be converted to Cash within a period of one day to less than 365 days in an orderly market at a discount of 10% or less.

The measurements necessary to segregate all existing investments into one of the two categories assume normally functioning capital markets and cash market transactions. In addition, swaps, derivatives, or other ~~third~~ third-party arrangements to alter the status of an investment classified as illiquid may be considered, with the prior approval of the UTIMCO Board or the Investment Risk Committee, in determining the appropriate liquidity category for each investment.

The result of this liquidity risk measurement process will be a liquidity profile for the Endowment Funds and the ITF which indicates the percentage of the total portfolio assets within each liquidity category. This Liquidity Policy defines the acceptable range of percentage of total assets within each liquidity category, specifies when special review or action is required by the UTIMCO Team, when special action is required by the UTIMCO Board or the Investment Risk Committee, and specifies the method of monitoring and presenting actual versus policy liquidity profiles.

Liquidity Policy Profile:

The permitted maximum for **illiquid** investments for each of the Endowment Funds is 70% of the total portfolio for the Endowment Funds. Any **illiquid** investment made that would cause illiquidity to exceed 70% requires prior approval by the Investment Risk Committee after consultation with The University of Texas System Office of Business Affairs.

The permitted maximum for **illiquid** investments for the ITF is 55% of the total portfolio for the ITF. Any **illiquid** investment that would cause illiquidity to exceed 55% requires prior approval by the Investment Risk Committee after consultation with The University of Texas System Office of Business Affairs.

Investment Risk Committee review of new investments above the permitted maximums will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

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

Unfunded Commitments:

As used herein, “unfunded commitments” refers to capital that has been legally committed from an Endowment Fund and has not yet been called but may still be called by the general partner or investment manager. The Maximum Permitted Amount of unfunded commitments for each Endowment Fund is:

	<u>Beg March 1, 2020[TBD]</u>
Unfunded Commitment as a percent of the highest total Net Asset Value of the Endowment Funds over a trailing 24-month period:	30.0%

No new commitments may be made for an Endowment Fund without approval from the [Investment](#) Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such commitment, would exceed the Maximum Permitted Amount.

Documentation and Controls:

Managing Directors responsible for each asset class are responsible for determining the liquidity category for each investment in that asset class as well as the amount of unfunded commitments. The determination of liquidity will include underlying security trading volumes, notice periods, redemption dates, lock-up periods, and “soft” and “hard” gates. These classifications will be reviewed by the Risk Manager and the Chief Compliance Officer, and must receive final approval from the Chief Investment Officer. Classifications and weights within each liquidity category will be updated and reported on a monthly basis. All new investments considered will be categorized by liquidity category, and a statement regarding the effect on overall liquidity and the amount of unfunded commitments for each Endowment Fund of the addition of a new investment must be an element of the due diligence process and will be a part of the recommendation report to the UTIMCO Board.

As additional safeguards, maximum illiquidity levels have been established as indicated above to require review and action by the UTIMCO Board or the [Investment](#) Risk Committee in the event any investment action would cause the actual investment position in illiquid investments to exceed the permitted maximum illiquidity levels, or in the event market actions caused the actual investment position in illiquid investments to exceed the maximum illiquidity levels. In addition, any proposed investment actions which would increase the actual investment position in illiquid investments in any of the PUF, the GEF, or the ITF by 10% or more of the total asset value of such fund would also require review and action by the UTIMCO Board or the [Investment](#) Risk Committee prior to the change. Any actual positions outside the policy ranges will be communicated to the Chief Investment Officer immediately. The Chief Investment Officer will then determine the process to be used to eliminate the exception and report promptly to the UTIMCO Board and the [Investment](#) Risk Committee the circumstances of the deviation from Policy and the remedy to the situation. Furthermore, as indicated above, no new commitments may be made for an Endowment Fund without approval from the [Investment](#) Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such new commitment, would exceed, the Maximum Permitted Amount.

Reporting:

The actual liquidity profiles of the Endowment Funds and the ITF, including a detailed analysis of liquidity by category, and the status of unfunded commitments for each Endowment Fund, and compliance with this Liquidity Policy will be reported to the UTIMCO Board on at least a quarterly basis. Any exception to this Liquidity Policy and actions taken to remedy the exception will be reported promptly.

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

Effective Date of Policy: ~~March 1, 2020~~[TBD]

Date Approved by U. T. System Board of Regents: ~~February 27, 2020~~[TBD]

Date Approved by UTIMCO Board: ~~December 5, 2019~~[TBD]

Supersedes: Derivative Investment Policy ~~approved August 10, 2018~~effective ~~March 1, 2020~~

Purpose:

The purpose of this Derivative Investment Policy (the “Policy”) is to set forth the applications, documentation and limitations for investment in Derivative Investments in the Permanent University Fund (PUF), the General Endowment Fund (GEF), the Intermediate Term Fund (ITF), and the Separately Invested Funds (SIF), hereinafter referred to as the Funds. The Board of Regents approved investment policy guidelines for the Funds allow for investment in Derivative Investments provided that they are in compliance with the Policy. This Policy supplements the Investment Policy Statements for the Funds.

Objective:

The objective of investing in Derivative Investments is to facilitate risk management and provide efficiency in the implementation of various investment strategies for the Funds. Derivative Investments can provide the Funds with more economical means to improve the Funds’ risk/return profile.

Scope:

This Policy applies to all Derivatives Investments in the Funds that are executed by UTIMCO and by external managers operating under an Agency Agreement. This Policy does not apply to external managers operating under limited partnership agreements, offshore corporations, or through other Limited Liability Entities that limit the liability exposure of the Funds’ investments. Derivative policies for external managers are established on a case-by-case basis with each external manager, as described below.

This Policy applies to both Exchange Traded Derivatives and Over the Counter (OTC) Derivatives. This Policy shall not be construed to apply to commingled funds to which UTIMCO does not have full transparency and control of the underlying assets. These commingled investment vehicles are governed by separate investment policy statements.

External Managers:

External managers are selected to manage the Funds’ assets under ~~either~~ an Agency Agreement ~~and~~/or through a Limited Liability Entity. An external manager operating under an Agency Agreement may engage in Derivative Investments only if (i) such manager has been approved to use Derivative Investments by UTIMCO and (ii) the Derivative Investments are consistent with the overall investment objectives of the related account and in compliance with this Policy. The use of Derivative Investments by an external manager operating under an Agency Agreement shall be approved by UTIMCO only for external managers that (i) demonstrate investment expertise in their use, (ii) have appropriate risk management and valuation policies and procedures, (iii) have the legal and investment expertise to limit the downside effects of the proposed derivatives and (iv) effectively monitor and control their use.

While this Policy does not specifically include external managers operating through a Limited Liability Entity, it is noted that selecting and monitoring external managers through a Limited Liability Entity requires a clear understanding of the external managers’ use of Derivative Investments, particularly as it relates to various risk controls and leverage. The permitted uses of Derivative Investments and leverage must be fully documented in the limited liability agreements with these managers.

Definition of Derivatives:

Derivatives are financial instruments whose value is derived, in whole or part, from the value of one or more underlying securities or assets, or index of securities or assets (such as bonds, stocks, commodities, and currencies). For the purposes of this Policy, derivatives shall include Derivative Investments as defined in Exhibit A. If it is unclear whether a particular financial instrument meets the definition of Derivative Investment, the Managing Director - Risk Management and Chief Compliance Officer, in consultation with the Chief Investment Officer (“CIO”) or Deputy Chief Investment Officer (“Deputy CIO”), will determine whether the financial instrument is a Derivative

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

Investment. The CIO or Deputy CIO will report such determinations to the Chairman of the [Investment](#) Risk Committee.

Permitted Derivative Applications:

The primary intent of derivatives should be to hedge risk in portfolios or to implement investment strategies more effectively and at a lower cost than would be possible in the Cash Market.

Permitted Derivative Applications are Derivative Investments used:

- To implement investment strategies in a low cost and efficient manner;
- To alter the Funds' market (systematic) exposure without trading the underlying Cash Market securities through purchases or short sales, or both, of appropriate derivatives;
- To construct portfolios with risk and return characteristics that could not be created with Cash Market securities;
- To hedge and control risks; or
- To facilitate transition trading.

UTIMCO may not enter into any Derivative Investment that is not a Permitted Derivative Application. To the extent a new Derivative Investment recommended by UTIMCO or for the engagement of an external manager operating under an Agency Agreement that has been approved by UTIMCO is a Permitted Derivative Application but is not of the types set forth on Exhibit B, any Director may require a complete review of the new Derivative Investment prior to implementation. Notwithstanding the foregoing, UTIMCO's CIO or Deputy CIO, the Managing Director - Risk Management, or Chief Compliance Officer may determine that presentation and approval of the proposed Derivative Investment at [an Investment](#) Risk Committee meeting is warranted before engaging in the Derivative Investment.

Risk and Investment Policy Controls:

Prior to the implementation of one or more similar Derivative Investments, UTIMCO will model the impact of the derivative on the Funds' projected downside volatility, and exposure to the respective Asset Class to ensure that the Funds remain within the permissible ranges as set forth in the Funds' Investment Policy Statements.

Documentation and Controls:

Prior to the implementation of one or more similar Derivative Investments by UTIMCO, UTIMCO shall document the purpose, valuation method, methods for calculating delta, delta-adjusted exposure, Asset Class exposure, the effect on portfolio leverage (if applicable), risks (including, but not limited to modeling, pricing, liquidity and Counterparty risks), the expected increase or reduction in risk resulting from the Derivative Investments, and the procedures in place to monitor and manage the derivative exposure. For any short exposure, UTIMCO shall also document the basis risk and appropriate stop-loss procedures. UTIMCO shall establish appropriate risk management procedures and the appropriate frequency to monitor the risk of (i) internally managed Derivative Investments and (ii) externally managed accounts operating under Agency Agreements that permit derivatives. Internal control procedures to properly account and value the Funds' exposure to the Derivative Investment shall be fully documented.

Additional Risk Mitigants

Leverage: Leverage is inherent in many Derivative Investments. In Cash Markets, in most cases, the cash outlay is equal to the market exposure acquired. By contrast, Derivative Investments offer the possibility of establishing – for the same cash outlay – substantially larger market exposure. Therefore, risk management and control processes must focus on the total risk assumed in a Derivative Investment. Exhibits A of the Fund's Investment Policy Statements provide a limitation on the amount of uncollateralized derivative exposure that can be utilized by the Funds whereby, the total Asset Class exposure, including the amount of derivatives exposure not collateralized by cash, may not exceed 105% (100% in the ITF) of the Asset Class exposure excluding the amount of derivative exposure not collateralized by cash.

Counterparty Risks: Rigorous Counterparty selection criteria shall be required to minimize Counterparty risk for Over the Counter (OTC) Derivatives. In order to be eligible as a Counterparty to an OTC derivative transaction with

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

the Funds, whether the trade is initiated by UTIMCO, by an external manager under Agency Agreement, or by a Limited Liability Entity where UTIMCO has full transparency and control of the underlying assets, the Counterparty must have a credit rating of at least A- (Standard and Poor's) or A3 (Moody's), unless an exception is approved by the Managing Director - Risk Management and by the CIO or Deputy CIO. All OTC derivatives, with the exception of Derivative Investments where ISDA is not available or the market standard (e.g., Bona Fide Spot Foreign Exchange Transactions, participation notes (P-notes) and low exercise purchase options (LEPOs)), must be subject to established ISDA Netting Agreements and have full documentation of all legal obligations of the Funds. In limited circumstances, the August 2012 DF Protocol Agreement, as published on August 13, 2012 (the "August Protocol Agreement") and the 2002 ISDA Master Agreement with a Schedule (an "ISDA March 2013 DF Protocol Master Agreement"), developed in connection with ISDA's Dodd-Frank Documentation Initiative to implement and comply with the regulatory requirements imposed under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, may be used in place of an ISDA Netting Agreement or on a temporary basis until an ISDA Netting Agreement with the Counterparty has been executed. In the event a Counterparty is downgraded below the minimum credit rating requirement, UTIMCO will take appropriate action to protect the interests of the Funds.

The net market value, net of collateral postings, of all OTC derivatives for any individual Counterparty may not exceed 30bps of the total market value of the Funds.

Risk Management and Compliance:

To ensure compliance with all terms and limitations of this Policy, all internally managed and externally managed Derivative Investments in accounts under Agency Agreements will be marked to market by the Funds' custodian and reviewed periodically, but no less frequently than monthly, for accuracy by the UTIMCO Managing Director - Risk Management. In addition, data from the external risk model will be reviewed for accuracy and completeness by the UTIMCO Managing Director - Risk Management.

Compliance with this Policy will be monitored by the UTIMCO Chief Compliance Officer using data provided by the custodian and the external risk model.

Any instances of noncompliance with this Policy will be reported immediately to the UTIMCO Chief Compliance Officer and to the UTIMCO CIO or Deputy CIO, who will determine the appropriate remedy and report promptly to the Chairs of the [Investment](#) Risk Committee, the Audit & Ethics Committee, and the UTIMCO Board Chairman. The UTIMCO Board Chairman may waive immediate remedial action in appropriate circumstances.

Reporting:

On a quarterly basis, UTIMCO shall provide a comprehensive report to UTIMCO's Board and the [Investment](#) Risk Committee. This report shall include all outstanding Derivative Investments, by type, entered into during the period being reported for both internal managers and external managers operating under Agency Agreements. Asset allocation as provided in the Funds' Investment Policy Statements shall incorporate the impact of uncollateralized derivative exposure associated with Derivative Investments. For risk reporting purposes, the models used to calculate the expected profit or loss in each scenario will include the effect of delta sensitivity and other derivative sensitivity parameters as appropriate. Risk calculations will take into account leverage, correlation, and exposure parameters such as beta for equities and duration for fixed income. The UTIMCO Managing Director - Risk Management will calculate risk attribution - i.e., how much of the overall risk is attributed to each Asset Class, including the full effect on risk of the Derivative Investments in each. The UTIMCO Managing Director - Risk Management will calculate risk attribution for each Derivative Investment.

**The University of Texas/Texas A&M Investment Management Company
Derivative Investment Policy**

**Derivative Investment Policy Exhibit A
Glossary of Terms**

Agency Agreement – A form of legal agreement that typically grants limited investment discretion to an external investment manager to act as the investment agent of the Funds but does not limit the liability of the Funds for actions taken by that agent.

Basket – A group of securities and a weighting scheme, or a proprietary index. Baskets are typically defined to achieve a certain investment goal, within certain limitations. For example, a Basket could replicate an emerging market index, excluding certain companies that UTIMCO is not permitted to hold.

Bona Fide Spot Foreign Exchange Transaction – An agreement, contract or transaction for the purchase or sale of an amount of foreign currency equal to the price of a foreign security with respect to which (i) the security and related foreign currency transactions are executed contemporaneously in order to effect delivery by the relevant securities settlement deadline and (ii) actual delivery of the foreign security and foreign currency occurs by such deadline (such transaction, a “Securities Conversion Transaction”). For Securities Conversion Transactions, the Commodity Futures Trading Commission (CFTC) will consider the relevant foreign exchange spot market settlement deadline to be the same as the securities settlement deadline. A Bona Fide Spot Foreign Exchange Transaction generally settles via actual delivery of the relevant currencies within a few business days; however, settlement may take longer due to differences in international market conditions.

Cash Market - The physical market for a commodity or financial instrument.

Counterparty - The entity with which a Derivative Investment is transacted, and which is not a national or international exchange.

Derivative Investment – A financial instrument whose value is derived, in whole or part, from the value of one or more underlying securities or assets, or index of securities or assets. A Derivative Investment can be either an Exchange Traded Derivative or an Over the Counter (OTC) Derivative. For the purpose of this Policy, Derivative Investments will include:

- All Over the Counter (OTC) Derivatives, with the exception of Bona Fide Spot Foreign Exchange Transactions, mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations.
- As for Exchange Traded Derivatives, the definition will only include Futures Contracts, listed Options, and cleared Swaps; in particular, the definition will not include exchange traded funds (“ETFs”) and depository receipts (“DRs”).

Exchange Traded Derivatives - A Derivative Investment traded on an established national or international exchange. These derivatives “settle” daily in that cash exchanges are made between the exchange and parties to the contracts consistent with the change in price of the instrument. Fulfillment of the contract is guaranteed by the exchange on which the derivatives are traded. Examples include S&P 500 Futures Contracts and Goldman Sachs Commodities Index Futures Contracts.

Forward Contract - A non-standardized contract for the physical or electronic (through a bookkeeping entry) delivery of a commodity or financial instrument at a specified price at some point in the future. The most typical Forward Contract is a forward foreign currency contract, which involves the contemplated exchange of two currencies.

Futures Contract - A standardized contract for either the physical delivery of a commodity or instrument at a specified price at some point in the future, or a financial settlement derived from the change in market price of the commodity or financial instrument during the term of the contract.

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

ISDA Netting Agreement - The International Swaps and Derivatives Association (ISDA) is the global trade association representing participants in the privately negotiated derivatives industry, covering swaps and options across all asset classes. ISDA has produced generally accepted “Master Agreements,” a 1992 Master Agreement and a 2002 Master Agreement, that are used by most counterparties in OTC derivatives. Netting agreements are terms within the applicable Master Agreement that deal with the calculation of exposure for each Counterparty. These netting agreements require that exposures between counterparties will be “netted” so that payables and receivables under all existing derivatives between two Counterparties are offset in determining the net exposure between the two Counterparties.

Limited Liability Entity – A legal entity created to define how assets contributed to the entity by external partners to the agreement will be managed by the manager of the entity. These entities are typically limited liability partnerships, corporations, or other such entities that limit the liability of external investors to the current value of the external investors’ investment in the entity.

Long Exposure to an Asset Class – The Net Asset Value of the Asset Class ~~and Investment Type~~ as defined in the Funds’ Investment Policy Statement.

Option - A derivative that conveys the right but not the obligation to buy or deliver the subject financial instrument at a specified price, at a specified future date.

Over the Counter (OTC) Derivatives - A derivative which results from direct negotiation between two entities, a buyer/seller and a Counterparty. The terms of such derivatives are non-standard and are the result of specific negotiations. Settlement occurs at the negotiated termination date, although the terms may include interim cash payments under certain conditions. Examples include currency swaps and Forward Contracts, interest rate swaps, and collars.

Replicating Derivatives – Derivatives that are intended to replicate the return characteristics of an underlying index or any other Cash Market security.

Swap - A contract whereby the parties agree to exchange cash flows of defined investment assets in amounts and times specified by the contract.

**The University of Texas/Texas A&M Investment Management Company
Derivative Investment Policy**

**Derivative Investment Policy Exhibit B
Delegated Derivative Investments**

Subject to the limitations contained in the Derivative Investment Policy, the UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to enter into the following Derivative Investments:

Delegated Derivative Investments:

1. Replicating Derivatives - Derivative Investments that replicate the return characteristics of a long exposure to an underlying index, Basket or commodity. These investments are generally Futures Contracts and swaps on a passive index, Basket or commodity.
2. Derivative Investments that upon their expiration would not exceed the loss of a similar investment in the cash market equivalent being referred to in the derivative contract. These investments may include swaps whereby the holder of the instrument will forgo potential upside return in exchange for downside protection or receive a multiple of a referenced return should the return of the underlying referenced cash market equivalent be within a certain range and may also include the selling of put options.
3. Derivative Investments that reduce exposure to an Asset Class or hedge against risk, and limit maximum loss to the premium paid for the Derivative Investment, i.e., purchase options. The aggregate prorated annual premium of all Derivative Investments under this provision shall be as set forth in the respective Fund's Investment Policy Statement.
4. Futures Contracts and Forward Contracts on foreign currency if used (i) by an external fixed income manager within its investment guidelines, (ii) for hedging purposes by an external equities manager within its investment guidelines, or (iii) to hedge existing or prospective foreign currency risk or to gain long exposure to a foreign currency by UTIMCO.
5. Derivative Investments used to manage bond duration or hedge equity exposure to countries, sectors or capitalization factors, or individual stock(s) swaps within the portfolio only if subsequent to the investment the portfolio would not be net short to any one of those factors. An example of such a hedge is selling Futures Contracts or call options on a country or sector index, provided the manager is exposed to that country or sector.
6. Derivative Investments used to gain Long Exposure to an Asset Class and limit maximum loss to the premium paid for the Derivative Investment.

The delegated authority set forth above should not be construed to permit UTIMCO to enter into Derivative Investments that are unhedged and have the potential for unlimited loss.

Modeling: Each Delegated Derivative Investment must be such that it can be decomposed into one or more components, and each said component can be modeled using a model such as the CDS valuation model, Black-Scholes model, including modifications for foreign currency ("Quanto"), allowing both normal and log-normal distributions (the Black model), and modifications to handle dividends or other model approved by the Policy Committee.

Leverage: Each Delegated Derivative Investment must be modeled on a fully collateralized basis. During the course of the investment, cash collateral backing a Derivative Investment may be utilized to invest in other investments thereby creating leverage at the Fund level. This is only allowed if within the Funds' Investment Policy Statements.



Investment Policies

Mr. Britt Harris, President and CEO
Mr. Rich Hall, Chief Investment Officer
August 24, 2022



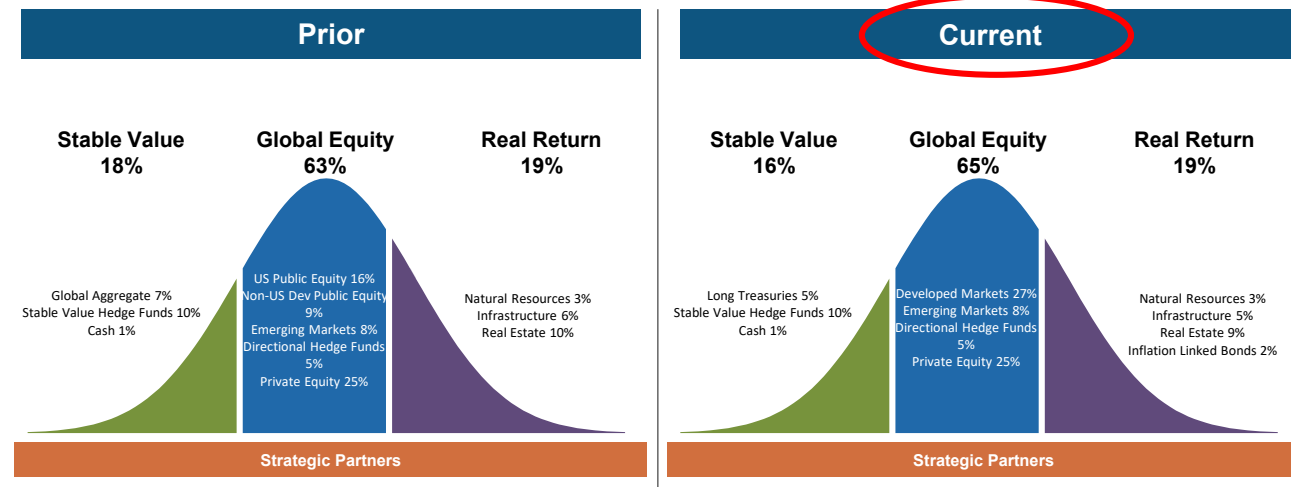
Policy Review

Policies Requiring Board of Regents Approval

- **Investment Policy Statements**
 - Reviewed and approved annually by UTIMCO Board and Board of Regents
 - Continuing transition to Strategic Asset Allocation approved in 2021
- **Investment Management Services Agreement (IMSA)**
 - Clarification to Custodian definition allowing custodian to hold assets other than securities
 - Clarification that third-party indemnification provision applies when UTIMCO acts as Agent for Board of Regents
 - Clarification to Notice provision adding General Counsel as notice recipient
- **Liquidity Policy**
 - Administrative change to a reference to a UTIMCO Board Committee to reflect name change
- **Derivative Investment Policy**
 - Clarification to definition of “Long Exposure to an Asset Class” removes outdated reference to “Investment Type”
 - Clarification that External Managers may involve both an agency agreement and a limited liability entity



Current Endowment Strategic Asset Allocation

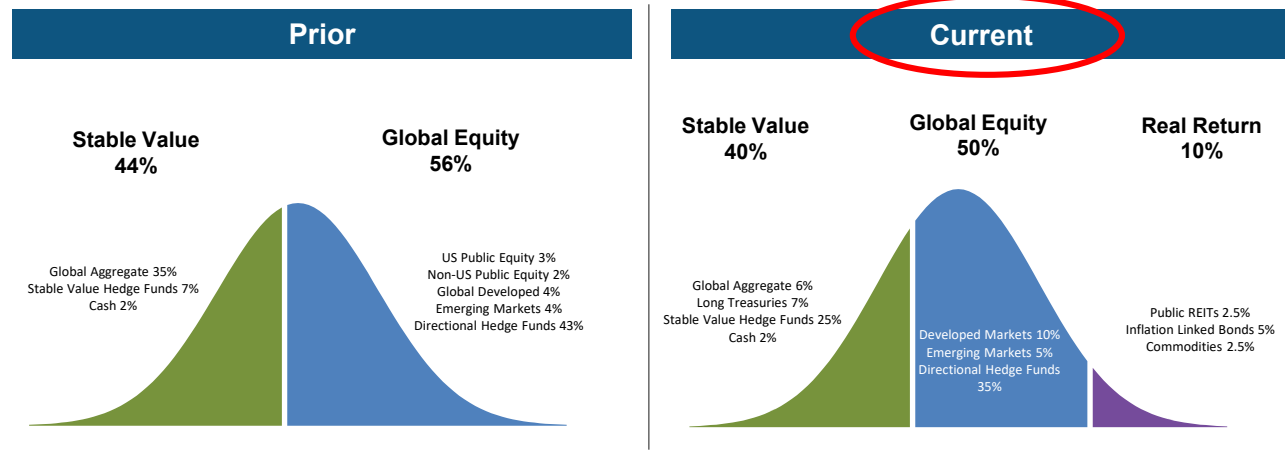


SAA Changes

Asset Class	Benchmark
US Public Equity	Combine to Global Developed,
Non-US Public Equity	benchmarked to MSCI World
Long Treasuries	Bloomberg US Treasury: Long Index
Real Estate	Blended MSCI US REIT Index (RMZ) and Cambridge Total Real Estate



Current ITF Strategic Asset Allocation



SAA Changes

Asset Class	Benchmark
US Public Equity	Combine to Global Developed,
Non-US Public Equity	benchmarked to MSCI World
Long Treasuries	Bloomberg US Treasury: Long Index
Public Real Estate	MSCI US REIT Index (RMZ)
Commodities	Bloomberg Commodity TRI
Inflation Linked Bonds	Bloomberg Global Inflation Linked: US TIPS Index



FY2023 Proposed Targets and Ranges

EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2021²

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾⁽³⁾	Max v Target ⁽¹⁾	Benchmark			
Global Equity:							
Developed Public Equity	-5.0%	23.6%	+5.0%	MSCI World Index with Net Dividends			
Emerging Markets Public Equity	-5.0%	7.0%	+5.0%	MSCI Emerging Markets Index with Net Dividends			
<i>Total Public Equity</i>	-5.0%	30.6%	+5.0%				
Directional Hedge Funds	-5.0%	6.6%	5.0%	HFRI Fund of Funds Composite			
Private Equity ⁽³⁾	14.2%	15.0%	24.2%	25.0%	34.2%	35.0%	Blended Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	-7.0%	61.3%	60.6%	+7.0%			
Stable Value:							
Investment Grade Fixed Income	-5.0%	4.6%	0.0%	+5.0%	Bloomberg Global Aggregate Index - Hedged		
Long Treasuries	-5.0%	2.2%	4.4%	+5.0%	Bloomberg US Treasury Long Index		
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index			
<i>Total Fixed Income</i>	-5.0%	6.7%	4.4%	+5.0%			
Cash	-5.0%	1.0%	+5.0%	3 month T-Bills			
Stable Value Hedge Funds	-5.0%	9.2%	10.0%	+5.0%	HFRI Fund of Funds Conservative		
Total Stable Value	-10.0%	16.6%	15.4%	+6.0%			
Real Return:							
Inflation Linked Bonds	-5.0%	2.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index			
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)			
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI			
<i>Total Commodities</i>	-5.0%	0.0%	+5.0%				
Natural Resources ⁽³⁾	0.0%	4.5%	3.0%	9.5%	8.0%	Cambridge Natural Resources	
Infrastructure ⁽³⁾	0.0%	8.6%	5.0%	8.6%	10.0%	Cambridge Infrastructure	
Real Estate ⁽³⁾	2.3%	4.0%	7.3%	9.0%	12.3%	14.0%	Blended MSCI US REIT Gross Total Return Index (RMSG) and Cambridge Total Real Estate
Total Real Return	-6.0%	16.6%	19.0%	+6.0%			
Strategic Partnerships	-5.0%	5.0%	+5.0%	Blended Bloomberg Global Aggregate Index - Hedged, Bloomberg US Treasury Long Index, MSCI US with Net Dividends, MSCI World Index with Net Dividends, and MSCI Emerging Markets Index with Net Dividends, and HFRI Macro			
Innovation & Disruption	0.0%	0.0%	5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio			
Total All Asset Classes		100.0%					

EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2021²

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾	Max v Target ⁽¹⁾	Benchmark	
Global Equity:					
Developed Public Equity	-5.0%	40.8%	11.5%	+5.0%	MSCI World Index with Net Dividends
Emerging Markets Public Equity	-5.0%	3.2%	3.5%	+5.0%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	-5.0%	14.0%	15.0%	+5.0%	
Directional Hedge Funds	-5.0%	38.0%	35.0%	+5.0%	HFRI Fund of Funds Composite
Total Global Equity	-7.0%	62.0%	50.0%	+7.0%	
Stable Value:					
Investment Grade Fixed Income	-5.0%	16.0%	6.0%	+5.0%	Bloomberg Global Aggregate Index - Hedged
Long Treasuries	-5.0%	4.0%	7.0%	+5.0%	Bloomberg US Treasury Long Index
<i>Total Fixed Income</i>	-5.0%	20.0%	13.0%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	3 month T-bills	
Stable Value Hedge Funds	-5.0%	16.0%	25.0%	+5.0%	HFRI Fund of Funds Conservative
Total Stable Value	-10.0%	38.0%	40.0%	+6.0%	
Real Return:					
Inflation Linked Bonds	-5.0%	5.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index	
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)	
Commodities	-5.0%	2.5%	+5.0%	Bloomberg Commodity TRI	
<i>Total Commodities</i>	-5.0%	2.5%	+5.0%		
Public Real Estate	-5.0%	2.5%	+5.0%	MSCI US REIT Gross Total Return Index (RMSG)	
Total Real Return	-6.0%	10.0%	+6.0%		
Total All Asset Classes		100.0%			

8. **U. T. System Board of Regents: Approval of proposed amendments to the Master Investment Management Services Agreement (IMSA) with The University of Texas/TexasA&M Investment Management Company (UTIMCO)**

RECOMMENDATION

The Chancellor and the Executive Vice Chancellor for Business Affairs concur in the recommendation of The University of Texas/Texas A&M Investment Management Company (UTIMCO) Board of Directors that the U. T. System Board of Regents approve amendments to the Master Investment Management Services Agreement (IMSA) effective August 25, 2022, as set forth on the following pages in congressional style.

BACKGROUND INFORMATION

The proposed amendments were approved by the UTIMCO Board at their meeting on June 10, 2022.

The current IMSA was approved by the U. T. System Board of Regents and made effective February 27, 2019. Proposed amendments to the IMSA include:

- *Definitions*; Clarify that the Custodian may hold assets other than securities
- *Contracts with Third Parties*; Clarify that the limitations on indemnification in third-party contracts apply to UTIMCO as agent and investment manager for the U. T. System Board of Regents
- *Notice*; Provide that notices to UTIMCO should be sent to the attention of the CEO and the General Counsel of UTIMCO

Approved ~~[TBD]February 27, 2019~~

MASTER INVESTMENT MANAGEMENT SERVICES AGREEMENT WITH UTIMCO

This Investment Management Services Agreement (this “Agreement”) by and between the Board of Regents (the “U. T. Board”) of The University of Texas System (the “U. T. System”) and The University of Texas/Texas A&M Investment Management Company (“UTIMCO”), a Texas nonprofit corporation, is effective ~~[TBD]February 27, 2019~~ (the “Effective Date”), and supersedes all earlier agreements by and between the U. T. Board and UTIMCO regarding the subject matter hereof.

RECITALS

WHEREAS, the U. T. Board, pursuant to the Constitution and statutes of the State of Texas, is responsible for the investment of the Permanent University Fund, the local and institutional assets of the U. T. System and the assets of various trusts and foundations for which it serves as trustee, all of which assets are under the control and management of the U. T. Board;

WHEREAS, Section 66.08, *Texas Education Code*, as amended, authorizes the U. T. Board, subject to certain conditions, to enter into a contract with a nonprofit corporation for the corporation to invest assets under the control and management of the U. T. Board, as designated by the U. T. Board;

WHEREAS, UTIMCO has been organized under the laws of the State of Texas, including the Texas Business Organizations Code, for the express purpose of investing assets under the control and management of the U. T. Board, as designated by the U. T. Board, in accordance with the laws of the State of Texas;

WHEREAS, the U. T. Board desires to continue an Agreement with UTIMCO for UTIMCO to invest certain designated assets under the control and management of the U. T. Board;

WHEREAS, UTIMCO desires to enter into this Agreement with the U. T. Board and to invest certain designated assets under the control and management of the U. T. Board; and

WHEREAS, all conditions precedent to the execution and delivery of this Agreement have been fully satisfied and fulfilled, including, without limitations, the conditions established by Section 66.08, *Texas Education Code*, as amended.

NOW THEREFORE, for and in consideration of the premises and the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Approved ~~[TBD]~~ February 27, 2019

AGREEMENT

Section 1. Definitions.

- (a) **Affiliate** shall mean an entity directly or indirectly controlling, controlled by, or under common control with UTIMCO, including an entity with whom UTIMCO has an express or implied agreement regarding the direct or indirect purchase of investments by each from the other.
- (b) **Cash Reserves** shall mean cash on hand plus investments, plus prepaid expenses, less accounts payable, less other liabilities.
- (c) **Claims** shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counter claim, cross action, or impleader) any Indemnified Party and all requests or demands for indemnification made by any third party upon any Indemnified Party, even if groundless, false or fraudulent, so long as the claim, lawsuit, cause of action, other legal action or proceeding, request or demand is alleged or determined, directly or indirectly, to arise out of, result from, relate to or be based upon, in whole or in part, the duties, activities, acts or omissions of any person arising under this Agreement.
- (d) **Custodian** or **Custodians** shall mean a commercial bank, trust company or other entity selected by UTIMCO to hold and safe-keep securities or other assets representing investment assets of any Fund and to perform the other functions listed in Section 5 hereof.
- (e) **Delegated Assets** shall mean those assets under the control and management of the U. T. Board that are invested in the Funds managed by UTIMCO hereunder; pursuant to the corresponding Investment Policies as such assets may be directed for investment by the U. T. Board or its designees from time to time pursuant to its Investment Policies or otherwise. The Delegated Assets may include, without limitation, the following funds or categories of assets:
 - (i) The Permanent University Fund established pursuant to Article VII, Section 11 of the Texas Constitution (the “Permanent University Fund” or “PUF”); provided that, for purposes of this Agreement and the delegation of investment management responsibilities hereunder, the PUF excludes the approximately 2.1 million acres of land located in 19 Texas counties, primarily in West Texas, and constituting a part of the PUF (the “PUF Lands”), as to which the U. T. Board retains complete investment management authority and responsibility;
 - (ii) Any and all funds or assets under the control and management of the U. T. Board as owner, administrator, contractual investment manager, or otherwise, including without limitation endowment funds and operating assets, other than the Permanent University Fund, the Permanent Health Fund and the U. T. Board Trust Accounts (collectively, “U. T. System Funds”);

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- (iii) The assets of charitable remainder trusts, foundations and other separately invested assets for which the U. T. Board serves as trustee on behalf of itself and other co-beneficiaries (“U. T. Board Trust Accounts”);
 - (iv) The permanent assets for health-related institutions established pursuant to Chapter 63, *Texas Education Code*, for which the U. T. Board is an administrator (collectively, the “Permanent Health Fund” or “PHF”);
 - (v) U. T. System Funds or U. T. Board Trust Accounts which, by election of the U. T. Board or by requirement of the trust indenture or donative instrument, are invested separately and apart from other U. T. System Funds and the PUF (collectively, “Separately Invested Funds” or “SIFs”); and
 - (vi) Institutional assets of third-party non-profit charitable foundations or tax-exempt charitable organizations to the extent dedicated to the support of the educational purposes of the U. T. System and under the control and management of the U. T. Board by contract (collectively, “Foundation Funds”).
- (f) **Funds** shall mean the separate investments or pools of assets in which the Delegated Assets are to be invested pursuant to the corresponding Investment Policies, as specified in Schedule A hereto and in the corresponding Investment Policies, each of which may be amended by the U. T. Board from time to time as provided for herein.
- (g) **Indemnified Parties** shall mean UTIMCO and any of its officers, directors, employees and agents.
- (h) **Investment Policies** shall mean the written investment policies determined and approved by the U. T. Board relating to the Funds, and all generally applicable written investment-related policies determined and approved by the U. T. Board that govern the management of investments for some or all Funds, such as the policies regarding asset allocation, and the policies on Derivative Investment, Liquidity, and Error Correction, but excluding internal UTIMCO operational guidelines as to which approval of the U. T. Board is not required, which include the Valuation Criteria for Alternative Assets, Calculating Liquidity Procedure, Soft Dollar Policy and Procedures, Securities Lending Policy, and the Proxy Voting Policy (the Proxy Voting Policy being governed by the provisions of the individual Investment Policies related to proxy voting).
- (i) **Losses** shall mean losses, costs, damages, expenses, judgments and liabilities of whatever nature (including, but not limited to, attorneys’, accountants’ and other professionals’ fees, litigation and court costs and expenses, amounts paid in settlement, amounts paid to discharge judgments and amounts payable by an Indemnified Party to any other person under any arrangement providing for indemnification of that person) directly or indirectly resulting from, arising out of or relating to one or more Claims.
- (j) **Surplus Cash Reserves** shall mean Cash Reserves on the last day of the fiscal year in excess of twenty-five percent (25%) of the upcoming fiscal year’s operating and capital budgets approved by the U. T. Board.

Approved ~~[TBD]~~ February 27, 2019

Section 2. Delegation of Investment Authority; Retention of Policy Setting Authority.

(a) General

The U. T. Board retains ultimate fiduciary responsibility and authority for all matters related to the investment of the Delegated Assets. Pursuant to that responsibility and authority, the U. T. Board hereby appoints UTIMCO as its investment manager with complete authority to act for the Board in the investment of the Funds, subject, however, to such limitations and restrictions as are set forth in the Investment Policies. UTIMCO shall furnish the U. T. Board with continuous investment management services and shall invest and reinvest the assets of the Funds in such ways and at such times as are consistent with the Investment Policies and Section 4 hereof. UTIMCO shall be responsible for overall management of the U. T. Board's investment affairs as set forth in this Agreement and shall manage each Fund as a discretionary account.

(b) Policy Matters

The U. T. Board, as ultimate fiduciary for the Funds, retains policy setting authority. Unless otherwise provided in writing by the U. T. Board, UTIMCO shall look to the Chancellor or Chancellor's designee to provide primary oversight and management concerning relations with the media, legal issues that implicate policies of the U. T. Board other than the Investment Policies, public disclosure of information and intergovernmental relations. Except for the forgoing matters, the UTIMCO Board of Directors and the CEO of UTIMCO shall be responsible for making all decisions necessary to implement the Investment Policies. The CEO of UTIMCO shall confer with the Chancellor or Chancellor's designee on the above-mentioned matters where the Chancellor has primary oversight and management and on other matters that may implicate broader policies of the U. T. Board.

(c) Meetings and Agendas

- (i) The UTIMCO CEO shall consult with the Chairman of the UTIMCO Board and the Chancellor, when the Chancellor is serving as the Vice Chairman for Policy, on the draft agenda for meetings of the UTIMCO Board at least three (3) weeks prior to each regular UTIMCO Board meeting.
- (ii) UTIMCO shall participate in an annual joint meeting of the UTIMCO Board of Directors and the U. T. Board as referenced in Art. III, § 7 of the UTIMCO Bylaws.

Section 3. Description of Investment Management Services.

During the term of this Agreement, UTIMCO shall provide the following services in conjunction with the investment of the Funds:

(a) Investment Policies:

UTIMCO shall review current Investment Policies for each Fund at least annually. Such review shall include long-term investment return expectations and expected risk levels, strategic asset allocation targets and ranges, expected returns for each Asset Class and fund, designated performance benchmarks for each Asset Class and such other matters as the U. T. Board or its staff designees may request. After UTIMCO completes its assessment, it shall forward any recommended changes to U. T. System staff for review and appropriate

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action, following the established schedule for the submission of proposed agenda topics for meetings of the U. T. Board.

(b) Investment Management:

UTIMCO shall oversee the investment management process pursuant to the Investment Policies. Such oversight shall include without limitation the development of an investment outlook based on global economic and capital market forecasts, the rebalancing of allocations to each Asset Class within ranges in response to changes in the investment outlook, and the selection of a combination of portfolio managers to construct portfolios designed to generate the expected returns of each Asset Class.

(c) Investment Performance:

UTIMCO shall monitor and report on investment performance for each of the Funds. With respect to all Funds other than the SIFs, such responsibilities shall include the calculation and evaluation of investment returns for each Asset Class and individual Fund portfolio against approved benchmarks over various periods of time, and the periodic review of performance benchmarks. With respect to all Funds, such responsibilities shall also include the reporting of investment performance of such specific Funds as may be requested by the U. T. Board, and the reporting to regulatory agencies and others regarding investments under management to the extent required by applicable law.

(d) Operations:

UTIMCO shall execute such operational responsibilities as the purchase and sale of investments, the settlement of all trades (to the extent such trades are not settled by the Custodian or brokers), the accounting for all transactions at the portfolio level in accordance with generally accepted accounting principles, the preparation and delivery of periodic financial reports on all Funds, and the maintenance of complete books and records (internally or through contract with the designated Custodian for the assets under management) reflecting transactions and balances of the Funds.

(e) Maintenance of and Access to Books and Records:

UTIMCO shall maintain the books and records for each Fund on the basis of a fiscal year ending August 31st (or such other fiscal year as the U. T. Board may establish from time to time), and shall keep full separate records of all transactions with respect to each Fund.

The books and records of the Funds and any and all records concerning UTIMCO and UTIMCO's operations shall be available during normal business hours for inspection by authorized representatives of U. T. System. UTIMCO shall provide full audit access to any and all information concerning the operations of UTIMCO, including information necessary to review UTIMCO expenditures for compliance with the approved budget, to auditors representing the U. T. Board and/or the State Auditor.

(f) Reporting:

In connection with the annual audited financial statements of UTIMCO, effective with the August 31, 2004 financial statements, UTIMCO shall provide all compliance-related information, reports and certifications, and shall cause the CEO and the chief financial officer of UTIMCO to provide such certifications, as may be specified by the U. T. Board

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and U. T. System compliance policies and procedures adopted or approved by the U. T. Board. UTIMCO will follow the U. T. System compliance guidelines as outlined in *Regents' Rule* 20401 and UTS 119, as it may be amended from time to time, including providing the U. T. Board or its designees with quarterly compliance reports.

(g) Disclosure of Information:

The U. T. Board is committed to a policy of full and fair disclosure to the public. As part of that commitment with respect to private investments in the Funds, UTIMCO shall disclose to the public with respect to such private investments all information required to be disclosed pursuant to Section 552.0225 of the *Texas Government Code* regarding "Right of Access to Investment Information" ("private investment information"). UTIMCO shall make no private investment with an entity unless the U. T. Board and UTIMCO have clear and unequivocal authority to disclose to the public the private investment information, described immediately above, relating to such investment.

Before UTIMCO declines to disclose any information it has collected, assembled or maintained in its role as investment manager for the U. T. Board that is requested under the Texas Public Information Act, the Public Information Coordinator of UTIMCO shall notify the U. T. System Vice Chancellor and General Counsel and solicit his or her input to the process. UTIMCO shall disclose the information unless (i) it is confidential and excepted as provided in Section 552.143 of the *Texas Government Code* regarding "Confidentiality of Certain Investment Information," or (ii) as to any other information, the Vice Chancellor and General Counsel, after consultation with the Chancellor, approves a Public Information Act request to the Attorney General of Texas. In addition, the U. T. Board reserves the right and authority, in its sole discretion, to disclose, or direct the disclosure of, any information at any time, to the extent such disclosure would not result in a violation of applicable law or breach or result in a default under any agreement binding upon UTIMCO or the U. T. Board.

In addition to and not in lieu of the foregoing, UTIMCO will comply with the provisions of Section 12 below regarding confidentiality provisions of contracts with third parties.

(h) Other Services:

UTIMCO shall perform other investment management services, including without limitation:

- (i) attending meetings of the U. T. Board and making such reports as the U. T. Board may request from time to time;
- (ii) rendering services to managers of private equity investments in which UTIMCO has decided to invest;
- (iii) attending meetings of governing bodies of companies in which assets of Funds have been invested pursuant to this Agreement;
- (iv) voting of securities (or proxies with respect thereto) held as investments of the Funds in accordance with the Investment Policies and the UTIMCO Proxy Voting Policy and any other relevant written policies or rules of the U. T. Board;

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- (v) providing U. T. System institutions with annual endowment reports reflecting, among other things, changes in the investment value of such institution's endowment and distributions made to such institution to support the activities for which the endowment was established;
- (vi) providing charitable trust administration services such as portfolio management, annual tax return preparation, annual trust reporting to donors and remittance of quarterly distributions; providing annual reporting of investment transactions and balances and distributing assets to authorized beneficiaries;
- (vii) effecting distributions directly or through the Custodian to U. T. System institutions or other named beneficiaries from the Funds;
- (viii) supporting and maintaining online information systems for endowment funds;
- (ix) providing training and education to members of the UTIMCO Board of Directors as may be determined in consultation with U. T. System staff to assure that all duties required of directors under the Texas Business Organizations Code and that matters related to legal and fiduciary responsibilities of the directors, including current regulations for determining reasonable compensation, are outlined and discussed fully;
- (x) maintaining a log of (1) all agreements or transactions between UTIMCO or a "UTIMCO entity" and a "Director entity" or an "Employee entity", and (2) all investments in the private investments of a business entity in which a "Director" or "Employee" then owns a private investment, or is then co-investing, in the same business entity, provided that all quoted terms above shall have the meanings assigned to them in UTIMCO's Code of Ethics, which annually shall be reviewed by the UTIMCO Board of Directors and reported to the U. T. Board;
- (xi) reporting to the U. T. Board annually on compliance with the UTIMCO Code of Ethics and any recommended changes to the UTIMCO Code of Ethics following review by the UTIMCO Board of Directors; and
- (xii) any other services necessary to provide investment management of the Funds.

Section 4. Investment Manager as Fiduciary.

UTIMCO acknowledges that it acts as a fiduciary in its management of the investments of the Funds pursuant to the Investment Policies and applicable law. The U. T. Board recognizes that all individual investment transactions involve a variety of significant potential risks, including, without limitation, market risk, liquidity risk, credit risk, cash flow risk, operational risk and counterparty risk, although taken as a whole these transactions are also expected to manage risk. The U. T. Board agrees that (i) UTIMCO will not be liable for any losses incurred in the Funds as a result of investments made pursuant to the Investment Policies and applicable law, and (ii) UTIMCO will not be liable for actions of co-fiduciaries. The U. T. Board also acknowledges that UTIMCO shall not be liable for, and, to the fullest extent authorized by the Constitution and laws of the State of Texas, agrees to hold UTIMCO harmless from the consequences of, any action

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taken or omitted to be taken by the U. T. System or any of its employees or agents prior to March 1, 1996.

Section 5. Custody of Assets.

UTIMCO shall select one or more Custodians, each of which shall be approved by the U. T. Board, which shall also enter into or approve each agreement with the Custodian(s).

UTIMCO shall use the Custodian(s) for safekeeping, settlement of security purchases, sales, collection of income and other duties, as may be more fully described in the relevant agreement(s) between the Custodian(s) and the U. T. Board or UTIMCO (as agent of the U. T. Board). In addition, UTIMCO may from time to time use a brokerage firm to settle security sales on behalf of the U. T. Board and may invest in a regulated mutual fund, externally managed commingled funds, or other investments in which assets are held outside of the bank custody relationship. Any physical certificates not held in safekeeping with a Custodian shall be held in safekeeping at a local bank as designated by UTIMCO.

Section 6. Use of Unaffiliated Investment Managers.

UTIMCO shall be entitled to use unaffiliated investment advisors to invest all or part of the Funds and to perform other duties, subject to any restrictions in the relevant Investment Policies.

Section 7. Investment Management Fees; Direct Expenses.

For services performed hereunder, UTIMCO shall be compensated in the amounts and in the manner set forth below:

(a) Annual Budget and Management Fee:

(i) Budget Approval Policy

UTIMCO shall submit to the U. T. Board its proposed annual budget for the following fiscal year (an “Annual Budget”) within the time frame specified by the U. T. Board for other annual budget submissions. The Annual Budget shall include all estimated expenses associated with the management of the Funds. The Annual Budget shall also include an annual UTIMCO management fee (an “Annual UTIMCO Management Fee”) which shall include all reasonable operating expenses associated with the general management of the Funds, including, without limitation, salaries, benefits and performance compensation of portfolio management and support personnel, expenses for consulting services, office space lease expenses, office furniture and equipment expenses, professional, legal, payroll, and other general services expenses, travel, insurance, capital expenditures, and other miscellaneous expenses incurred by UTIMCO in connection with the performance of its obligations hereunder. In addition to its Annual Budget, UTIMCO shall annually submit its capital expenditures budget approved by the UTIMCO Board of Directors to the U. T. Board for approval.

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- (ii) Allocation Formula

At the same time that UTIMCO submits its Annual Budget, it shall also submit to the U. T. Board an allocation formula for charging the Annual Budget to the Funds. Items proposed in the Annual Budget and the allocation formula may be approved, disapproved, or approved with modification by the U. T. Board. Any such Budget item or formula allocation that is disapproved or approved with modification may be promptly reviewed and revised by UTIMCO and resubmitted to the U. T. Board for additional consideration.
 - (iii) Charging of Funds for Management Fee

On or before the first day of each fiscal quarter, UTIMCO shall be entitled to charge each Fund with its allocable share (determined in accordance with the allocation formula then in effect) of one-fourth of the amount of the Annual UTIMCO Management Fee to pay UTIMCO's operating expenses for the succeeding fiscal quarter. UTIMCO may, with the approval of the U. T. Board, revise the Annual UTIMCO Management Fee and allocation formula at any time during a fiscal year. Any statements for partial quarters at the beginning or end of this Agreement shall be prorated to reflect the actual time services were rendered during such partial quarters.
 - (iv) Payment of Third Party Vendors

UTIMCO is hereby authorized to pay from each Fund direct expenses incurred for portfolio management, Custodian, auditing, and other services which are performed by external vendors specifically for each Fund.
- (b) **Cash Reserves:**

Within 90 days after the end of each fiscal year, UTIMCO will distribute back to the Funds which generated the surplus that portion of the Surplus Cash Reserves as may be directed by the U. T. Board, in its sole discretion, from time to time. Such distribution back to the Funds shall be in the same proportion that the Funds contributed to the Cash Reserves.
- (c) **UTIMCO Management Service on Outside Boards:**

Members of UTIMCO management, with the approval of the UTIMCO Board, may serve as directors of companies in which UTIMCO has directly invested Fund assets. In such event, any and all compensation paid to UTIMCO management for their services as directors shall be endorsed over to UTIMCO and considered a part of UTIMCO's fee income and reflected in the Budget. Furthermore, UTIMCO Board approval of UTIMCO management's services as directors of investee companies shall be conditioned upon the extension of UTIMCO's Directors and Officers Insurance Policy coverage to UTIMCO management's services as directors of investee companies.
- (d) **Fees for Services Rendered:**

Members of UTIMCO management may perform services for which UTIMCO receives a fee ("Service Fees") from investment promoters or investee companies in consideration of the UTIMCO staff's private investment activities and/or investment origination activities. Such Service Fees shall be considered additional fee income to UTIMCO. UTIMCO may also receive commitment fees, standby fees and other similar fees ("Capital Fees") accruing

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or inuring to the capital invested on behalf of the Funds managed by UTIMCO. Such Capital Fees shall be credited to the Funds from which such investments are funded.

(e) **Miscellaneous Fees:**

UTIMCO management may perform specialized services for assets that are separately invested for which UTIMCO receives a fee from the Fund. These fees primarily relate to maintenance of computer programs for the SIFs. Such Miscellaneous Fees shall be considered additional fee income to UTIMCO and reflected in the Budget.

Section 8. Brokerage Commissions.

The U. T. Board acknowledges and agrees that the investment management fees provided for in Section 7 are in addition to any compensation that may be due to a broker or dealer in effecting and executing transactions on behalf of UTIMCO. UTIMCO is hereby authorized and empowered, with full discretion, to issue instructions in accordance with the Investment Policies to such unaffiliated brokerage firms as may be selected by UTIMCO for the execution of orders for the purchase, sale, exchange and general investment of the Funds; provided that UTIMCO shall not select a brokerage firm that is an Affiliate of UTIMCO or any of its officers, directors or employees. All orders for Fund transactions shall be placed in such markets and through such brokers as UTIMCO determines will offer the most favorable price, execution and commission cost of each order. The U. T. Board acknowledges and agrees that UTIMCO may, from time to time in accordance with applicable law and UTIMCO's Soft Dollar Policy and Procedures, pay commissions to brokers that are higher than those that might be obtainable elsewhere in order to obtain from such brokers research and other services expected to enhance the long-term value of the Funds.

Section 9. Valuation of Fund Assets.

The valuation of each Fund shall be determined in accordance with the Investment Policies approved by the U. T. Board for such Fund.

Section 10. Representations and Warranties of Parties.

- (a) The U. T. Board represents and warrants that:
- (i) The execution, delivery and performance by the U. T. Board of this Agreement have been duly authorized, and this Agreement constitutes a valid and binding agreement of the U. T. Board.
 - (ii) There is no action, suit or proceeding pending or, to the knowledge of the U. T. Board, threatened against or affecting the U. T. Board or the U. T. System, or relating to this Agreement, in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of the U. T. Board to enter into, and perform its obligations under, this Agreement, or which in any manner questions the validity or enforceability of this Agreement.
 - (iii) The U. T. Board has approved:
 - (A) the Articles of Incorporation and Bylaws of UTIMCO;

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- (B) the Investment Policies;
 - (C) the Audit and Ethics Committee of UTIMCO; and
 - (D) the Code of Ethics of UTIMCO.
- (b) UTIMCO represents and warrants that:
- (i) The execution, delivery and performance by UTIMCO of this Agreement have been duly authorized and this Agreement constitutes a valid and binding agreement of UTIMCO.
 - (ii) There is no action, suit or proceeding pending or, to the knowledge of UTIMCO, threatened against or affecting UTIMCO, or relating to this Agreement in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of UTIMCO to enter into, and to perform its obligations under, this Agreement, or which in any manner questions the validity or enforceability of this Agreement.
- (c) Investment Company Act and State Securities Act:
The parties to this Agreement acknowledge and agree that UTIMCO is not currently required to, and shall not engage in any activities that would require it to, register as an “investment company” under Title 15 *United States Code* Section 80a-8 (the Investment Company Act of 1940), as amended, and Tex. Rev. Civ. Stat. Ann. art. 581-1 *et seq.* (The Securities Act).

Section 11. Compliance with Bylaws, Policies, Regulations and Financial Disclosure Requirements.

In the performance of this Agreement, UTIMCO shall abide by, and cause its directors, officers, and employees to abide by, the following policies:

- (A) UTIMCO Code of Ethics as approved by the U. T. Board;
- (B) UTIMCO Bylaws as approved by the U. T. Board;
- (C) All UTIMCO policies;
- (D) Applicable portions of the U. T. Board’s *Regents’ Rules and Regulations*; and
- (E) All U. T. Board-approved Investment Policies, resolutions, and applicable law.

Financial advisors and service providers as defined in *Texas Government Code* Section 2263.002 shall comply with the disclosure requirements contained in *Texas Government Code* Section 2263.005, in addition to any obligations regarding disclosure of private investment information and the like as contemplated by Section 3(g) of this Agreement.

Section 12. Contracts with Third Parties.

UTIMCO covenants and agrees that each agreement, contract, or understanding it enters into with any third party will comply with all applicable law (including without limitation *Texas Government Code* Sections 2263.002 and 2263.005 as referenced in Section 11 above), and will not contain any term or provision limiting the ability of UTIMCO, the U. T. Board, the U. T. System, or any of its institutions to comply with any provision of applicable law, including without

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limitation any covenant regarding non-disclosure of confidential information or similar subject matter that would purport to limit the ability of UTIMCO or the U. T. Board to comply with any provision of the Texas Public Information Act or other law regarding public disclosure; provided that any contract provision regarding non-disclosure of confidential information must be approved by the Vice Chancellor and General Counsel of the U. T. System or his/her designee.

UTIMCO further covenants and agrees that it will not enter into any contracts as agent and investment manager for the U.T. Board indemnifying or holding harmless any third party to a greater extent than the scope of the indemnification of the Indemnified Parties by the U. T. Board without the prior consent and approval of the Vice Chancellor and General Counsel of the U. T. System.

Section 13. UTIMCO's Open Meeting Policy.

Except as otherwise provided in Section 66.08, *Texas Education Code*, UTIMCO shall comply with all applicable provisions of the Texas Open Meetings Act, Chapter 551 of the *Texas Government Code*.

Section 14. Prohibition Against Service to Other Clients.

In accordance with Section 66.08, *Texas Education Code*, UTIMCO shall not engage in any business other than managing the Funds under this Agreement.

Section 15. Termination.

The U. T. Board may terminate this Agreement at any time by written notice to UTIMCO, effective immediately upon receipt of such notice by UTIMCO, subject to reasonable allowance for settlement of pending trades. UTIMCO may terminate this Agreement upon ninety (90) days' written notice to the U. T. Board. There shall be no penalty for termination; however, UTIMCO shall be entitled to all management fees, compensation, and benefits earned prior to the effective date of termination, subject to UTIMCO's Articles of Incorporation and Bylaws and applicable law.

Section 16. Amendments.

No amendment hereto shall be effective unless executed by duly authorized representatives of each party in the same manner as this Agreement.

Section 17. Notices.

All notices or communications hereunder shall be in writing and shall not be effective until hand delivered, sent by overnight delivery, or sent by United States Certified or Registered Mail, postage prepaid, to the other party at the following addresses which may be changed by notice sent in the manner required by this paragraph:

Approved ~~[TBD]~~ February 27, 2019

To U. T. Board:

Board of Regents of The University of Texas System
Attn: General Counsel to the Board of Regents
210 West Seventh Street
Austin, Texas 78701
Tel. (512) 499-4402
Fax. (512) 499-4425

To UTIMCO:

The University of Texas/Texas A&M Investment Management Company
Attn: CEO of UTIMCO
General Counsel of UTIMCO President, CEO and Chief Investment
Officer
210 West Seventh Street, Suite 1700
Austin, Texas 78701
Tel. (512) 225-1600
Fax. (512) 225-1668

Section 18. Non-Assignability.

This Agreement is personal to the parties hereto, and no assignment of this Agreement by UTIMCO, whether by contract, merger, consolidation, or operation of law, shall be made other than with the prior written consent of the U. T. Board and in compliance with applicable law.

Section 19. No Waiver of Breach.

A waiver of a breach of any provision of this Agreement shall not constitute a waiver of any subsequent breach of that provision or a breach of any provision hereof. Failure of either party to enforce at any time or from time to time any provision of this Agreement shall not be construed as a waiver thereof.

Section 20. Indemnification.

(a) Agreements to Indemnify:

To the fullest extent authorized by the Constitution and laws of the State of Texas, the U. T. Board shall indemnify and hold harmless each of the Indemnified Parties against any and all Losses, including Losses resulting from the negligence of the Indemnified Party claiming indemnification; provided, however, the U. T. Board shall not be obligated to indemnify an Indemnified Party against Losses to the extent such Losses are caused by (i) an act or omission that involves intentional misconduct or a knowing violation of law by the Indemnified Party claiming indemnification, (ii) a transaction from which the Indemnified Party claiming indemnification received an improper benefit, (iii) an act or omission for which the liability of the Indemnified Party claiming indemnification is expressly provided by an applicable statute, or (iv) an act or omission constituting gross negligence by the Indemnified Party claiming indemnification; provided further that

Approved ~~[TBD]~~ February 27, 2019

indemnification payments by the U. T. Board shall be paid from the same sources as the Annual Fee pursuant to Section 7.

(b) Reimbursement:

Each Indemnified Party shall reimburse the U. T. Board for payments made by the U. T. Board pursuant to this Section to the extent of any proceeds, net of all expenses of collection, actually received by it from any insurance with respect to any Loss. At the request and expense of the U. T. Board, each Indemnified Party shall have the duty to claim any such insurance proceeds and such Indemnified Party shall assign its rights to such proceeds, to the extent of such required reimbursement, to the U. T. Board.

(c) Notice:

In case any Claim shall be brought or, to the knowledge of any Indemnified Party, threatened against any Indemnified Party in respect of which indemnity may be sought against the U. T. Board, such Indemnified Party shall promptly notify the U. T. Board in writing; provided, however, that any failure so to notify shall not relieve the U. T. Board of its obligations under this Section.

(d) Defense:

The U. T. Board shall have the right to assume the investigation and defense of all Claims, including the employment of counsel and the payment of all expenses. Each Indemnified Party shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Party unless (i) the employment of such counsel has been specifically authorized by the U. T. Board, in writing, (ii) the U. T. Board has failed to assume the defense and to employ counsel following due notice, or (iii) the named parties to any such action (including any impleaded parties) include both an Indemnified Party and the U. T. Board, and such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the U. T. Board (in which case, if such Indemnified Party notifies the U. T. Board in writing that it elects to employ separate counsel at the U. T. Board's expense, the U. T. Board shall not have the right to assume the defense of the action on behalf of such Indemnified Party; provided, however, that the U. T. Board shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegation or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for the Indemnified Parties, which firm shall be designated in writing by such Indemnified Parties).

(e) Cooperation; Settlement:

Each Indemnified Party shall use reasonable efforts to cooperate with the U. T. Board in the defense of any action or Claim. The U. T. Board shall not be liable for any settlement of any action or Claim without its consent but, if any such action or Claim is settled with the consent of the U. T. Board or there be final judgment for the plaintiff in any such action or with respect to any such Claim, the U. T. Board shall indemnify and hold harmless the Indemnified Parties from and against any Loss by reason of such settlement or judgment as provided in Subsection (a) of this Section.

Approved ~~[TBD]~~ February 27, 2019

(f) Survival; Right to Enforce:

The provisions of this Section shall survive the termination of this Agreement, and the obligations of the U. T. Board hereunder shall apply to Losses or Claims whether asserted prior to or after the termination of this Agreement. In the event of failure by the U. T. Board to observe the covenants, conditions and agreements contained in this Section, any Indemnified Party may take any action at law or in equity to collect amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the U. T. Board under this Section.

Section 21. Claims By and Against Managed Assets.

UTIMCO is authorized and empowered to seek, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands due, payable, or belonging, or that may become due, payable, or belonging to the U. T. Board or any Fund from any person or persons as a result of any investment transaction and to execute any and all necessary or proper receipts, releases, and discharges therefor, and any other instruments as may be necessary or appropriate from time to time relating to the handling, management, control, and disposition of any investment.

The authority granted in this Section does not include the authority to institute litigation on behalf of the U. T. Board, any Fund, or any associated assets, or to settle contested claims or litigation that may result in receipt of less than full value for the claim or the payment of damages or awards. The settlement of any contested claim or litigation for less than full value requires the prior approval of the U. T. System Vice Chancellor and General Counsel and appropriate U. T. System officials, as set out in the Regents' *Rules and Regulations*.

Section 22. Communications.

UTIMCO and the U. T. System will assure that communications are clear and timely. UTIMCO will provide notice of actions taken in meetings of the UTIMCO Board and committees to members of the U. T. Board through the Office of the Board of Regents. U. T. will provide notice of actions taken by the U. T. Board related to UTIMCO issues to members of the UTIMCO Board of Directors through the CEO of UTIMCO.

Section 23. Authority to Purchase, Exchange, and Sell Securities.

UTIMCO may purchase, exchange, and sell, for and on behalf of the Permanent University Fund or the U. T. Board, any and all securities of any description whatever and from any source, including gifts and bequests, registered in the name of the U. T. Board, or in any other form of registration of such securities held for the account of the U. T. Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said U. T. Board. In addition, external investment managers appointed by UTIMCO may purchase, sell, or exchange securities, pursuant to written agreement with UTIMCO.

Approved ~~[TBD]~~ February 27, 2019

Section 24. Authority to Assign and Transfer Securities.

UTIMCO may assign and transfer any and all securities of any description whatever and from any source, including gifts and bequests, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the U. T. Board, or in any other form of registration of such securities held for the account of the U. T. Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said U. T. Board. In addition, Custodian banks appointed by UTIMCO may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the U. T. Board.

Section 25. No Third Party Beneficiaries.

UTIMCO and the U. T. Board each agree that there are no third party beneficiaries of this Agreement.

Section 26. Governing Law.

This Agreement and all matters arising under or related to it shall be governed by the Constitution and laws of the State of Texas. Venue for any action brought by any party hereto concerning the subject matter of this Investment Management Services Agreement shall be in Travis County, Texas.

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

Date: _____

By _____
Chairman

THE UNIVERSITY OF TEXAS/TEXAS A&M
INVESTMENT MANAGEMENT COMPANY

Date: _____

By _____
Chairman

Approved ~~[TBD]~~ February 27, 2019

Schedule A

Funds

This Schedule A setting forth the Funds managed by UTIMCO pursuant to this Agreement as fiduciary on behalf of the U. T. Board, in which the Delegated Assets are to be invested as directed by the U. T. Board pursuant to its Investment Policies, may be amended from time to time by the U. T. Board in consultation with UTIMCO to add or remove Funds, change fund allocations, reflect revisions to the corresponding Investment Policies, or otherwise. The Funds covered under this Agreement as of the Effective Date of this Agreement, and the corresponding Investment Policies, are as follows:

- a. **Permanent University Fund**: The PUF (as defined in Section 1(e)(i)) will be separately invested in accordance with the PUF Investment Policy Statement.
- b. **Permanent Health Fund**: The PHF (as defined in Section 1(e)(iv)) will be separately invested in accordance with the PHF Investment Policy Statement.
- c. **Separately Invested Funds**: The SIFs (as defined in Section 1(e)(v)) will be separately invested in accordance with the SIF Investment Policy Statement.
- d. **Long Term Fund (“LTF”)**: The long-term pooled investment fund previously established by the U. T. Board for the collective investment of all endowment and other long-term funds of institutions of the U. T. System, with investments made in accordance with the LTF Investment Policy Statement.
- e. **General Endowment Fund (“GEF”)**: The pooled fund for the collective investment of long-term funds under the control and management of the U. T. Board. The PUF, PHF, LTF or other long-term funds may invest in the GEF as authorized by the U. T. Board in each Fund’s investment policy statement, and the GEF funds will be invested in accordance with the GEF Investment Policy Statement.
- f. **Short Term Fund (“STF”)**: Selected U. T. System Funds designated from time to time by the U. T. Board or its U. T. System staff designees will be invested in the STF, which is the money market mutual fund or funds approved by UTIMCO from time to time as an investment for U. T. System Funds, in accordance with the STF Investment Policy Statement.
- g. **Intermediate Term Fund (“ITF”)**: The ITF was established by the U. T. Board as a pooled fund for the collective investment of operating assets and other intermediate and long-term assets held by U. T. System institutions and U. T. System administration. The ITF will be invested in accordance with the ITF Investment Policy Statement.
- h. **Debt Proceeds Fund (“DPF”)**: The DPF was established in February 2011 to permit debt proceeds held by the U. T. System to earn a higher investment return, while maintaining adequate protection of principal and liquidity, until the proceeds are expended for various capital projects across the U. T. System institutions.

9. U. T. System Board of Regents: Approval of the Annual Budget for Fiscal Year 2023, including the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas/Texas A&M Investment Management Company (UTIMCO)

RECOMMENDATION

The Chancellor and the Executive Vice Chancellor for Business Affairs concur in the recommendation of The University of Texas/Texas A&M Investment Management Company (UTIMCO) Board of Directors that the U. T. System Board of Regents approve the proposed Annual Budget for the year ending August 31, 2023, as set forth below, which includes the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule as set forth following the proposed budget.

BACKGROUND INFORMATION

The proposed Total Budgeted Costs consist of \$67.9 million (12.0% increase over FY 2022 budget) for UTIMCO services and \$8.4 million (4.6% increase from FY 2022 budget) for Fund Direct Costs (external non-investment manager services such as custodial, legal, audit, and consulting services). These Total Budgeted Costs represent only a portion of total investment costs as they exclude external manager fees. The proposed Total Budgeted Costs were approved by the UTIMCO Board on June 10, 2022.

The 12.0% increase in UTIMCO services is due primarily to the increase in headcount, promotions, market adjustments, and routine raises.

The proposed capital expenditures budget is \$645,000.

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

There are no reserves available for distribution back to the U. T. Funds.

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



FY 2023 Budget

Mr. Britt Harris, CEO and President
Mr. Rich Hall, Chief Investment Officer
Ms. Joan Moeller, Chief Operations Officer
U. T. System Board of Regents Meeting
Finance and Planning Committee
August 2022

Strategic Plan, Budget & Compensation Frameworks



Strategic Plan

- Manage to five-year strategic plan, which forecasts Assets Under Management (AUM), required staffing and budget
- Updated and reviewed at least annually by UTIMCO Board of Directors

Budget

- Budget and staffing follows strategic plan if AUM is in line with forecast
- Budget and staffing are revised if AUM is below projections (e.g. paused hiring, senior promotions, and raises for FY21 due to the impacts of the COVID pandemic)
- Current budget equates to 11 basis points of AUM, which is 40% below peer average

Compensation

- Personnel costs are ~70% of UTIMCO's budget
- UTIMCO's compensation framework is designed to attract and retain talented professionals in a nationally competitive market
- Base salaries targeted at market median and total compensation potential at 75th percentile when outstanding performance is achieved, based on independent Mercer compensation study
- Performance is measured over three-year periods to ensure a long-term investment mindset
- Portion of total performance award is deferred: deferral amount increases with seniority
- Most awards are completely deferred during periods of negative absolute returns, regardless of alpha



FY23 Summary Budget vs. Strategic Plan

	FY 2023			FY 2023 Proposed Budget v FY23 Projected in Original 2019 Strategic Plan	
	Proposed Budget	% of Total Budget	Projected in Original 2019 Strategic Plan	\$	%
UTIMCO Personnel Costs:					
Salaries (1)	23,484,680	31%	24,252,130	(767,450)	-3.2%
Performance Compensation (1)	21,617,598	28%	22,588,370	(970,772)	-4.3%
Benefits & Taxes (2)	7,575,060	10%	5,674,998	1,900,062	33.5%
Total UTIMCO Personnel Costs	\$ 52,677,338	69%	\$ 52,515,498	\$ 161,840	0.3%
Other UTIMCO Costs:					
Data & Subscriptions (3)	4,654,544	6%	3,900,711	753,833	19.3%
Travel	1,172,500	2%	1,446,436	(273,936)	-18.9%
Lease (4)	3,310,667	4%	2,850,000	460,667	16.2%
Depreciation (4)	2,000,000	3%	1,600,000	400,000	25.0%
Other Costs (5)	4,115,815	5%	2,161,089	1,954,726	90.5%
Total Other UTIMCO Costs:	\$ 15,253,526	20%	\$ 11,958,237	\$ 3,295,289	27.6%
Total UTIMCO Services Costs:	\$ 67,930,864	89%	\$ 64,473,735	\$ 3,457,129	5.4%
Bps of AUM	9.99		10.51		
Direct Fund Costs:					
Custodian Fees	4,934,000	6%	5,989,500	(1,055,500)	-17.6%
Other (6)	3,494,764	5%	3,376,019	118,745	3.5%
Total Direct Fund Costs	\$ 8,428,764	11%	\$ 9,365,519	\$ (936,755)	-10.0%
Grand Total UTIMCO Budget:	\$ 76,359,628		\$ 73,839,255	\$ 2,520,373	3.4%
Bps of AUM	11.23		12.04		
AUM projected (\$ billion)	\$68		\$61		
UTIMCO Headcount	132		130		

Proposed budget of \$76.4 million is **aligned with strategic plan**

Total cost at 11bps of AUM is in line with strategic plan and **40% below peers (average of 18bps)**

Due to strong returns, AUM of **\$68 billion is well ahead of the projected AUM that was expected in 2019**

NOTES:

- (1) FY23 Budgeted Salaries are 3.2% lower and Performance Compensation is 4.3% lower than the Original 2019 Strategic Plan.
- (2) FY23 Budgeted Benefits and Taxes are 33.5% higher compared to the Original 2019 Strategic Plan primarily because of the addition of the IRS excise taxes of 21% over \$1M in individual compensation (\$1.3M). Employee development costs are also higher as a result of the leadership development and learning institute programs (\$300k).
- (3) FY23 Budgeted Data & Subscriptions are 19.3% higher than the Original 2019 Strategic Plan primarily because of the shift in FY22 to subscription-based information technology arrangements.
- (4) FY23 Budgeted Lease and Depreciation costs are higher than the Original 2019 Strategic Plan because they include the 2020 lease expansion and remodel costs.
- (5) Other Costs include: Hiring, Recruiting & Relocation (\$1.1mil), Consulting Services for IT (\$1.2mil), IT Service Agreements (\$311k), Professional Services & Corporate Insurance (\$715k)
- (6) Other Direct Costs include: Risk Measurement (\$840k), Fund Auditors (\$822k), Legal Fees (\$876k), Tax Consultants (\$230k), Background Searches (\$234k), Performance Attribution Costs-MSCI (\$141k), Consultants (\$321k)

Note: Detail on FY 2023 Budget vs. FY 2022 budget and the 2019 Five-year Strategic Plan has been provided in the appendix



Annual Fee and Allocation Schedule

**UTIMCO Management Fee and Direct Budgeted Investment Expenses
Annual Fee and Allocation Schedule
For the fiscal year ending August 31, 2023**

<u>Proposed Budget</u>	<u>Fund Name</u>						Separate Funds	Debt Proceeds	Total
	PUF	PHF	LTF	GEF	ITF	STF			
<u>Market Value 4/30/22 (\$ millions)</u>	31,533			21,987	9,171	2,942	200	59	65,892
<u>UTIMCO Management Fee</u>									
Dollars	34,168,604			23,824,726	9,937,534				67,930,864
Basis Points	10.8			10.8	10.8				10.3
<u>Direct Expenses to the Fund, excluding UT System Direct Expenses to the Fund</u>									
Dollars	4,160,916	24,018	27,019	2,951,336	1,265,475				8,428,764
Basis Points	1.3	0.2	0.0	1.3	1.4				1.3

Appendix





FY23 Budget vs. FY 2022 Budget

	FY 2022	FY 2023		FY 2023 Budget Proposed v FY 2022 Budget		
	Budget	Proposed Budget	% of Total Budget	Projected in Original 2019 Strategic Plan	\$	%
UTIMCO Personnel Costs:						
Salaries	20,552,099	23,484,680	31%	24,252,130	2,932,581	14.3%
Performance Compensation	18,981,580	21,617,598	28%	22,588,370	2,636,018	13.9%
Benefits & Taxes	6,064,557	7,575,060	10%	5,674,998	1,510,503	24.9%
Total UTIMCO Personnel Costs (1)	\$ 45,598,236	\$ 52,677,338	69%	\$ 52,515,498	\$ 7,079,102	15.5%
Other UTIMCO Costs:						
Data & Subscriptions	4,706,004	4,654,544	6%	3,900,711	(51,460)	-1.1%
Travel	1,108,004	1,172,500	2%	1,446,436	64,496	5.8%
Lease	3,322,198	3,310,667	4%	2,850,000	(11,531)	-0.3%
Depreciation	2,100,000	2,000,000	3%	1,600,000	(100,000)	-4.8%
Other Costs (2)	3,796,632	4,115,815	5%	2,161,089	319,183	8.4%
Total Other UTIMCO Costs:	\$ 15,032,838	\$ 15,253,526	20%	\$ 11,958,237	\$ 220,688	1.5%
Total UTIMCO Services Costs:	\$ 60,631,074	\$ 67,930,864	89%	\$ 64,473,735	\$ 7,299,790	12.0%
Bps of AUM	9.19	9.99		10.51		
Direct Fund Costs:						
Custodian Fees	4,278,000	4,934,000	6%	5,989,500	656,000	15.3%
Other (3)	3,780,631	3,494,764	5%	3,376,019	(285,867)	-7.6%
Total Direct Fund Costs	\$ 8,058,631	\$ 8,428,764	11%	\$ 9,365,519	\$ 370,133	4.6%
Grand Total UTIMCO Budget:	\$ 68,689,705	\$ 76,359,628		\$ 73,839,255	\$ 7,669,923	11.2%
Bps of AUM	10.41	11.23		12.04		
AUM projected (\$ billion)	\$66	\$68		\$61		
UTIMCO Headcount	123	132		130		

NOTES:

- (1) FY23 Budgeted Personnel Costs increased from the FY22 Budget due to the increases in headcount (9 FTE), promotions, and routine raises. In addition, taxes also increased due to the IRS excise taxes of 21% over \$1M in individual compensation.
- (2) Budgeted Other Costs increased slightly by 1.5% from FY22 to FY23 primarily as a result of an increase in Hiring, Relocation, and Legal expenses offset by a decrease in IT Contract Services and Depreciation expense.
- (3) Other Direct Costs include: Risk Measurement (\$840k), Fund Auditors (\$822k), Legal Fees (\$876k), Tax Consultants (\$230k), Background Searches (\$234k), Performance Attribution Costs-MSCI (\$141k), Consultants (\$321k)

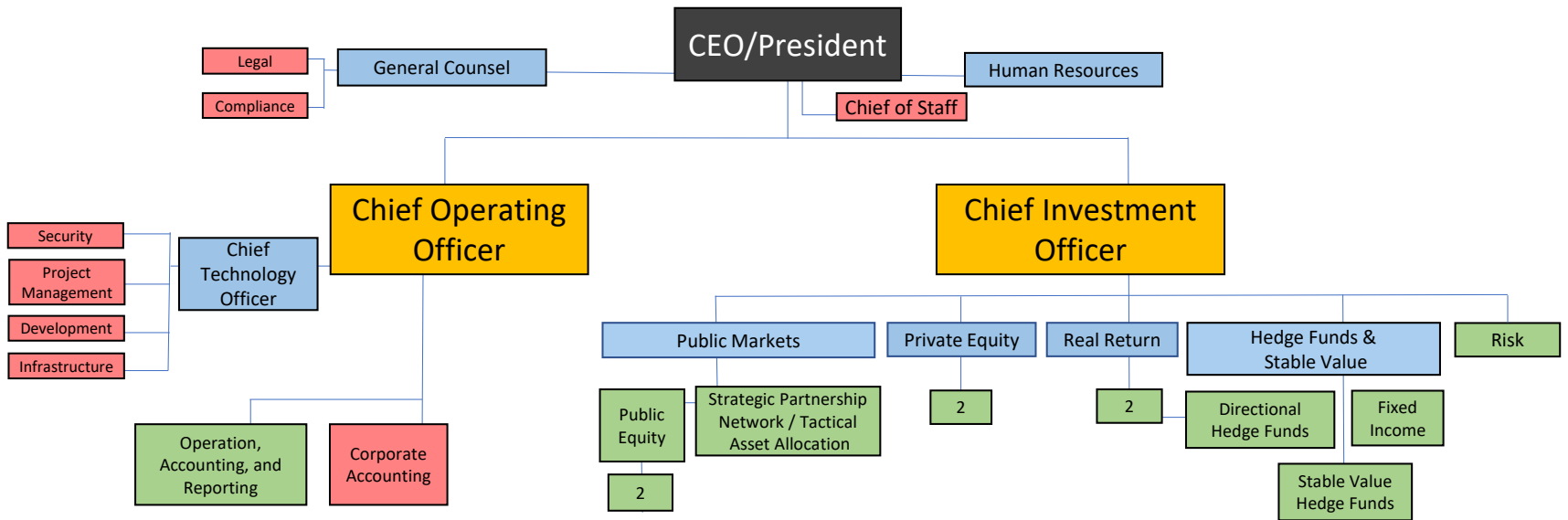
5-Year Strategic Plan – 2019



Plan approved by UTIMCO Board in 2019

	UTIMCO Projected Budget					
	2019	2020	2021	2022	2023	2024
UTIMCO Personnel Costs:						
Base Salary	15,876,073	18,748,097	20,883,879	22,379,064	24,252,130	26,017,209
Performance Comp	12,907,738	16,017,576	19,056,289	20,630,884	22,588,370	24,593,696
Benefits and Taxes	3,884,425	4,387,055	4,886,828	5,236,701	5,674,998	6,088,027
Total UTIMCO Personnel Costs	\$ 32,668,236	\$ 39,152,727	\$ 44,826,995	\$ 48,246,648	\$ 52,515,498	\$ 56,698,932
<i>Y-O-Y Increase (%)</i>		20%	14%	8%	9%	8%
<i>Total UTIMCO FTE</i>	99	115	123	127	130	132
Other UTIMCO Costs:						
Data & Subscriptions	3,209,125	3,369,581	3,538,060	3,714,963	3,900,711	4,095,747
Travel	1,242,016	1,188,180	1,302,607	1,378,592	1,446,436	1,505,407
Lease	2,630,324	2,700,000	2,750,000	2,800,000	2,850,000	2,900,000
Depreciation	1,600,000	1,675,000	1,700,000	1,700,000	1,600,000	1,500,000
Other Costs	2,439,310	2,190,535	2,045,549	2,096,062	2,161,089	2,204,641
- Contract Svcs & Maint	900,296	1,000,000	820,000	840,000	860,000	880,000
- Hiring, Relo, Mercer Comp	543,000	300,000	308,000	315,000	323,000	331,000
- Legal	215,004	90,000	97,000	100,000	116,000	110,000
- Other / Miscellaneous	781,010	800,535	820,549	841,062	862,089	883,641
Total Other UTIMCO Costs	11,120,775	11,123,297	11,336,216	11,689,618	11,958,237	12,205,795
Total UTIMCO COSTS	\$ 43,789,012	\$ 50,276,024	\$ 56,163,211	\$ 59,936,266	\$ 64,473,735	\$ 68,904,727
<i>Y-O-Y Increase (%)</i>		15%	12%	7%	8%	7%
<i>Bps of AUM</i>	9.80	9.87	10.45	10.45	10.51	10.52
Fund Costs						
Custodian Fees	8,947,724	4,501,000	4,950,000	5,445,000	5,989,500	6,588,450
Other	2,577,450	3,001,269	3,121,320	3,246,173	3,376,019	3,511,060
Total Fund Costs	\$ 11,525,174	\$ 7,502,269	\$ 8,071,320	\$ 8,691,173	\$ 9,365,519	\$ 10,099,510
<i>Y-O-Y Increase (%)</i>		-35%	8%	8%	8%	8%
<i>Bps of AUM</i>	2.44	1.47	1.50	1.52	1.53	1.54
Grand Total UTIMCO Budget	\$ 55,314,186	\$ 57,778,293	\$ 64,234,531	\$ 68,627,439	\$ 73,839,255	\$ 79,004,237
<i>Y-O-Y Increase (%)</i>		4%	11%	7%	8%	7%
<i>Bps of AUM</i>	12.24	11.35	11.95	11.97	12.04	12.06
Projected AUM (\$B)	\$47	\$51	\$54	\$57	\$61	\$65

UTIMCO Organization Structure



	Color 1:	CEO/President
	Color 2:	Chief Operating Officer, Chief Investment Officer
Senior Managing Director	Color 3:	General Counsel, Human Resources, Chief Technology Officer, Public Markets, Private Equity, Real Return, Hedge Funds & Stable Values
Managing Director	Color 4:	Operations, Accounting, and Reporting, Public Equity (2), Strategic Partnership Network/Tactical Asset Allocation, Private Equity (2), Real Return (2), Directional Hedge Funds, Stable Value Hedge Funds, Fixed Income, Risk
Senior Director	Color 5:	Legal, Compliance, Security, Project Management, Development, Infrastructure, Corporate Accounting, Chief of Staff

UTIMCO Compensation Plan Detail



- **Salary + Total Cash Compensation**
 - Based on Mercer Study
 - Salary at market median
 - Total Cash Comp Max at 75th percentile
- **Quantitative Component**
 - Alpha based on rolling three years
 - Endowment
 - Intermediate Term Fund
 - Individual Asset Classes
 - Peer Group
- **Qualitative Component**
 - 360 Review Ranking
 - Manager scores for proficiency
 - Contribution to group Action Plans
 - Training Requirements
- **Quant / Qual split based on title**
 - More senior = more Quant
- **Benchmarks upgraded**
 - Approved by Board in 2018
 - Transparent and appropriate
- **Performance Plan Year**
 - July 1 – June 30
 - Allows accurate Peer Comparison
- **Award deferral**
 - Increases by seniority – 50% at highest level
 - Deferred amount paid over two years
- **Most awards deferred during periods of negative absolute returns, regardless of alpha generated**

Fiscal Year 2023

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

(Excluding External Investment Manager Fees)

The University of Texas System
Office of Finance

Presented by:
Terry Hull – Associate Vice Chancellor for Finance
Allen Hah – Assistant Vice Chancellor for Finance

July 20, 2022

Based on UTIMCO Board approval on June 10, 2022

Fiscal Year 2023
Review of UTIMCO Services Budget and
Other Direct Costs to Funds Budget
(Excluding External Investment Manager Fees)

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Executive Summary

This report reviews the UTIMCO Services Budget and other budgeted investment management expenses (“Direct Costs to Funds”) for fiscal year 2023 that the UTIMCO Board approved on June 10, 2022 and the U. T. System Board of Regents will consider at its August 24-25, 2022 meeting. The “UTIMCO Services Budget” includes corporate expenses paid directly by UTIMCO, and the “Direct Costs to Funds” budget includes costs related to custody, consulting, risk measurement, and legal and audit costs related to funds. The proposed budget for FY23 is:

	FY23 (\$ millions)
UTIMCO Services Budget	67.9
Direct Costs to Funds Budget	8.4
Total Budgeted Costs	<u>\$ 76.4</u>

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

Highlights:

- **Strategic Plan:** Growth in the UTIMCO budget for FY23 largely reflects the implementation of a five-year strategic growth plan that was approved in June 2019. Although growth plans were delayed in FY21 as a result of the COVID-19 pandemic, UTIMCO revised its original plan as markets recovered such that the FY22 and FY23 budget approximates the original plan in total although UTIMCO is ahead of the original plan on Assets Under Management (“AUM”).
- **Total Forecast Costs for FY22:** Total costs for FY22 are forecast at \$66.4 million, which is 3.4% lower than what was budgeted. The decrease is due primarily to savings in contract services related to cybersecurity that was able to be performed in-house, reduced travel expenses, and staff vacancies.
- **Total Budgeted Costs for FY23:** The FY23 budget is \$76.4 million, an 11.2% increase from FY22:
 - **The UTIMCO Services Budget:** The FY23 budget includes \$67.9 million for the “operating” budget of UTIMCO, a 12.0% increase from the FY22 budget. The increase is due primarily to the addition of 9 employees as a part of the strategic plan that was adopted in FY19 and the increase in expenses associated with higher turnover in existing staffing.
 - **The Total Direct Costs to Funds Budget:** The FY23 budget of \$8.4 million for direct fund costs is 4.6% higher than the FY22 budget due primarily to higher custodian fees associated with new regulatory requirements and increased legal expenses, offset by savings in the risk measurement software expenses due to the transition to the Barra risk system.
- **UTIMCO Reserves:** There are no reserves available to be distributed at fiscal year-end 2022 as the reserve balances are at the levels needed to cover appropriate levels of the budget and capital expenditures.
- **UTIMCO Costs Compared to Peers:** UTIMCO’s total costs as a percentage of AUM are forecast to be 10 bps in FY22, which is lower than where it has been over the prior 5-year period due to higher-than-expected returns and resulting increase in AUM. While total costs have increased over the years, UTIMCO has conducted benchmarking studies showing that total costs as a percentage of AUM remain below industry averages and are favorable compared to peers.

Budget Analysis and Trends

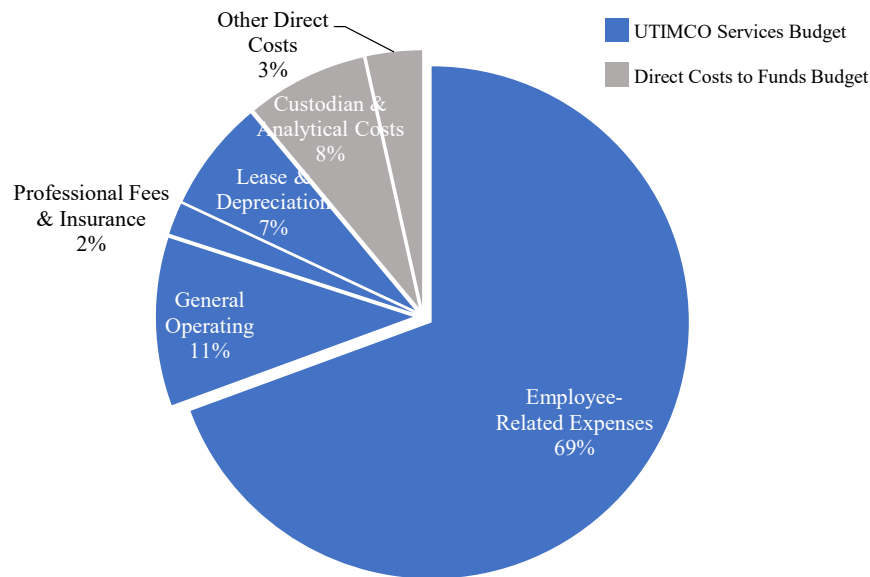
UTIMCO proposes Total Budgeted Costs for FY23 of \$76.4 million. Table 1 shows the Total Budgeted Costs (Direct Costs to Funds and UTIMCO Services Budget) as a percent of average AUM for FY23 and the Total Actual and Forecast Costs as a percent of average AUM from FY18 to FY22.

Table 1: Total Actual Costs Trend FY18-FY22 and Total Budgeted Costs FY23
(\$ millions)

	FY18	FY19	FY20	FY21	Forecast FY22	Budget FY23
Average Total AUM¹	43,173	46,400	49,906	59,803	67,176	68,122
% Change in AUM	11%	7%	8%	20%	12%	1%
Direct Costs to Funds	10.6	7.5	6.7	7.6	7.8	8.4
% Change in Direct Costs to Funds	27.1%	-29.0%	-11.7%	14.4%	2.1%	8.2%
Direct Costs to Funds % of AUM	0.02%	0.02%	0.01%	0.01%	0.01%	0.01%
UTIMCO Services	36.1	41.8	47.3	55.7	58.6	67.9
% Change in UTIMCO Services	8.7%	15.8%	13.2%	17.7%	5.2%	16.0%
UTIMCO Services % of AUM	0.08%	0.09%	0.09%	0.09%	0.09%	0.10%
Total Costs	46.7	49.3	54.0	63.3	66.4	76.4
% Change in Total Costs	12.4%	5.6%	9.4%	17.3%	4.9%	15.1%
Total Costs % of AUM	0.11%	0.11%	0.11%	0.11%	0.10%	0.11%

¹ FY22 and FY23 Average Total AUM assumes projected balances based on moderate returns, projected West Texas Land and gift income, and projected distributions.

FY23 Total Budgeted Costs \$76.4 million



The UTIMCO Services Budget (blue shade in the pie chart above) represents 89% of the total budget, with employee-related expenses being the largest component at 78% of the Services Budget. Direct Costs to Funds include Custodian & Analytical Costs (8%) and Other Direct Costs (3%).

Management fees and performance fees paid to external investment managers, which are either paid directly by UTIMCO or netted against asset values by the external managers, are not included in these amounts. UTIMCO retains external managers for approximately 91% of the AUM, with UTIMCO staff directly managing approximately 9% of assets as well as an internal derivatives portfolio.

Table 2 compares the Total Budgeted Costs for FY22 and FY23. Refer to Exhibits A and B at the end of this memo for a detailed budget comparison for FY22-FY23 and actual trend history for FY18-FY22.

Table 2: FY22 Forecast and FY23 Budget Overview
(\$ millions)

	FY22 Forecast				FY23 Budget			
	\$ Budget	\$ Projected	\$ Change vs FY22 Budget	% Change vs FY22 Budget	\$ Budget	\$ Change vs FY22 Projected	% Change vs FY22 Projected	% Change vs FY22 Budget
UTIMCO Services	60.6	58.6	-2.0	-3.4%	67.9	9.3	16.0%	12.0%
Direct Costs to Funds	8.1	7.8	-0.3	-3.4%	8.4	0.6	8.2%	4.6%
Total Budgeted Costs	68.7	66.4	-2.3	-3.4%	76.4	10.0	15.1%	11.2%

UTIMCO Services Budget

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

The original plan was to reach 130 employees by the end of FY23. The COVID-19 pandemic significantly affected travel, commerce, and financial markets globally, which caused UTIMCO to diverge from the 2019 Strategic Plan in FY21 by pausing hiring, promotions and raises, but hiring has since caught up to align closely with the original plan. The current proposed budget for FY23 projects 132 employees, which is 9 FTE higher than FY22.

For FY23, total personnel-related expenses including employee benefits account for 78% of the UTIMCO Services Budget (or 69% of Total Budgeted Costs). Trends in staffing and total compensation in relation to assets under management are shown in Table 3. Highlights from these tables include:

- Salaries and Performance Compensation are increasing by 15.2% as a result of hiring additional employees, promotions, and base salary raises, in line with the 2019 Strategic Plan.

- Although AUM is projected to decline slightly at the end of FY22 as a result of challenging market conditions during the fiscal year, the strong performance during FY21 still results in a slight increase in average AUM, which continues a longer-term trend of increasing average AUM per Employee.
- Total Compensation has grown by 12.9% annually from FY18 to FY22 primarily because of increased headcount and promotions. Total Compensation for FY23 is budgeted at 15.2% over FY22 projected levels, which would equate to a 13.4% growth rate on an average annual basis over a five-year period.
- Since FY18, Salaries per employee have increased 3.3% (annualized) from \$145k to \$166k forecast in FY22. Total Compensation per employee has increased 5.6% (annualized) from \$256k to \$318k forecast in FY22, which was lower than the \$321k budgeted for FY22. UTIMCO staff indicates these increases are in line with market trends among endowment investment management peers as reported by Mercer, an independent compensation consultant, which provides annual guidance to the UTIMCO Board.

Table 3: UTIMCO Compensation and Headcount FY18-FY23 (excluding benefits)

	FY18	FY19	FY20	FY21	Forecast FY22	% Change Since FY18 (annual)	Budget FY23	% Change From FY22
Employees (as of year end)	94	95	110	115	123	7.0%	132	7.3%
Average Total AUM (\$ millions)	43,173	46,400	49,906	59,803	67,176	11.7%	68,122	1.4%
Average AUM/Employee (\$ millions)	459	488	454	520	546	4.4%	516	-5.5%
Salaries (\$ millions)	13.7	16.2	17.0	18.2	20.4	10.5%	23.5	15.3%
Performance Compensation (\$ millions)	10.4	11.3	15.2	20.0	18.8	15.9%	21.6	15.2%
Total Compensation (\$ millions)	24.1	27.5	32.2	38.2	39.1	12.9%	45.1	15.2%
Total Compensation per Employee (\$)	256,204	289,541	292,288	332,006	318,177	5.6%	341,684	7.4%
Perf. Comp. as % of Salaries	76%	69%	89%	110%	92%		92%	
Perf. Comp. as % of Total Compensation	43%	41%	47%	52%	48%		48%	

Lease and Depreciation Expenses: Lease expenses are budgeted to be flat compared to FY22 forecasted amounts due primarily to the implementation of new accounting rules (GASB 87), which eliminates amortizing tenant improvements (deferred rent credit) and is used instead to reduce the beginning lease asset that is depreciated. The new accounting treatment is expected to result in a slight decrease in lease expenses over time as the interest expense portion declines, but higher operating lease expenses are expected to offset that. Lease expenses have increased in recent years due to the build-out of additional space in the UT System building to accommodate the growth from the 2019 Strategic Plan that was completed in late 2020. Table 4 shows the lease expense trends from FY18-FY23.

Table 4: UTIMCO Lease Expenses FY18-FY23

	Actual				Forecast FY22	Budget FY23
	FY18	FY19	FY20	FY21		
Property Lease	\$1,762,827	\$2,047,589	\$2,230,214	\$2,595,464	2,137,569	\$2,137,569
Operating Lease	523,826	475,606	582,545	699,171	663,353	708,000
Parking Expenses	197,847	214,830	219,266	247,900	261,025	285,000
Lease Interest Expense	-	-	-	-	201,907	180,099
Other Expenses	4,716	-	-	-	-	-
Amortization (Deferred Rent Credit)	(208,054)	(263,864)	(287,791)	(335,643)	-	-
Total Lease Expenses (net)	\$2,281,162	\$2,474,161	\$2,744,234	\$3,206,892	\$3,263,854	\$3,310,668

Depreciation Expense is budgeted to be flat at \$2.1 million compared to the FY22 forecasted amount as the buildout of expanded lease space, furniture, and new equipment to support additional employees has been completed.

Other General Operating Expenses, Professional Fees, and Insurance (non-employee): Office expenses, insurance, travel, professional fees, contract services and maintenance costs fall in this category and are forecast to be \$7.3 million in FY22, which is \$2.1 million or 23% lower than the FY22 budget of \$9.4 million. The decrease is primarily due to the completion of a data classification project that was recommended by a cybersecurity audit well under budget as most of the work was able to be completed using UTIMCO resources. Additionally, travel and meeting expenses were lower than budgeted as well as subscriptions expenses coming in lower than expected.

The FY23 budget of \$9.6 million is 2% higher than what was budgeted in FY22. There is a sharp increase in hiring consultant expenses due to higher turnover in staffing given the challenging job market and 9 positions to be filled. This increase is largely offset by reductions in contract services since projects recommended from the cybersecurity audit were one-time in nature.

Although subscriptions expense is expected to be higher than it has been historically, this increase is due to the adoption of Subscription-Based Information Technology (SBIT), which essentially shifts capital costs to operating expenses, and there is an expectation that contract expenses related to the implementation of SBIT will result in higher one-time expenses for the next couple years.

Direct Costs to Funds

Direct Costs to Funds for FY23 are budgeted at \$8.4 million, a 4.8% increase from the FY22 budget. This is primarily due to higher custodian fees payable to BNY Mellon and increased legal fees.

Effective this September, UTIMCO is expected to be subject to the Uncleared Margin Rules subset of the Dodd-Frank Act due to the size of the average AUM of the funds managed by UTIMCO. This results in higher fees and collateral requirements based on complicated calculations, and BNY Mellon is being engaged to handle these new aspects. Additionally, UTIMCO's General Counsel is adding new outside counsel to accommodate the higher number and level of complexity of deals being executed. UTIMCO plans to utilize internal counsel for most corporate legal matters and to shift more of the investment transaction related legal matters to outside counsel.

UTIMCO Capital Expenditures

The trend for Capital Expenditures for FY18-FY23 is summarized in Table 5 below. Capital expenditures in FY22 are substantially lower than FY21 due to the completion of the build-out of newly leased space. Technology related expenses are budgeted higher than normal in FY23 due to the upgrading and replacing of equipment that is part of the typical 3-5 year cycle. Much of the equipment was new with the move in 2018 and needs to be upgraded.

Table 5: UTIMCO Capital Expenditures FY18-FY23

	FY18	Actual			Forecast FY22	Budget FY23
		FY19	FY20	FY21		
Ongoing: Technology and Software Upgrades	\$17,758	\$115,487	\$200,000	\$119,000	\$25,000	\$535,000
Ongoing: Office Equipment and Fixtures	77,585	-	113,000	89,000	109,000	110,000
Expansion: Technology Initiatives / Video Conferencing	1,238,149	-	-	-	-	-
Expansion: Leasehold Buildout (net of TI allowance)	6,498,972	-	-	2,352,000	-	-
Expansion: Furniture and Fixtures	2,669,179	65,573	-	423,000	2,730	-
Total Capital Expenditures (net)	\$10,501,643	\$181,060	\$313,000	\$2,983,000	\$136,730	\$645,000

EXHIBIT A

Total Budgeted Costs FY22-FY23

	FY22		Change from FY22 Budget		FY23		Change from FY22 Forecast		Change from FY22 Budget
	Budget	Forecast	\$	%	Budget	\$	%	%	
UTIMCO Services									
Salaries	20,552,099	20,365,536	-186,563	-0.9%	23,484,680	3,119,144	15.3%	14.3%	
Performance Compensation + Earnings	18,981,580	18,770,267	-211,313	-1.1%	21,617,598	2,847,331	15.2%	13.9%	
Total Compensation	39,533,679	39,135,803	-397,876	-1.0%	45,102,278	5,966,475	15.2%	14.1%	
Total Payroll taxes	2,107,447	2,723,880	616,433	29.3%	3,026,743	302,863	11.1%	43.6%	
403(b) Contributions	1,533,929	1,515,339	-18,590	-1.2%	1,767,930	252,592	16.7%	15.3%	
Insurance, Cell Phone, Learning	1,921,150	1,923,507	2,357	0.1%	2,128,331	204,824	10.6%	10.8%	
Employee Benefits	3,455,079	3,438,846	-16,233	-0.5%	3,896,261	457,415	13.3%	12.8%	
Recruiting and Relocation Expenses	130,000	262,613	132,613	102.0%	309,012	46,399	17.7%	137.7%	
Employee Education	538,632	431,705	-106,927	-19.9%	689,228	257,523	59.7%	28.0%	
Other Employee Related Expenses	668,632	694,319	25,687	3.8%	998,240	303,921	43.8%	49.3%	
Total Employee Related Expenses	45,764,836	45,992,847	228,011	0.5%	53,023,522	7,030,675	15.3%	15.9%	
On-Line Data & Subscriptions	4,706,004	4,157,664	-548,340	-11.7%	4,654,544	496,880	12.0%	-1.1%	
Contract Services & Maintenance	2,461,212	1,382,326	-1,078,886	-43.8%	1,806,658	424,332	30.7%	-26.6%	
Travel & Meetings, Including BOD	1,177,024	524,886	-652,138	-55.4%	1,312,524	787,638	150.1%	11.5%	
Phone and Telecommunications	2,964	2,056	-908	-30.6%	2,964	908	44.2%	0.0%	
Computer & Office Supplies	65,856	46,863	-18,993	-28.8%	68,256	21,393	45.7%	3.6%	
Other Office Expenses	206,796	190,415	-16,381	-7.9%	220,348	29,933	15.7%	6.6%	
Total Office Expense	275,616	239,333	-36,283	-13.2%	291,568	52,235	21.8%	5.8%	
Total Lease Expense	3,322,198	3,263,854	-58,343	-1.8%	3,310,668	46,813	1.4%	-0.3%	
Board, Comp., & Hiring Consultants	336,000	492,044	156,044	46.4%	846,012	353,968	71.9%	151.8%	
Legal Expenses	150,000	180,455	30,455	20.3%	328,548	148,093	82.1%	119.0%	
Accounting fees	104,856	108,351	3,495	3.3%	110,004	1,653	1.5%	4.9%	
Total Professional Fees	590,856	780,850	189,994	32.2%	1,284,564	503,714	64.5%	117.4%	
Total Insurance	233,328	231,414	-1,914	-0.8%	246,816	15,402	6.7%	5.8%	
Depreciation of Equipment	2,100,000	2,010,000	-90,000	-4.3%	2,000,000	-10,000	-0.5%	-4.8%	
Total Non-Employee Related Expenses	14,866,238	12,590,328	-2,275,910	-15.3%	14,907,342	2,317,014	18.4%	0.3%	
Total UTIMCO Services	60,631,074	58,583,175	-2,047,899	-3.4%	67,930,864	9,347,689	16.0%	12.0%	
Direct Costs to Funds									
Custodian Fees and Other Direct Costs	4,278,000	4,194,286	-83,714	-2.0%	4,934,000	739,714	17.6%	15.3%	
Analytical Tools	154,500	0	-154,500	-100.0%	0	0	0.0%	-100.0%	
Risk Measurement	1,065,225	1,176,850	111,625	10.5%	840,006	-336,844	-28.6%	-21.1%	
Custodian and Analytical Costs	5,497,725	5,371,136	-126,589	-2.3%	5,774,006	402,870	7.5%	5.0%	
Consultant Fees	307,500	300,500	-7,000	-2.3%	320,500	20,000	6.7%	4.2%	
Auditing	908,156	811,904	-96,252	-10.6%	821,658	9,754	1.2%	-9.5%	
Legal Fees	715,000	639,286	-75,714	-10.6%	876,000	236,714	37.0%	22.5%	
Background Searches & Other	630,250	663,978	33,728	5.4%	636,600	-27,378	-4.1%	1.0%	
Other Direct Costs Total	2,560,906	2,415,668	-145,238	-5.7%	2,654,758	239,090	9.9%	3.7%	
Total Direct Costs to Funds	8,058,631	7,786,804	-271,827	-3.4%	8,428,764	641,960	8.2%	4.6%	
Total Budgeted Costs	68,689,705	66,369,979	-2,319,726	-3.4%	76,359,628	9,989,649	15.1%	11.2%	

Fiscal Year 2023 Review of UTIMCO Services Budget and Other Direct Costs to Funds
 Prepared by the U. T. System Office of Finance
 July 20, 2022

EXHIBIT B

Total Actual Costs FY18-FY22 and FY23 Budget

	FY18	FY19	FY20	FY21	FY22	FY23
	Actual	Actual	Actual	Actual	Forecast	Budget
UTIMCO Services						
Salaries	13,667,683	16,235,197	16,966,760	18,193,968	20,365,536	23,484,680
Performance Compensation + Earnings	10,415,478	11,271,195	15,184,901	19,986,731	18,770,267	21,617,598
Total Compensation	24,083,161	27,506,392	32,151,661	38,180,699	39,135,803	45,102,278
Total Payroll taxes	955,790	1,455,958	1,387,881	2,073,547	2,723,880	3,026,743
403(b) Contributions	941,512	1,112,464	1,200,281	1,290,358	1,515,339	1,767,930
Insurance & Cell Phone	1,234,563	1,369,599	1,525,319	1,648,511	1,923,507	2,128,331
Employee Benefits	2,176,075	2,482,063	2,725,600	2,938,869	3,438,846	3,896,261
Recruiting and Relocation Expenses	181,230	81,607	146,509	59,510	262,613	309,012
Employee Education	90,110	112,955	72,321	356,740	405,700	652,056
Other Employee-Related Expenses	271,340	194,562	218,829	416,250	668,313	961,068
Total Employee Related Expenses	27,486,366	31,638,975	36,483,972	43,609,365	45,966,841	52,986,350
On-Line Data & Subscriptions	2,688,550	3,246,582	3,606,892	4,036,934	4,157,664	4,654,544
Contract Services & Maintenance	813,342	748,427	862,160	1,444,467	1,382,326	1,806,658
Travel & Meetings, Including BOD	792,548	946,860	583,265	63,459	524,886	1,312,524
Phone and Telecommunications	46,616	41,428	44,331	36,497	2,056	2,964
Computer & Office Supplies	165,639	75,955	44,192	65,632	46,863	68,256
Other Office Expenses	149,779	152,749	193,206	226,842	216,420	257,520
Total Office Expense	362,034	270,132	281,729	328,971	265,339	328,740
Total Lease Expense	2,281,161	2,474,161	2,744,234	3,206,892	3,263,854	3,310,668
Board, Compensation, & Hiring Consultants	328,063	350,898	600,516	616,000	492,044	846,012
Legal Expenses	75,414	176,226	171,519	262,928	180,455	328,548
Accounting fees	58,910	63,420	101,590	96,155	108,351	110,004
Total Professional Fees	462,386	590,544	873,625	975,083	780,850	1,284,564
Total Insurance	195,114	202,752	208,714	219,659	231,414	246,816
Depreciation of Equipment	1,015,435	1,669,890	1,646,105	1,776,348	2,010,000	2,000,000
Total Non-Employee Related Expenses	8,610,569	10,149,348	10,806,723	12,051,813	12,616,334	14,944,514
Total UTIMCO Services	36,096,935	41,788,323	47,290,695	55,661,178	58,583,175	67,930,864
Direct Costs to Funds						
Custodian Fees and Other Direct Costs	8,501,722	4,868,268	4,047,237	4,157,665	4,194,286	4,934,000
Analytical Tools	0	0	154,500	154,500	0	0
Risk Measurement	297,499	292,000	654,340	1,286,353	1,176,850	840,006
Custodian and Analytical Costs	8,799,221	5,160,268	4,856,077	5,598,518	5,371,136	5,774,006
Consultant Fees	470,000	481,496	297,500	297,500	300,500	320,500
Auditing	790,000	811,750	828,919	1,053,346	811,904	821,658
Legal Fees	152,895	304,048	188,455	303,577	639,286	876,000
Background Searches & Other	425,515	792,168	494,394	374,699	663,978	636,600
Other Direct Costs Total	1,838,410	2,389,462	1,809,268	2,029,122	2,415,668	2,654,758
Total Direct Costs to Funds	10,637,631	7,549,730	6,665,345	7,627,640	7,786,804	8,428,764
Total Budgeted Costs	46,734,566	49,338,053	53,956,040	63,288,818	66,369,979	76,359,628

EXHIBIT C
UTIMCO Reserve Analysis for August 31, 2022

<u>Projected Cash Reserves at August 31, 2022</u>		
Cash		\$ 35,495,000
Prepaid Expenses		1,100,000
Less: Accounts Payable (Includes incentive compensation & earnings payable)		(19,250,000)
Projected Cash Reserves at August 31, 2022		\$ 17,345,000
FY23 Proposed Operating Budget	\$67,930,864	
Applicable Percentage	25%	16,982,716
Capital Budget Expenditures		645,000
Depreciation Expense		(2,000,000)
Required Cash Reserves at August 31, 2022		\$ 15,627,716
Balance Available for Distribution		\$ 1,717,284
Recommended Distribution		\$ -

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

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



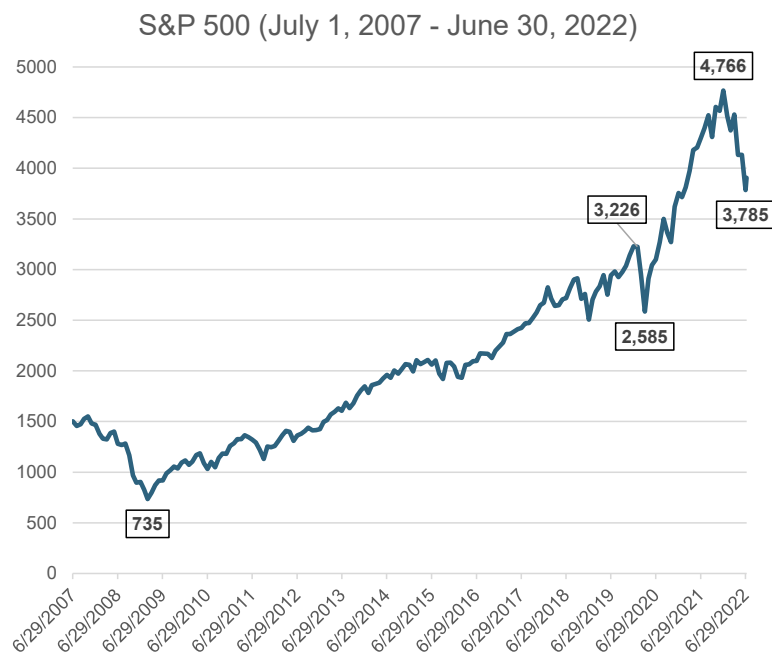
UTIMCO Update

Mr. Britt Harris, President and CEO
Mr. Rich Hall, Chief Investment Officer
August 24, 2022



Market Performance

US and Global Equity Markets are down >20% and in “Bear Markets”



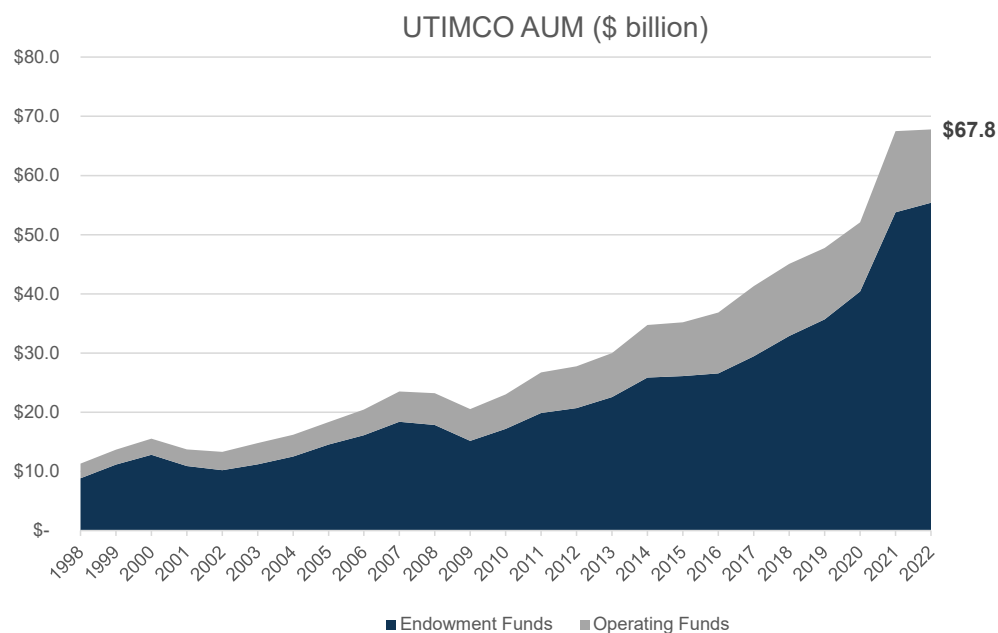
Source: Bloomberg

- Equity and bond markets have declined this year
- Fiscal and monetary stimulus triggered inflation
- Inflation is higher and more persistent than expected
- Central banks are raising rates rapidly
- Valuation multiples responded in line with expectations
- Markets now pricing potential for recession
- Recession-driven earnings declines could push market lower
- Bear markets are painful, but they pass



Growth in Assets Under Management (AUM)

Total Assets through March 31, 2022



3 Month Change in AUM

	\$ Billion
Beginning Net Asset Value (NAV)	69.2
Contributions	1.0
Net Investment Income	-1.5
Distributions	-0.9
Ending Net Asset Value	67.8

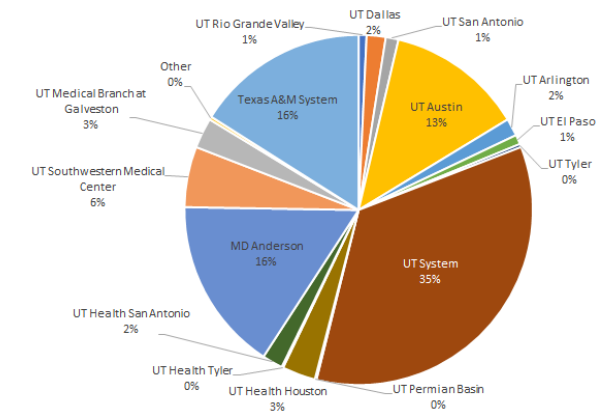
3 Year Change in AUM

	\$ Billion
Beginning Net Asset Value	45.3
Contributions	9.9
Net Investment Income	18.9
Distributions	-6.3
Ending Net Asset Value	67.8

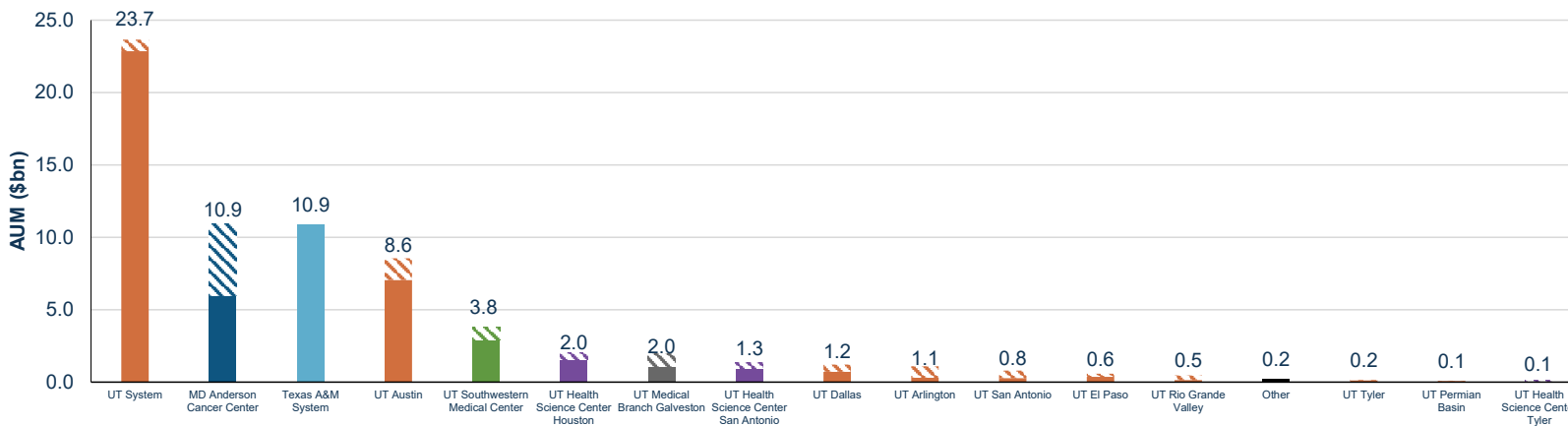
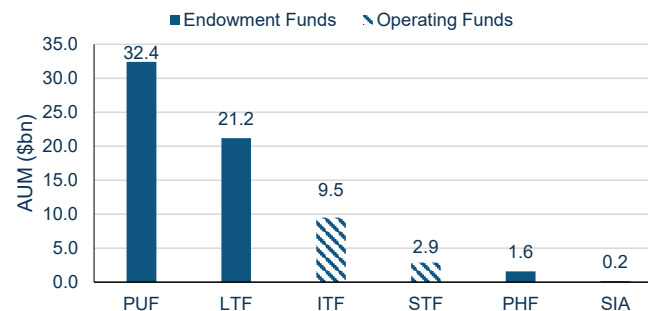


AUM by Institution

As of March 31, 2022



AUM by Fund





Performance Summary

AUM, Returns and Alpha as of March 31, 2022

Endowment Returns

	1-Year	5-Years	10-Years
Investment Return %	12.4	11.6	9.5
Policy Portfolio	9.3	10.3	8.1
Value Add %	+3.0	+1.3	+1.4
Total Investment Return (\$ thousands)	\$5,958	\$23,417	\$31,506
Value Add (\$ thousands)	\$1,431	\$3,063	\$6,193

Assets Under Management (\$ billions)

	1-Year	5-Years	10-Years
Endowments			
Beginning NAV	\$47.5	\$28.5	\$20.1
Contributions	4.0	14.1	19.3
Net Investment Return	5.8	21.5	29.7
Distributions	-1.9	-8.7	-13.7
Ending NAV	55.4	55.4	55.4
AUM Growth \$	\$7.9	\$26.9	\$35.3
Est. AUM Per Student (\$ thousands)	152	90	70
Operating Funds			
Beginning NAV	\$12.6	\$11.1	\$7.3
Contributions	0.2	\$0.9	4.4
Net Investment Return	0.1	\$2.8	\$4.0
Distributions	-0.5	-\$2.4	-3.3
Ending NAV	12.4	12.4	12.4
AUM Growth \$	-\$0.2	\$1	\$5
Total UTIMCO			
Beginning NAV	\$60.1	\$39.6	\$27.4
Ending NAV	\$67.8	\$67.8	\$67.8
AUM Growth \$	\$7.7	\$28.2	\$40.4



Performance vs. Peers

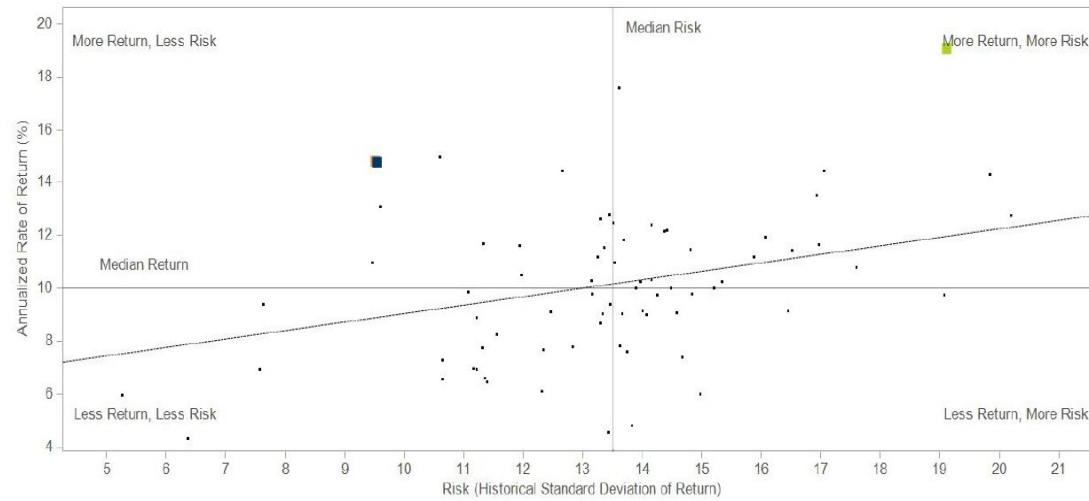
Trust Universe Comparison Service Horizon Returns as of March 31, 2022





Performance vs. Peers

Trust Universe Comparison Service Risk-Return as of March 31, 2022



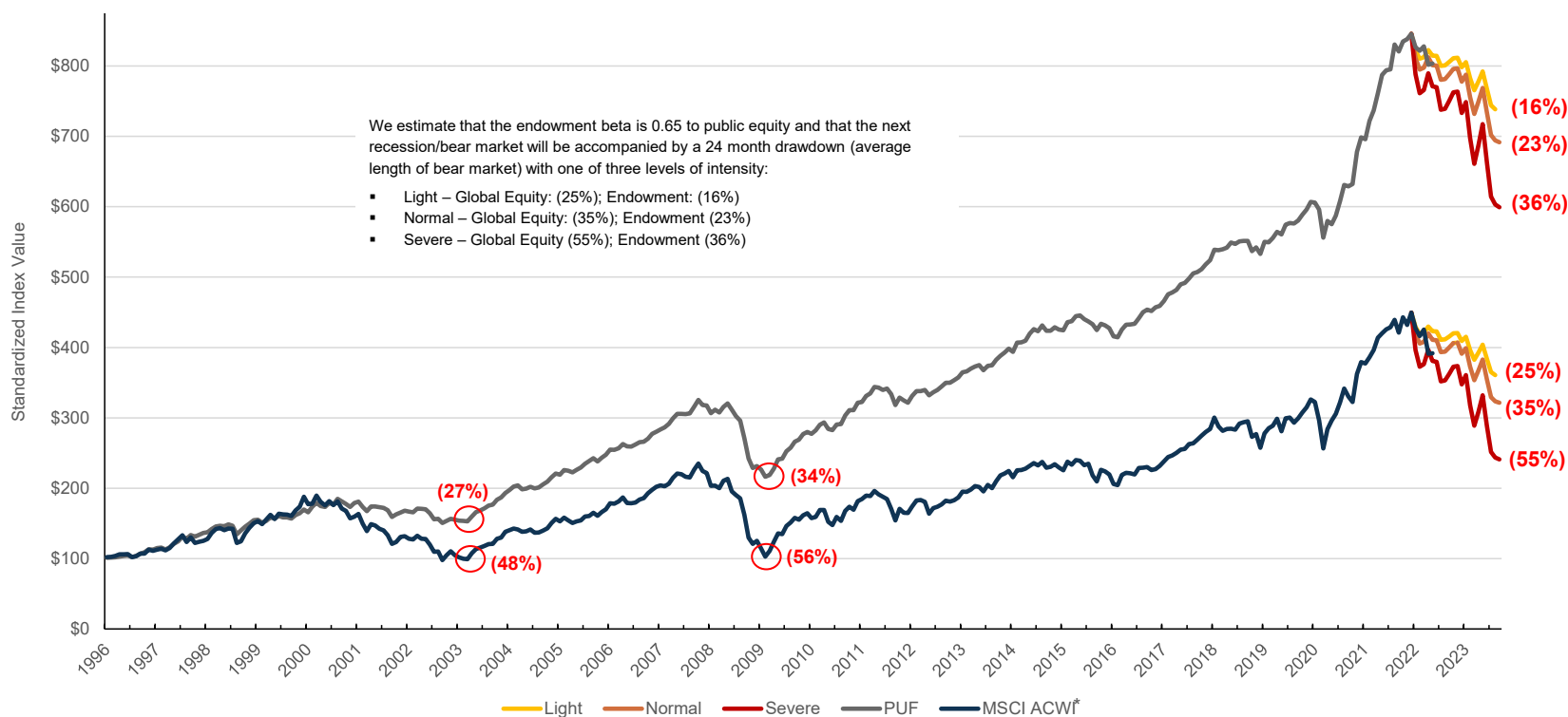
	Risk Value	Risk Rank	Return Value	Return Rank
GEF TOTAL FUND	9.58	93	14.66	5
PUF TOTAL FUND	9.60	92	14.64	6
S&P 500	19.17	3	18.92	1
Median	13.51		10.00	

Note: three-year risk and return metrics



Where do we go from here?

Bear markets imply potential endowment declines between \$9B - \$19B



*MSCI ACWI = Morgan Stanley Capital International All Country World Index



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Austin, Texas

Rad Weaver, Chairman
Christina Melton Crain
R. Steven Hicks
Janiece Longoria
Nolan Perez
Stuart W. Stedman

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 Adjourn	<i>3:45 p.m</i>		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 7 - 39](#).

2a. U. T. El Paso: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Public Administration degree program

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission for the Master of Public Administration degree program at U. T. El Paso as described below.

BACKGROUND INFORMATION

U. T. El Paso requests approval to change the admission criteria for the Master of Public Administration program in the Department of Political Science and Public Administration within the College of Liberal Arts as follows:

Description of Change

- Remove Graduate Record Examination (GRE) requirement.
- Remove Graduate Management Admission Test (GMAT) requirement for applicants to the dual degrees Master of Business Administration/Master of Public Administration.

Rationale for Change

After completing the 2021 Network of Schools of Public Policy, Affairs, and Administration (NASPAA) accreditation report, data showed that student success was not correlated with GRE scores or GMAT scores.

2b. U. T. El Paso: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science in Biological Sciences, Doctor of Philosophy in Biosciences, and Doctor of Philosophy in Ecology and Evolutionary Biology degree programs

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission for the Master of Science in Biological Sciences, Doctor of Philosophy in Biosciences, and Doctor of Philosophy in Ecology and Evolutionary Biology degree programs at U. T. El Paso as described below.

BACKGROUND INFORMATION

U. T. El Paso requests approval to change the admission criteria for the M.S. in Biological Sciences, Ph.D. in Biosciences, and Ph.D. in Ecology and Evolutionary Biology degree programs within the College of Science, Department of Biological Sciences as follows:

Description of Change

- Make submission of GRE scores optional.

Rationale for Change

The three programs have multiple criteria considered for application evaluation: (1) competitive GPA from an accredited institution; (2) three letters of recommendation from professional reference; (3) a detailed essay of research interests and experience; (4) curriculum Vitae; and (5) GRE scores. Recent studies have shown that GRE scores are not a reliable predictor of student success in graduate programs.

2c. U. T. El Paso: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science in Economics degree program

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission for the Master of Science in Economics degree program at U. T. El Paso as described below.

BACKGROUND INFORMATION

U. T. El Paso requests approval to change the admission criteria for the M.S. in Economics degree program in the Department of Economics and Finance within the College of Business Administration as follows:

Description of Change

- Remove Graduate Record Examinations (GRE) as an admission requirement.

Rationale for Change

The M.S. in Economics applicants are currently reviewed based on five criteria; (1) cumulative undergraduate Grade Point Average (GPA); (2) performance in upper-division economics courses, including mathematical economics, intermediate microeconomics, and econometrics; (3) performance in upper division math courses, including calculus, probability, and statistics; (4) statement of purpose detailing the interest in economics and the degree program; and (5) GRE scores. While there is some merit to evaluating students based on GRE scores, more targeted information is attained through student performance in related economics and mathematics courses. As such, the GRE represents an additional cost to students when applying to the program, but it does not provide reviewers substantially different information.

2d. **U. T. El Paso: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science in Professional Science degree program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission for the Master of Science in Professional Science degree program at U. T. El Paso as described below.

BACKGROUND INFORMATION

U. T. El Paso requests approval to change the admission criteria for the Master of Science in Professional Science program within the College of Science as follows:

Description of Change

- Remove Graduate Record Examinations (GRE) requirement.

Rationale for Change

The Master of Science in Professional Science is a 30-credit hour program designed to pair a graduate certificate in a core science field with a graduate certificate in a complementary field. Since many graduate certificates require the GRE for admission, requiring one for admission to this program is redundant.

2e. U. T. Permian Basin: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Public Administration with Leadership emphasis degree program

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to admission criteria for the Master of Public Administration with Leadership emphasis degree program at U. T. Permian Basin as described below.

BACKGROUND INFORMATION

U. T. Permian Basin requests approval to change the admission criteria for its Master of Public Administration (MPA) with Leadership emphasis degree program within the College of Arts and Sciences as follows:

Description of Changes

- For regular admission:
 - Eliminate submission of Graduate Records Examination (GRE) scores
 - Include consideration of cumulative Grade Point Average (GPA) of 3.0 or higher, instead of a 3.0 GPA in the last 60 hours of undergraduate courses.
 - Require two years of full-time professional experience in public, nonprofit, or for-profit organizations, down from three or more years.
- For conditional admission:
 - Include consideration of cumulative GPA between 2.5-2.99, instead of a 3.0 GPA in the last 60 hours of undergraduate courses.
 - Minimum GRE Score of 280 may be considered, but is no longer mandatory.
- The GRE may be waived as noted in the set of criteria for regular or conditional admission based on the applicant's background.

Rationale for Change

These changes will enable the Master of Public Administration program to respond to the increased demand for the program within the State of Texas and beyond as more employers require a master's degree to work in professional administration. The proposed changes provide additional opportunities and flexibility for students to enroll in the graduate program.

2f. **U. T. Rio Grande Valley: Discussion and appropriate action regarding proposed changes to admission criteria for the Master in Physician Assistant Studies degree program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to admission criteria for the Master in Physician Assistant Studies degree program at U. T. Rio Grande as described below.

BACKGROUND INFORMATION

U. T. Rio Grande Valley requests approval to change the admission criteria for the master's program in Physician Assistant Studies (MPAS) in the Department of Physician Assistant Studies within the College of Health Professions as follows:

Description of Changes

- Require submission of the CASPer (Computer-based Assessment for Sampling Personality characteristics) MMI (Multiple Mini Interviews) Exam.
- Remove requirement for documentation of 50 hours of shadowing as a condition of admission.

Rationale for Changes

The changes will enable the program to better assess patient-centered qualities needed in the profession and to align with other U. T. System Physician Assistant program admission requirements. The CASPer exam will make the applicant evaluation process more efficient and accurate. The decision to remove the 50 hours of shadowing documentation was made as the requirement hinders the placement of admitted students in clinical settings.

2g. U. T. San Antonio: Discussion and appropriate action regarding proposed changes to admission criteria for the Doctor of Philosophy in Applied Demography degree program

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Doctor of Philosophy in Applied Demography degree program at U. T. San Antonio as described below.

BACKGROUND INFORMATION

U. T. San Antonio requests approval to change the admission criteria for the Ph.D. in Applied Demography within the College for Health, Community, and Policy as follows:

Description of Change

- Removal of the Graduate Record Examinations (GRE) requirement.

Rationale for Change

Recent studies have shown that GRE scores are not a reliable predictor of student success in graduate programs.

2h. **U. T. San Antonio: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Arts and Doctor of Philosophy in Anthropology degree programs**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Arts and Doctor of Philosophy in Anthropology degree programs at U. T. San Antonio as described below.

BACKGROUND INFORMATION

U. T. San Antonio requests approval to change admission criteria for the M.A. and Ph.D. in Anthropology degree programs within the College of Liberal and Fine Arts as follows:

Description of Change

- Removal of the Graduate Record Examination (GRE) requirement.

Rationale for Change

Due to the expense of the exam, requiring the GRE test leads to reduced numbers of applicants of lesser economic means, and the anthropology program's experience is that GRE scores have not been strong indicators of an applicant's potential to succeed in either the M.A. or Ph.D. program.

While the programs waived the GRE requirement during the pandemic, the number and quality of applications received by the two programs remained high. The absence of the GRE did not negatively impact the program's ability to evaluate applications, and the performance of the students admitted without the GRE has been strong.

2i. **U. T. San Antonio: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Arts in Architecture, and Master of Science and Doctor of Philosophy in Biomedical Engineering degree programs**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Arts in Architecture, and Master of Science and Doctor of Philosophy in Biomedical Engineering degree programs at U. T. San Antonio as described below.

BACKGROUND INFORMATION

U. T. San Antonio requests approval to change admission criteria for the M.A. in Architecture, and the M.S. and Ph.D. in Biomedical Engineering degree programs within the Klesse College of Engineering and Integrated Design as follows:

Description of Change

- Removal of the Graduate Record Examination (GRE) requirement.

Rationale for Change

Recent studies have shown that GRE scores are not a reliable predictor of student success in graduate programs.

2j. **U. T. San Antonio: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Business Administration and Master of Science in Business degree programs**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Business Administration and Master of Science in Business degree programs at U. T. San Antonio as described below.

BACKGROUND INFORMATION

U. T. San Antonio requests approval of changes to the admission criteria for the MBA and MSB degree programs within the Alvarez College of Business as follows:

Description of Change

Applicants meeting one or more of the following criteria will not be required to submit Graduate Record Examinations (GRE) or Graduate Management Admission Test (GMAT) test scores:

- Based on Degree/Education
 - Applicant has an earned graduate degree from a U.S. accredited school or foreign equivalent with a GPA of 3.0 or higher or;
 - Applicant has an earned undergraduate degree from a U.S. accredited school or foreign equivalent with a GPA of 3.5 or higher.
- Based on Work Experience
 - Applicant has 5 years of demonstrable work experience in a professional business setting such as economics, finance, accounting, business management, marketing, information systems, data analytics, etc., including managerial and budgeting experience or;
 - Applicant has 5 years of military experience.

Simply meeting one of the above criteria does not guarantee a waiver. To enable the Program Committees to verify students' eligibility for a GRE/GMAT waiver, students must submit an online application and complete all other application requirements for review.

Rationale for Change

These changes will enable the Alvarez College of Business to further evaluate candidates using a holistic approach therefore recruiting and enrolling the best students regardless of standardized testing ability. Allowing these scores as optional for well-qualified students provides a quantitative metric for the Program Committees to evaluate candidates more broadly.

Students will still be informed that competitive GRE/GMAT scores may help their chances of admission. Applicants with excellent credentials should not be discouraged if their GRE or GMAT score is average or even slightly below average.

2k. **U. T. San Antonio: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science and Doctor of Philosophy in Chemistry degree programs**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Science and Doctor of Philosophy in Chemistry degree programs at U. T. San Antonio as described below.

BACKGROUND INFORMATION

U. T. San Antonio requests approval of admission criteria changes for the M.S. and Ph.D. in Chemistry degree programs within the College of Sciences as follows:

Description of Change

- Removal of the Graduate Record Examinations (GRE) requirement.

Rationale for Change

Recent studies have shown that GRE scores are not a reliable predictor of student success in graduate programs.

21. U. T. San Antonio: Discussion and appropriate action regarding proposed changes to admission criteria for the Doctor of Philosophy in Culture, Literacy and Language; Doctor of Philosophy in Educational Leadership; Master of Arts in Educational Psychology; and Master of Arts in Teaching English as a Second Language degree programs

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Doctor of Philosophy in Culture, Literacy and Language; Doctor of Philosophy in Educational Leadership; Master of Arts in Educational Psychology; and Master of Arts In Teaching English as a Second Language degree programs at U. T. San Antonio as described below.

BACKGROUND INFORMATION

U. T. San Antonio requests approval of changes to admission criteria for four graduate programs within the College of Education and Human Development as follows:

Description of Changes

	Program	Proposed Criteria
Ph.D.	Culture, Literacy and Language	Graduate Records Examination (GRE) not required
Ph.D.	Educational Leadership	GRE not required
M.A.	Educational Psychology	GRE not required
M.A.	Teaching English as a Second Language	TOEFL ¹ of 587/84 IELTS ² of 7

1. TOEFL = Test of English as a Foreign Language
2. IELTS = International English Language Testing System

Rationale for Changes

U. T. San Antonio is asking for approval to remove the GRE requirement from the admission criteria for the three programs above as it has not been shown to be a predictor of student success. Additionally, the number of applications for admissions to the programs processed while the GRE was waived due to the pandemic confirms that the lack of GRE had no impact on the program's ability to fully evaluate applications, nor on the caliber of the students admitted.

The institution is also asking to increase the English language proficiency requirement for international students in the master's program in Teaching English as a Second Language. This increase is designed to address the increasing number of students with insufficient language skills to be successful in the program over the last three years, as well as the change in language support available to students.

2m. U. T. Tyler: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Health Administration degree program

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Health Administration degree program at U. T. Tyler as described below.

BACKGROUND INFORMATION

U. T. Tyler requests approval to change the admission criteria for the Master of Health Administration program within the School of Health Professions as follows:

Description of Change

A personal interview with admissions committee member(s) will be required if applicant meets all other admission requirements.

Rationale for Change

This new requirement will enable the Master of Health Administration to conform with best practices for admissions. The current process does not allow for flexibility to engage the applicant and determine an appropriate fit. Therefore, using the interview process will provide strategic direction in assessing the best candidates for the program.

2n. U. T. Tyler: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science in Biology degree program

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to admission criteria for the Master of Science in Biology degree program at U. T. Tyler as described below.

BACKGROUND INFORMATION

U. T. Tyler requests approval to change the admission criteria for the Master of Science in Biology degree program within the College of Arts and Sciences as follows:

Description of Change

- Make the Graduate Record Examination (GRE) optional for students who have an undergraduate degree Grade Point Average (GPA) of 3.0 or greater.

Rationale for Change

Recent studies have shown that GRE scores are not a reliable predictor of student success in graduate programs.

2o. U. T. Tyler: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science in Electrical Engineering degree program

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to admission criteria for the Master of Science in Electrical Engineering degree program at U. T. Tyler as described below.

BACKGROUND INFORMATION

U. T. Tyler requests approval to change the admission criteria for the Master of Science in Electrical Engineering (MSEE) degree program within the College of Engineering as follows:

Description of Change

- Waive the Graduate Record Examinations (GRE) for qualified students who meet one of the conditions below:
 1. Completed their undergraduate degree from an Accreditation Board for Engineering and Technology, Inc. (ABET)-accredited program within the past five years with a 3.0 cumulative Grade Point Average (GPA) or greater on a 4-point scale.
 2. Completed their undergraduate degree within the past five years with a 3.25 cumulative GPA or greater on a 4-point scale.
 3. Two years of professional work experience in a relevant engineering field and 3.0 cumulative undergraduate GPA or greater on a 4-point scale.
 4. Completed 12 graduate hours in a related field of study within the past five years with a 3.25 graduate GPA or greater on a 4-point scale.
 5. Authored or co-authored one peer-reviewed publication in a related field of study within the past five years.
- The admissions committee may request additional material and/or interview the applicant to reach a final decision.

Rationale for Change

Recent studies have shown that GRE scores are not a reliable predictor of student success in graduate programs.

2p. **U. T. Tyler: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Arts in English degree program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to admission criteria for the Master of Arts in English degree program at U. T. Tyler as described below.

BACKGROUND INFORMATION

U. T. Tyler requests approval to change the admission criteria for the Master of Arts in English degree program within the College of Arts and Sciences as follows:

Description of Change

- Replace the Graduate Record Examination (GRE) with a writing sample that is assessed by the Director of Graduate Studies and the Chair of the Department of Literature and Language

Rationale for Change

Recent studies have shown that GRE scores are not a reliable predictor of student success in graduate programs. The writing sample will lend insight into a student's capacity to conduct graduate-level research, such as proposing a research question, citing, and engaging with research/evidence, undertaking close textual analysis, and applying a variety of methodological frameworks (i.e., archival research, comparative/translation research, pedagogical research, etc.).

2q. **U. T. Tyler: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Arts in School Counseling degree program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to admission criteria for the Master of Arts in School Counseling degree program at U. T. Tyler as described below.

BACKGROUND INFORMATION

U. T. Tyler requests approval to change the admission criteria for the Master of Arts in School Counseling degree program within the College of Education and Psychology as follows:

Description of Change

- Waive Graduate Record Examinations (GRE)
- Applicants must submit a personal statement describing their personal background and classroom experiences that demonstrate their commitment and ability to work with students from diverse backgrounds and with diverse needs.

Rationale for Change

These recommended changes are based on (1) empirical evidence that does not support the continued use of GRE scores as a reliable predictor of student outcomes, (2) a diversity supporting initiative, and (3) admission trends among the field of school counseling graduate programs.

2r. **U. T. Tyler: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science in Nursing for multiple Nursing degree programs**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to admission criteria for the Master of Science in Nursing in multiple Nursing degree programs at U. T. Tyler as described below.

BACKGROUND INFORMATION

U. T. Tyler requests approval to change the admission criteria for the Master of Science in Nursing degree programs in Nursing Administration, Nursing Education, Nursing Informatics, Quality & Safety, Family Nurse Practitioner (FNP), and Psychiatric Mental Health Nurse Practitioner (PMHNP).

Description of Change

- Unencumbered licensure
- Applicants to all MSN degree programs must submit a two-page essay describing reasons for seeking a particular MSN degree and plans for the future.
- Applicants to one of the Advanced Practice degree programs (i.e. FNP, PMHNP) must submit a two-page essay and video.
- Applicants must submit a curriculum vitae (CV) or resume

Rationale for Change:

- It is critical that applicants have a license that is not under investigation.
- Requiring a resume or CV establishes that MSN candidates have direct nursing experience that supports their ability to be successful in a particular program.
- Effective communication (oral and written) is a primary predictor of student success in advanced nurse practitioner education. The admissions criteria to require the two-page essay and video will enable the admissions team to assess the student's ability for effective communication strategies and use technology.

2s. U. T. Tyler: Discussion and appropriate action regarding proposed changes to admission criteria for various Master's degree programs for current U. T. Tyler undergraduate students and alumni applicants

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the admission criteria for current U. T. Tyler undergraduate students and alumni applying to master's degree programs within various colleges/schools at U. T. Tyler.

BACKGROUND INFORMATION

U. T. Tyler requests approval to change the admission criteria for eligible current undergraduate students and alumni applying to master's degree programs within the College of Arts and Sciences, College of Engineering, College of Education and Psychology, Soules College of Business, and School of Health Professions, to streamline the application process for its current undergraduate students and alumni through the two new programs described below.

Description of Changes

1. Patriot-Admit Program

U. T. Tyler proposes to waive the application fee, statement of purpose, letters of recommendation, and the Graduate Records Exam (GRE)/Graduate Management Admission Test (GMAT) for eligible students. Qualifying students and alumni must have at least a 3.00 Cumulative Grade Point Average (GPA) and will be subject to other applicable admission criteria for the individual graduate degree program.

2. 4+1 Programs

The streamlined admissions process will allow eligible undergraduate students currently enrolled in participating programs to enroll in up to nine semester credit hours of graduate coursework in the same program. Students seeking to participate in the 4+1 Program must have at least a 3.00 Cumulative GPA, a faculty recommendation, and approvals from the department chair, academic dean, and graduate school dean and will be subject to other applicable admission criteria for the individual graduate program.

Rationale for Changes

These changes will enable the participating graduate programs to provide a streamlined, fast-track admissions process through the Patriot-Admit Program for current U. T. Tyler students and alumni to pursue a graduate degree. Initial costs for prospective students are reduced because the recommended waivers for the standard application process and the GRE/GMAT remove the charges associated with those requirements.

Recommended changes associated with the 4+1 Programs allow earlier enrollment in graduate courses without need for the more detailed review associated with the formal applications process and payment of associated fees.

The 4+1 Programs will allow eligible students to save time (five years instead of six or seven) and money (up to about 30% reduction in graduate education costs). U. T. Tyler serves a large population of first generation, Pell recipients, and transfer students who will particularly benefit from the proposed accelerated admissions options. In 2021, 55.6% of baccalaureate graduates were first generation and 55.7% were Pell recipients. Additionally, in Fall 2021, transfer students comprised 57.9% of the undergraduate enrollment.

The proposals will benefit underrepresented students and alumni. In 2021, only 8.2% of baccalaureate degrees and 11.0% of master's degrees were conferred to U. T. Tyler Black/Non-Hispanic students. In the same cohort, 21.6% of baccalaureate degrees and 16.3% of master's degrees were conferred to Hispanic students.

Waiver of the graduate application fee will not result in U. T. Tyler's inability to service a debt to which revenue from that fee is obligated.

3a. U. T. Rio Grande Valley: Approval to establish a Doctor of Philosophy in Materials Science and Engineering degree program

RECOMMENDATION

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

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

BACKGROUND INFORMATION

Program Description

U. T. Rio Grande Valley proposes to offer a Doctor of Philosophy (Ph.D.) degree program in Materials Science and Engineering. The Ph.D. in Materials Science and Engineering is designed to provide opportunities for students to obtain a broad background in theoretical and experimental materials science and engineering, particularly in nanofibers where U. T. Rio Grande Valley has unique worldwide expertise. The study of new knowledge, materials, and physical phenomena promotes solutions to solve real-world problems in a wide variety of fields including energy, medical, structural, biotechnology, information technology, electronics, manufacturing, and several others. As a Hispanic-Serving Institution with a student population that is approximately 90% Hispanic, U. T. Rio Grande Valley's proposed program will contribute to the diversification of the scientific and engineering workforce by preparing students from underrepresented groups, most notably Hispanic students from South Texas, for a variety of careers in scientific and engineering institutions, industry, federal agencies, and higher education.

In addition to providing students with research opportunities, training in cutting edge technologies, active faculty mentoring, and technical guidance, the Ph.D. in Materials Science and Engineering incorporates coursework and activities to equip graduates with the skills and understanding of proper procedures to be effective teachers and research mentors, ensuring that they have experience in teaching, classroom technology, research grant proposal development, and strategies to build effective research teams that integrate undergraduate students in research activities. Seminars and invited talks will expose doctoral students to the leading researchers and teachers in the field and help them to make professional connections that will enhance future opportunities.

Need and Student Demand

According to the U.S. Bureau of Labor Statistics (BLS), employment in Science, Technology, Engineering and Mathematics (STEM) occupations in 2019 was 9.9 million, with a 10-year projection of 10.7 million. Based on the May 2020 Occupational Employment and Wages (OEW) report, 6,930 jobs were found related to the materials scientist occupation in the United States, with almost 6% in Texas. Overall employment in this field is expected to grow at an annual rate of 5% from 2019 to 2029, faster than the majority of other occupational categories. According to the available data from BLS and OEW, Texas is among the states with the highest number of employment opportunities in the area of interest, ranking third.

In 2019, the overall number of doctoral degree recipients in materials science and engineering in the U.S. was 992, according to the Survey of Earned Doctorates (SED) found through the National Science Foundation (NSF). In Texas, there are nine Ph.D. programs in materials science and engineering, where the total number of doctoral recipients was 83 in 2019; just 8.4% of U.S. awarded doctorates. Between 2015 and 2017 there was a notable increase of 91 in 2017. However, from 2017 to 2019 there was a slight decrease in the number of earned doctorates. This reflects the necessity for new doctoral programs in materials sciences and engineering to respond to labor market needs. According to Indeed and Glassdoor data from 2021, there were approximately 100 new jobs requiring a Ph.D. degree in materials science and engineering in the State of Texas and over 2,000 in the United States. The current job market requires more than those currently graduating with Ph.D.'s in materials science and engineering.

There is local demand for a materials science and engineering Ph.D. degree program among U. T. Rio Grande Valley College of Engineering and Computer Science (CECS) and College of Sciences (CoS) students. Through a survey administered to CECS and CoS students, there is clear interest in pursuing a Ph.D. degree in Material Science and Engineering at U. T. Rio Grande Valley. Enrollment projections for the proposed Ph.D. program estimate an average class size of 10 students. Attrition rates are not expected to exceed one student per year. The program expects to graduate nine students at the end of five years, with a cumulative five-year headcount of 35 students.

Program Quality

The program will include six existing core faculty, two new core faculty to be hired in years one and two of the program, and eleven existing support faculty. Core faculty members were selected based on their strength in research/scholarly activity, external funding, publications and patents, and their experience with supervising doctoral students. The number of publications and other scholarly accomplishments produced by core faculty total 185 for the past five years. The 11 support faculty members with backgrounds in engineering, materials science, computer science, and physics will serve as support faculty.

Revenue and Expenses

Expenses	5-Year Total
<i>Faculty</i>	
Salaries	\$2,124,754
Benefits	\$594,931
<i>Graduate Students</i>	
TA Salaries	\$2,076,000
TA Benefits	\$103,800
GRA Salaries	\$648,000
GRA Benefits	\$32,400
<i>Staff & Administration</i>	
Graduate Coordinator Salary	\$30,000
Administrative Staff Salaries	\$190,530
Staff Benefits	\$66,686
<i>Other Expenses</i>	
Scholarships	\$1,198,555
Equipment	\$450,000
Supplies and Materials	\$75,000
Marketing and Recruitment	\$10,000
Library Resources	\$10,000
Travel	\$15,000
Total Expenses	\$7,625,656

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$1,408,139
Tuition and Fees	\$905,383
<i>From Institutional Funds</i>	
Institutional Enhancement	\$1,845,659
Reallocation of Existing Resources	\$3,144,585
<i>From Grant Funds</i>	
Grant Funds for GRAs	\$378,000
Total Revenue	\$7,681,766

Coordinating Board Criteria

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

3b. U. T. San Antonio: Approval to establish a Doctor of Philosophy in Chemical Engineering degree program

RECOMMENDATION

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

- a. establish a Doctor of Philosophy in Chemical Engineering degree program at U. T. San Antonio; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

U.T. San Antonio proposes a Doctor of Philosophy (Ph.D.) in Chemical Engineering degree program within the Klesse College of Engineering and Integrated Design. The degree program is designed to prepare graduates to be leaders in chemical engineering industries and academia through strong academic preparation and to graduate with skills to solve current engineering challenges through performance of independent and interdisciplinary state-of-the-art research in the areas of health, energy, materials, and the environment.

Graduates of this research-intensive program will develop skills in chemical engineering and other disciplines that will enable them to apply cutting-edge engineering research to solve problems across traditional scientific boundaries and lead careers in industry, academia, or governmental research laboratories. The curriculum proposed is multidisciplinary with courses identified across science and engineering to support the program. The structure enables a flexible curriculum consistent with current best practices in the field.

Need and Student Demand

Chemical engineers are in high demand in fields critical to the Texas economy, including petroleum, natural gas, energy, environmental, petrochemicals, biotech, and pharma. The chemical engineering job market in Texas is expected to grow 20% by 2026. The petrochemicals market alone has been projected to increase in value by \$276 billion through 2030 (Precedence Research), with the demand for chemicals expected to grow by over 300 million metric tons. With the State of Texas lagging behind only China and Europe in chemical production, it is clear that there will continue to be demand for chemical engineers in Texas.

Employment opportunities are available in private industry, government, military, and public institutions. This includes industry from small, innovative startups to Fortune 500 companies. Given the demand, this proposed program will be a critical new source of skilled professionals needed in every chemical engineering industry, as well as at universities and other research institutions located throughout Texas and the nation.

In 2021, there were 230 job postings in Texas for Ph.D. in chemical engineering, but only 122 graduates were produced by Texas schools in 2021. In addition, there are eight such positions currently available in San Antonio, but there is no school in South Texas that offers a doctoral degree in chemical engineering. Texas is not producing a sufficient number of doctoral graduates in chemical engineering to meet the demand from the state. As the first chemical engineering Ph.D. program in South Texas, the program would help meet this demand in both South Texas and the state.

The program is projected to enroll seven new students annually, with a cumulative five-year headcount of 24 students. Students will be able to enter the Ph.D. program directly from U. T. San Antonio's undergraduate engineering programs.

U. T. San Antonio initiated a Chemical Engineering undergraduate program in 2017. The popularity of this program can be seen in the rapid growth of student enrollment from 27 to 146 students since starting the program four years ago, indicating a significant interest in chemical engineering as a career path. The undergraduate chemical engineering student population at U. T. San Antonio is diverse, with females making up 45.2% and underrepresented minorities making up 60% of the chemical engineering student population. This undergraduate population serves as a diverse pool of potential students for the proposed doctoral program.

San Antonio is the 7th largest and one of the fastest growing cities in the nation.

U. T. San Antonio serves much of the San Antonio and south Texas region. Only two cities in the top 10% by population nationwide, San Antonio and Dallas, do not have a university offering a Ph.D. degree program in chemical engineering. Despite the high demand for chemical engineers in fields that are highly present in the Texas economy (petroleum and natural gas, energy, environmental, medical, etc.), and Texas being the second largest state in the U.S., only six universities in the state offer a Ph.D. degree program in chemical engineering. This is lower than California (nine universities), but also lower than the number of universities in the fourth (New York, nine universities) and fifth (Pennsylvania, seven universities) largest states. In addition, enrollment in existing programs is primarily limited by the number of available research and teaching assistant positions. The R1 institutions in Texas consistently reject over 65-75% of qualified applicants (out of 100s of applications per institution) based on the data provided by these institutions.

Program Quality

The program will utilize 10 existing core faculty in the Department of Biomedical and Chemical Engineering and plans to hire three new core faculty members in the first five years of the program. In addition to the core faculty appointed in the Chemical Engineering program, six support faculty with chemical engineering expertise will serve the program, including faculty in biomedical engineering, environmental engineering, chemistry, mechanical engineering, mechanical engineering, and electrical engineering. As a young program, the chemical engineering faculty are highly productive, producing articles, awards, and citations well above the national median. Core faculty have been highly productive, producing an average of 49.6 papers per year over the past five years and have received prestigious national and international awards and recognitions.

All full-time students will be financially supported. Minimum support will consist of 1) coverage of tuition and fees for 21 credit hours to maintain full-time status (nine credit hours per long semester, three credit hours in the summer semester), 2) coverage of health insurance, and 3) minimum stipend of \$24,000 per year. Based on current tuition rates, this amounts to approximately \$41,000 of support per student per year.

The core and support faculty have a strong history of securing external support. The Department and Klesse College of Engineering and Integrated Design are committed to assist the Ph.D. program students through Graduate Teaching Assistantship support and Graduate Research Assistantship support. In addition to institutional funds, a philanthropic commitment for \$100,000 per year for a total of \$500,000 over five years has been secured to establish the proposed doctoral program in Chemical Engineering. These funds will be used to support graduate research assistant positions and to provide additional academic support (including adjunct faculty members and/or graduate assistantships).

Revenue and Expenses

Expenses	5-Year Total
<i>Faculty</i>	
Salaries	\$3,311,925
Benefits	\$1,158,174
<i>Graduate Students</i>	
GTA and GRA Salaries	\$840,000
GTA and GRA Benefits	\$560,000
<i>Staff & Administration</i>	
Graduate Coordinator Salary	\$75,000
Administrative Staff Salaries	\$45,000
Staff Benefits	\$42,000
<i>Other Expenses</i>	
Supplies and Materials	\$25,000
Start up	\$400,000
Total Expenses	\$6,457,099

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$167,005
Tuition and Fees	\$617,997
<i>From Institutional Funds</i>	
Reallocation of Existing Resources (Faculty & Staff and GTA salaries + Benefits)	\$5,082,099
<i>From Other Revenue Sources</i>	
Philanthropy	\$510,000
STARS funding – start up for 2 new faculty	\$400,000
Total Revenue	\$6,777,101

Coordinating Board Criteria

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

4. **U. T. System: Discussion and appropriate action regarding authorization to establish tuition and fee rates for the inaugural cohort of students enrolled in U. T. Tyler's School of Medicine**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve tuition and fee rates for The University of Texas at Tyler Medical School's inaugural class as set forth on the following pages.

BACKGROUND INFORMATION

U. T. Tyler will enroll the first class of medical students in the Fall of 2023. As the University begins to recruit and enroll students, it needs to advertise the tuition and fee rates. The proposed rates are well below the national averages for public medical schools as reported by the Association of American Medical Colleges for the 2020-2021 academic year and are comparable to other U. T. System medical schools.

Summary of Proposed Initial Annual Tuition and Fee Rates for Medical Students

Tuition and fees for medical students include statutory tuition, designated tuition, mandatory fees, and additional fees required for medical education, including clinical skills fees, liability/malpractice insurance fees, lab and testing fees, educational software or electronic textbook fees, and immunization fees (not all fees are charged at all state medical institutions).

The proposed tuition plan, along with other funding sources, will allow the U. T. Tyler medical education program to achieve its goal of preparing physicians who are skilled clinicians, biomedical scientists, professional leaders, and innovators in the ongoing transformation of the health care system throughout East Texas, the State of Texas, and nationally. The program, the first doctoral program in medicine offered in East Texas, will train students for the medical workforce of the future by creating an exceptional educational experience for learners and by producing a diverse, broadly trained, competent, collaborative, and empathetic clinical workforce for East Texas and beyond. The program will leverage the size, scope, and strength of the university-owned teaching hospital system, U. T. Health East Texas, which is a 10-hospital, 50-plus clinical unit enterprise.

Given our intention to hold tuition rates in line with other U. T. System health institutions, our medical education program will be affordable to our students. M.D. students will also be eligible to receive grants and scholarships to defray the cost of a medical education. Additionally, thanks to the generous grant provided by the Fair Foundation, the inaugural cohort of 40 students will receive a scholarship covering the full cost of tuition for the 4-year program.

Summary of Proposed Annual Tuition

Tuition	Resident Rate	Nonresident Rate
Statutory Rate	\$6,550	\$19,650
Statutory Rate Differential	\$6,550	\$6,550
Designated Rate	\$7,000	\$9,840
Total Tuition	\$20,100	\$36,040

Summary of Proposed Annual Mandatory Fees

Fee Description	Rate
Arts and Performance Center Fee	\$75
Athletics Fee	\$480
Medical School Materials and Supplies Fee*	\$90
Library Fee	\$225
Medical Service Fee	\$107
Recreation Facility Fee	\$175
Student Services Fee	\$375
Student Union Fee	\$260
Student Records Fee	\$15
Technology Fee	\$480

*Note: All mandatory fees have been previously approved for U. T. Tyler students, except for the Medical School Materials and Supplies Fee, which is a new mandatory fee specifically for medical students, authorized by Texas Education Code Section 55.16.

Summary of Total Proposed Annual Tuition and Mandatory Fees

Description	Resident	Nonresident
Total Tuition	\$20,100	\$36,040
Total Mandatory Fees	\$2,282	\$2,282
Total Tuition and Mandatory Fees	\$22,382	\$38,322

Summary of Proposed Program Specific/Incidental Fees

Fee Description	Rate
Orientation Fee*	\$150
Liability Insurance*	\$25
Health Insurance*	\$3,333
ID Card*	\$20
Late Registration Fee	\$25
Transcript Fee	\$10
Installment Fee	\$25
Graduation Fee	\$75

* New fees/rates proposed for medical students; all other program specific/incidental fees were previously approved for U. T. Tyler students.

Item 4 attachment (Tuition and Fee)

AY 2023-2024

The proposed tuition and fees place the U. T. Tyler medical education program in the same affordability range as U. T. Health Science Center - San Antonio, U.T. Southwestern, and U. T. Medical Branch - Galveston. The proposed rates are approximately 6% above the U. T. System medical school average and approximately 5% below the U. T. Health Science Center - Houston's McGovern Medical School.

The proposed rates are well below the national averages for public medical schools (\$39,142) and private medical schools (\$63,989), as reported by the Association of American Medical Colleges (AAMC) comparison for the 2020-2021 academic year.

The following statutes were referenced in setting the tuition and fees for the U. T. Tyler Health Science Center School of Medicine's entering cohort:

- Texas Education Code, Section 54.051 (f) Statutory Tuition
- Texas Education Code, Section 54.008 (a), Tuition Rate Set by Governing Board
- Texas Education Code, Section 54.503, Student Service Fees
- Texas Education Code, Section 54.0513, Designated Tuition
- Texas Education Code, Section 54.534, Arts and Performance Center Fee
- Texas Education Code, Section 54.5341, Student Recreational Facility Fee
- Texas Education Code, Section 54.342, Intercollegiate Athletics Fee
- Texas Education Code, Section 54.343, Student Union Fee
- Texas Education Code, Section 54.50981, Medical Services Fee: The University of Texas System Components
- Texas Education Code, Section 54.504, Incidental Fees
- Texas Education Code, Section 55.16, Board Responsibility
- Texas Education Code, Section 56.033, Tuition Set-Aside Requirements
- Texas Education Code, Section 61.539, Medical Tuition Set-Aside for Loan Repayment Program

5. **U. T. Tyler: Report on the Long Range Financial Plan for The University of Texas at Tyler**

President Calhoun will report on the long-range financial planning at U. T. Tyler using the PowerPoint on the following pages.

RISE AS One

LONG-RANGE FINANCIAL PLAN

Kirk A. Calhoun, MD
U. T. System Board of Regents Meeting
Academic Affairs Committee
August 24, 2022



UT Tyler[™]

THE UNIVERSITY OF TEXAS AT TYLER

Long-Range Financial Planning Framework

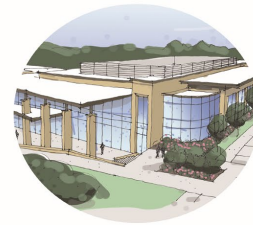


IMPACT

Operational Excellence - Socioeconomic Impact - Enhanced Reputation
 Increased Breadth, Scale, and Outcomes of Educational Impact



Looking Back at Our Growth



THE ANNOUNCEMENT HEARD AROUND THE REGION

- Creation of UT Health East Texas
- College of Business and Technology renamed Soules College of Business and relocated to state-of-the-art facility
- University submits application to move to NCAA Division II

2018

EXPANDING COMMUNITY AND RURAL HEALTH THROUGH EDUCATION AND OUTREACH

- U. T. System BOR announce the alignment of U. T. Tyler and Health Science Center
- Regents allocate \$90 million for new U. T. Tyler nursing facility and Medical Education Building
- U. T. Tyler recognized by Carnegie with new Doctoral Research Classification (R2)

2019

EAST TEXAS, IT'S TIME FOR YOUR MEDICAL SCHOOL

- U. T. System Board of Regents announce plans to establish the U. T. Tyler School of Medicine
- U. T. System BOR names Dr. Calhoun president of the unified UT Tyler
- U. T. Tyler ranked as National University and Top Public School

2020

ELEVATING THE DIVERSITY AND LEVEL OF TALENT THROUGHOUT U. T. TYLER

- Successful recruitment of permanent deans in the Soules College of Business and School of Medicine (SOM)
- Successful recruitment of 11 SOM faculty members (four assistant deans and seven associate deans)

2021

LOOKING FORWARD

- U. T. Tyler submits draft FY2023-2027 Strategic Plan to U. T. System
- U. T. Tyler commits to growing enrollment to 15,000 students over the next five years
- Successful recruitment of Chief Business Officer
- Initiated Master Planning effort

2022



RISE AS One

Our Mission:

UT Tyler is a comprehensive public university.

We help our students, patients, and community members achieve their educational and health goals by offering a combination of excellence in higher education, research, public service, and advanced healthcare delivery.

Our Vision:

UT Tyler will be an impactful, values-centered institution unified in common purpose; a community that fosters opportunity, committed to providing a uniquely balanced student experience and improving the quality of human life.

Our Values:

- Servant Leadership • Excellence • Accountability • Diversity

RISE^{AS}One



Enrich the Student Experience

Increase student mentorship, experiential learning, and professional development opportunities for students.

Promote student engagement.

Increase research experiences to be broadly available to all graduate and undergraduate students by fall 2027.

Support a growing student body by advancing a campus climate that cultivates justice, equity, diversity, and inclusion.



Elevate Economic Opportunity & Social Mobility for Our Students

Increase educational impact to meet the demands of Texas learners through enrollment growth to 15,000 students by 2027.

Enhance the delivery of flexible programs and additional supports for students.

Increase the number of quality academic and cocurricular programs across all disciplines.

Be the destination institution for students seeking careers in health professions.

Ensure student success through achieving excellence in outcomes assessment.



Partner & Collaborate in Service to Our Community

Be a Carnegie Community-Engaged University.

Establish a workforce pipeline that creates a positive impact on the community and all East Texas.

Foster an inclusive culture among all stakeholders by improving the campus climate for members of the community.

Lead innovation on care delivery and research models for complex populations in rural communities.

Long-Range Financial Plan | 7



Advance Excellence in Teaching, Research & Healthcare

Invest in current faculty and staff, creating a campus culture of belonging.

Double research expenditures by 2027.

Leverage growth trajectory and reputational momentum to attract diverse talent.

Grow medical education and other health education programs to serve East Texas providers and caregivers.



Ensure Sustainability & Foster Accountability

Establish efficiencies to make college education more affordable.

Grow philanthropic giving necessary to support the institution's mission.

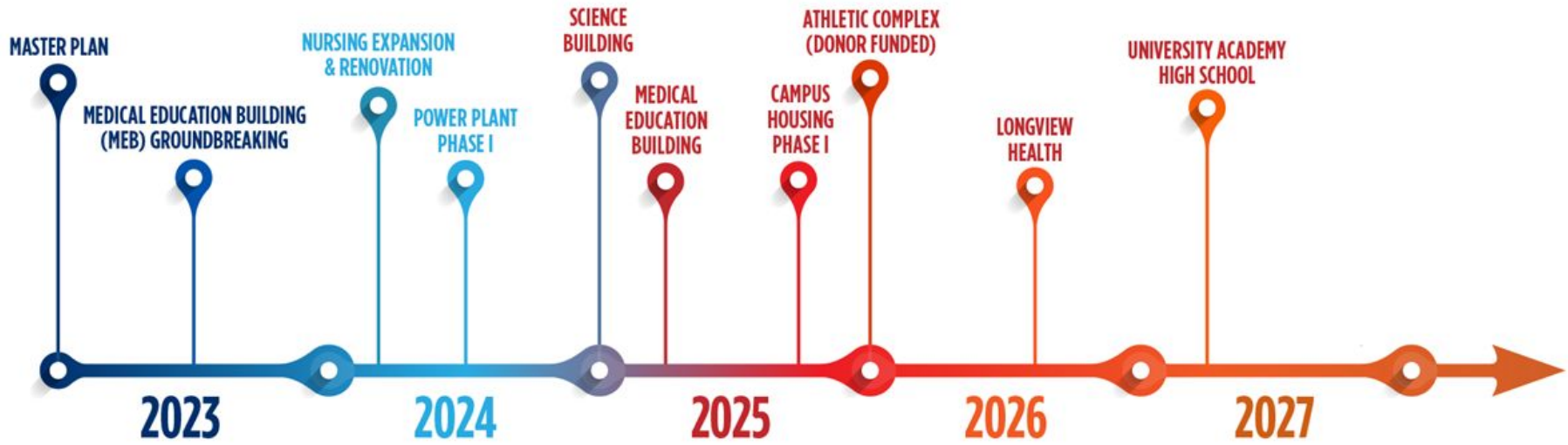
Create a culture of accountability and transparency.

Expand infrastructure and facilities to support university growth.

Pursue opportunities to diversify revenue sources.

Streamline and strengthen integrated shared services by leveraging synergies across the University.

U.T. Tyler Capital Plan Projected Completion Dates



Agenda Book - 252



Long-Range Targets



GROWTH TARGETS	PROJECTED BASELINE					TARGET
	AY22	AY23	AY24	AY25	AY26	AY27
Undergrad Enrollment	7,285	7,697	8,280	9,067	9,933	10,885
Graduate enrollment	2,119	2,331	2,611	2,924	3,275	3,668
Doctoral Enrollment (<i>includes SOM</i>)	323	357	439	546	656	689
FTIC Freshman Retention (<i>excludes CAP students</i>)	80%	83%	86%	90%	90%	90%
Research Expenditures (\$ in Millions)	\$27.8	\$33.4	\$38.9	\$44.5	\$50.1	\$55.6
Freshman 6-year Graduation Rate (<i>excludes CAP transfers</i>)	43%	45%	47%	49%	52%	55%
Transfer 4-Year Graduation Rate	64%	65%	66%	67%	68%	70%

FINANCIAL TARGETS	PROJECTED BASELINE					TARGET
	FY22	FY23	FY24	FY25	FY26	FY27
Operating Margin	-1.3%	-1.3%	-1.3%	-1.9%	-1.4%	-1.4%
Operating Margin (net of depreciation)	5.0%	5.4%	5.3%	6.0%	7.6%	7.3%
Debt Service to Operations	1.3%	2.6%	2.7%	2.9%	3.9%	3.9%
Cash on Hand (days)	58.0	69.1	75.9	84.9	100.4	111.1
UT System Scorecard	3.9	4.0	3.7	3.9	3.9	4.0
Unrestricted Cash & Investments to Total Debt	1.40	1.70	1.70	0.90	1.00	1.20
Total New Gifts (\$ in Millions)	\$12.62	\$14.46	\$17.66	\$20.19	\$22.71	\$25.23



Growth Assumptions



Enrollment

- Average Total Annual Enrollment Growth
 - Undergraduate: 8.8%
 - Graduate: 11.6%

Research

- Average Annual Research Expenditure Growth: 15%

Philanthropy

- Endowment Growth: 3 - 6%
- Average Annual Growth in Total Gifts: 15%

Healthcare

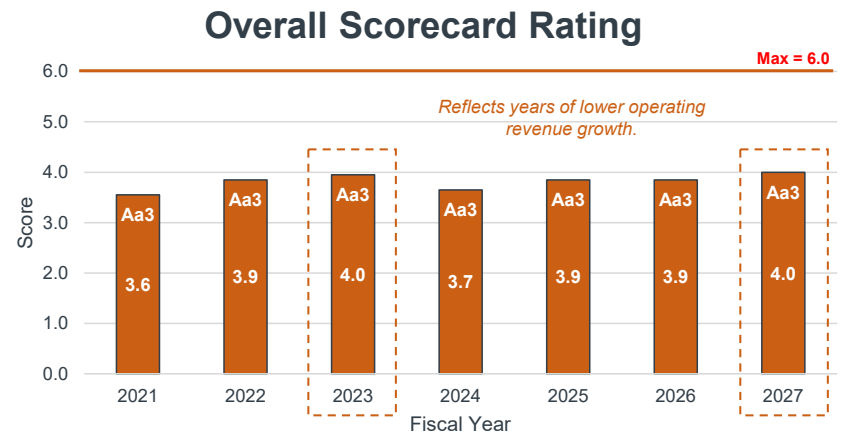
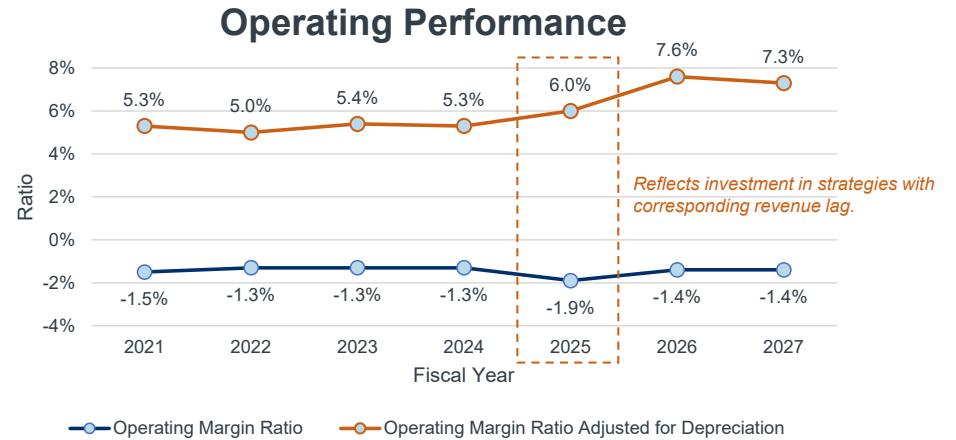
- Average Annual Hospital Revenue Growth: 4.4%



Financial Health Indicators



- Cash positive before and during strategic investments.
- Operating margins hit a low point in Fiscal Year 2025 due to formula funding lag.
- Overall scorecard ratings increase to the midpoint of the Aa3 range due to low operating revenue growth in Fiscal Years 2023 and 2027.
- Ongoing monitoring and assessment is key to achieving this plan.

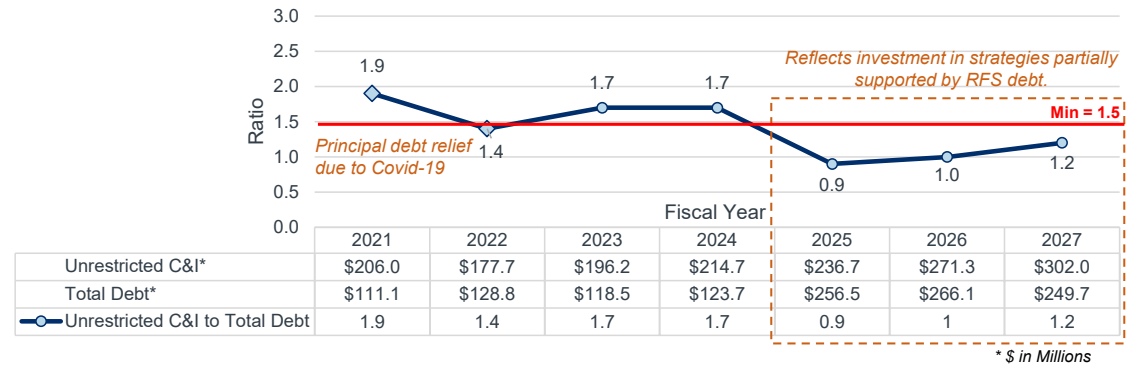


Financial Health Indicators

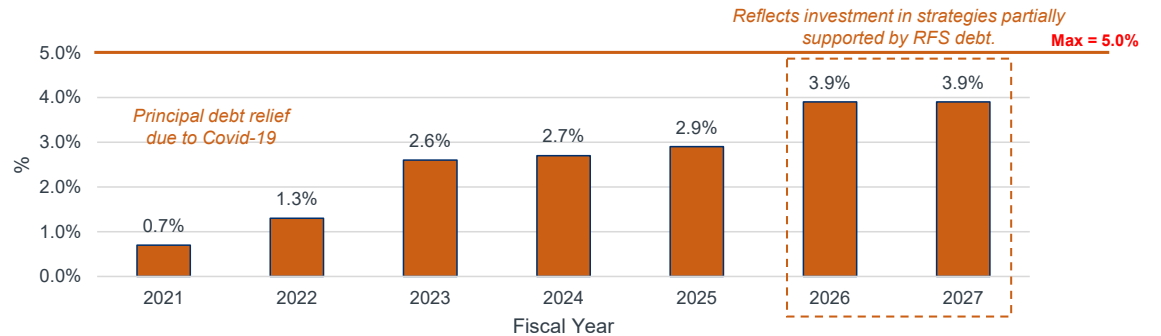


- Formula funding lag corresponding to ambitious student enrollment growth will affect unrestricted cash balance in Fiscal Year 2025.
- New RFS debt acquired for campus housing and medical education buildings will affect debt balances in Fiscal Years 2026 and 2027.
- Financial stress period is between Fiscal Years 2025 to 2027.

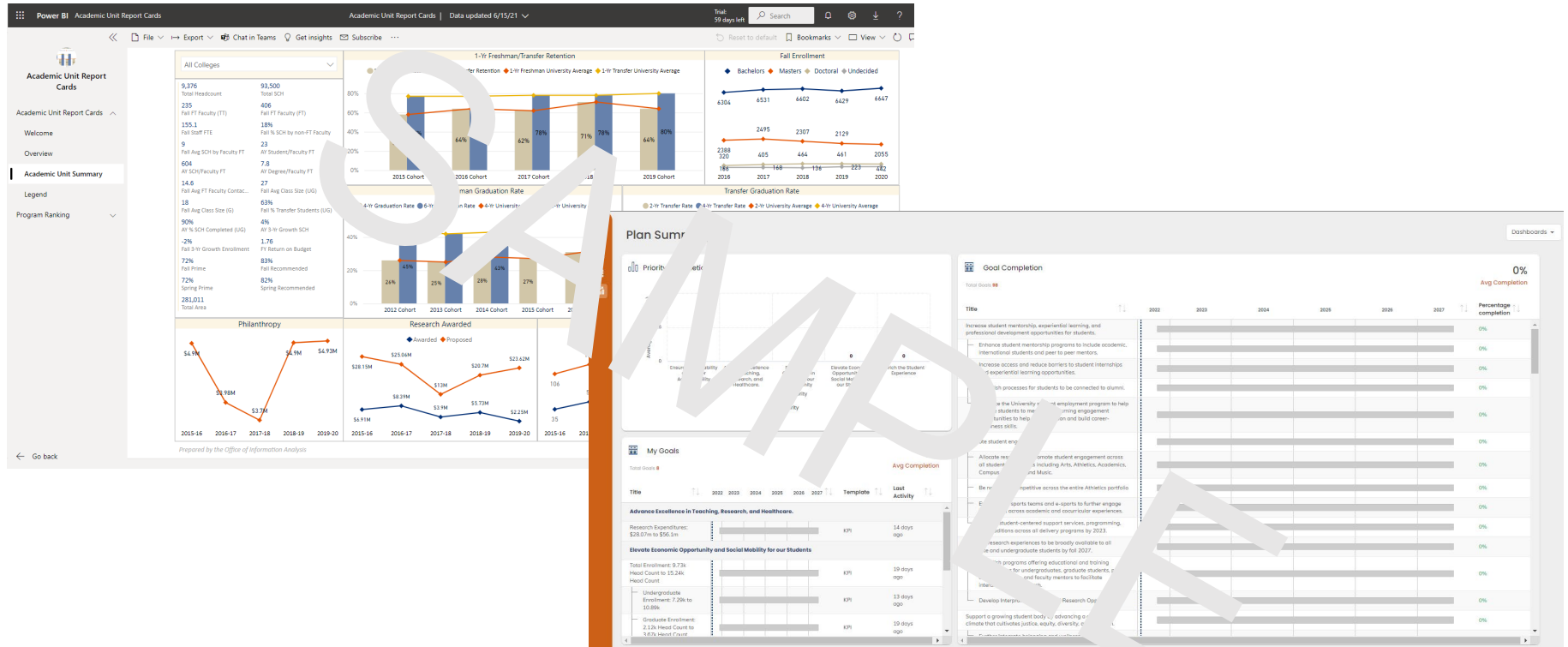
Unrestricted Cash & Investments to Total Debt



Debt Service to Operations



Setting Goals & Ensuring Accountability



6. U. T. Austin: Discussion on the Texas Institute for Electronics (TIE): Manufacturing of Next Generation Semiconductor Systems in Preparation for the U.S. CHIPS Act; and discussion and appropriate action regarding amendment of the current Capital Improvement Program to include the Microelectronic and Engineering Research Center (MER) Cleanroom Renovation and Expansion Phase A project; approval of total project cost; appropriation of funds; and resolution regarding parity debt

RECOMMENDATION

Following remarks from President Hartzell and Chancellor Milliken concerning the Texas Institute for Electronics (TIE) and how it will enable U. T. Austin and the State of Texas to compete most effectively for a share of federal CHIPS Act funding and cement Texas as a national leader in the semiconductor industry, the Board will be asked to consider the following Recommendation:

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Microelectronic and Engineering Research Center (MER) Cleanroom Renovation and Expansion Phase A project at The University of Texas at Austin as follows:

- a. amend the current CIP to include the project and approve a total project cost of \$45,000,000 for Phase A to purchase long-lead research equipment;
- b. appropriate funds and authorize expenditure of \$45,000,000 from Tuition Revenue Bond (TRB) Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$45,000,000.

BACKGROUND INFORMATION

Additional background information is provided on the following pages.



TEXAS INSTITUTE FOR ELECTRONICS

Current National Challenges

With semiconductor devices and systems now impacting all aspects of daily life, demand for such technologies is growing in exponential — and potentially limitless — ways. Given such massive growth in overall demand, the consequences of falling behind in these advanced technologies are more dire today than ever before.

Our national security is at risk if the U.S. military and intelligence community lose the competitive advantage over our adversaries — particularly China — in both semiconductor infrastructure and technology. In addition, the U.S. is over-reliant on foreign manufacturers (notably Taiwan) for semiconductor fabrication, leaving our supply chain vulnerable to aggression by hostile powers.

The Texas Response

To respond to these challenges, it is critical to invest in semiconductor research & development and fabrication efforts so that the U.S.:

- maintains an **innovative edge** for both national security and economic growth;
- capitalizes on the significant **economic impact** of this sector (the global semiconductor market is expected to grow to \$551B in 2021);
- ensures that the **U.S. military** has access to critical electronics infrastructure and technologies; and
- stabilizes **supply chains**, to prevent disruptions, like the chip shortage hobbling many industries today.

Every direct job in the semiconductor industry supports an additional 5.7 jobs in other industries.

UT Austin proposes building the **Texas Institute for Electronics (TIE)**, a public-private partnership to address the needs of both industry and government and help recruit, educate and train the next generation of high-skilled industry innovators with a:

- **R&D-fab:** An innovation-oriented fab focusing on visionary and forward-looking technologies (\$110M secured-TRB)
- **Secure-fab:** A fab with security clearance to support technology development and supply-chain needs of the defense electronics sector (\$80M); and
- **Texas Innovation-fab:** Leading edge fab infrastructure to support current industry needs, maintain U.S. technological and economic advantages, and ensure supply chain security (\$110M)

UT Austin seeks funding from the State of Texas to launch the Texas Institute for Electronics.

A state investment in this one-of-a-kind project will uniquely position Texas to effectively compete for a share of the \$13B in federal funds in the CHIPS Act and cement Texas as a national leader in the semiconductor industry. TIE would be financially self-sustaining through a public-private partnership among industry, national laboratories and academic partners.



NATIONALLY RANKED

- #10 - UT Austin Computer Science
- #10 - UT Cockrell School of Engineering

Texas has all the elements necessary to address the country's commercial and defense needs in this field.

10%
of U.S. engineers educated in TX

#2
state in U.S. for economic productivity in semiconductor industry

Why UT Austin

This initiative will leverage and expand existing infrastructure, research capabilities, world-class talent and degree programs at UT Austin. The university has a long history of supporting small and mid-sized tech start-ups and promoting successful nanotech spinouts. State investment will allow more entrepreneurs to innovate and expand in Texas, creating thousands of high-technology jobs.

Currently, UT Austin houses multiple internationally recognized centers, labs and partnerships necessary to facilitate this type of collaboration:

- **Nanomanufacturing Systems Center** (NASCENT) — takes nano-science discoveries from the lab to market
- **Microelectronics Research Center** (MRC) — also the headquarters of the NSF funded National Nanotechnology Coordinated Infrastructure
- **Texas Advanced Computing Center** (TACC) — which hosts the world's fastest academic supercomputer
- **Applied Research Laboratories** (ARL:UT) — A University Affiliated Research Center (UARC) with oversight by the Naval Sea Systems Command
- **Army Futures Command Partnerships** Army Research Laboratory South (ARL South) and the Robotics Center of Excellence (RCOE)

MULTIPLIER EFFECT OF INVESTING IN CHIPS

- Create Jobs
- Protect National Security
- Prepare Future Innovators and Leaders
- Meet Consumer Needs
- Advance and Improve Technology
- Prepare for Future Demand
- Promote Start-Ups
- Expand Industry and Business Opportunities
- Drive Innovation in Other Sectors

At the national level, a partnership between the State of Texas, UT Austin and other educational partners, preeminent semiconductor systems and defense electronics companies would create a best-in-class public-private electronics ecosystem. These efforts will make Texas competitive with other universities in states that are expected to compete for CHIPS funding.



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Board Meeting: 8/25/2022
Austin, Texas

Christina Melton Crain, Chairman
R. Steven Hicks
Jodie Lee Jiles
Janiece Longoria
Nolan Perez
Stuart W. Stedman

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Convene	<i>3:45 p.m.</i> <i>Chairman Crain</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	Discussion	Action	262
2. U. T. Southwestern Medical Center: Request to approve the honorific naming of a new campus road servicing the U. T. Southwestern north campus as "Paul M. Bass Way"	Action <i>President Podolsky</i> <i>Dr. Safady</i>	Action	263
3. U. T. Health Science Center - Houston: Approval to establish a Master of Science in Anesthesia degree program and discussion and appropriate action regarding proposed tuition and fee rates	Action <i>President Colasurdo</i>	Action	265
4. U. T. System: Approval to distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns and approve rates for the Plan	Action <i>Dr. Zerwas</i> <i>Mr. Sharphorn</i>	Action	270
5. U. T. System: Update on new academic and research programs at U. T. institutions	Discussion <i>Chancellor Milliken</i> <i>Dr. Zerwas</i>	Not on Agenda	272
Adjourn	<i>4:30 p.m.</i>		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 40 - 66](#).

2. **U. T. Southwestern Medical Center: Request to approve the honorific naming of a new campus road servicing the U. T. Southwestern north campus as "Paul M. Bass Way"**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, Communications, and Advancement Services, and the institutional president that the U. T. System Board of Regents approve the honorific naming of a new campus road servicing the U. T. Southwestern north campus as "Paul M. Bass Way."

BACKGROUND INFORMATION

In recognition of the long history of leadership and support by the late Paul M. Bass to the institution, U. T. Southwestern requests approval to name a new campus road in his honor. Initially, this road will provide access to the new Outpatient Cancer Care Building from Harry Hines Boulevard. In the longer term, the road will serve as a major conduit for access to the new Pediatric Campus to be constructed in partnership with Children's Health System of Texas. The street is located across from the main entrance to William P. Clements Jr. University Hospital and will, in time, serve as a gateway to a major portion of the U. T. Southwestern Medical Center campus. In 2008, the Board of Regents approved the renaming of the then recently acquired Exchange Park complex as the "Paul M. Bass Administrative and Clinical Center."

With plans in place to demolish that existing building to make way for the new Pediatric Campus, naming of "Paul M. Bass Way" will ensure that the contributions of Mr. Bass are acknowledged and honored well into the future. His connections to U. T. Southwestern were significant and his legacy will last in a way that is unrivaled. From 1995 to 2008, Mr. Bass served as Chairman of Southwestern Medical Foundation. His leadership resulted in hundreds of millions of dollars in philanthropic support for U. T. Southwestern. He also served as Chairman of the Board of Zale Lipshy University Hospital and St. Paul University Hospital (predecessor to Clements University Hospital) when both were private 501(c)3 entities. He played a pivotal role in the complex negotiations and visionary thinking that enabled U. T. Southwestern to acquire both hospitals.

His civic involvement and contributions reached beyond U. T. Southwestern and left a lasting imprint on the Dallas community. He served in the United States Air Force, served as Chairman of the Board of Managers of Parkland Hospital, was a member of the Dallas Citizens Council, served as chairman of the Finance Committee of the State Fair of Texas, and was on the board of Phoenix Houses of Texas. He was also active in the Salesmanship Club of Dallas for more than 41 years and was honored with numerous awards and honors both during his life and posthumously.

His contributions to advance U. T. Southwestern Medical Center, his longtime service to the community, and his generous gifts of time, expertise, and financial support continue to make a powerful impact on health care and health education in Texas.

This naming proposal is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to honorific namings to recognize extraordinary contributions.

3. **U. T. Health Science Center - Houston: Approval to establish a Master of Science in Anesthesia degree program and discussion and appropriate action regarding proposed tuition and fee rates**

RECOMMENDATION

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

- a. establish a Master of Science in Anesthesia degree program at U. T. Health Science Center - Houston;
- b. approve new tuition and fees of \$1,080 per semester credit hour (SCH) for Resident Tuition and the rate of \$1,896/SCH for Non-Resident Tuition, effective Fall 2023; and a new Other General Authorization Fee for the Simulation Lab at the rate of \$400 per semester; and
- c. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

U. T. Health Science Center - Houston seeks to develop an Anesthesiologist Assistant educational program at the master's degree level offering a Master of Science in Anesthesia (M.S.A.) through the Department of Anesthesiology at the McGovern Medical School. The strong educational foundations of such a program will be grounded in a team approach to anesthesia patient care, in which an anesthesiologist concurrently supervises anesthesiologists or residents-in-training. As the ability of the Anesthesiologist Assistant to practice is predicated on the medical direction of an anesthesiologist, a successful M.S.A. degree program at U. T. Health Science Center - Houston will integrate within the learning continuum of the Department of Anesthesiology – a relationship paradigm for which the institution is particularly suited.

The American Society of Anesthesiologists (ASA) endorses the Anesthesia Care Team (ACT) model in providing anesthesia care. The ACT model includes the delegation of patient monitoring, care, and other appropriate tasks by the physician to non-physicians. Delegation is defined by the physician anesthesiologist and must be consistent with state law, regulations, and medical staff policy. Although selected tasks may be delegated to qualified members of the ACT, overall responsibility for the team's actions and patient safety ultimately rests with the physician anesthesiologist. Anesthesiology Assistants (CAAs) and Nurse Anesthetists (CRNAs) are used interchangeably within the Anesthesia Care Team. In settings where both nurse anesthetists and anesthesiologist assistants are used within the ACT, job descriptions are interchangeable, salaries are comparable for experience, and reimbursement from Medicare,

Medicaid, Tricare, and private insurers are identical. CMS recognizes both CAAs and CRNAs as non-physician anesthetists. Both providers commonly practice in the operating room but also function in other facilities requiring anesthetic care, such as GI endoscopy suites, dental offices, and radiological procedural rooms.

The key differences between the two providers lie in their training backgrounds. Nurse practitioners and physician assistants are similarly comparable healthcare providers. A CRNA is essentially a nurse practitioner specifically trained in anesthesia care and a CAA is a physician assistant specifically trained in anesthesia care. CRNAs have a nursing background requiring at least one year of full-time work in an acute care setting, whereas CAAs have a premedical background (similar to the prerequisites required for medical school). Nurse anesthesia education, program accreditation, national certification, and recertification are regulated and governed exclusively by national and state nursing bodies and boards. Anesthesiologist Assistant programs require an affiliation with an accredited medical school that meets ACGME standards for anesthesia physician residency education. Physician anesthesiologist involvement is required in all aspects of CAA education and training, program accreditation, national certification, and recertification. CAAs practices are regulated and governed locally through the state's medical board or state medical practice acts.

The proposed M.S.A. program will offer students a curriculum that integrates didactic learning and clinical training to prepare them for a career as an anesthesia care provider. A minimum of 99 semester credit hours will be required for the completion of the M.S.A. Students will receive didactic instruction from expert U. T. Health Science Center - Houston faculty encompassing relevant topics ranging from medical physiology to medical ethics. Students will receive the benefits of learning through various teaching platforms such as problem-based learning discussions, flipped classroom sessions, and traditional lectures. Instructors will train M.S.A. students in a state-of-the-art simulation lab focusing on both technical and non-technical skills to prepare for the rigors of the perioperative environment. Students will complete a minimum of 2,000 hours of clinical training in various health care environments with exposure to unique and complex surgical procedures by the world's leading medical experts.

Need and Student Demand

The proposed U. T. Health Science Center - Houston program will be the 18th M.S.A. program in the country and the second in Houston. The closest program in proximity would be the one existing at the Houston campus of Case Western Reserve University (a private out-of-state institution). The Case Western Reserve University program location in Houston is an offsite learning location of the main Case Western Reserve University in Cleveland, Ohio. The proposed master's program at U. T. Health Science Center - Houston McGovern Medical School will be the first public M.S.A. program offered by a Texas higher education institution.

U. T. Health Science Center - Houston M.S.A. Enrollment Projections

	Year 1	Year 2	Year 3	Year 4	Year 5
Total New Students	28	30	32	34	36
Attrition	3	3	3	4	4
Cumulative Headcount	25	52	81	86	89
Full Time Student Equivalent	25	52	81	86	89
Graduates			25	27	29

Studies indicate that the United States is currently experiencing a significant anesthesia provider shortage that will persist, with some regional variability, well past 2030. The projected shortage is particularly prevalent in the Midwest section of the country. As mid-level anesthesia care providers, Anesthesia Assistants may be one of the solutions to this crisis. The American Society of Anesthesiologists is proactively working with the American Academy of Anesthesiologist Assistants to increase the number of practicing Anesthesia Assistants in the U.S.

There is a ready need for Anesthesia Assistant educational programs in the State of Texas and the Houston area, as well as nationwide. A burgeoning and healthy citizenry, an underserved target market, and an identifiable way to reach said market provide a substantial opportunity for U. T. Health Science Center - Houston to fill a void in the provision of high-quality anesthetist training. The Bureau of Labor Statistics estimates that job growth for all physician extender positions, including anesthesiology assistants, will be a robust 30% through 2030.

Evidence of Consultation with Students, Faculty, and Staff regarding Proposed Changes

Since this is a new program, we do not have any current students enrolled. However, discussions with faculty, staff, and executive leadership have been met with favor.

Program Quality

The Commission on Accreditation of Allied Health Education Programs (CAAHEP) determines the standard for Master of Science in Anesthesia programs. Working in conjunction with the National Commission for Certification of Anesthesiologist Assistants (NCCAA), CAAHEP outlines the core structure needed for accreditation of M.S.A. programs to recommend core educational content and assess graduates on this material. A self-study report for subsequent examination by the CAAHEP's Accreditation Review Committee for Anesthesiology Assistants (ARC-AA) will be prepared and submitted after the matriculation of the first class in the new M.S.A. program.

U. T. Health Science Center - Houston has a long tradition of excellence in medical education and research. Seeking to expand upon that mission, the McGovern Medical School and its Department of Anesthesiology seek to develop an Anesthesiologist Assistant educational program at the master's degree level.

The Department of Anesthesiology employs over 110 faculty physician anesthesiologists, 44 nurse anesthetists, and 42 anesthesiology assistants. Faculty provide clinical expertise at multiple sites in both ambulatory and inpatient settings, including Memorial Hermann Hospital – Texas Medical Center, Memorial Hermann Surgery Center – Texas Medical Center, the Memorial Hermann Heart and Vascular Institute – Texas Medical Center, Harris County Health System's Lyndon B. Johnson Hospital, as well as in specialized pain management clinics. The Department ranks 19th in the nation for research in anesthesiology, with over \$26 million in grant funding.

The anesthesiology residency program is one of the largest in the country, training 110 physician residents and 15 physician fellows annually. In addition to hands-on clinical training in the operating room, residents' education is supplemented with dedicated didactic presentations from experienced faculty, weekly oral board practice with the department's five oral board

examiners, departmental grand rounds, sub-specialty didactic lecture series, and regular simulation sessions. The training program also includes fellowships in cardiovascular, pediatrics, obstetrics, regional, neuroanesthesia, trauma, and critical care.

The M.S.A. program will structure its faculty instructors and staff similar to other programs in the nation and pursuant to the requirements set by the CAAHEP’s ARC-AA. A physician medical director and an anesthesiology assistant program director are key requirements of an M.S.A. program. The program will consist of three educational components: didactic curriculum, clinical instruction, and simulation education. Program faculty will consist of five core faculty Anesthesiologists and nine support faculty anesthesiologists who will primarily provide clinical instruction. Core faculty will be supported by five anesthesiologist assistant faculty members who will assist with foundational instruction (anatomy, physiology, pharmacology, airway, instrumentation, machines, monitors, and life support training) and simulation experiences.

The program will primarily use current faculty to support this program. A nationwide search will be conducted for the program director. Due to the immediacy and critical nature of practicing anesthesia, faculty members cannot simultaneously provide anesthesia care while providing classroom instruction. To protect the program faculty’s education efforts, the department will hire two new faculty anesthesiologists and three anesthesiology assistants to supplement the clinical workload. The goal is to expand the M.S.A. program to a maximum of 40 students annually by year five. The expansion plan will require the hiring of additional core and support faculty. By the fifth year, the M.S.A. program plans to have employed eight core Anesthesiologists, eight Anesthesiologist Assistants, and 15 support faculty who will provide clinical instruction in general anesthesia, pediatrics, intensive care, cardiovascular anesthesia, and obstetrical anesthesia.

Revenue and Expenses

While no current public institutions in the State of Texas offer a master’s degree program for anesthesiology assistants, the Department of Anesthesia benchmarked tuition and fee rates against the similarly approved graduate-level Anesthesiologist Assistant programs, both public and private to U. T. Health Science Center - Houston. Starting Fall 2023, the proposed resident tuition is requested at \$1,080 per semester credit hour and the non-resident tuition rate is requested at \$1,896 per semester credit hour, in addition to an Other General Authorization Fee in the amount of \$400 per semester for the Simulation Lab. The proposed Other General Authorization Fee will help to offset costs related to maintaining hardware and software equipment for the M.S.A. program simulation lab. This proposed fee is not dissimilar from the fees assessed for students enrolled in the McGovern Medical School (Simulation and Skills Fee of \$1,150/year for M.D. students) or Cizik School of Nursing (Simulation Fee of \$350/semester) that also have equipment and software maintenance needs.

	Tuition and Fees Comparison	
	Residents	Non-Residents
Statutory Tuition/SCH:	\$50	\$458
Designated Tuition/SCH:	\$980	\$980
Differential Tuition/SCH	\$50	\$458
Other General Authorization Fee/Semester:	\$400	\$400
TOTAL TUITION AND FEES:	\$1,080/SCH + \$400/Semester	\$1,896/SCH + \$400/Semester

The resident cost of tuition/fees for the M.S.A. degree program completion will total approximately \$111,283 for a 29-month program. The non-resident cost of tuition/fees for the M.S.A. degree program completion will total approximately \$192,067 for a 29-month program. U. T. Health Science Center - Houston’s mandatory fees for all students include the Information Technology Access Fee: \$40/semester; Graduation Fee: \$100/one time charge in last semester; Student Services Fee: \$591.75/year. These mandatory fees were used in the calculation for total cost of the U. T. Health Science Center - Houston M.S.A. degree program. Case Western Reserve University, a private institution based in Cleveland, Ohio, offers this program locally in Houston for a 24-month program. The tuition/fee cost for completion of the Case Western Reserve University program totals \$146,660. Being a private institution there is not a non-resident tuition rate.

Projected enrollment, expenses, and revenue related to the proposed tuition and fees are:

Projected Enrollment	5-Year Total
Total Number of Students (cumulative headcount over five years)	89
Projected Expenses	5-Year Total
Faculty	
Salaries	\$ 5,961,740
Cost of Benefits	\$ 1,013,496
Staff & Administration	
Administrative Staff Salaries	\$ 811,024
Cost of Benefits	\$ 275,748
Other Expenses	
Equipment	\$ 1,293,500
Facilities	\$ 781,390
Supplies and Materials	\$ 877,178
Total Expenses	\$ 11,014,076
Projected Revenue	5-Year Total
From Student Enrollment	
Formula Funding	\$ 1,672,714
Tuition and Fees	\$ 12,562,445
From Institutional Funds	
Institutional Support (for facility build-out)	\$ 1,000,000
Total Revenue	\$ 15,235,159

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for a new Master of Science in Anesthesiology degree program.

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

RECOMMENDATION

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

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

BACKGROUND INFORMATION

With the implementation of tort reform in 2003, the Plan Management Committee (Committee) has consistently recommended significant reductions in total Plan assets to bring the reserve levels to those generally accepted by the industry. The Committee continues balancing Plan revenue from premiums charged and investment income with adequate capitalization from which to pay Plan claims, reserves for future claims, and administrative expenses. As part of this effort, Plan premiums were significantly reduced for several years immediately following tort reform adoption, and since 2007, the premium rates have either been reduced or unchanged. However, Plan premiums are adjusted annually for institutional loss experience.

For the coming year, the Committee recommends maintaining overall premiums at the current rates. Based on Plan investment income and efficient management of claims, the Committee recommends a return to the contributing institutions of \$6 million so that excessive reserves are not maintained. The combination of unchanged rates along with this distribution should still allow for adequate capitalization of the Plan.

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

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

Exhibit 1
The University of Texas System Professional Medical Liability Benefit Plan
Proposed Distribution of Plan Returns
 FY 2022

<i>Institution</i>	<i>Premium Paid</i>	<i>Claims Expense</i>	<i>Net Contribution Amount</i>	<i>Rebate based on Net Contribution</i>
	<i>2020-2022 (3 year)</i>	<i>2020-2022 (3 year)</i>	<i>3 Yr (Premium - Expenses)</i>	<i>FY 2022</i>
UT Arlington	8,441	-	8,441	2,091
UT Austin	741,104	459,501	281,603	69,755
UT Dallas	6,012	-	6,012	1,489
UT El Paso	7,233	-	7,233	1,792
UT Permian Basin	748	-	748	185
UT Rio Grande Valley	1,316,660	79,937	1,236,723	306,346
UT San Antonio	5,715	-	5,715	1,416
UT Tyler	5,454	-	5,454	1,351
UTSWMC	8,201,810	2,729,362	5,472,448	1,355,569
UTMB	4,939,236	3,047,527	1,891,709	468,591
UTHSCH ¹	12,176,945	3,778,419	8,398,526	2,080,381
UTHSCSA	5,399,006	1,856,912	3,542,094	877,405
UTMDACC	4,152,298	1,606,221	2,546,077	630,683
UTHSCT	856,712	37,415	819,297	202,946
Subtotal	\$ 37,817,374	\$ 13,595,294	\$ 24,222,080	\$ 6,000,000

¹ UTHSCH Premium includes FY19 premium adjustment collected from the Med Foundation in FY20.

TOTAL DISTRIBUTION FY 2022	\$ 6,000,000
TOTAL DISTRIBUTION FY 2020-2022	\$ 18,000,000

5. **U. T. System: Update on new academic and research programs at U. T. institutions**

DISCUSSION

Chancellor Milliken and Executive Vice Chancellor for Health Affairs John M. Zerwas, M.D., will provide a brief update on new academic and research programs at U. T. institutions.



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Board Meeting: 8/25/2022
Austin, Texas

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Christina Melton Crain
Nolan Perez
Stuart W. Stedman
Kelcy L. Warren
Rad Weaver

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<u>Addition to CIP</u>			
3. U. T. Austin: Engineering Discovery Building - Amendment of the current Capital Improvement Program to include project	Action <i>President Hartzell</i>	Action	279
4. U. T. Permian Basin: Mesa Building Renovation and Campus Transformation, Phase I - Amendment of the current Capital Improvement Program to include project; approval of total project cost, allocation and appropriation of funding for Phase I	Action <i>President Woodley</i>	Action	282
5. U. T. Tyler: Nursing Addition and Renovation - Amendment of the current Capital Improvement Program to include project	Action <i>President Calhoun</i>	Action	285
6. U. T. Tyler: South Plant Renovation, Phase I - Amendment of the current Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and resolution regarding parity debt	Action <i>President Calhoun</i>	Action	288

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7. U. T. M. D. Anderson Cancer Center: Renovate Diagnostic Imaging Area A - Main Building - Floor 3 - Amendment of the current Capital Improvement Program to include project; approval of total project cost; approval of design development; and appropriation of funds and authorization of expenditure	Action <i>President Pisters</i>	Action	291
8. U. T. M. D. Anderson Cancer Center: Modular Vivarium - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation of funds	Action <i>President Pisters</i>	Action	294
9. U. T. M. D. Anderson Cancer Center: Bastrop Rhesus Floor and Shell Replacement - Amendment of the current Capital Improvement Program to include project; approval of total project cost; approval of design development; and appropriation of funds and authorization of expenditure	Action <i>President Pisters</i>	Action	297
10. U. T. Medical Branch - Galveston: Galveston Emergency Department Renovation - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation of funds	Action <i>Executive Vice President Mouton</i>	Action	300
11. U. T. Southwestern Medical Center: Imaging Center Build-out at the Monty and Tex Moncrief Medical Center - Amendment of the current Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and resolution regarding parity debt	Action <i>President Podolsky</i>	Action	302
<u>Addition to CIP and Design Development Approval</u>			
12. U. T. Southwestern Medical Center: Peter O'Donnell Jr. Biomedical Research Building Shell Space Build-out, Phase I - Amendment of the current Capital Improvement Program to include project; approval of total project cost; approval of design development; and appropriation of funding and authorization of expenditure	Action <i>President Podolsky</i>	Action	305
13. U. T. Rio Grande Valley: UT Health RGV Cancer and Surgery Center - Amendment of the current Capital Improvement Program to include project; approval of total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	Action <i>President Bailey</i>	Action	308
14. U. T. Health Science Center - San Antonio: UT Health San Antonio Infrastructure - Amendment of the current Capital Improvement Program to include project; approval of total project cost; approval of design development, appropriation of funding, and authorization of expenditure for Phase A	Action <i>President Henrich</i>	Action	312

	Committee Meeting	Board Meeting	Page
15. U. T. Health Science Center - San Antonio: Brain Health Building, Home of the Biggs Institute for Alzheimer's and Neurodegenerative Diseases - Amendment of the current Capital Improvement Program to include the Brain Health Building Phase A portion of the project; and for the Parking Garage Phase B, approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	Action <i>President Henrich</i>	Action	318
<u>Design Development Approval</u>			
16. U. T. El Paso: Advanced Manufacturing and Aerospace Center - Amendment of the current Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure	Action <i>President Wilson</i>	Action	324
Adjourn	<i>5:15 p.m.</i>		

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

RECOMMENDATION

No [Consent Agenda](#) items are assigned for review by this Committee.

2. U. T. M. D. Anderson Cancer Center: Inpatient Bed Tower, Phase 1 - Support Services Building - Definition Phase Request

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendation for Definition Phase for the Inpatient Bed Tower, Phase 1 Support Services Building project at The University of Texas M. D. Anderson Cancer Center as follows:

- a. approve the project for Definition Phase with an anticipated total project cost of \$1,250,000,000; and
- b. authorize expenditure of up to \$62,500,000 from institutional funds to complete Definition Phase.

BACKGROUND INFORMATION

Project Description

On May 22, 2019, the Chancellor approved the Inpatient Bed Tower (IBT) for Definition Phase with an anticipated total project cost of \$600,000,000. At the time, four sites were being studied for the project location to determine to what extent and how the building would be connected to the Main Building complex. Analysis of the prospective sites has been completed in concert with the development of U. T. M. D. Anderson Cancer Center's Master Facilities Framework 2030, and the site where the Jones Research Building, the Bates-Freeman Building, and the Anderson Central Building are currently located was chosen as the optimal site for the Inpatient Bed Tower.

Under this option, a separate Support Services Building (SSB) would be designed as the first phase and constructed so that it could be conjoined with the IBT. Because the site for the SSB is currently vacant, construction of that facility can be completed within the next few years in parallel with the institution's projects to clear the Jones/Bates-Freeman/Anderson Central buildings (as approved by the Board under the Bed Tower Mobilization project on May 5, 2022), future site for the IBT.

The Phase I - Support Services Building is expected to be approximately 750,000 gross square feet and 11 to 12 floors in height, excluding a mechanical penthouse. Constructing the SSB as the first phase will position the institution to provide relocated services needed to support inpatient care in advance of the construction of the IBT. This strategy is expected to shorten the time needed to construct and activate the new IBT. Phase II - Inpatient Bed Tower has an anticipated total project cost of \$1,800,000,000 and an expected inclusion into the Capital Improvement Program (CIP) in February 2028.

If this recommendation is approved, the project is expected to proceed with requested inclusion in the CIP in November 2022, design development approval in May 2023, construction start in February 2024, and substantial completion in September 2026.

Regents' Rule 80301, Section 4 delegates approval authority to spend up to 5% of a project's anticipated total project cost. However, this item is being submitted to the Board for information and approval, consistent with best practice and transparency, in light of the size of the project and the estimated amount of the expenditure authorization requested. Pursuant to a Memorandum of Understanding effective September 1, 2020, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Capital Projects.

3. U. T. Austin: Engineering Discovery Building - Amendment of the current Capital Improvement Program to include project

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Engineering Discovery Building project at The University of Texas at Austin.

BACKGROUND INFORMATION

Previous Actions

On November 14, 2019, the Board approved \$120,000,000 in Permanent University Fund (PUF) Bond Proceeds for the Chemical and Petroleum Engineering Replacement Building project. On March 5, 2021, the Chancellor approved the project for Definition Phase. On May 3, 2021, the Assistant Vice Chancellor for Capital Projects approved the non-honorific renaming of the project to Engineering Discovery Building.

Project Description

The proposed Engineering Discovery Building (EDB) will replace the existing Chemical and Petroleum Engineering (CPE) building. Originally built in 1985, the CPE has significant deficiencies including inadequate and end-of-life mechanical and electrical systems to support current research needs, inefficient and inconsistent use of space for offices and lab modules. The proposed construction site is the existing Services Building, as recommended in both the 2014 Cockrell School of Engineering Strategic Master Plan Update and the 2021 New Engineering Building Formation Study. The site is adjacent to the Engineering Education Research Building and the Gary L. Thomas Building. The Services Building will be vacated and demolished as part of this project.

The EDB will support research within the Cockrell School of Engineering incorporating flexible and reconfigurable research labs, integrated teaching labs and classrooms, and collaborative areas for students and faculty. This project will further support student and faculty recruitment, development, and retention by providing the facilities necessary to keep programs competitive with its peers.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. Pursuant to a May 10, 2017 Board of Regents approval, effective September 1, 2017, U. T. Austin has delegated authority for institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas at Austin
Engineering Discovery Building**

Project Information

Project Number	102-1347
CIP Project Type	New Construction
Facility Type	Laboratory, General
Management Type	Institutional Management
Institution's Project Advocate	John Ekerdt, Associate Dean for Research, Cockrell School of Engineering
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	212,205

Project Funding

	<u>Proposed</u>
Permanent University Fund Bond Proceeds	\$120,000,000
Available University Fund	106,000,000
Gifts ¹	85,000,000
Unexpended Plant Funds	<u>5,000,000</u>
Total Project Cost	<u>\$316,000,000</u>

¹ Gifts are not fully collected at this time

Project Cost Detail

	Cost
Building Cost	\$200,935,068
Fixed Equipment	11,588,825
Site Development	19,252,616
Furniture and Moveable Equipment	8,669,860
Institutionally Managed Work	15,175,992
Architectural/Design Services	22,730,284
Project Management	5,530,000
CIP Support Services	-
Insurance	6,981,439
Other Professional Fees	8,721,853
Project Contingency	15,800,000
Other Costs	614,063
Total Project Cost	\$316,000,000

**The University of Texas at Austin
Engineering Discovery Building**
(continued)

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

Engineering Discovery Building	\$947		
Texas Higher Education Coordinating Board Average – Laboratory, General	\$800		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$632	\$688	\$778
Other National Projects	\$598	\$817	\$1,014

Investment Metrics

- Provide state-of-the-art classrooms and laboratories fulfilling promise of 2014 Cockrell School of Engineering Strategic Master Plan Update and the 2021 New Engineering Building Formation Study by 2026
- Consolidate program footprint into a more cohesive precinct of buildings allowing closer coordination of programs and sharing of facilities 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	March 2021
Addition to CIP	August 2022
Design Development Approval	May 2023
Construction Notice to Proceed	December 2023
Substantial Completion	April 2026
Final Completion	June 2026

Basis of Design

The planned building life expectancy includes the following elements:

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

4. **U. T. Permian Basin: Mesa Building Renovation and Campus Transformation, Phase I - Amendment of the current Capital Improvement Program to include project; approval of total project cost, allocation and appropriation of funding for Phase I**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Mesa Building Renovation and Campus Transformation, Phase I project at The University of Texas Permian Basin as follows:

- a. amend the current CIP and approve a total project cost of \$32,100,000 for Phase I;
- b. allocate funds of \$42,000,000 from Permanent University Funds (PUF) Bond Proceeds in support of the anticipated \$86,922,833 total project cost for all phases of the project; and
- c. appropriate funds of \$32,100,000 from PUF Bond Proceeds for Phase I.

BACKGROUND INFORMATION

Previous Actions

On May 4, 2022, the Chancellor approved this project for Definition Phase.

Project Description

The Mesa Building Renovation and Campus Transformation project will provide needed upgrades to building automation controls, life safety and energy management systems and address deferred maintenance on the Mesa Building. The proposed Campus Transformation, Phase I project consists of a wide range of improvements to both the main campus in Odessa and the Midland campus to provide landscaping and infrastructure elements. Individual projects under Phase I are summarized below.

A memorial plaza will be constructed to recognize the victims of the August 31, 2019 mass shooting in Midland and Odessa. The project will include pedestrian and vehicular access, parking, landscaping and hardscaping, site lighting, seating, and public restrooms. The main entrance to the Odessa campus will be realigned and will provide new institution identification, way finding, informational signage, landscaping and lighting elements, and new parking areas for the Welcome Center. The project also includes replacement of all the existing campus entrance signage on both campuses with modern, illuminated and effective University identification signage, as well as pedestrian and vehicular wayfinding signage around both campuses.

The Quad, as bounded by the Library, the Science & Technology Building, the Student Activity Center, and the Mesa Building, will be transformed into a flexible, efficient, accessible, and user-friendly area. Amenities will include shade structures, a pavilion with stage, water features, outdoor learning spaces, and it will house the new Falcon Sculpture. A portion of the existing underutilized concrete deck of the Mesa Building will be demolished to provide vertical circulation from the deck level to the Quad.

This proposed Repair and Rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. Phase II of the project will seek board approval at a later date.

**The University of Texas Permian Basin
Mesa Building Renovation and Campus Transformation, Phase I**

Project Information

Project Number	501-1402
CIP Project Type	Repair and Rehabilitation
Facility Type	Other
Management Type	Institutional Management
Institution's Project Advocate	Wendall Snodgrass, Vice President for Institutional Advancement
Project Delivery Method	Competitive Sealed Proposals
Gross Square Feet (GSF)	N/A

Project Funding

Permanent University Fund Bond Proceeds	<u>Proposed</u> <u>\$32,100,000</u>
Total Project Cost	\$32,100,000

Project Cost Detail

	Cost
Building Cost	\$ 400,000
Fixed Equipment	1,600,000
Site Development	21,785,000
Furniture and Moveable Equipment	400,000
Institutionally Managed Work	3,000,000
Architectural/Design Services	2,500,000
Project Management	-
CIP Support Services	320,000
Insurance	385,000
Other Professional Fees	500,000
Project Contingency	960,000
Other Costs	250,000
Total Project Cost	\$32,100,000

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	June 2022
Addition to CIP	August 2022
Design Development Approval	November 2022
Construction Notice to Proceed	January 2023
Substantial Completion	August 2024
Final Completion	September 2024

5. U. T. Tyler: Nursing Addition and Renovation - Amendment of the current Capital Improvement Program to include project

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Nursing Addition and Renovation project at The University of Texas at Tyler.

BACKGROUND INFORMATION

Previous Actions

On May 5, 2022, the Chancellor approved this project for Definition Phase. On November 14, 2019, the Board approved an allocation of \$35,000,000 in PUF Bond Proceeds for this project.

Project Description

The proposed addition will provide state-of-the-art spaces and increase efficiency of the facility to improve operations for the nationally ranked nursing program in one of the most underserved regions of Texas. The multi-story 47,000 gross square foot (GSF) addition will provide a direct connection to the existing School of Nursing and will include clinical training spaces, simulation spaces for ICU, labor and delivery, pediatric training spaces, and nurses' stations. The 47,000 GSF addition will include approximately 23,500 GSF of shell space.

The proposed renovation to the existing School of Nursing will include the remodeling of lecture hall space, testing spaces, administrative spaces, and the enhancement of interior finishes for approximately 44,000 GSF.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**The University of Texas at Tyler
Nursing Addition and Renovation**

Project Information

Project Number 802-1406
 CIP Project Type New Construction and Repair and Rehabilitation
 Facility Type Classroom, Medical/Healthcare
 Management Type Office of Capital Projects
 Institution's Project Advocate Daniel Deslatte, Senior Vice President - Business Affairs; Chief Operating Officer - Health Affairs
 Dr. Barbara Haas, Dean, School of Nursing
 Project Delivery Method Construction Manager-at-Risk
 Gross Square Feet (GSF) 91,000
 Shell Space (GSF) 23,500

Project Funding

Permanent University Fund Bond Proceeds	<u>Proposed</u> <u>\$35,000,000</u>
Total Project Cost	<u>\$35,000,000</u>

Project Cost Detail

	Cost
Building Cost	
Nursing Addition	\$16,100,000
Renovation	6,600,000
Fixed Equipment	-
Site Development	800,000
Furniture and Moveable Equipment	1,500,000
Institutionally Managed Work	1,650,000
Architectural/Design Services	2,766,500
Project Management	1,650,000
CIP Support Services	350,000
Insurance	534,750
Other Professional Fees	1,975,000
Project Contingency	1,073,750
Other Costs	-
Total Project Cost	\$35,000,000

**The University of Texas at Tyler
Nursing Addition and Renovation**
(continued)

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

Nursing Addition and Renovation – New Construction Addition	\$343		
Nursing Addition and Renovation – New Construction Build-Out	\$439		
Texas Higher Education Coordinating Board Average – Classroom, Medical/Healthcare	\$406		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$282	\$492	\$504
Other National Projects	\$368	\$546	\$769

Investment Metrics

- Increase student enrollment by 2024

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

Basis of Design

The planned building life expectancy includes the following elements:

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

6. U. T. Tyler: South Plant Renovation, Phase I - Amendment of the current Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and resolution regarding parity debt

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the South Plant Renovation, Phase I project at The University of Texas at Tyler as follows:

- a. amend the current CIP and approve a total project cost of \$14,786,000;
- b. appropriate funds of \$14,786,000 from Revenue Financing System (RFS) Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and U. T. Tyler, 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 \$14,786,000.

BACKGROUND INFORMATION

Debt Service

The \$14,786,000 in RFS debt will be repaid from recovered utility savings. Annual debt service on the \$14,786,000 in RFS debt is expected to be \$823,000. The institution's Scorecard Rating of 3.6 at fiscal year-end 2021 is below the maximum threshold of 6.0 and demonstrates that the institution has the financial capacity to satisfy its direct obligations related to parity debt.

Previous Action

On May 5, 2022, the Chancellor approved this project for Definition Phase.

Project Description

The South Plant Renovation project will provide the U. T. Tyler campus with the needed energy capacity for the upcoming Science Building and Nursing Addition and Renovation projects

and will provide reliable, energy efficient, and cost-effective utility services to campus. The original South Plant was put into service in 1976 and includes equipment that is currently beyond its useful life. Phase I of this project will replace this legacy equipment and will include infrastructure modifications to accommodate additional boilers and chillers to be added in later phases.

This proposed Phase I Repair and Rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding for Phase I will be presented to the President for approval at a later date. Phase II of the project will seek Board approval at a later date.

**The University of Texas at Tyler
South Plant Renovation Phase I**

Project Information

Project Number 802-1407
 CIP Project Type Repair and Rehabilitation
 Facility Type Utilities/Infrastructure
 Management Type Institutional Management
 Institution’s Project Advocate Andy Krouse, Director of Facilities Management
 Project Delivery Method Competitive Sealed Proposals
 Gross Square Feet (GSF) 8,105

Project Funding

Revenue Financing System Bond Proceeds ¹	<u>Proposed</u> <u>\$14,786,000</u>
Total Project Cost	<u>\$14,786,000</u>

¹ Revenue Financing System (RFS) Bond Proceeds to be recovered through utility savings

Project Cost Detail

	Cost
Building Cost	-
Fixed Equipment	\$12,689,000
Site Development	-
Furniture and Moveable Equipment	-
Institutionally Managed Work	-
Architectural/Design Services	605,000
Project Management	-
CIP Support Services	147,860
Insurance	-
Other Professional Fees	395,000
Project Contingency	849,140
Other Costs	100,000
Total Project Cost	\$14,786,000

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	May 2022
Addition to CIP	August 2022
Design Development Approval	October 2022
Construction Notice to Proceed	January 2023
Substantial Completion	April 2024
Final Completion	May 2024

7. **U. T. M. D. Anderson Cancer Center: Renovate Diagnostic Imaging Area A - Main Building - Floor 3 - Amendment of the current Capital Improvement Program to include project; approval of total project cost; approval of design development; and appropriation of funds and authorization of expenditure**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Renovate Diagnostic Imaging Area A - Main Building - Floor 3 project at The University of Texas M. D. Anderson Cancer Center as follows:

- a. amend the current CIP and approve a total project cost of \$20,000,000;
- b. approve design development plans; and
- c. appropriate funds and authorize expenditure of \$20,000,000 from Hospital Revenues.

BACKGROUND INFORMATION

Previous Action

On March 8, 2021, the Chancellor approved this project for Definition Phase.

Project Description

The proposed project involves the extensive renovation of clinical space located on Floor 3 of U. T. M. D. Anderson's Main Building complex within the Texas Medical Center. The renovation will include the addition of CT and fluoroscopy rooms, conversion of space to provide patient assessment rooms, expansion and improvement of patient waiting facilities, and the addition of patient consult rooms. The project also includes modifications to upgrade the mechanical, electrical, plumbing, fire protection, and information technology infrastructure systems that serve the area.

The project aligns with the institution's Strategy and Master Facilities Framework in that the renovations will improve the patient flow and enhance the overall patient experience and will provide a bridging solution to support Diagnostic Imaging CT operations until such time as new ambulatory clinical buildings are completed over the next several years.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Pursuant to a Memorandum of Understanding effective September 1, 2020, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas M. D. Anderson Cancer Center
Renovate Diagnostic Imaging Area A – Main Building – Floor 3**

Project Information

Project Number	703-1349
CIP Project Type	Repair and Rehabilitation
Facility Type	Healthcare Facility, Clinic
Management Type	Institutional Management
Institution’s Project Advocate	Habib Tannir, Vice President for Diagnostic Operations
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	19,000

Project Funding

Hospital Revenues	<u>Proposed</u> <u>\$20,000,000</u>
Total Project Cost	<u>\$20,000,000</u>

Project Cost Detail

	Cost
Building Cost	\$13,676,900
Fixed Equipment	-
Site Development	-
Furniture and Moveable Equipment	747,300
Institutionally Managed Work	201,000
Architectural/Design Services	2,026,800
Project Management	1,122,000
CIP Support Services	-
Insurance	-
Other Professional Fees	376,000
Project Contingency	1,800,000
Other Costs	50,000
Total Project Cost	20,000,000

**The University of Texas M. D. Anderson Cancer Center
Renovate Diagnostic Imaging Area A – Main Building – Floor 3
(continued)**

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	March 2021
Addition to CIP	August 2022
Design Development Approval	August 2022
Construction Notice to Proceed	November 2022
Substantial Completion	April 2024
Final Completion	May 2024

8. **U. T. M. D. Anderson Cancer Center: Modular Vivarium - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation of funds**

RECOMMENDATION

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

- a. amend the current CIP and approve a total project cost of \$11,100,000; and
- b. appropriate funds of \$11,100,000 from Hospital Revenues.

BACKGROUND INFORMATION

Previous Action

On July 5, 2021, the Chancellor approved this project for Definition Phase.

Project Description

The proposed project involves the acquisition and installation of a single-level vivarium facility, comprised of modular units that meet accreditation requirements, standards, and life safety code requirements. Renovating an existing surface parking area adjacent to the institution's Smith Research Building and Physical Plant Building will create a support base for the modules and extend existing mechanical, electrical, plumbing, and information technology infrastructure systems to the modular vivarium. In addition, the modular vivarium will incorporate individually ventilated caging, drinking water and environmental control systems similar to the institution's existing vivaria. The installation of the modular vivarium will require the relocation of trash dumpsters, liquid nitrogen tanks, a receiving dock office, housekeeping, and maintenance storage areas.

This modular vivarium will provide a bridging solution to fulfill the need for animal housing until completion and finish out of the South Campus Vivarium project, currently scheduled to conclude within the next five to ten years. With an animal housing capacity of approximately 7,000 cages, the modular vivarium will meet the need for increased animal housing within the institution's South Campus on an interim basis.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. Pursuant to a Memorandum of Understanding effective September 1, 2020, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas M. D. Anderson Cancer Center
Modular Vivarium**

Project Information

Project Number	703-1356
CIP Project Type	Repair and Rehabilitation
Facility Type	Laboratory, General
Management Type	Institutional Management
Institution's Project Advocate	William Hopkins, PH.D., Chair ad interim for Comparative Medicine
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	7,700

Project Funding

Hospital Revenues	<u>Proposed</u> <u>\$11,100,000</u>
Total Project Cost	<u>\$11,100,000</u>

Project Cost Detail

	Cost
Building Cost	\$5,900,000
Fixed Equipment	896,100
Site Development	2,250,000
Furniture and Moveable Equipment	20,000
Institutionally Managed Work	35,000
Architectural/Design Services	213,800
Project Management	520,100
CIP Support Services	-
Insurance	-
Other Professional Fees	215,000
Project Contingency	1,000,000
Other Costs	50,000
Total Project Cost	\$11,100,000

**The University of Texas M. D. Anderson Cancer Center
Modular Vivarium**
(continued)

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	July 2021
Addition to CIP	August 2022
Design Development Approval	November 2022
Construction Notice to Proceed	January 2023
Substantial Completion	September 2023
Final Completion	October 2023

9. **U. T. M. D. Anderson Cancer Center: Bastrop Rhesus Floor and Shell Replacement - Amendment of the current Capital Improvement Program to include project; approval of total project cost; approval of design development; and appropriation of funds and authorization of expenditure**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Bastrop Rhesus Floor and Shell Replacement project at The University of Texas M. D. Anderson Cancer Center as follows:

- a. amend the current CIP and approve a total project cost of \$15,000,000;
- b. approve design development plans; and
- c. appropriate funds and authorize expenditure of \$15,000,000 from Hospital Revenues.

BACKGROUND INFORMATION

Previous Action

On June 8, 2022, the Chancellor approved this project for Definition Phase.

Project Description

The proposed project involves the replacement of 10 existing aluminum structures that serve as housing units for Rhesus monkeys and the installation of one new housing unit at the Bastrop Michale E. Keeling Center in Bastrop. The project will include rehabilitation of the existing concrete floors and replacing mechanical, electrical, and plumbing systems at each housing unit. The existing floor coating on the concrete slabs will also be removed and replaced. The installation of the new structure will provide the ability to relocate the animals from one of the existing housing units to the new housing unit. The vacated housing unit will then be replaced. The project will proceed sequentially, one unit at a time, until all housing units are replaced.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. Pursuant to a Memorandum of Understanding effective September 1, 2020, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas M. D. Anderson Cancer Center
Bastrop Rhesus Floor and Shell Replacement**

Project Information

Project Number	703-1412
CIP Project Type	Repair and Rehabilitation
Facility Type	Other
Management Type	Institutional Management
Institution's Project Advocate	William Hopkins, PH.D., Chair ad interim for Comparative Medicine
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	18,600

Project Funding

Hospital Revenues	<u>Proposed</u> <u>\$15,000,000</u>
Total Project Cost	\$15,000,000

Project Cost Detail

	Cost
Building Cost	\$13,200,000
Fixed Equipment	239,000
Site Development	85,000
Furniture and Moveable Equipment	20,000
Institutionally Managed Work	-
Architectural/Design Services	600,000
Project Management	20,000
CIP Support Services	-
Insurance	-
Other Professional Fees	140,000
Project Contingency	696,000
Other Costs	-
Total Project Cost	\$15,000,000

**The University of Texas M. D. Anderson Cancer Center
Bastrop Rhesus Floor and Shell Replacement**
(continued)

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	June 2022
Addition to CIP	August 2022
Design Development Approval	August 2022
Construction Notice to Proceed	September 2022
Substantial Completion	December 2025
Final Completion	January 2026

10. U. T. Medical Branch - Galveston: Galveston Emergency Department Renovation - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation of funds

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Galveston Emergency Department Renovation project at the University of Texas Medical Branch at Galveston as follows:

- a. amend the current CIP and approve a total project cost of \$12,000,000; and
- b. appropriate funds of \$12,000,000 with funding of \$2,000,000 from Hospital Revenues and \$10,000,000 from Gifts.

BACKGROUND INFORMATION

Previous Action

On July 13, 2022, the Chancellor approved this project for Definition Phase.

Project Description

The proposed project will renovate space on the first and second levels of the Galveston Emergency Room Building to include interior finish, trauma room upgrades, build-out of a new Sexual Assault Forensic Examiner suite, and renovation of the second-floor patient and ambulance drop-off. A new covered drop-off area with an enclosed lobby will connect the patient garage to the Emergency Room Building. Exterior and interior wayfinding challenges will be addressed making it easier for patients to locate the Emergency Department.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. Pursuant to a Memorandum of Understanding effective September 1, 2020, UTMB has delegated authority for institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas Medical Branch at Galveston
Galveston Emergency Department Renovation**

Project Information

Project Number 601-1416
 CIP Project Type Repair and Rehabilitation
 Facility Type Healthcare Facility, Hospital
 Management Type Institutional Management
 Institution’s Project Advocate Dr. Tim Harlin, EVP and CEO Health System
 Project Delivery Method Competitive Sealed Proposals
 Gross Square Feet (GSF) 34,300

Project Funding

Gifts ¹	<u>Proposed</u> \$10,000,000
Hospital Revenues	<u>2,000,000</u>
Total Project Cost	\$12,000,000

¹ Gifts are fully committed

Project Cost Detail

	Cost
Building Cost	\$8,900,000
Fixed Equipment	-
Site Development	-
Furniture and Moveable Equipment	500,000
Institutionally Managed Work	-
Architectural/Design Services	950,000
Project Management	500,000
CIP Support Services	-
Insurance	-
Other Professional Fees	-
Project Contingency	590,000
Other Costs	560,000
Total Project Cost	\$12,000,000

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	June 2022
Addition to CIP	August 2022
Design Development Approval	November 2022
Construction Notice to Proceed	December 2022
Substantial Completion	May 2023
Final Completion	June 2023

11. **U. T. Southwestern Medical Center: Imaging Center Build-out at the Monty and Tex Moncrief Medical Center - Amendment of the current Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Imaging Center Build-out at the Monty and Tex Moncrief Medical Center project at The University of Texas Southwestern Medical Center as follows:

- a. amend the current CIP and approve a total project cost of \$13,106,000;
- b. appropriate funds of \$13,106,000 from Revenue Financing System (RFS) Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and U. T. Southwestern Medical Center, 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 \$13,106,000.

BACKGROUND INFORMATION

Debt Service

The \$13,106,000 in RFS debt will be repaid from Hospital Revenues. Annual debt service on the \$13,106,000 in RFS debt is expected to be \$730,000. The institution's Scorecard Rating of 6.2 at fiscal year-end 2021 was slightly above the System's target threshold of 6.0; however, the Office of Business Affairs has reviewed U. T. Southwestern Medical Center's financial status and is comfortable the institution possesses the financial capacity to satisfy its direct obligations related to parity debt.

Previous Action

On May 4, 2022, the Chancellor approved this project for Definition Phase.

Project Description

U. T. Southwestern Medical Center plans to establish primary care service in Fort Worth at the Monty and Tex Moncrief Medical Center (MMC). The anticipated number of patients served in the Western region of the Dallas-Fort Worth metroplex is expected to grow significantly in the next 10 years and the associated growth in imaging volume will rapidly exceed current imaging capacity.

The proposed project will renovate shell space at the current facility and furnish it with imaging equipment to ensure that the MMC scales to meet the forecasted demand and improve access to imaging services for patients in Fort Worth.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Authorization of expenditure of funding will be presented to the President for approval at a later date. Pursuant to a Memorandum of Understanding effective September 1, 2020, U. T. Southwestern Medical Center has delegated authority of institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas Southwestern Medical Center
Imaging Center Buildout at the Monty and Tex Moncrief Medical Center**

Project Information

Project Number 303-1403
 CIP Project Type Repair and Rehabilitation
 Facility Type Healthcare Facility, Clinic
 Management Type Institutional Management
 Institution’s Project Advocate John Warner, Executive Vice President
 Health System Affairs
 Project Delivery Method Construction Manager at Risk
 Gross Square Feet (GSF) 6,083

Project Funding

Revenue Financing System Bond Proceeds ¹	<u>Proposed</u> <u>\$13,106,000</u>
Total Project Cost	\$13,106,000

¹ Revenue Financing System Bond Proceeds to be repaid from Hospital Revenues

Project Cost Detail

	Cost
Building Cost	\$4,466,743
Fixed Equipment	6,318,004
Site Development	-
Furniture and Moveable Equipment	115,950
Institutionally Managed Work	421,486
Architectural/Design Services	275,650
Project Management	429,198
Insurance	-
Other Professional Fees	-
Project Contingency	1,078,969
Other Costs	-
Total Project Cost	\$13,106,000

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	May 2022
Addition to CIP	August 2022
Design Development Approval	November 2022
Construction Notice to Proceed	February 2023
Substantial Completion	August 2023
Final Completion	September 2023

12. **U. T. Southwestern Medical Center: Peter O'Donnell Jr. Biomedical Research Building Shell Space Build-out, Phase I - Amendment of the current Capital Improvement Program to include project; approval of total project cost; approval of design development; and appropriation of funding and authorization of expenditure**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include Phase I of the Peter O'Donnell Jr. Biomedical Research Building Shell Space Build-out project at The University of Texas Southwestern Medical Center as follows:

- a. amend the current CIP and approve a total project cost of \$6,700,000 for Phase I;
- b. approve design development plan for Phase I of the project;
- c. allocate funds of \$48,316,090 from Permanent University Fund (PUF) Bond Proceeds in support of the anticipated \$108,000,000 total project cost for all phases of the project; and
- d. appropriate and authorize expenditure of \$6,700,000 of PUF Bond Proceeds for Phase I.

BACKGROUND INFORMATION

Previous Action

On July 14, 2022, the Chancellor approved this project for Definition Phase.

Project Description

The Peter O'Donnell Jr. Biomedical Research Building (ODB) needs additional space to accommodate demand for growth, expand programs associated with the O'Donnell Brain Institute, and recruit additional faculty to deliver on the O'Donnell Brain Institute's mission. The total project includes build-out of approximately 90,000 Gross Square Feet (GSF) of shell space across four floors within the ODB as well as approximately 37,000 GSF of renovations to existing facilities on the North Campus. Finish-out of the shell space will allow for expansion of wet labs, a vivarium with associated heavy infrastructure to support the animal resource components, animal holding areas, and office space to support state-of-the-art neuroscience and brain disease research.

Phase I of the project includes build-out of approximately 1,600 square feet of shell space to house the Cryo-FIB and Cryo-Confocal microscopes on level 1, furnishing laboratory benches on level 7, and provision of a new steam line connecting the new ODB to the neighboring C. Kern Wildenthal Research Building. Funding for the construction and execution of Phase I is critical due to a generous grant received from the Howard Hughes Medical Institute for purchase

of the Cryo-FIB and Cryo-Confocal equipment that must be procured and installed by March 2023.

This proposed Phase I Repair and Rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. U. T. Southwestern Medical Center will seek Board approval for Phase II of the project at a later date. Pursuant to a Memorandum of Understanding effective September 1, 2020, U. T. Southwestern Medical Center has delegated authority of institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas Southwestern Medical Center
Peter O'Donnell Jr. Biomedical Research Building Shell Space Build-out, Phase I**

Project Information

Project Number 303-1415
 CIP Project Type Repair and Rehabilitation
 Facility Type Laboratory, General
 Management Type Institutional Management
 Institution's Project Advocate Dwain Thiele, Vice Provost and Sr. Associate Dean
 Project Delivery Method Construction Manager at Risk
 Gross Square Feet (GSF) 1,607

Project Funding

Permanent University Fund Bond Proceeds	<u>Proposed</u> <u>\$6,700,000</u>
Total Project Cost	\$6,700,000

Project Cost Detail

	Cost
Building Cost	\$3,500,000
Fixed Equipment	-
Site Development	-
Furniture and Moveable Equipment	1,700,000
Institutionally Managed Work	-
Architectural/Design Services	535,000
Project Management	160,000
CIP Support Services	-
Insurance	65,000
Other Professional Fees	-
Project Contingency	520,000
Other Costs	220,000
Total Project Cost	\$6,700,000

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	June 2022
Addition to CIP	August 2022
Design Development Approval	August 2022
Construction Notice to Proceed	September 2022
Substantial Completion	March 2023
Final Completion	April 2023

13. U. T. Rio Grande Valley: UT Health RGV Cancer and Surgery Center - Amendment of the current Capital Improvement Program to include project; approval of total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the UT Health RGV Cancer and Surgery Center project and approve the recommendations for the project at The University of Texas Rio Grande Valley as follows:

- a. amend the CIP to include project and approve a total project cost of \$145,723,401;
- b. approve design development plans;
- c. appropriate funds and authorize expenditure of \$145,723,401 with funding of \$49,493,963 from Permanent University Fund (PUF) Bond Proceeds, \$44,922,833 from Tuition Revenue Bond (TRB) Proceeds, \$40,000,000 from Revenue Financing System (RFS) Bond Proceeds, \$10,306,605 from Designated Funds, and \$1,000,000 from Gifts; and
- d. 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. Rio Grande Valley, 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 \$40,000,000.

BACKGROUND INFORMATION

Debt Service

The \$40,000,000 in RFS debt will be repaid from Hospital Revenues. Annual debt service on the \$40,000,000 in RFS debt is expected to be \$2.85 million. The institution's Scorecard Rating of 2.3 at fiscal year-end 2021 is below the maximum threshold of 6.0 and demonstrates that the institution has the financial capacity to satisfy its direct obligations related to parity debt.

Previous Action

On August 9, 2021, the Chancellor approved this project for Definition Phase.

Project Description

The proposed project will support the campus expansion to provide multidisciplinary education, research, and clinical missions of U. T. Rio Grande Valley (RGV) and the U. T. Rio Grande Valley School of Medicine. To further serve the student and patient care needs in the region, this project is set to increase access to clinical services with establishment of the UT Health RGV Cancer and Surgery Center (Center). The Center will allow for the provision of comprehensive cancer and surgical services that are on the leading edge of medicine by serving as an incubator to train the physicians and scientist leaders of the future. The three-story Center will include a radiation oncology clinic, medical oncology clinic, diagnostic imaging suite, rehabilitation therapy, ambulatory surgery center, orthopedics clinic, and support service space for these modalities.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP.

**The University of Texas Rio Grande Valley
UT Health RGV Cancer and Surgery Center**

Project Information

Project Number	903-1342
CIP Project Type	New Construction
Facility Type	Healthcare Facility, Clinic
Management Type	Office of Capital Projects
Institution's Project Advocate	Michael Patriarca, Executive Vice Dean School of Medicine
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	144,231
Shell Space (GSF)	4,772

Project Funding

	<u>Proposed</u>
Permanent University Fund Bond Proceeds	\$ 49,493,963
Tuition Revenue Bond Proceeds	44,922,833
Revenue Financing System Bond Proceeds ¹	40,000,000
Designated Funds	10,306,605
Gifts ²	<u>1,000,000</u>
Total Project Cost	\$145,723,401

¹ Revenue Financing System (RFS) Bond Proceeds to be repaid from Hospital Revenues

² Gifts are fully collected

Project Cost Detail

	Cost
Building Cost	\$88,485,601
Fixed Equipment	-
Site Development	7,330,881
Furniture and Moveable Equipment	2,150,000
Institutionally Managed Work	25,997,226
Architectural/Design Services	6,994,269
Project Management	3,200,000
CIP Support Services	500,000
Insurance	1,991,158
Other Professional Fees	2,777,325
Project Contingency	4,500,000
Other Costs	1,796,941
Total Project Cost	\$145,723,401

**The University of Texas Rio Grande Valley
UT Health RGV Cancer and Surgery Center**
(continued)

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

UT Health RGV Cancer and Surgery Center	\$613		
UT Health RGV Cancer and Surgery Center Finish-out	\$626		
Texas Higher Education Coordinating Board Average – Healthcare Facility, Clinic	\$827		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$524	\$612	\$781
Other National Projects	\$592	\$807	\$1,163

Investment Metrics

- Increase faculty, staff, and student participation rates in academic, research, and clinic programs across the School of Medicine by 2025
- Increase the number of clinical and PhD faculty by 2025

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	August 2021
Addition to CIP	August 2022
Design Development Approval	August 2022
Construction Notice to Proceed	October 2022
Substantial Completion	November 2024
Final Completion	January 2025

Basis of Design

The planned building life expectancy includes the following elements:

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

14. U. T. Health Science Center - San Antonio: UT Health San Antonio Infrastructure - Amendment of the current Capital Improvement Program to include project; approval of total project cost; approval of design development, appropriation of funding, and authorization of expenditure for Phase A

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the UT Health San Antonio Infrastructure project and approve the recommendations for the project at The University of Texas Health Science Center at San Antonio as follows:

- a. amend the CIP to include project and approve a total project cost of \$50,123,467 for Central Energy Plant Phase A;
- b. approve design development plans for Central Energy Plant Phase A of the project;
- c. allocate funds of \$60,123,467 from Permanent University Fund (PUF) Bond Proceeds in support of the total project cost for all phases of the project; and
- d. appropriate and authorize expenditure of \$50,123,467 from PUF Bond Proceeds for Central Energy Plant Phase A.

BACKGROUND INFORMATION

Previous Action

On February 28, 2022, the Chancellor approved this project for Definition Phase.

Project Description

The proposed Infrastructure project will include two phases, the Central Energy Plant Phase A, and the Vivarium Expansion Phase B located on the Greehey Campus to support infrastructure needed for this growing clinical research campus. The Central Energy Plant will support expansion to include the future Brain Health Building, an additional basic science research building, and a second phase of the inpatient hospital on the Greehey Campus in the next several years. In addition, the Central Energy Plant will allow the institution to provide redundancy to the existing clinical research facilities on the Greehey campus including the new inpatient hospital, the Medical Arts and Research Center, the Center for Oral Health Care, and the Mays Cancer Center.

The Central Energy Plant will include a centralized generator system that allows for repairs to be synchronized and communication between the generators to adjust based on demand of the buildings. The system will allow the institution to bypass, switch, or load shed, as necessary to respond to requested power capacity during emergencies, as done with the existing plant during

the winter storm in February 2021. This plant will ultimately lower purchased utility costs with more efficient and centralized utility equipment.

The Sam and Ann Barshop Institute for Longevity and Aging Studies became operational in November 2020 and provides administrative space, research laboratory and vivarium space. The proposed Vivarium Expansion Phase B would add approximately 7,000 gross square feet to the existing structure to expand and accommodate future research space.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding for the Vivarium Expansion Phase B portion of the project will be presented to the Board for approval at a later date. Pursuant to a Memorandum of Understanding effective September 1, 2020, U. T. Health Science Center - San Antonio has delegated authority of institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas Health Science Center - San Antonio
UT Health San Antonio Infrastructure, Central Energy Plant Phase A**

Project Information

Project Number	402-1352 A
CIP Project Type	New Construction
Facility Type	Infrastructure
Management Type	Institutional Management
Institution's Project Advocate	James D. Kazen, Executive Vice President of Capital Projects
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	16,909

Project Funding

Permanent University Fund Bond Proceeds	<u>Proposed</u> <u>\$50,123,467</u>
Total Project Cost	<u>\$50,123,467</u>

Project Cost Detail

	Cost
Building Cost	\$35,800,000
Fixed Equipment	50,000
Site Development	1,650,000
Furniture and Moveable Equipment	-
Institutionally Managed Work	1,000,000
Architectural/Design Services	3,000,000
Project Management	1,754,321
CIP Support Services	400,000
Insurance	819,275
Other Professional Fees	440,000
Project Contingency	5,109,871
Other Costs	100,000
Total Project Cost	\$50,123,467

**The University of Texas Health Science Center - San Antonio
 UT Health San Antonio Infrastructure, Central Energy Plant Phase A**
 (continued)

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

Central Energy Plant – Phase A	\$2,117		
Texas Higher Education Coordinating Board Average – Physical Plant	\$925		
	Low Quartile	Median	High Quartile
Other National Projects	\$1,876	\$2,136	\$3,074

Investment Metrics

- Provide emergency back-up cooling capacity to new and existing buildings on the Greehey campus including the inpatient hospital by 2024
- Reduce operating costs and increase revenue by 2032

Project Planning

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

Project Milestones

Definition Phase Approval	February 2022
Addition to CIP	August 2022
Design Development Approval	August 2022
Construction Notice to Proceed	January 2023
Substantial Completion	May 2024
Final Completion	July 2024

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 30 years
- Building Systems: 25 years
- Interior Construction: 25 years

**The University of Texas Health Science Center - San Antonio
UT Health San Antonio Infrastructure, Vivarium Expansion Phase B**

Project Information

Project Number	402-1352 B
CIP Project Type	New Construction
Facility Type	Laboratory, Medical/Healthcare
Management Type	Institutional Management
Institution's Project Advocate	James D. Kazen, Executive Vice President of Capital Projects
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	7,000

Project Funding

Permanent University Fund Bond Proceeds	<u>Proposed</u> <u>\$10,000,000</u>
Total Project Cost	<u>\$10,000,000</u>

Project Cost Detail

	Cost
Building Cost – Phase B Vivarium Expansion	\$6,670,000
Fixed Equipment	225,000
Site Development	105,000
Furniture and Moveable Equipment	50,000
Institutionally Managed Work	300,000
Architectural/Design Services	840,000
Project Management	375,000
CIP Support Services	100,000
Insurance	193,715
Other Professional Fees	170,000
Project Contingency	921,285
Other Costs	50,000
Total Project Cost	\$10,000,000

**The University of Texas Health Science Center - San Antonio
 UT Health San Antonio Infrastructure, Vivarium Expansion Phase B**
 (continued)

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

Vivarium Expansion – Phase B	\$953		
Texas Higher Education Coordinating Board Average – Laboratory, General	\$800		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$798	\$833	\$917
Other National Projects	\$786	\$922	\$1,112

Investment Metrics

- Increase research capabilities

Project Planning

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

Project Milestones

Definition Phase Approval	February 2022
Addition to CIP	August 2022
Design Development Approval	November 2022
Construction Notice to Proceed	August 2023
Substantial Completion	September 2024
Final Completion	November 2024

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 30 years
- Building Systems: 25 years
- Interior Construction: 25 years

15. **U. T. Health Science Center - San Antonio: Brain Health Building, Home of the Biggs Institute for Alzheimer’s and Neurodegenerative Diseases - Amendment of the current Capital Improvement Program to include the Brain Health Building Phase A portion of the project; and for the Parking Garage Phase B, approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Brain Health Building Phase A portion and approve the recommendations for the Parking Garage Phase B portion of the project at The University of Texas Health Science Center at San Antonio as follows:

- a. amend the current CIP to include the Brain Health Building Phase A portion of the project with a total project cost of \$59,897,111;
- b. approve design development plans for the Parking Garage Phase B portion of the project;
- c. appropriate funds and authorize expenditure of \$20,000,000 from Revenue Financing System (RFS) Bond Proceeds for the Parking Garage Phase B portion; and
- d. 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. Health Science Center - San Antonio, 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 \$20,000,000.

BACKGROUND INFORMATION

Debt Service

The \$20,000,000 in RFS debt will be repaid from Excess Reserves. Annual debt service on the \$20,000,000 in RFS debt is expected to be \$1.43 million. The institution's Scorecard Rating of 5.3 at fiscal year-end 2021 is below the maximum threshold of 6.0 and demonstrates that the institution has the financial capacity to satisfy its direct obligations related to parity debt.

Previous Actions

On February 28, 2022, the Chancellor approved this project for Definition Phase. On May 5, 2022, the Parking Garage Phase B was included in the CIP with a total project cost of \$20,000,000 with funding from RFS Bond Proceeds.

Project Description

The Brain Health Building, Home of the Biggs Institute for Alzheimer's and Neurodegenerative Diseases project is a multi-phased project that includes the Brain Health Building, a research science building, and a parking garage. The proposed Brain Health Building will serve clinical education and clinical research with dry lab and administrative and educational space, and move clinical space dedicated to Neurology and Neuropsychology from the Medical Arts and Research Center to this new building to provide seamless care for patients in clinical trials and imaging. The project will also include an imaging suite and a non-oncology infusion suite for patient care and clinical trials.

The parking garage will be near the proposed site for the Brain Health Building, located on an existing surface lot that will displace a combined 265 parking spaces. The new garage will provide approximately 500 parking spaces, which will create a total net gain of 235 spaces. Construction on the parking garage will begin ahead of construction on the Brain Health Building and research science building to accelerate its overall construction schedule and to minimize parking disruption. This net gain will continue to accommodate the robust growth in the clinical enterprise at the Medical Arts Research Center, along with growth from the new research buildings.

This proposed Brain Health Building Phase A project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding for Phase A will be presented to the Board for approval at a later date. Pursuant to a Memorandum of Understanding effective September 1, 2020, U. T. Health Science Center - San Antonio has delegated authority of institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas Health Science Center - San Antonio
Brain Health Building, Home of the Biggs Institute for Alzheimer’s and
Neurodegenerative Diseases – Brain Health Building Phase A**

Project Information

Project Number	402-1351 A
CIP Project Type	New Construction
Facility Type	Laboratory, Medical/Healthcare
Management Type	Institutional Management
Institution’s Project Advocate	James D. Kazen, Executive Vice President of Capital Projects
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	69,000

Project Funding

Tuition Revenue Bond Proceeds	<u>Proposed</u> <u>\$59,897,111</u>
Total Project Cost	\$59,897,111

Project Cost Detail

	Cost
Building Cost	\$41,400,000
Fixed Equipment	205,748
Site Development	825,000
Furniture and Moveable Equipment	1,342,000
Institutionally Managed Work	1,796,913
Architectural/Design Services	4,975,800
Project Management	2,036,502
CIP Support Services	500,000
Insurance	974,518
Other Professional Fees	1,815,000
Project Contingency	3,925,630
Other Costs	100,000
Total Project Cost	\$59,897,111

**The University of Texas Health Science Center - San Antonio
Brain Health Building, Home of the Biggs Institute for Alzheimer’s and
Neurodegenerative Diseases - Brain Health Building Phase A**

(continued)

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

Brain Health Building Phase A	\$600		
Texas Higher Education Coordinating Board Average – Laboratory, Medical/Healthcare	\$764		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$634	\$711	\$819
Other National Projects	\$695	\$904	\$1,091

Investment Metrics

- Increase clinic visits for the Biggs Alzheimer’s Center
- Increase research funding

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	April 2022
Addition to CIP	August 2022
Design Development Approval	November 2022
Construction Notice to Proceed	January 2023
Substantial Completion	March 2025
Final Completion	April 2025

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 30 years
- Building Systems: 25 years
- Interior Construction: 25 years

**The University of Texas Health Science Center at San Antonio
Brain Health Building, Home of the Biggs Institute for Alzheimer’s and
Neurodegenerative Diseases - Parking Garage Phase B**

Project Information

Project Number	402-1351 B
CIP Project Type	New Construction
Facility Type	Parking Garage
Management Type	Institutional Management
Institution’s Project Advocate	James D. Kazen, Executive VP of Capital Projects
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	193,710
Parking Garage Spaces	500

Project Funding

Revenue Financing System Bond Proceeds ¹	<u>Proposed</u> <u>\$20,000,000</u>
Total Project Cost	<u>\$20,000,000</u>

¹ Revenue Financing System (RFS) Bond Proceeds to be repaid from excess reserves

Project Cost Detail

	Cost
Building Cost – Parking Garage	\$13,502,052
Fixed Equipment	25,000
Site Development	1,105,406
Furniture and Moveable Equipment	-
Institutionally Managed Work	400,000
Architectural/Design Services	1,050,000
Project Management	676,000
CIP Support Services	-
Insurance	357,125
Other Professional Fees	360,000
Project Contingency	2,424,417
Other Costs	100,000
Total Project Cost	\$20,000,000

**The University of Texas Health Science Center at San Antonio
Brain Health Building, Home of the Biggs Institute for Alzheimer’s and
Neurodegenerative Diseases - Parking Garage Phase B**

(continued)

Building Cost per parking space Benchmarks (escalated to midpoint of construction)

Parking Garage Phase B	\$27,004		
Regional Median Parking Cost Data	\$24,930		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$24,595	\$26,216	\$29,659
Other National Projects	\$23,664	\$28,988	\$40,531

Investment Metrics

- Increase total net parking spaces by 235 spaces by 2024

Project Planning

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

Project Milestones

Definition Phase Approval	February 2022
Addition to CIP	May 2022
Design Development Approval	November 2022
Construction Notice to Proceed	January 2023
Substantial Completion	December 2023
Final Completion	February 2024

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 30 years
- Building Systems: 25 years
- Interior Construction: N/A

16. U. T. El Paso: Advanced Manufacturing and Aerospace Center - Amendment of the current Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendation for the Advanced Manufacturing and Aerospace Center project at The University of Texas at El Paso as follows:

- a. amend the current Capital Improvement Program (CIP) to increase the total project cost from \$70,000,000 to \$80,000,000;
- b. approve design development plans; and
- c. appropriate funds and authorize expenditure of \$80,000,000 from Permanent University Fund (PUF) Bond Proceeds.

BACKGROUND INFORMATION

Previous Actions

On July 20, 2020, the Chancellor approved this project for Definition Phase. On February 24, 2022, the project was included in the CIP with a total project cost of \$70,000,000 with funding from PUF Bond Proceeds. On May 19, 2022, the Executive Vice Chancellor for Business Affairs approved the transfer of \$10,000,000 in previously approved PUF Bond Proceeds from two minor projects to this project.

Project Description

The proposed Advanced Manufacturing and Aerospace Center (AMAC) project will construct a four-story building on the main campus in the Bhutanese style of the university. The facility will house two of the University's institutes, W.M. Keck Center for 3D Innovation and Aerospace Center. The project will provide usable program space for institute specific research and fabrication laboratories, administrative spaces, as well as shared core analytical laboratories and support laboratories. Providing state-of-the-art laboratories and industry engaging facilities will bring under one roof facilities and additional laboratory space to support future research and educational opportunities for each institute.

The AMAC will house growing research and teaching programs in additive manufacturing and aerospace. The AMAC's on-campus facility will substantially increase the advanced manufacturing and aerospace research and teaching space, with plans to train more than 600 graduate and undergraduate students annually. The AMAC will augment test facilities for rocket engines and drones currently located in East El Paso County. UTEP is a national leader in additive manufacturing using specialty materials and embedding electronics in 3D-printed materials.

**The University of Texas at El Paso
Advanced Manufacturing and Aerospace Center**

Project Information

Project Number	201-1312
CIP Project Type	New Construction
Facility Type	Laboratory, General
Management Type	Office of Capital Projects
Institution's Project Advocate	Mark McGurk, Vice President for Business Affairs
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	92,811

Project Funding

	<u>Current</u>	<u>Proposed</u>
Permanent University Fund Bond Proceeds	<u>\$70,000,000</u>	<u>\$80,000,000</u>
Total Project Cost	\$70,000,000	\$80,000,000

Project Cost Detail

	Cost
Building Cost	\$50,160,000
Fixed Equipment	1,820,000
Site Development	6,520,000
Furniture and Moveable Equipment	4,800,000
Institutionally Managed Work	5,000,000
Architectural/Design Services	4,500,000
Project Management	626,000
CIP Support Services	500,000
Insurance	1,136,000
Other Professional Fees	1,164,000
Project Contingency	3,774,000
Other Costs	-
Total Project Cost	\$80,000,000

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

Advanced Manufacturing and Aerospace Center	\$540		
Texas Higher Education Coordinating Board Average – Laboratory, General	\$800		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$571	\$626	\$722
Other National Projects	\$472	\$538	\$730

Investment Metrics

- Train 600 graduate and undergraduate students annually by 2030
- Recruit and retain top-tier faculty members to increase research revenues by 2030

**The University of Texas at El Paso
Advanced Manufacturing and Aerospace Center**
(continued)

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	July 2020
Addition to CIP	February 2022
Design Development Approval	August 2022
Construction Notice to Proceed	October 2022
Substantial Completion	December 2024
Final Completion	June 2025

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 40 years
- Building Systems: 20 years
- Interior Construction: 15 years



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**ADDITIONAL CONSENT AGENDA ITEM
ACADEMIC AFFAIRS COMMITTEE**

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MEETING OF THE BOARD

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held May 4-5, 2022; and the special called meeting held June 28, 2022
2. Resolution - U. T. System Board of Regents: Adoption of resolution regarding the list of Key Management Personnel authorized to negotiate, execute, and administer classified government contracts (Managerial Group)

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

A Resolution amending the Managerial Group list was last adopted by the Board of Regents on August 19, 2021.

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

RESOLUTION

BE IT RESOLVED:

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

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

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

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

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

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

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

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

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

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

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

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

Kevin P. Eltife, Chairman

Janiece Longoria, Vice Chairman

James C. "Rad" Weaver, Vice Chairman

Christina Melton Crain

R. Steven Hicks

Jodie Lee Jiles

Nolan E. Perez, M.D.

Stuart W. Stedman

Kelcy L. Warren

~~Thuy Dan "Mimi" Nguyen, Student Regent from June 1, 2021 to May 31, 2022 (nonvoting)~~

Neelesh C. Mutyala, Student Regent from June 1, 2022 to May 31, 2023 (nonvoting)

AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE

3. Contract (funds going out) - U. T. System: Deloitte & Touche LLP to provide external audit services

Agency: Deloitte & Touche LLP

Funds: \$29,257,587

Period: June 1, 2022 through May 31, 2028

Description: Subject to the delegation of authority by the State Auditor's Office, Deloitte & Touche LLP will provide a) external audit services for the Systemwide consolidated financial reports; b) stand-alone financial statement audits for U. T. Austin, U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, and a stand-alone audit of The University of Texas/Texas A&M Investment Management Company funds; c) reviews required by Southern Association of Colleges and Schools (SACS) for U. T. Arlington, U. T. Dallas, and U. T. Health Science Center - San Antonio; and d) Cancer Prevention and Research Institute (CPRIT) compliance audits for U. T. Austin, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, the Health Science Center at U. T. Tyler, and U. T. M. D. Anderson Cancer Center.

The total costs under this contract are broken down as follows for Fiscal Years 2022-2027 \$25,324,052 for audit services described in a) and b) above; \$1,390,995 for the reviews required by SACS; and \$2,542,540 for the CPRIT compliance audits. Services were competitively bid.

4. Other Matters - U. T. System: Approval of Revisions to the U. T. System Model Policy for Sexual Harassment and Sexual Misconduct, and approval of Subsequent Revisions to Sexual Harassment and Sexual Misconduct Policies at U. T. Academic and Health Institutions

Consistent with state law and Regents' Rule 30105 (Sexual Harassment, Sexual Misconduct, and Consensual Relationships), the Chancellor, Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel recommend the Board approve substantive revisions to the Model Policy for Sexual Misconduct and also approve any individual academic and health institution policies revised in accordance with substantive revisions to the Model Policy, following review by the Office of Systemwide Compliance and the Office of General Counsel.

BACKGROUND INFORMATION

The Office of Systemwide Compliance recently revised its Model Policy for Sexual Misconduct, set forth on the following pages, to comply with recent Violence Against Women Act (VAWA) Reauthorization updates which will be effective October 1, 2022. Additionally, the Model Policy includes substantive revisions for additional clarity to existing definitions and procedures, also made to comply with applicable laws and regulations. The revised policy has been reviewed by the Office of Systemwide Compliance and the Office of General Counsel and has been found to comply with applicable laws and regulations.

If the proposed revisions to the Model Policy are approved by the Board, the academic and health institutions will then revise their institutional policies accordingly and submit for review by the Office of Systemwide Compliance and Office of General Counsel before taking effect.

The proposed substantive revisions to the Model Policy are as follows:

- Revising the definition of “Domestic Violence” to comply with the revised VAWA definition of “Domestic Violence,” and adding the terms and definitions of “Economic Abuse” and “Technological Abuse.”
- Revising the definition of “Other Inappropriate Sexual Conduct” to clarify that unprofessional conduct, if physical, is prohibited if it is objectively offensive to a reasonable person and is also so severe or pervasive that it creates a Hostile Environment.
- Clarifying the definition of “Coercion” to require that pressure to compel another individual to engage in sexual activity against an individual’s will be unreasonable, and moving the existing examples listed under the “Coercion” definition to the “Sexual Exploitation” definition as a better representation and classification of the existing examples.
- Revising the definition of “Rape” to clarify that causation of penetration without the consent of the victim is required to meet the definition.

- Revising the “Failure to Report” provision to clarify that the institution’s policy requires Responsible Employees to report all acts reasonably believed to be Sexual Misconduct, not just the types of incidents required by state law.
- Adding a 21-day timeframe for issuing Hearing Officer determinations.

The University of Texas System
Office of Systemwide Compliance Model Policy

- 1. **Title**
Sexual Misconduct Policy

For Immediate Reporting:
[INSERT TITLE IX OFFICE CONTACT INFORMATION and LINK TO WEBSITE]
Also, please see Section 3.2 below for detailed information.

- 2. **Policy**
Sec. 1 General Policy Statement.

- 1.1 [Name of Institution] (the University) is committed to maintaining a learning and working environment that is free from discrimination based on sex in accordance with Title IX of the Higher Education Amendments of 1972 (Title IX), which prohibits discrimination on the basis of sex in education programs or activities; Title VII of the Civil Rights Act of 1964 (Title VII), which prohibits sex discrimination in employment; and the Campus Sexual Violence Elimination Act (SaVE Act), Violence Against Women Act (VAWA), and Clery Act. Sexual Misconduct, Retaliation, and other conduct prohibited under this Policy will not be tolerated and will be subject to disciplinary action.
- 1.2 The University will promptly discipline any individuals or organizations within its control who violate this Policy. The University encourages you to promptly report incidents that could constitute violations of this Policy to the Title IX Coordinator (as outlined in Section 3.1 of this Policy).
- 1.3 Free Speech. Freedom of speech and principles of academic freedom are central to the mission of institutions of higher education. Constitutionally protected expression cannot be considered Sexual Misconduct under this Policy.

Sec. 2 Applicability and Scope.

- 2.1 Applicability. This Policy applies to all University administrators, faculty, staff, students, and third parties within the University's control, including visitors and applicants for admission or employment. It applies to conduct that occurs on University owned or controlled premises, in an education program or activity including University sponsored or supported events, buildings owned or controlled by student organizations officially recognized by the University, or off campus when the conduct potentially affects a person's education or employment with the University or potentially poses a risk of harm to members of the University community. It also applies regardless of the gender, gender identity or sexual orientation of the parties.
- 2.2 Prohibited Conduct under this Policy: Sexual Misconduct (which includes Sex Discrimination, Sexual Harassment, Sexual Assault, Domestic Violence, Dating

The University of Texas System
Office of Systemwide Compliance Model Policy

Violence, Stalking, Sexual Exploitation, and Other Inappropriate Sexual Conduct); ~~Sexual Exploitation~~; Retaliation; Failure to Report (for a Responsible Employee); and False Information and False Complaints. Violations of Prohibited Conduct under this Policy will be adjudicated in accordance with this Policy. The definitions of Prohibited Conduct are in the Definitions Section of this Policy.

Sec. 3 Reporting Incidents.

3.1 General Statement Empowering Community. This policy distinguishes between *reporting* sexual misconduct incidents on the one hand and *filing Formal Complaints* on the other. Reporting Sexual Misconduct incidents informs the University of the incident, which allows the institution to provide Supportive Measures (as outlined in Section 5.2 of this Policy) to the Complainant and does not necessarily result in the initiation of the Grievance Process (as outlined in Section 6 of this Policy). All Complainants who report incidents of Sexual Misconduct will be offered individualized Supportive Measures. If Complainants wish to initiate the Grievance Process, they should file a Formal Complaint. As explained in more detail below (including exceptions and details as to applicability), generally speaking, the Grievance Process may involve an investigation into the incident and a hearing to determine the responsibility of the Respondent.

3.2 Any person may report Sexual Misconduct, Retaliation, or other conduct prohibited under this Policy to the Title IX Coordinator. Any person may report an incident, whether or not the person reporting is the person alleged to be the victim of the incident, and it can be a verbal or written report to the Title IX Coordinator:

[Insert Names Titles of the Title IX Coordinator; contact information must include office physical address(s), email address(s), phone number(s), and links to online reporting forms]

- A. Filing a Formal Complaint. The Complainant may file a Formal Complaint with the Title IX Coordinator, as outlined in Section 6.2 of this Policy.
- B. Anonymity. You may make an anonymous report by telephone, in writing or electronically [INSERT LINK TO WEBSITE REPORTING SYSTEM] with the Title IX Office. Your decision to remain anonymous, however, may greatly limit the University's ability to stop the alleged conduct, collect evidence, or take action against parties accused of violating this Policy.
- C. Confidentiality. You can discuss an incident in strict confidence by using the confidential resources outlined in Section 3.5 of this Policy.
- D. Timeliness of Reporting. Responsible Employees are required to report known incidents and information of Sexual Misconduct promptly

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to the Title IX Coordinator. For others in the University community, you are strongly encouraged to report Sexual Misconduct, Retaliation, and any other conduct prohibited under this Policy as soon as you become aware of such conduct.

3.3 Reporting to Law Enforcement. You may also file a police report with The University of Texas at [institution] Police Department at [insert phone] (non-emergency) or [insert phone] (emergency) or to the City of [insert] Police Department [phone] (non-emergency) or 911 (emergency) or to other local law enforcement authorities. The Title IX Office can help individuals contact these law enforcement agencies. Employees and students with protective or restraining orders relevant to a complaint are encouraged to provide a copy to the University Police Department.

3.4 Reporting to Outside Entities. You may also contact the following external agencies:

For students:

Office for Civil Rights
U.S. Department of Education
1999 Bryan Street, Suite 1620
Dallas, TX 75201-6810
214-661-9600
214-661-9587 (fax)

Office for Civil Rights
U.S. Department of Health and Human Services
1301 Young Street, Suite 1169
Dallas, TX 75202
Phone: (800) 537-7697
FAX: (214) 767-0432

For employees:

U.S. Equal Employment Opportunity Commission
Dallas District Office
207 S. Houston Street, 3rd Floor
Dallas, TX 75202
Phone: (800) 669-4000
FAX: (214) 253-2720

Texas Workforce Commission
Civil Rights Division
101 E. 15th Street
Room 144-T
Austin, TX 78778-0001
512-463-2642

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3.5 Confidential Support and Resources. Students may discuss an incident with Confidential Employees or an off-campus resource (e.g. rape crisis center, doctor, psychologist, clergyperson, etc.) without concern that the person's identity will be reported to the Title IX Office. Employees may also seek assistance from the Employee Assistance Program, their own personal health care provider, the clergyperson of their choice, or an off-campus rape crisis resource without concern that the person's identity will be reported to the Title IX Office.

The University and community resources that provide confidential services are:
[insert resources]

3.6 Immunity. In an effort to encourage reporting of Sexual Misconduct, the University may grant immunity from student and/or employee disciplinary action to a person who acts in good faith in reporting an incident, filing a Formal Complaint, or participating in a Grievance Process (e.g. investigation, hearing, appeal). This immunity does not extend to the person's own violations of this Policy.

Sec. 4 Parties' Rights Regarding Confidentiality, Requests to Not Investigate, and Requests to Dismiss Formal Complaints. The University has great respect for the privacy of the parties identified in a report or Formal Complaint. Under state law, however, Responsible Employees who receive information of alleged Sexual Misconduct must share that information with the Title IX Coordinator. As such, the University may need to act to maintain campus safety and must determine whether to investigate further, regardless of the Complainant's request for confidentiality or request to not investigate a report received by the Title IX Coordinator.

In making determinations regarding requests for confidentiality, Complainants' requests to not investigate, Complainants' requests to dismiss Formal Complaints, and/or requests to not disclose identifying information to Respondents, the Title IX Coordinator must deliberately weigh the rights, interests, and safety of the Complainant, the Respondent, and the campus community. Factors the University must consider when determining whether to investigate an alleged incident of Sexual Misconduct include, but are not limited to:

- The seriousness of the alleged incident;
- Whether the University has received other reports of alleged Sexual Misconduct by the alleged Respondent;
- Whether the alleged incident poses a risk of harm to others; and
- Any other factors the University determines relevant.

Under state law, if the Complainant requests in writing that the University not investigate a report, the University must inform the Complainant of the decision whether or not to investigate.

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If the University dismisses a Formal Complaint (as outlined in Section 6.2(C) of this Policy), the University must provide the Complainant and Respondent a written notice of the dismissal and the reason(s) for the dismissal.

In the course of the Grievance Process, the University may share information only as necessary with people who need to know in compliance with the law, which may include but is not limited to the investigators, witnesses, Complainant, Respondent, parties' advisors, hearing officer, and the appellate officer—if applicable. The University will take all reasonable steps to ensure there is no retaliation against the parties or any other participants in the investigation or in any other part of the Grievance Process.

Sec. 5 Resources and Assistance.

5.1 Immediate Assistance.

[List on and off University resources for health care, police, and counseling]

- A. Healthcare. If you experience sexual violence, you are encouraged to seek immediate medical care. Also, preserving DNA evidence can be key to identifying the perpetrator in a sexual violence case. Victims can undergo a medical exam to preserve physical evidence with or without police involvement. If possible, this should be done immediately. If an immediate medical exam is not possible, individuals who have experienced a sexual assault may have a Sexual Assault Forensic Exam (SAFE) performed by a Sexual Assault Nurse Examiner (SANE) within 5 days (120 hours) of the incident. With the examinee's consent, the physical evidence collected during this medical exam can be used in a criminal investigation; however, a person may undergo a SAFE even without contacting, or intending to contact, the police. To undergo a SAFE, go directly to the emergency department of **[insert hospital with SAFE capabilities]** or the nearest hospital that provides SAFE services.

For more information about the SAFE, see https://www.texasattorneygeneral.gov/files/cvs/sexual_assault_examination.pdf. The cost of the forensic portion of the exam is covered by the law enforcement agency that is investigating the assault or, in cases where a report will not be made to the police, the Texas Department of Public Safety. This does not include fees related to medical treatment that are not a part of the SAFE.

- B. Police Assistance. If you experienced or witnessed sexual misconduct, the University encourages you to make a report to the police. The police may, in turn, share your report with the Title IX Office, with the exception of when you use a pseudonym form under the Code of Criminal Procedure for incidents of sexual assault, stalking, family violence, and human trafficking. In those instances, where a pseudonym form is used, the police will only

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report the type of incident to the Title IX Coordinator but not any information identifying you.

A police department's geographic jurisdiction depends on where the incident occurred. Thus, if the incident occurred on the University campus, you may file a report with the [insert campus police name] by calling [number] or in person at [insert institution PD name] headquarters at [insert address], even if time has passed since the incident occurred.

[Institution PD name] can also assist with applying for any protective orders. Reporting an incident to law enforcement does not mean the case will automatically go to criminal trial or go through a Grievance Process. If the University police are called, a police officer will be sent to the scene to take a detailed statement. A police officer or victim services coordinator may also provide you with a ride to the hospital. You may also file a report with the University police even if the assailant was not a University student or employee. If the incident occurred in the City of [insert City name], but off campus, you may also file a report with the [City] Police Department, even if time has passed since the incident occurred. If a report is made to the police, a police officer will usually be dispatched to the location to take a written report. A sexual assault victim will also have an opportunity to have a crime victim liaison, counselor, advocate, or police officer with specialized training be present with the victim during police investigative interviews.

- C. Counseling and Other Services. If you experience Sexual Misconduct, you are strongly encouraged to seek counseling or medical and psychological care even if you do not plan to request a SAFE or report the incident to the police. You may be prescribed medications to prevent sexually transmitted infections and/or pregnancy even if the police are not contacted or if a SAFE is not performed. Similarly, other individuals impacted or affected by an incident are encouraged to seek counseling or psychological care.

You may receive medical care at the University Health Services (for students only), at a local emergency room, or by a private physician. You may also be provided with psychological support by the University Counseling and Psychological Services (students), Employee Assistance (employees), a referral through the Employee Assistance Program, or a care provider of your choosing.

Students desiring counseling should contact:
[insert office and contact information]

Faculty and staff should contact:
[insert office and contact information]

5.2 Supportive Measures.

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The University will offer reasonably available individualized services, without any fee or charge, to the parties involved in a reported incident of Sexual Misconduct with or without the filing of a Formal Complaint, when applicable.

Supportive Measures may include but are not limited to housing reassignment, counseling, extensions of deadlines or other course-related adjustments, modifications of work or class schedules, withdrawal from or retake of a class without penalty, campus escort services, mutual restrictions on contact between the parties, change in work or housing locations, leaves of absences, increased security and monitoring of certain areas of campus, or other similar measures tailored to the individualized needs of the parties.

Supportive Measures are non-disciplinary and non-punitive measures that do not unreasonably burden the other party. Any disciplinary or punitive measures may only be implemented following the conclusion of the Grievance Process, unless an emergency removal (as outlined in Section 7.1) is appropriate.

The University will maintain the confidentiality of Supportive Measures provided to the parties, to the extent that maintaining such confidentiality does not impair the ability of the University to provide the Supportive Measures.

Sec. 6 The Grievance Process.

6.1 Key Officials in the Grievance Process.

A. Title IX Coordinator. The Title IX Coordinator is the senior University administrator who oversees the University's compliance with Title IX. The Title IX Coordinator is responsible for administrative response to reports and Formal Complaints of Sexual Misconduct, Retaliation, and other conduct prohibited under this Policy. The Title IX Coordinator is available to discuss the Grievance Process, coordinate Supportive Measures, explain University policies and procedures, and provide education on relevant issues. The Title IX Coordinator may designate one or more Deputy Title IX Coordinators to facilitate these responsibilities.

Any member of the University community may contact the Title IX Coordinator with questions.

B. Investigator(s). The University will ensure that Formal Complaints are properly investigated under this Policy by investigators assigned to the Formal Complaint. The investigators are neutral and impartial fact-finders, and gather evidence during the investigation. The investigators are responsible for completing an investigation report at the conclusion of the investigation. The Title IX Deputy Coordinators may supervise and advise the Title IX investigators when conducting investigations and update the Title IX Coordinator as necessary to ensure compliance with Title IX.

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- C. Hearing Officer. [University discretion may apply for hearing panel.] The hearing officer is responsible for conducting the hearing in an orderly manner, controlling the conduct of all participants and attendees of the hearing, and rendering a written determination regarding responsibility of the Respondent's alleged conduct charges in an impartial, neutral, and objective manner.

6.2 Formal Complaints Against Students and Employees¹

- A. Applicability of the Grievance Process. The Grievance Process in this Policy applies to the following situations:

1. Students. The Grievance Process in Sections 6.2 to 6.11 of this Policy applies in the instances where the Respondent is a student (including student employees)² at the University at the time of the alleged conduct and where the conduct alleged includes Sexual Harassment. An alternative Grievance Process in Section 6.12 of this Policy applies in instances where the Respondent is a student at the time of the alleged conduct and where the conduct alleged does not include Sexual Harassment.
2. Employees: Faculty and Staff. For employees, the Grievance Process in this Policy only applies where all of the following conditions are met; ~~in all other instances, allegations of Sexual Misconduct (or other in this Policy, including Failure to Report for Responsible Employees) will be handled in accordance with the~~ [insert here EMPLOYEE HANDBOOK/POLICY]:
 - a. The Respondent is an employee at the University at the time of the alleged conduct;
 - b. The conduct alleged includes Sexual Harassment under this Policy;
 - c. The alleged conduct occurred against a person in the United States; and
 - d. Where the Complainant was participating or attempting to participate in an education program or activity at the University. This element is met if the conduct occurred in any of the following: on any University property; during any University activity; in a building owned or controlled by a student organization that is officially recognized by the University; or in instances where the University exercised

¹ For Formal Complaints against third parties, such as contracted workers, volunteers, or visitors, the University will apply the analysis in Section 6.2(A)(2) with regard to employees and may apply other institutional policies to those Respondents if the Grievance Process (outlined in this Policy) does not apply.

² Respondents who are both students and employees are treated as students under this Policy.

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substantial control over the Respondent and the context in which the alleged conduct occurred.

In all other instances, allegations of Sexual Misconduct (or other allegations of Prohibited Conduct in this Policy, including Failure to Report for Responsible Employees) will be handled in accordance with the [insert here EMPLOYEE HANDBOOK/POLICY].

- B. To begin the Grievance Process, the Complainant must sign a Formal Complaint (requesting an investigation) and submit it to the Title IX Coordinator. The Complainant must submit a written statement setting out the known details of the alleged conduct that is the subject of the Formal Complaint, including the following:
- Complainant's name and contact information;
 - Respondent's name;
 - Detailed description of the alleged conduct or event that is the basis of the alleged violation under this Policy;
 - Date(s) and location(s) of the alleged occurrence(s); and
 - Names of any witnesses to the alleged occurrence(s); the resolution sought.

The Complainant may also submit any documents or information that is relevant to the Formal Complaint.

The Title IX Coordinator may also sign a Formal Complaint against a Respondent (requesting an investigation) and in doing so will initiate the Grievance Process.

- C. Mandatory and Discretionary Formal Complaint Dismissals.
- a. Under Title IX regulations, universities are required to distinguish between prohibited conduct that is "under Title IX" and prohibited conduct that is a violation of university policy. Under Title IX, the University must dismiss a Formal Complaint or the part of the allegations in a Formal Complaint, if applicable, where:
- Sexual Harassment is alleged and where:
 1. The conduct alleged does not meet the definition of Sexual Harassment;
 2. The alleged conduct did not occur in the University's education program or activity; or,

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3. The alleged conduct did not occur against a person in the United States.

A dismissal under this provision only applies to allegations of Sexual Harassment under Title IX. In such an instance, the University may still investigate a Formal Complaint for allegations of Sexual Harassment under this Policy. The University may also investigate allegations of prohibited conduct under this Policy but it will not technically be “under Title IX.”

- b. The University may dismiss a Formal Complaint, at its discretion, under this Policy’s Grievance Process for any of the following circumstances:
- If the Complainant requests in writing to dismiss a Formal Complaint (e.g. withdraws the Formal Complaint or any allegations therein), as outlined in Section 4 of this Policy;
 - If the Respondent ~~was~~ was an employee and ~~is~~ is no longer employed by the University ~~at the time the Formal Complaint is filed;~~
 - Any specific circumstances that prevent the University from gathering evidence sufficient to reach a determination as to the Formal Complaint or any allegations therein; or
 - The conduct alleged does not meet the definition of any prohibited conduct under this Policy.
- c. If the University dismisses a Formal Complaint, the University must provide both parties a written notice of the dismissal and the reason(s) for the dismissal.

D. Concurrent Criminal or Civil Proceedings. The University will not, as a matter of course, wait for the outcome of a concurrent criminal or civil justice proceeding to take action on a Formal Complaint in a University Grievance Process. The University has an independent duty to respond to Formal Complaints of Sexual Misconduct. At the University’s discretion, the University may delay the investigation or Grievance Process for a brief period due to concurrent criminal or civil proceedings on a case-by-case basis.

6.3 Written Notice of the Formal Complaint, and Notification of University Offices Offering Assistance.

After receiving a Formal Complaint, the Title IX Office will provide a written notice to the parties of the Formal Complaint and available University

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resources and assistance. The written notice of the Formal Complaint will include the following:

- A notice of the Grievance Process, as outlined in this Policy;
- A notice of the allegations that potentially constitute prohibited conduct under this Policy, including sufficient details about the alleged conduct, including the identity of the parties, if known, and the date(s), time(s), and location(s) of alleged conduct known by the University at the time of the Formal Complaint;
- A statement of the potential policy violations being investigated;
- A statement that the Respondent is presumed not responsible for the alleged conduct and that the determination regarding responsibility will be made at the conclusion of the Grievance Process;
- Both parties may have an advisor of their choice, who may be, but is not required to be, an attorney, and may inspect and review all evidence;
- A statement that the parties may review evidence gathered as part of any investigation;
- Provision of this Policy that knowingly making false statements or knowingly submitting false information during the Grievance Process is prohibited and subject to disciplinary action; and
- Any other relevant information for the written notice.

6.4 Informal Resolution Option of Certain Formal Complaints. (OPTIONAL)

After the parties have been provided a copy of the written notice of a Formal Complaint, both parties may, in writing, voluntarily agree to use this Informal Resolution option, if applicable, at any point prior to reaching a determination regarding responsibility, but the parties are not required to do so. The Informal Resolution entails the parties forgoing the Grievance Process (including the investigation and hearing, depending on when the parties agree to engage in an Informal Resolution). The Informal Resolution may include a mediation process, for example.

At any point prior to agreeing to an Informal Resolution, each party has a right to withdraw from the Informal Resolution process and resume the Grievance Process with respect to the Formal Complaint.

- A. Informal Resolution Availability. The Informal Resolution process is not permitted in cases where Sexual Harassment is alleged in the Formal Complaint. Informal Resolution is also not available where the Respondent

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has previously participated in the Informal Resolution process and where that process resulted in a mutual agreement.

- B. Informal Resolution Timeframe. Informal Resolutions of a Formal Complaint will be concluded within 45 days of notice to the University that both parties wish to proceed with the Informal Resolution process. Such notice that the parties wish to proceed with an Informal Resolution process will “pause” the counting of the timeframe to conclude the Grievance Process in Section 6.11 of this Policy, should the Informal Resolution process fail and the parties continue with the Grievance Process.
- C. Informal Resolution Documentation. Any final resolution pursuant to the Informal Resolution process will be documented and kept for seven years as required by law (and see Section 6.10 of this Policy for additional information on Grievance Process Documentation). However, no recording of the Informal Resolution process will be made and all statements made during the Informal Resolution process and may not be used for or against either party (and the Hearing Officer and Appellate Officer may not consider any such statement made during Informal Resolution) should the parties resume the Grievance Process. Failure to comply with an Informal Resolution agreement may result in disciplinary action.

6.5 Investigation of the Formal Complaint – Gathering of Evidence

- A. After the University provides written notice of a Formal Complaint to the parties, the Respondent will be allowed a reasonable time to respond in writing and through an interview with the investigator.
- B. The University will provide written notice to a party whose participation is invited or expected of the date, time, location, participants, and purpose of all meetings, investigative interviews, or other proceedings in the Grievance Process.
- C. Evidence. The parties in the investigation may present any information and evidence that may be relevant to the Formal Complaint, and may have an advisor of their choice attend any related interview, meeting, or proceeding in the Grievance Process. Advisors are not permitted to actively participate in meetings or proceedings in the Grievance Process, unless explicitly outlined in Section 6.7(J) of this Policy. The parties may present the names of any fact or expert witnesses who may provide relevant information, and how the witnesses may be relevant to the Formal Complaint. The parties may submit to the investigator any questions they would like asked of any known potential witnesses or parties.
- D. Witness Interviews. The investigators will interview relevant and available witnesses. Neither the Complainant nor the Respondent will normally attend these interviews; however, if either one is permitted to attend, the other shall have the same right.

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- E. Investigation Timeframe. The investigation of a Formal Complaint will be concluded within 90 days of the filing of a Formal Complaint. The parties should be provided updates on the progress of the investigation, as needed.

 - F. Access to Evidence. Prior to the completion of the investigation report, the investigators will provide access to all evidence obtained (whether relevant or not) as part of the investigation to both parties (and the party's advisor, if any, upon a party's signed information release for their advisor of choice). Both parties will have 10 days to inspect, review, and respond to the evidence. All responses to the evidence must be submitted by the party in writing to the investigator. Advisors are not permitted to submit written responses to the evidence on their own or on behalf of the party they are advising. The investigators will consider all timely responses submitted by the parties.

 - G. Completed Investigation Report. The completed investigation report will outline each of the allegations that potentially constitutes prohibited conduct under this Policy, provide the timeline (e.g. procedural steps) of the investigation, and fairly summarize relevant evidence, participant statements, and responses to questions. The investigator will provide a completed investigation report concurrently to both parties and each party's advisor, if any, upon a party's signed information release for their advisor of choice at least 10 days prior to the date of the scheduled hearing to review and provide a written response at the hearing. A copy of the completed investigation report will be issued to the Title IX Coordinator, and to the hearing officer assigned for the hearing.
- 6.6 Standard of Evidence & Presumption of Not Responsible. All Grievance Processes will use the preponderance of the evidence standard, as defined in this Policy. By law, it is presumed that the Respondent is not responsible for the alleged conduct unless that determination regarding responsibility is made at the conclusion of the Grievance Process.
- 6.7 Live Hearing – Determination of Responsibility
- A. Absent a Formal Complaint dismissal or the parties' decision to reach an Informal Resolution agreement (if applicable), the University will provide a live hearing for all Formal Complaints subject to the Grievance Process as outlined in this Policy.
~~The University representative will present information regarding the case at the hearing and will have the ability to present information and witnesses, question witnesses, and provide opening and closing statements at the hearing.~~

 - B. Written Notice of the Hearing. The University will provide at least 10 days written notice of the hearing to the Parties (and the parties' advisors, if any, upon a party's signed information release for their advisor of choice),

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including the date, time, location, names of all participants of the hearing (including the hearing officer, and all parties and participants in the investigation report), purpose of the hearing, a statement of the alleged conduct charges, and a summary statement of the evidence gathered. The hearing notice may also provide a deadline by which the University representative and the parties have an opportunity to disclose (1) the names of any witnesses they intend to call to testify at the hearing, if any, and (2) a copy of any documents they intend to use as exhibits at the hearing, not already included in the investigation report, if any.

- C. Challenges to the Hearing Officer. Either party may challenge the fairness, impartiality or objectivity of a hearing officer. The challenge must be submitted in writing to the hearing officer through the office coordinating the hearing within 4 days after notice of the identity of the hearing officer, and must state the reasons for the challenge. The hearing officer will be the sole judge of whether he or she can serve with fairness, impartiality, and objectivity. In the event that the hearing officer recuses themselves, an alternative hearing officer will be assigned in accordance with the institution's procedures.
- D. Hearing Officer Duties at the Hearing. The hearing officer will rule on all procedural matters and on objections regarding exhibits and testimony of participants at the hearing, may question participants who testify at the hearing, and is entitled to have the advice and assistance of legal counsel from the Office of General Counsel of the U.T. System.
- E. Access to Evidence. Each party will have access to all of the evidence from the investigation, including a copy of the completed investigation report, as outlined in Section 6.5.F. in this Policy.
- F. Separate Rooms and Virtual Participation. At the request of either party, the University will provide the hearing to occur with the parties located in separate rooms with technology enabling the hearing officer and the parties to simultaneously see and hear the participants answering questions. Participants may appear at the hearing virtually, and are not required to be physically present at the same physical location of the hearing.
- G. University Representative Role. The University representative will present information regarding the case at the hearing and will have the ability to present information and witnesses, question witnesses, and provide opening and closing statements at the hearing.
- G.H. Each party may make opening and closing statements.
- H.I. Privileged Information Excluded. No person will be required to disclose information protected under a legally recognized privilege. The hearing officer must not allow into evidence or rely upon any questions or evidence that may require or seek disclosure of such information, unless the person

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holding the privilege has waived the privilege. This includes information protected by the attorney-client privilege.

~~J.~~J. **Advisor of Choice.** Each party may have an advisor of their choice at the hearing. If a party does not have an advisor, the University will provide one. Advisors are not permitted to actively participate in the hearing, except for asking questions of the other party and any other witnesses. In addition, witnesses may have an advisor of their choice at the hearing.

~~J.K.~~J.K. **Questioning of the participants in the hearing:** The hearing officer may, at the hearing officer's discretion, ask questions during the hearing of any party or witness and may be the first person to ask questions of any party or witness. Each party's advisor will have an opportunity to ask relevant questions and follow-up questions of the other party and of any witnesses that participate in the hearing, including questions that challenge credibility. Each advisor has the ability to ask questions directly, orally, and in real time at the hearing. The parties will not be permitted to personally ask questions of the other party or any witnesses that participate in the hearing. The University representative and the advisors may ask questions under the following procedure:

- The questioner will ask a question of the applicable participant.
- Before the participant answers a question, the hearing officer will rule as to whether the advisor's question is relevant to the alleged conduct charges.
- If the hearing officer rules that the question is not relevant, then the hearing officer must explain any decision to exclude a question as not relevant. If the hearing officer allows the question as relevant, the participant will answer it.

Prior Sexual History: A Complainant's sexual predisposition or prior sexual behavior are not relevant except where questions and evidence about a Complainant's prior sexual behavior are offered to prove that someone other than the Respondent committed the alleged conduct charged by the Complainant or if the questions or evidence concern specific incidents of the Complainant's prior sexual behavior with the Respondent and are offered to prove the Complainant's consent of the alleged conduct.

~~K.L.~~K.L. **Hearing Officer Determination.** The hearing officer will issue a written determination, which must include the following:

- The allegations that potentially constitutes prohibited conduct under this Policy;

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- A description of all of the procedural steps of the Grievance Process under this Policy (from receipt of a Formal Complaint to the determination regarding responsibility of the Respondent, including any notifications of the parties, interviews with parties and witnesses, site visits, methods used to gather other evidence, and hearings held);
- The findings of fact supporting the hearing officer's determination;
- The conclusion(s) and a rationale as to whether the Respondent is responsible for each allegation;
- The disciplinary sanctions, if applicable;
- Whether additional remedies designed to restore or preserve equal access to the education program or activity will be provided to the Complainant; and
- The institution's procedures and permissible bases for the parties to appeal, if applicable

The hearing officer will send a copy of the written determination concurrently to the parties within 21 days from when the hearing concludes, in addition to the Dean (for student Respondents) or appropriate administrator (for employee Respondents), and the Title IX Coordinator.

L.M. The hearing will be recorded in audio or audiovisual format and may be transcribed at the discretion of the University. The recording or transcript, if applicable, will be available for the parties to inspect and review, upon request.

6.8 Sanctions and Remedies. The following sanctions and remedies may be considered by the hearing officer in accordance with this Policy:

A. Possible Sanctions and Remedies for Student Respondents:

- Educational training;
- No shared classes or extra-curricular activities;
- Disciplinary probation;
- Withholding of grades, official transcript, and/or degree;
- Bar against readmission, bar against enrollment, drop from one or more classes, and/or withdrawal from the University;

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- Suspension of rights and privileges, including but not limited to participation in athletic or extracurricular activities;
- Denial of degree;
- Suspension from the University for a specific period of time. Suspension is noted on the academic transcript with the term “Disciplinary Suspension.” The notation can be removed upon the request of the student in accordance with the University’s procedures when all conditions of the suspension are met;
- Expulsion (permanent separation from the University). Expulsion creates a permanent notation on the student’s academic transcript;
- Revocation of degree and withdrawal of diploma; and/or
- Other sanction(s) or remedies as deemed appropriate under the circumstances.

B. Possible Sanctions and Remedies for Employee Respondents:

- Employment probation;
- Job demotion or reassignment;
- Suspension with or without pay for a specific period of time;
- Dismissal or termination;
- Ineligible for rehire; and/or
- Other sanction(s) or remedies as deemed appropriate under the circumstances

6.9 Appeals and Additional Processes Provided to Students and Employees.

Appeals. Either party may appeal in writing to a hearing officer’s determination regarding a Respondent’s responsibility under the Grievance Process or from the University’s dismissal of a Formal Complaint (or any allegations in the Formal Complaint) within 10 days of notification of such a determination, on the following bases:

- A procedural irregularity that affected the outcome of the matter;
- There is new evidence that was not reasonably available at the time of the determination regarding responsibility or dismissal was made that could affect the outcome of the matter; or

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- The Title IX Coordinator, investigator(s), or hearing officer had a conflict of interest or bias for or against the parties (generally, or specifically in this matter) that affected the outcome of the matter.

The appellate officer must not be the same person as the Title IX Coordinator, investigator(s), or hearing officer in the Grievance Process. Both parties will be notified in writing when an appeal is filed and the appeal procedures will apply equally for both parties.

Any non-appealing party (or the University) will have 7 days from the notification of an appeal to submit a written statement in support of the outcome. The ~~decision-maker on the appeal~~ appellate officer will release a written decision within 21 days from the date of the appeal.

The appellate officer will release a written decision within 21 days from the date of the appeal to:

- Affirm the hearing officer's determination regarding the Respondent's responsibility and affirm the disciplinary sanctions and remedies, if applicable;
- Affirm the hearing officer's determination regarding the Respondent's responsibility and amend the disciplinary sanctions and remedies, if applicable;
- Affirm the University's dismissal of a Formal Complaint (or any allegations in the Formal Complaint);
- Remand the process back to the investigation or hearing stage for the investigator or hearing officer (or applicable equivalent) to remedy any procedural irregularity or consider any new evidence;
- Reverse the hearing officer's determination of the Respondent's responsibility and amend the disciplinary sanctions and remedies, if applicable; or
- Affirm or amend the sanctions and/or remedies outlined in the administrative disposition issued under Section 6.12 of this Policy.

[INSERT ANY APPLICABLE FURTHER DETAILS FOR STUDENTS, FACULTY, OR STAFF]

6.10 Grievance Process Documentation. The University (through the appropriate office) will retain all of the documentation included in the Grievance Process (outlined in Section 6 of this Policy) for seven years, in accordance with state and federal records laws and University policy. All documentation of records

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are private and confidential to the extent possible under law. Student records of the Grievance Process are disciplinary records under FERPA. Employee records of the Grievance Process are subject to the Freedom of Information Act (FOIA) and the Texas Public Information Act (TPIA), and included in the employee's official employment record.

6.11 Grievance Process Timeframe. The entire Grievance Process (outlined in Section 6 of this Policy, including any appeal) will be completed in no more than 150 days from the filing of the Formal Complaint. However, the circumstances may require a temporary delay in this timeframe and the University may extend this timeframe for good cause. In such an instance, the University will provide written notice to the parties of the delay or extension and the reason(s) for the action. Good cause may include considerations such as the absence of a party, a party's advisor, or a witness; concurrent law enforcement activity; or the need for language assistance or accommodation of disabilities. The time period in this section does not include the period the parties attempted but failed to reach an agreement in the Informal Resolution Process, if applicable, and in such a case, the Grievance Process timeframe will be extended by the period the parties attempted to reach an Informal Resolution (outlined in Section 6.4 of this Policy).

6.12 Alternative Grievance Process for Students – Applicable Exceptions for Non-Sexual Harassment Formal Complaints

For Formal Complaints where the Respondent is a student at the time of the alleged conduct (including student employees), and the alleged conduct does not include Sexual Harassment, the Grievance Process in Section 6 of this Policy applies, with the following exceptions:

A. Investigation Report & Determination Regarding Responsibility. Section 6.5(G) applies except that the completed investigation report will include a preliminary determination regarding the responsibility of the Respondent for each allegation, the findings of fact supporting the investigator's determination, and the rationale for the determination for each allegation. The completed investigation report and determination regarding responsibility will be referred to the [Student Conduct Office (or equivalent)].

The Student Conduct Officer will conduct an independent review of the investigation report, and will:

- Accept the preliminary determination regarding responsibility of the Respondent, and either dismiss the case or proceed to adjudication (if applicable);
- Amend the preliminary determination regarding responsibility of the Respondent, and proceed to adjudication (if applicable); or

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- Remand the process back to the investigation stage to address an investigation concern.
- B. Adjudication. Where responsibility finding(s) proceed to the adjudication stage, the Respondent and Complainant may elect one of the following options:
1. Agree to the determination of responsibility for each of the applicable allegations, the sanctions, and remedies outlined in an administrative disposition, and waive the option of a hearing;
 2. Agree to the determination of responsibility for each of the applicable allegations, appeal (in writing) the sanctions and/or remedies outlined in the administrative disposition, and waive the option of a hearing; or
 3. Select a live hearing where the determination regarding responsibility of the Respondent will be made by a hearing officer.

If either party chooses option 3, then a live hearing must be initiated for the adjudication of the conduct allegations, as outlined in Section 6.12(C).

Absent either party choosing option 3 (live hearing), if either party chooses option 2, then any party choosing option 2 may appeal the sanctions and/or remedies outlined in the administrative disposition, using the Appeals process in Section 6.9 of this Policy. The finding of responsibility may not be appealed by either party.

If both parties select option 1, then the administrative disposition will be final and there will not be any subsequent adjudication proceedings regarding the allegations.

- C. Live Hearing. If a live hearing is selected for adjudication, the hearing procedures in Section 6.7 of this Policy will apply, with the following exceptions:
1. Advisor of Choice.³ Each party may have an advisor of their choice at the hearing. Upon request from either party, the University will provide an advisor to that party. Advisors are not permitted to actively participate in the hearing. In addition, witnesses may have an advisor of their choice at the hearing.
 2. Questioning of the participants in the hearing.⁴ The hearing officer may, at the hearing officer's discretion, ask questions during the hearing of any party or witness and may be the first person to ask

³ Subsection 6.7(J) does not apply when a hearing is conducted under Section 6.12(C) of this Policy.

⁴ Subsection 6.7(K) does not apply when a hearing is conducted under Section 6.12(C) of this Policy.

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questions of any party or witness. Each party may ask relevant questions of any witness at the hearing, except that cross-examination questions of the other party must be submitted in writing to the hearing officer. The hearing officer will then ask relevant cross-examination questions of the other party and allow for relevant follow-up questions (if applicable). Advisors are not permitted to ask any questions at the hearing.

- D. Prior Sexual History: A Complainant's sexual predisposition or prior sexual behavior are not relevant except where questions and evidence about a Complainant's prior sexual behavior are offered to prove that someone other than the Respondent committed the alleged conduct charged by the Complainant or if the questions or evidence concern specific incidents of the Complainant's prior sexual behavior with the Respondent and are offered to prove the Complainant's consent of the alleged conduct.

Sec 7 Emergency Removal and Employee Administrative Leave.

7.1 Emergency Removal. A Respondent may be removed from the University's education program or activity on an emergency basis if, after an individualized safety and risk analysis, it is determined that such a removal is justified because the Respondent poses an immediate threat to the physical health or safety of an individual arising from the allegations of Sexual Misconduct. Under these circumstances, the Respondent will be notified in writing of the emergency removal from the University's education program or activity, and the Respondent will have an opportunity to immediately challenge the decision following the emergency removal. [The University may determine the specific process for challenging a decision for emergency removal.]

7.2 Employee Administrative Leave. An employee Respondent may be placed on administrative leave, in accordance with the University's policy and procedures on employee administrative leave, during the pendency of a Grievance Process, as outlined in this Policy.

Sec 8 Dissemination of Policy and Educational Programs.

8.1 This Policy will be made available to all University administrators, faculty, staff, and students online at [insert website link] and in University student catalog(s) and any employee handbook of operating procedures. Periodic notices will be sent to University administrators, faculty, staff and students about the University's Sexual Misconduct Policy, including but not limited to at the beginning of each fall and spring semester. The notice will include information about Sexual Misconduct, Retaliation, and other conduct prohibited under this Policy, including the Formal Complaint procedure, the University Grievance Process, and available resources, such as support services, health, and mental health services. The notice will specify the right to file a Formal Complaint under this Policy, right to file a police report to law enforcement, the

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Title IX Coordinator's contact information, and will refer individuals to designated offices or officials for additional information.

8.2 Ongoing Sexual Misconduct Training. The University's commitment to raising awareness of the dangers of Sexual Misconduct includes providing ongoing education through annual training and lectures by faculty, staff, mental health professionals, and/or trained University personnel. Preventive education and training programs will be provided to University administrators, faculty, staff, and students and will include information about primary prevention, risk reduction, and bystander intervention: [\[Link to web page with training provided\]](#)

8.3 Training of Title IX Coordinators, Investigators, Hearing Officers and Appellate Authorities. All Title IX Coordinators, Deputy Coordinators, investigators, and those with authority over University Grievance Processes, and appeals shall receive training each academic year about applicable prohibited conduct, Grievance Processes, due process, and University policies related to Sexual Misconduct. All training materials used to train Title IX-related personnel (e.g. Title IX Coordinators, deputies, investigators, hearing officers, and appellate officers (among others)) will be made available on the University's website: [\[insert web page here\]](#)

8.4 Annual Reporting and Notice. The University's Title IX General Policy Statement will be made available to all students, faculty, and employees online [\[insert website link\]](#), in required publications and in specified departments.

Sec. 9 Additional Conduct Violations under this Policy.

9.1 Retaliation. Any person who retaliates against (a) anyone filing a report of Sexual Misconduct or Formal Complaint, (b) the parties or any other participants (including any witnesses or any University employee) in a Grievance Process relating to a Formal Complaint, (c) any person who refuses to participate in a Grievance Process, or (d) any person who under this Policy opposed any unlawful practice, is subject to disciplinary action up to and including dismissal or separation from the University. If any participant in a Grievance Process believes they have been subject to Retaliation (as defined in this Policy), they should immediately report the alleged retaliatory conduct to the Title IX Coordinator. [\[INSERT CITE TO RETALIATION POLICY, if applicable\]](#)

9.2 False Information and False Complaints. Any person, who in bad faith, knowingly files a false complaint under this Policy or provides materially false information is subject to disciplinary action up to and including dismissal or separation from the University. A determination that a Respondent is not responsible for allegations of Sexual Misconduct does not imply a report, Formal Complaint, or information provided was false. Similarly, a determination that a Respondent is responsible for a policy violation does not imply that a Respondent's statements disclaiming responsibility were false.

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9.3 Interference with the Grievance Process. Any person who interferes with the Grievance Process (outlined in Section 6 of this Policy) is subject to disciplinary action up to and including dismissal or separation from the University. Interference with a Grievance Process may include, but is not limited to:

- (a) Attempting to coerce, compel, or prevent an individual from providing testimony or relevant information;
- (b) Removing, destroying, or altering documentation relevant to the Grievance Process; or
- (c) Knowingly providing false or misleading information to the Title IX Coordinator, investigator or hearing officer, or encouraging others to do so.

9.4 Failure to Report for Responsible Employees. If a Responsible Employee knowingly fails to promptly report to the Title IX Coordinator all information concerning an incident the employee reasonably believes constitutes Sexual Misconduct (including stalking, dating violence, sexual assault, or sexual harassment) committed by or against a student or employee at the time of the incident, the employee is subject to disciplinary action, including termination.

The duty to report acts reasonably believed to be stalking, dating violence, sexual assault, and sexual harassment arises from state law. Our institution~~The University goes further and requires Responsible Employees to report all acts reasonably believed to be any type of Sexual Misconduct, as defined in this Policy. It is important to note that f~~For purposes of Failure to Report, the definition of sexual harassment, as defined under state law, is broader than the definition of sexual harassment under this Policy and is defined as: Unwelcome, sex-based verbal or physical conduct that:

- (a) in the employment context, unreasonably interferes with a person's work performance or creates an intimidating, hostile, or offensive work environment; or
- (b) in the education context, is sufficiently severe, persistent, or pervasive that the conduct interferes with a student's ability to participate in or benefit from educational programs or activities at a postsecondary institution.

9.5. No Effect on Pending Personnel or Academic Actions Unrelated to the Complaint. The filing of a Formal Complaint under this Policy will not stop or delay any action unrelated to the Formal Complaint, including: (1) any evaluation or disciplinary action relating to a Complainant who is not performing up to acceptable standards or who has violated University rules or policies; (2) any evaluation or grading of students participating in a class, or the ability of a student to add/drop a class, change academic programs, or receive financial reimbursement for a class; or (3) any job-related functions of

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a University employee. Nothing in this section shall limit the University's ability to take interim action or execute an emergency removal.

3. Definitions and Examples⁵

Coercion – The use of unreasonable pressure to compel another individual to initiate or continue sexual activity against an individual's will. Coercion can include a wide range of behaviors, including psychological or emotional pressure, physical or emotional threats, intimidation, manipulation, or blackmail that causes the person to engage in unwelcome sexual activity. A person's words or conduct are sufficient to constitute coercion if they eliminate a reasonable person's freedom of will and ability to choose whether or not to engage in sexual activity. ~~Examples of coercion include but are not limited to threatening to "out" someone based on sexual orientation, gender identity, or gender expression; threatening to harm oneself if the other party does not engage in the sexual activity; threatening to disclose someone's highly personal images; threatening to disclose sensitive details about one's sexual preferences, habits, and/or experiences; and threatening to expose someone's prior sexual activity to another person.~~

Complainant – The individual who is alleged to be the victim of any prohibited conduct under this Policy.

Confidential Employees – Confidential Employees include counselors in Counseling and Psychological Services, a health care provider in Health Services, or clergypersons. Additionally, employees who receive information regarding an incident of sexual misconduct under circumstances that render the employee's communications confidential or privileged under other law (such as attorneys) are also considered "Confidential Employees." [The University may designate other confidential employees for students, and outline here and/or in this Policy.]

Note: Under state law, Confidential Employees who receive information regarding incidents of sexual harassment, sexual assault, dating violence or stalking committed by or against a student or an employee of the University, are required to report the **type of incident** to the Title IX Coordinator (or Deputy Coordinators). Confidential Employees may not include any information that would violate a student's expectation of privacy. The Confidential Employee's duty to report an incident under any other law also applies.

Consent – A voluntary, mutually understandable agreement that clearly indicates a willingness to engage in each instance of sexual activity. Consent to one act does not imply consent to another. Consent to engage in sexual activity with one person does not imply consent to engage in sexual activity with another. Consent can be withdrawn at any time. Any expression of an unwillingness to engage in any instance of sexual activity establishes a presumptive lack of consent.

⁵ The definitions provided in the main body of the text are the definitions adopted by the University. When applicable, we have included the state law definition. In any criminal action brought by law enforcement, the state law definition will apply.

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Consent is not effective if it results from: (a) the use of physical force, (b) a threat of physical force, (c) intimidation, (d) coercion, (e) incapacitation or (f) any other factor that would eliminate an individual's ability to exercise his or her own free will to choose whether or not to have sexual activity.

A current or previous dating or sexual relationship, by itself, is not sufficient to constitute consent. Even in the context of a relationship, there must be a voluntary, mutually understandable agreement that clearly indicates a willingness to engage in each instance of sexual activity.

The definition of consent for the crime of sexual assault in Texas can be found in Section 22.011(b) of the Texas Penal Code.⁶

Dating Violence⁷ – Violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim. The existence of such a relationship shall be determined based on the consideration of the following factors:

- a) The length of the relationship;
- b) The type of relationship; and
- c) The frequency of interaction between the persons involved in the relationship.

⁶ Texas Penal Code, Section 22.011(b) states that a sexual assault is without consent if: (1) the actor compels the other person to submit or participate by the use of physical force or violence; (2) the actor compels the other person to submit or participate by threatening to use force or violence against the other person, and the other person believes that the actor has the present ability to execute the threat; (3) the other person has not consented and the actor knows the other person is unconscious or physically unable to resist; (4) the actor knows that as a result of mental disease or defect the other person is at the time of the sexual assault incapable either of appraising the nature of the act or of resisting it; (5) the other person has not consented and the actor knows the other person is unaware that the sexual assault is occurring; (6) the actor has intentionally impaired the other person's power to appraise or control the other person's conduct by administering any substance without the other person's knowledge; (7) the actor compels the other person to submit or participate by threatening to use force or violence against any person, and the other person believes that the actor has the ability to execute the threat.

⁷ Dating Violence is defined by the Texas Family Code, Section 71.0021 as:

- (a) an act, other than a defensive measure to protect oneself, by an actor that:
 - (1) is committed against a victim:
 - (A) with whom the actor has or has had a dating relationship; or
 - (B) because of the victim's marriage to or dating relationship with an individual with whom the actor is or has been in a dating relationship or marriage; and
 - (2) is intended to result in physical harm, bodily injury, assault, or sexual assault or that is a threat that reasonably places the victim in fear of imminent physical harm, bodily injury, assault, or sexual assault.
- (b) For purposes of this title, "dating relationship" means a relationship between individuals who have or have had a continuing relationship of a romantic or intimate nature. The existence of such a relationship shall be determined based on consideration of:
 - (1) the length of the relationship;
 - (2) the nature of the relationship; and
 - (3) the frequency and type of interaction between the persons involved in the relationship.
- (c) A casual acquaintanceship or ordinary fraternization in a business or social context does not constitute a "dating relationship" under Subsection (b).

Texas Penal Code, Section 22.01 provides the criminal penalties associated with Dating Violence.

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Dating violence includes, but is not limited to, sexual or physical abuse or the threat of such abuse. It does not include acts covered under the definition of domestic violence.

Domestic (Family) Violence⁸ – includes felony or misdemeanor crimes ~~of violence~~ committed by a current or former spouse or intimate partner of the victim under the domestic or family violence laws of the state of Texas, including the use or attempted use of physical abuse or sexual abuse, or a pattern of any other coercive behavior committed, enabled, or solicited to gain or maintain power and control over a victim, including verbal, psychological, economic, or technological abuse that may or may not constitute criminal behavior, by a person who:

- a. is a current or former spouse or intimate partner of the victim, or a person similarly situated to a spouse of the victim;
- b. who shares a child in common with the victim;
- c. is cohabitating, or has cohabitated, with the victim as a spouse or intimate partner;
or
- d. commits acts against an adult or youth victim who is protected from those acts under the domestic or family violence laws of the state of Texas.

Economic Abuse: In the context of domestic violence and dating violence definitions, means behavior that is coercive, deceptive, or unreasonably controls or restrains a person's ability to acquire, use, or maintain economic resources to which they are entitled, including using coercion, fraud, or manipulation to:

- Restrict a person's access to money, assets, credit, or financial information;
- Unfairly use a person's personal economic resources, including money, assets, and credit, for one's own advantage; or
- Exert undue influence over a person's financial and economic behavior or decisions, including forcing default on joint or other financial obligations, exploiting powers of attorney, guardianship, or conservatorship, or failing or neglecting to act in the best interests of a person to whom one has a fiduciary duty.

Hostile Environment – exists when sexual misconduct is sufficiently severe or pervasive to deny or limit the individual's ability to participate in or benefit from an education program or activity or an employee's terms and conditions of employment.⁹ A hostile environment can be created by anyone (e.g., administrators, faculty members, employees, students, and University visitors) involved in an education program or activity or work environment.

⁸ Family Violence is defined by the Texas Family Code Section 71.004 as:

- (1) an act by a member of a family or household against another member of the family or household that is intended to result in physical harm, bodily injury, assault, or sexual assault or that is a threat that reasonably places the member in fear of imminent physical harm, bodily injury, assault, or sexual assault, but does not include defensive measures to protect oneself;
- (2) abuse, as that term is defined by Sections [261.001](#)(1)(C), (E), and (G), by a member of a family or household toward a child of the family or household; or
- (3) dating violence, as that term is defined by Section [71.0021](#).

Texas Penal Code Section 22.01 provides the criminal penalties associated with Domestic (Family) Violence.

⁹ Depending on the facts of a particular case, the University may investigate claims of hostile work environment under this Policy.

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In determining whether sexual misconduct has created a hostile environment, the University considers the conduct in question from both a subjective and objective perspective. It will be necessary, but not adequate, that the conduct was unwelcome to the individual who was mistreated. To conclude that conduct created or contributed to a hostile environment, the University must also find that a reasonable person in the individual's position would have perceived the conduct as undesirable or offensive.

To ultimately determine whether a hostile environment exists for an individual or individuals, the University may consider a variety of factors related to the severity, persistence, or pervasiveness of the sexual misconduct, including: (1) the type, frequency, and duration of the conduct; (2) the identity and relationships of the persons involved; (3) the number of individuals involved; (4) the location of the conduct and the context in which it occurred; and (5) the degree to which the conduct affected an individual's education or employment.

The more severe the sexual misconduct, the less need there is to show a repetitive series of incidents to find a hostile environment. Indeed, a single instance of sexual assault may be sufficient to create a hostile environment. Likewise, a series of incidents may be sufficient even if the sexual misconduct is not particularly severe.

Incapacitation – Incapacitation is the inability, temporarily or permanently, to give consent because the individual is mentally and/or physically helpless, either voluntarily or involuntarily, or the individual is unconscious, asleep, or otherwise unaware that the sexual activity is occurring. An individual may be incapacitated if they are unaware at the time of the incident of where they are, how they got there, or why or how they became engaged in a sexual interaction.

When alcohol is involved, incapacitation is a state beyond drunkenness or intoxication. When drug use is involved, incapacitation is a state beyond being under the influence or impaired by use of the drug. Alcohol and other drugs impact each individual differently, and determining whether an individual is incapacitated requires an individualized determination.

After establishing that a person is in fact incapacitated, the University asks two questions:

- (1) Did the person initiating sexual activity know that the other party was incapacitated? and if not,
- (2) Should a sober, reasonable person in the same situation have known that the other party was incapacitated?

If the answer to either of these questions is "YES," consent was absent and the conduct is likely a violation of this Policy.

A Respondent will be found to have violated policy only if the Respondent knew or should have known that the person was incapacitated.

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Intimidation – Unlawfully placing another person in reasonable fear of bodily harm through the use of threatening words and/or other conduct, but without displaying a weapon or subjecting the victim to actual physical attack.

Other Inappropriate Sexual Conduct – Conduct on the basis of sex that does not meet the definition of “sexual harassment” under this Policy; but is prohibited inappropriate or unprofessional sexual conduct.

~~Behavior that could constitute inappropriate sexual conduct may include, but is not limited to~~Such conduct is:

- 1) If verbal conduct (including through electronic means), unwanted statements of a sexual nature intentionally stated to a person or group of people, that are objectively offensive to a reasonable person and also so severe or pervasive that they created a Hostile Environment, as defined in this Policy. The type of verbal conduct (if all other elements are met) may include, but is not limited to:
 - a) Unwelcome sexual advances (including explicit or implicit proposition(s) of sexual contact or activity);
 - b) Requests for sexual favors (including overt or subtle pressure);
 - c) Gratuitous comments about an individual’s sexual activities or speculation about an individual’s sexual experiences;
 - d) Gratuitous comments, jokes, questions, anecdotes or remarks of a sexual nature about clothing or bodies;
 - e) Persistent, unwanted sexual or romantic attention; or
 - ~~f) Exposure to sexually suggestive visual displays such as photographs, graffiti, posters, calendars or other materials; or~~
 - ~~g)f)~~ Deliberate, repeated humiliation or intimidation.

- 2) If physical conduct, conduct that is objectively offensive to a reasonable person and also so severe or pervasive that it created a Hostile Environment, as defined in this Policy. ~~either~~ The type of physical conduct (if all other elements are met) may include, but is not limited to:
 - ~~a) Sexual exploitation, as defined in this Policy;~~
 - ~~b)a)~~ Unwelcome intentional touching of a sexual nature;
 - ~~b)~~ Deliberate physical interference with or restriction of movement; ~~or, or~~
 - ~~c) Exposure to sexually suggestive visual displays such as photographs, graffiti, posters, calendars or other materials; or~~
 - ~~e) Consensual sexual conduct that is unprofessional and inappropriate, and created a Hostile Environment.~~
 - ~~d) Sexual violence as defined in this Policy.~~
 - ~~d)~~

Whether or not the unprofessional or inappropriate conduct is sexual in nature will be determined by examining the totality of the circumstances, whether a reasonable person subjected to the conduct would construe the conduct as sexual in nature, and whether the individual subject to the conduct construed it as sexual in nature.

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Participants – The term “participants” includes the University representative, Complainant, Respondent, and any witnesses.

Parties – The term “parties” refers to the “Complainant” and the “Respondent” under this Policy.

Preponderance of the Evidence – The greater weight of the credible evidence. Preponderance of the evidence is the standard for determining allegations of prohibited conduct under this Policy. This standard is satisfied if the action is deemed more likely to have occurred than not.

Respondent -- The individual who has been reported to be the perpetrator of prohibited conduct under this policy. (For UT-affiliated K-12 schools (e.g. charter schools), a parent or legal guardian of a Respondent may act on behalf of the Respondent.)

Responsible Employee – A University employee who has the duty to promptly report incidents of and information reasonably believed to be Sexual Misconduct to the Title IX Coordinator. All employees are Responsible Employees except Confidential Employees or police officers when a victim uses a pseudonym form (as outlined in Section 5.1(B) of this Policy). Responsible Employees include all administrators, faculty, staff, resident life directors and advisors, and graduate teaching assistants. Responsible Employees must report all known information concerning the incident to the Title IX OfficeCoordinator, and must include whether a Complainant has expressed a desire for confidentiality in reporting the incident.

Retaliation – Any adverse action (including, but is not limited to, intimidation, threats, coercion, harassment, or discrimination) taken against someone *because* the individual has made a report or filed a Formal Complaint; or who has supported or provided information in connection with a report or a Formal Complaint; participated or refused to participate in a Grievance Process under this Policy; or engaged in other legally protected activities.

Sex Discrimination – Occurs when an individual is treated less favorably on the basis of that person’s sex (including gender), which may also include on the basis of sexual orientation, gender identity, or expression, pregnancy or pregnancy-related condition, or a sex stereotype. Sexual harassment, as defined in this Policy, is a form of sex discrimination.

Sexual Assault¹⁰ – An offense that meets the definition of rape, fondling, incest, or statutory rape:

¹⁰ Sexual Assault is defined by Texas Penal Code, Section 22.011 as intentionally or knowingly:

- a) Causing the penetration of the anus or sexual organ of another person by any means, without that person’s consent; or
- b) Causing the penetration of the mouth of another person by the sexual organ of the actor, without that person’s consent; or
- c) Causing the sexual organ of another person, without that person’s consent, to contact or penetrate the mouth, anus, or sexual organ of another person, including the actor.

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- a) *Rape*: The causing of penetration, no matter how slight, of the vagina or anus with any body part or object, or oral penetration by a sex organ of another person, without the consent of the victim.
- b) *Fondling*: The touching of the private body parts of another person for the purpose of sexual gratification, without the consent of the victim, including instances where the victim is incapable of giving consent because of his/her age or because of his/her temporary or permanent mental incapacity.
- c) *Incest*: Sexual intercourse between persons who are related to each other within the degrees wherein marriage is prohibited by law.
- d) *Statutory Rape*: Sexual intercourse with a person who is under the statutory age of consent.

Sexual Exploitation – Conduct where an individual takes non-consensual or abusive sexual advantage of another for their own benefit, or to benefit anyone other than the one being exploited. Examples of sexual exploitation include, but are not limited to, engaging in sexual voyeurism; forwarding of pornographic or other sexually inappropriate material by email, text, or other channels to non-consenting students/groups; the intentional removal of a condom or other contraceptive barrier during sexual activity without the consent of a sexual partner; threatening to “out” someone based on sexual orientation, gender identity, or gender expression; threatening to harm oneself if the other party does not engage in the sexual activity; threatening to disclose someone’s highly personal images; threatening to disclose sensitive details about one’s sexual preferences, habits, and/or experiences; and threatening to expose someone’s prior sexual activity to another person; and any activity that goes beyond the boundaries of consent, such as recording of sexual activity, letting others watch consensual sex, or knowingly transmitting a sexually transmitted disease (STD) to another.

Sexual Harassment – Conduct on the basis of sex that satisfies one or more of the following:

- a) Quid pro quo: An employee of the institution conditioning the provision of an aid, benefit, or service of the University on an individual’s participation in unwelcome sexual conduct;
- b) Unwelcome conduct determined by a reasonable person to be so severe, pervasive, and objectively offensive that it effectively denies a person equal access to the University’s education program or activity; or
- c) “Sexual assault,” “dating violence,” “domestic violence,” or “stalking” as defined in this Policy.

Subsections (a) and (c) in this definition are not evaluated for severity, pervasiveness, offensiveness, or denial of equal educational access, because such conduct is sufficiently serious to deprive a person of equal access. Therefore, any instance of quid pro quo sexual harassment and any instance of sexual assault, dating violence, domestic violence, and stalking are considered sexual harassment under this Policy.

Sexual Misconduct – This term is broadly defined to encompass Sex Discrimination, Sexual Harassment, Sexual Assault, Domestic Violence, Dating Violence, Stalking, Sexual Exploitation, and other inappropriate Sexual Conduct.

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Sexual Violence – Physical sexual acts perpetrated against a person’s will or where a person is incapable of giving consent. The term includes, but is not limited to, rape, sexual assault, sexual battery, sexual coercion, sexual abuse, indecency with a child, and/or aggravated sexual assault.

Stalking¹¹ – Engaging in a course of conduct directed at a specific person that would cause a reasonable person to fear for his or her safety or the safety of others, or suffer substantial emotional distress. For the purposes of this definition--

- a) *Course of conduct* means two or more acts, including, but not limited to, acts in which the stalker directly, indirectly, or through third parties, by any action, method, device, or means, follows, monitors, observes, surveils, threatens, or communicates to or about a person, or interferes with a person’s property.
- b) *Reasonable person* means a reasonable person under similar circumstances and with similar identities to the victim.
- c) *Substantial emotional distress* means significant mental suffering or anguish that may, but does not necessarily, require medical or other professional treatment or counseling.

Technological Abuse: means an act or pattern of behavior that occurs within sexual assault, domestic violence, dating violence, or stalking, and is intended to harm, threaten, intimidate, control, stalk, harass, impersonate, exploit, extort, or monitor, except as otherwise permitted by law, another person, that occurs using any form of technology, including but not limited to: internet enabled devices, online spaces and platforms, computers, mobile devices, cameras and imaging programs, apps, location tracking devices, communication technologies, or any other emerging technologies.

4. Relevant Federal and State Statutes, and Standards

¹¹ Stalking as defined by Texas Penal Code, Section 42.072 is when an individual on more than one occasion and pursuant to the same scheme or course of conduct that is directed specifically at another person, knowingly engages in conduct that:

- a) is considered harassment, or that the actor knows or reasonably should know the other person will regard as threatening:
 - i. bodily injury or death for the other person;
 - ii. bodily injury or death for a member of the other person’s family or household or for an individual with whom the other person has a dating relationship; or
 - iii. that an offense will be committed against the other person’s property;
- b) causes the other person, a member of the other person’s family or household, or an individual with whom the other person has a dating relationship to be placed in fear of bodily injury or death or in fear that an offense will be committed against the other person’s property, or to feel harassed, annoyed, alarmed, abused, tormented, embarrassed, or offended; and
- c) would cause a reasonable person to:
 - i. fear bodily injury or death for himself or herself;
 - ii. fear bodily injury or death for a member of the person’s family or household or for an individual with whom the person has a dating relationship;
 - iii. fear that an offense will be committed against the person’s property; or
 - iv. feel harassed, annoyed, alarmed, abused, tormented, embarrassed, or offended.

The University of Texas System
Office of Systemwide Compliance Model Policy

[Title IX of the Education Amendments of 1972, 20 U.S.C. §§ 1681–1688 and its implementing regulations, 34 C.F.R. Part 106](#)

[Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§2000e–2000e-17 and its implementing regulations 29 C.F.R. §1604 11.](#)

[Clery Act, 20 U.S.C §1092\(f\) and its implementing regulations 34 C.F.R. Part 668](#)

[FERPA Regulations, 34 C.F.R. Part 99](#)

[Texas Education Code, Chapter 51, Subchapter E-2: Reporting Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking §51.251-51.259](#)

[Texas Education Code, Chapter 51, Subchapter E-3: Sexual Harassment, Sexual Assault, Dating Violence, and Stalking §51.281-51.291](#)

[Texas Code of Criminal Procedure, Chapter 56A, Request for Forensic Medical Examination Art. 56A.251](#)

[Texas Code of Criminal Procedure, Chapter 56A, Presence of Sexual Assault Program Advocate Art. 56A.351](#)

5. Other Relevant Policies, Procedures, and Forms

[insert reference to]:

[Regents' Rules and Regulations, Rule 30105 Sexual Harassment, Sexual Misconduct, and Consensual Relationships](#)

[Regents' Rules and Regulations, Rule 31008 Termination of a Faculty Member](#)

[University of Texas Systemwide Policy UTS 184, Consensual Relationships](#)

University's Sex Discrimination Policy

Staff Discipline policy

Faculty Discipline policy

Student Discipline policy

6. System Administration Office(s) Responsible for Policy

Office of Systemwide Compliance

7. Dates Approved or Amended

[insert new date]

The University of Texas System
Office of Systemwide Compliance Model Policy

August 25, 2022

August 31, 2021

June 17, 2021

July 7, 2020

October 1, 2019

August 2, 2018

April 6, 2015

February 21, 2012

8. Contact Information

Questions or comments about this Policy should be directed to:

SystemwideTitleIX@utsystem.edu

FINANCE AND PLANNING COMMITTEE

5. Contract (funds going out) - U. T. System: Marsh USA, Inc. to provide Rolling Owner Controlled Insurance Program (ROCIP) Brokerage and Administration Services

Agency: Marsh USA, Inc.

Funds: Anticipated total cost is approximately \$8,000,000 over the life of the contract

Period: June 1, 2022 through May 31, 2031 (includes an initial six-year term and three one-year renewal terms)

Description Marsh USA, Inc. will provide insurance broker and administrator services for Phase VIII of the Rolling Owner Controlled Insurance Program (ROCIP). The ROCIP provides workers' compensation, general liability, and excess liability insurance coverage for enrolled contractors working on Major Capital Improvement Program (CIP) and other designated construction projects for U. T. System. Benefits of the program include lower insurance premiums due to bulk purchasing, consistency of insurance provided on each project, enhanced safety and loss control, and cost savings. This contract was competitively bid.

6. Contract (funds going out) - U. T. System: Master Service Agreements with 10 prequalified firms, listed below, to provide risk management and insurance broker services

Agencies: 1. Alliant Insurance Services, Inc.
2. Anco Insurance Managers, Inc.
3. Aon Risk Services Southwest, Inc.
4. Arthur J. Gallagher Risk Management Services, Inc.
5. Dissenger Reed, A Division of HUB International
6. Marsh USA Inc.
7. Marsh McLennan Agency (MMA)
8. Beecher Carlson Insurance Services, LLC
9. McGriff Insurance Services, Inc.
10. Southwest Special Risk Insurance

Funds: Total spend for each contractor under each Master Service Agreement has the potential to exceed \$1,000,000 over the term of the Agreement.

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

Description: The proposed agreements are Master Service Agreements with firms that have been selected following a Request for Proposal process.

Authorization is requested to complete negotiations and execute a Master Service Agreement with each of the above vendors, following review by the Office of General Counsel. The Master Service Agreements provide risk management and insurance broker services on an as-needed basis. U. T. System Administration uses a panel of brokers to provide brokerage, insurance placement, claims advocacy, and risk management services.

The U. T. System Office of Risk Management will closely monitor the spend over the life the agreements.

ACADEMIC AFFAIRS COMMITTEE

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

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2023 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Engineering		
Civil Engineering		
Warda Ashraf	Assistant Professor	Associate Professor (T)
Suyun Ham	Assistant Professor	Associate Professor (T)
Kate Hyun	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
English		
Kenton Ramsby	Assistant Professor	Associate Professor (T)
History		
Charlie Travis	Assistant Professor	Associate Professor (T)
Sociology and Anthropology		
Ashley Lemke	Assistant Professor	Associate Professor (T)
Theatre Arts		
Julienne Greer	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Science		
Biology		
Mark Pellegrino	Assistant Professor	Associate Professor (T)
Sen Xu	Assistant Professor	Associate Professor (T)
Earth and Environmental Sciences		
Kate Miller	New Hire	Professor (T)
Hyeong-Moo Shin	Assistant Professor	Associate Professor (T)
Mathematics		
Li Wang	Assistant Professor	Associate Professor (T)
Psychology		
Tamara Brown	New Hire	Professor (T)
School of Social Work		
Social Work		
Huang Hui	New Hire	Associate Professor (T)
Poco Kernsmith	New Hire	Professor (T)

8. Employment Agreement - U. T. Arlington: Approval of terms of Employment Agreement for new Athletic Director Jon Fagg

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

Proposed: **Guaranteed compensation:**

Annual Salary: \$310,000

One-time Moving/Transition Allowance: \$25,000

Nonguaranteed compensation:

(1) Varsity Sports Teams. Athletic Director is eligible for the following bonuses (ties will be decided by the Conference tie breakers):

(a) \$3,000 (with a limit of \$12,000 in any contract year) for each varsity sports team that wins the Conference regular season champion or conference tournament; and

(b) \$3,000 (with a limit of \$12,000 in any contract year) for each varsity sports team or individuals (minimum of three to qualify for incentive) that participate in post-season NCAA competition during any contract year; and

(c) \$10,000 in any contract year for each varsity sports team that wins an NCAA championship

The total performance incentives for Varsity Sports Teams in any contract year will not exceed a total of \$25,000.

(2) Academic Grade Point Performance. Athletic Director is eligible for the following bonuses:

(a) \$12,500 in any contract year when all overall cumulative 3.0 GPA by all varsity student athletes is achieved or the aggregate Academic Progress Rate for all varsity teams exceeds 985; and

(b) \$2,500 in any contract year (with a limit of \$12,500) for each varsity team with a 3.0 or above grade point average for both the spring and fall semesters.

The total performance incentives for Academic Grade Point Performance in any contract year will not exceed a total of \$25,000.

Source of Funds: Intercollegiate Athletics

Period: August 1, 2022 through July 31, 2027

9. Contract (funds coming in and going out) - U. T. Austin: Master Medical Education Services Agreement with Ascension Seton related to the provision of clinical training, educational services, administration of graduate medical educational programs, society mentorship, and other related administrative services by physicians employed by U. T. Austin's Dell Medical School

Agency: Ascension Seton

Funds: U. T. Austin will be paid approximately \$3,575,000 per year for educational services provided through the graduate medical educational programs. U. T. Austin will pay up to \$300,000 per year to Ascension Seton to provided educational services and training.

Period: Term beginning July 1, 2022 and continuing until no physicians are providing educational services or either party terminates the Agreement with 180 days' notice. The roster of physicians providing services will be reviewed as needed and on an annual basis.

Description: The Master Medical Education Services Agreement updates and combines several pre-existing agreements between Dell Medical School and Ascension Seton, including the Academic Administrative Services Agreement, Academic Society Mentor Services Agreement, Clinical Training Affiliation Agreement, and the Graduate Medical Education (GME) Program Director Agreement to centralize the process for tracking physicians' time, effort, and costs for providing clinical education and training services by physicians employed by U. T. Austin's Dell Medical School.

The initial GME Program Director Agreement incorporated within this Agreement was approved by the Board of Regents on August 14, 2019. The value of Medical Education Services provided by Dell Medical School has increased since the 2019 approval and the Board of Regents is now asked to approve an annual value of approximately \$3,575,000 for Medical Education Services, with the understanding that periodic updates regarding the terms of the Agreement will be provided to the Executive Vice Chancellor for Academic Affairs.

10. Contract (funds coming in) - U. T. Austin: Amendment to Master Physician Services Agreement with Seton Hospitalist Service, Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Dell Children's Medical Group, and Seton Family of Doctors related to the provision of clinical and other related administrative services by physicians who are employed by U. T. Austin's Dell Medical School

Agency: Seton Hospitalist Service, Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Dell Children's Medical Group, and Seton Family of Doctors (collectively, "Seton 162b Entities")

Funds: Approximately \$11,150,000 per year for clinical services provided through the Hospitalist Program

Period: July 1, 2022 through December 31, 2022; with renewal periods of two years each, unless a 12-month notice of non-renewal or termination is given

Description: Amendment 5 to Master Physician Services Agreement updates the terms of a joint hospitalist program established by Amendment 2. Dell Medical School provides the Dell Seton Medical Center at The University of Texas with all needed hospital medicine, medicine consult, and infectious disease consult physician and clinical services, with coverage 24-hrs/day, 365 days/year, as well as hospital medicine/surgical elective service. To provide this coverage, U. T. Austin will hire the hospitalist physicians and advance practice providers who currently provide this service as employees of various Seton entities. Amendments 3 and 4 updated the terms of the Hospitalist Program to include updating staffing rosters during the COVID pandemic and did not require Board approval.

The initial Agreement was approved by the Board of Regents on May 10, 2017. Amendment 1 was approved by the Board of Regents on August 10, 2018. Amendment 2 was approved by the Board of Regents on November 15, 2018. The value of the Hospitalist Program has increased since the 2018 approval and the Board of Regents is now asked to approve an annual value of approximately \$11,150,000 for the Hospitalist Program, with the understanding that notice of the desired renewal be provided in advance to the Executive Vice Chancellor for Academic Affairs.

11. Contract (funds coming in and going out) - U. T. Austin: HiEd, Market Enginuity, Inc., to provide underwriting and other business services for KUT

Agency: Market Enginuity, Inc.

Funds: Funds coming in are \$54,000,000 and funds going out are \$13,500,000 for entire agreement term, including all renewals.

Period: September 1, 2022 through August 31, 2025; with two three-year renewal options

Description: Market Enginuity will provide underwriting and business services to KUT. Market Enginuity, Inc., will create underwriting and business opportunities for KUT that will generate revenue for Market Enginuity and KUT. This Agreement was procured based upon a best value determination.

12. Contract (funds going out) - U. T. Austin: Purchase Order with GE Packaged Power, LLC, to provide major overhaul, refurbishment, and upgrade of a turbine engine

Agency: GE Packaged Power, LLC

Funds: \$5,629,278

Period: June 1, 2022 through December 31, 2024

Description: U. T. Austin is issuing a purchase order to GE Packaged Power, LLC, to have a turbine engine overhauled. The Agreement was procured based upon an Exclusive Acquisition Justification. General Electric is the original equipment manufacturer.

13. Foreign Contract - U. T. Austin: Agreement with the Instituto Nacional de Bellas Artes y Literatura/Museo de Arte Moderno, Mexican governmental entity

Agency: Instituto Nacional de Bellas Artes y Literatura/Museo de Arte Moderno

Funds: No funds will be exchanged under the Agreement.

Period: June 1, 2022 through November 2, 2022

Description: U. T. Austin’s Harry Ransom Center is entering into a loan agreement with Instituto Nacional de Bellas Artes y Literatura/Museo de Arte Moderno, which is public museum and part of the Mexican government. U. T. Austin will loan 212 works by/of Gabriel García Márquez for a June 18, 2022 through October 2, 2022 exhibition in Mexico. The exhibition is entitled *Gabriel Garcia Márquez: The Making of a Global Writer*. Shipping costs and insurance will be paid by Borrower.

14. Request for Budget Change - U. T. Austin: Transfer \$25,000,000 from Vice President of Business Affairs (VPBA) – Reserve – AUF – Instruction, Allocation for Budget Adjustments to Project Management and Controls System (PMCS) – Repair and Replacement (R&R): Safety and Code – PMCS R&R: Safety and Code FY22 Allocation to increase current annual base allocation to allow critical infrastructure project to continue, ensure predictable and necessary replacement and repair requirements are completed, and completion of urgent campus facility repairs (RBC No. 11742) -- amendment to the 2021-2022 budget

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

Description	\$ Amount	RBC #
Replacement and Renewal (R&R) Program		
Amount of Transfer:		11742
From: Vice President of Business Affairs (VPBA) – Reserve – AUF – Instruction, Allocation for Budget Adjustments	\$25,000,000	
To: Project Management and Controls System (PMCS) – Repair and Replacement (R&R): Safety and Code – PMCS R&R: Safety and Code FY22 Allocation	\$ 6,925,000	
To: Project Management and Controls System (PMCS) – Repair and Replacement (R&R): Program – PMCS R&R: Program FY22 Allocation	\$18,075,000	

15. Request for Budget Change - U. T. Austin: Transfer \$6,100,100 from Utility (Util) – Utility Plant – UEM Operating Income to Utility (Util) Power Plant Expansion (PPE) GT10 Major Overhaul – All expenses for new funding of Utility Power Plant Expansion (RBC No. 11751) -- amendment to the 2021-2022 budget

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

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2023 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Architecture		
Charles Davis	New Hire	Associate Professor (T)
Gian Claudia Sciara	Assistant Professor	Associate Professor (T)
McCombs School of Business		
Information Risk and Operations Management		
Deepayan Charkrabarti	Assistant Professor	Associate Professor (T)
Ioannis Stamatopoulos	Assistant Professor	Associate Professor (T)
Marketing		
Doug Chung	New Hire	Associate Professor (T)
Moody College of Communication		
Advertising and Public Relations		
Laura Bright	Associate Professor	Associate Professor (T)
Erica Ciszek	Assistant Professor	Associate Professor (T)
Yeonsoo Kim	New Hire	Associate Professor (T)
Jeeyun Oh	Assistant Professor	Associate Professor (T)
Communication Studies		
Elin Hartelius	Associate Professor	Associate Professor (T)
Journalism and Media		
Celeste Gonzalez de Bustamante	New Hire	Professor (T)
Speech, Language, and Hearing Sciences		
Srikanta Mishra	New Hire	Associate Professor (T)
Mary Schmitt	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Education		
Educational Psychology Seung Choi	Professor	Professor (T)
Kinesiology and Health Education		
Deborah Salvo Dominguez	New Hire	Associate Professor (T)
Brian Mills	Associate Professor	Associate Professor (T)
Audrey Stone	Assistant Professor	Associate Professor (T)
Special Education Christian Doabler	Assistant Professor	Associate Professor (T)
Cockrell School of Engineering		
Aerospace Engineering and Electrical Mechanics Fabrizio Bisetti	Assistant Professor	Associate Professor (T)
Civil, Architecture and Environmental Engineering		
Kasey Faust	Assistant Professor	Associate Professor (T)
Polina Sela	Assistant Professor	Associate Professor (T)
Electrical and Computer Engineering Hao Zhu	Assistant Professor	Associate Professor (T)
Mechanical Engineering		
Derek Haas	Assistant Professor	Associate Professor (T)
Benjamin Leibowicz	Assistant Professor	Associate Professor (T)
College of Fine Arts		
Art and Art History Kristin Lucas	Assistant Professor	Associate Professor (T)
Theatre and Dance Raquel Monroe	New Hire	Professor (T)
School of Information		
Information Amelia Acker	Assistant Professor	Associate Professor (T)
School of Law		
Law Tara Grove	New Hire	Professor (T)

College, Department, and Name	From	To
College of Liberal Arts		
African and African Diaspora Studies Yasmiyn Irizarry	Assistant Professor	Associate Professor (T)
Classics Denton Walthall	Assistant Professor	Associate Professor (T)
Economics Eric Chyn	New Hire	Associate Professor (T)
English Jeehyun Lim Minou Arjomand	New Hire Assistant Professor	Associate Professor (T) Associate Professor (T)
Government Justin Dyer	New Hire	Professor (T)
Philosophy Harvey Lederman Anat Schechtman	New Hire New Hire	Associate Professor (T) Associate Professor (T)
Psychology Ian Nauhaus	Assistant Professor	Associate Professor (T)
Religious Studies George Keddie	New Hire	Associate Professor (T)
Sociology Christy Erving Sarah Brayne	New Hire Assistant Professor	Associate Professor (T) Associate Professor (T)
Spanish and Portuguese Charles Nagle	New Hire	Associate Professor (T)
College of Natural Sciences		
Computer Science Qixing Huang Philipp Kraehenbuehl Vijaychidambaram Velayudhan Pillai	Assistant Professor Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T) Associate Professor (T)
Integrative Biology Carlos Botero	New Hire	Associate Professor (T)
Human Development and Family Sciences Elma Lorenzo-Blanco	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Mathematics Maksym Radziwill	New Hire	Professor (T)
Molecular Biosciences David Taylor	Assistant Professor	Associate Professor (T)
Neuroscience Ian Nauhaus	Assistant Professor	Associate Professor (T)
Statistics and Data Science Roger Peng Purnamrita Sarkar Sinead Williamson	New Hire Assistant Professor Assistant Professor	Professor (T) Associate Professor (T) Associate Professor (T)
College of Pharmacy Kelly Reveles	Assistant Professor	Associate Professor (T)
School of Social Work Social Work Henrika McCoy	New Hire	Associate Professor (T)

17. Employment Agreement - U. T. Austin: Approval of terms of new Employment Agreement for current Head Softball Coach Michael White

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

From: **Guaranteed compensation:**

Annual Salary: \$612,500

Nonguaranteed compensation:

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

Max Performance Incentives: \$226,625

Team wins Conference Regular Season Championship or

Tournament Championship: \$30,625

Team wins the NCAA Division I Softball Tournament

Championship: \$153,125

National Coach of the Year: \$30,625

Conference Coach of the Year: \$12,250

To: **Guaranteed compensation (Increase of 2%):**

Annual Salary: \$625,000

Special Payment: One-time special payment of \$75,625 on October 1, 2022

Nonguaranteed compensation (Increase of 2%):

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

Max Performance Incentives: \$231,250

Team wins Conference Regular Season Championship or

Tournament Championship: \$31,250

Team wins the NCAA Division I Softball Tournament

Championship: \$156,250

National Coach of the Year: \$31,250

Conference Coach of the Year: \$12,500

Source of Funds: Intercollegiate Athletics

Period: September 1, 2022 through August 31, 2027

18. Employment Agreement - U. T. Austin: Approval of terms of new Employment Agreement for current Head Men's and Women's Cross Country and Men's and Women's Indoor and Outdoor Track and Field Coach Edrick B. Floréal

The following terms of a new Employment Agreement for Head Men's and Women's Cross Country and Men's and Women's Indoor and Outdoor Track and Field Coach Edrick B. Floréal have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. If the terms are approved, total compensation will exceed \$1 million. The new Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

From: **Guaranteed compensation:**

Annual Base Salary: \$450,000

Automobile: One dealer car

Nonguaranteed compensation:

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

Max Performance Incentives: \$333,000

Men's or Women's Cross Country Team wins Conference Championship: \$22,500

Men's or Women's Cross Country Team wins NCAA Division 1 Championship: \$112,500

National Cross Country Coach of the Year: \$22,500

Conference Cross Country Coach of the Year: \$9,000

Men's or Women's Track & Field Team wins Indoor/Outdoor Track Conference Championship: \$22,500

Men's or Women's Track & Field Team wins NCAA Division 1 Indoor/Outdoor Championship: \$112,500

National Track & Field Coach of the Year: \$22,500

Conference Track & Field Coach of the Year: \$9,000

To: **Guaranteed compensation (Increase of 22.22%):**

Annual Salary: \$550,000

Special Payment: One-time special payment of \$58,750 on October 1, 2022

Automobile: One dealer car

Nonguaranteed compensation (Increase of 22.22%):

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

Max Performance Incentives: \$407,000

Men's or Women's Cross Country Team wins Conference Championship: \$27,500

Men's or Women's Cross Country Team wins NCAA Division 1 Championship: \$137,500

National Cross Country Coach of the Year: \$27,500

Conference Cross Country Coach of the Year: \$11,000

Men's or Women's Track & Field Team wins Indoor/Outdoor Track Conference Championship: \$27,500

Men's or Women's Track & Field Team wins NCAA Division 1 Indoor/Outdoor Championship: \$137,500

National Track & Field Coach of the Year: \$27,500

Conference Track & Field Coach of the Year: \$11,000

Source of Funds: Intercollegiate Athletics

Period: September 1, 2022 through August 31, 2027

19. Employment Agreement - U. T. Austin: Approval of amendments to terms of Employment Agreement for current Head Women's Basketball Coach Vic Schaefer and related Professional Services and License Agreement with The Pressin' Rockin'S

The following terms of the amended Employment Agreement for Head Women's Basketball Coach Vic Schaefer and related Professional Services and License Agreement with The Pressin' Rockin'S have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. If the terms are approved, total compensation for the contract period will be in excess of \$1 million. The amended Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

From: **Guaranteed compensation:**

Annual Salary:
FY 2022-2023: \$1,800,000
FY 2023-2024: \$1,900,000
FY 2024-2025: \$1,900,000
FY 2025-2026: \$2,000,000
FY 2026-2027: \$2,100,000

Automobile: One dealer car, included in Annual Salary

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

Nonguaranteed compensation:

Sports Camps and Clinics: Determined by the Vice President and Athletics Director

Performance Incentives: \$370,000
Team wins Big 12 Conference Regular Season Championship or
Tournament Championship: \$50,000
Team wins the NCAA Division 1 Basketball
Tournament Championship: \$250,000
Team Academic Performance Incentives: \$0 (included in base
salary)
National Coach of the Year: \$50,000
Coach of the Year Honors: \$20,000

To: **Guaranteed compensation (Increase of 27.77%):**

Annual Salary and Payment to The Pressin' Rockin'S: \$2,300,000
each Contract Year

The University will pay a portion of the guaranteed
compensation directly to The Pressin' Rockin'S; the amount and
timing of such payment shall be agreed upon by Head Women's
Basketball Coach, The Pressin' Rockin'S, and U. T. Austin and
reflect the parties' mutual interests.

Special Payment: One-time special payment of \$261,250 on
October 1, 2022

Automobile: One dealer car, included in Annual Salary

Nonguaranteed compensation (No Increase):

Sports Camps: Determined by the Vice President and Athletics
Director

Performance Incentives: \$370,000
Team wins Big 12 Conference Regular Season Championship or
Tournament Championship: \$50,000
Team wins the NCAA Division 1 Basketball
Tournament Championship: \$250,000
Team Academic Performance Incentives: \$0 (included in base
salary)
National Coach of the Year: \$50,000
Coach of the Year Honors: \$20,000

Source of Funds: Intercollegiate Athletics

Period: June 1, 2022 through March 31, 2027

20. Employment Agreement - U. T. Austin: Approval of amendments to terms of Restated Employment Agreement for current Head Women's Tennis Coach Howard Joffe

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

From: **Guaranteed compensation:**

Annual Base Salary: \$215,285

Automobile: One dealer car

Nonguaranteed compensation:

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

Max Performance Incentives: \$79,654

Team wins Conference Regular Season Championship or
Postseason Tournament Championship: \$10,764

Team wins the NCAA Division I Tournament: \$53,821

National Coach of the Year: \$10,764

Conference Coach of the Year: \$4,305

To: **Guaranteed compensation (Increase of 16.13%):**

Annual Base Salary: \$250,000

Automobile: One dealer car

Nonguaranteed compensation (Increase of 16.13%):

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

Max Performance Incentives: \$92,500

Team wins Conference Regular Season Championship or

Postseason Tournament Championship: \$12,500

Team wins the NCAA Division I Tournament: \$62,500

National Coach of the Year: \$12,500

Conference Coach of the Year: \$5,000

Source of Funds: Intercollegiate Athletics

Period: September 1, 2022 through August 31, 2024

21. Employment Agreement - U. T. Austin: Approval of amendments to terms of Employment Agreement for current Head Men's Golf Coach John Fields and related Professional Services and License Agreement with to-be-named company

The following terms of the amended Employment Agreement for Head Men's Golf Coach John Fields and related Professional Services and License Agreement with to-be-named company have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. If the terms are approved, total compensation for the contract period will be in excess of \$1 million. The amended Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

From: **Guaranteed compensation:**

Annual Base Salary: \$304,900

Automobile: Included in Annual Base Salary

Nonguaranteed compensation:

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

Max Performance Incentives: \$109,813
Team wins Conference Regular Season Championship or
Tournament Championship: \$15,245
Team wins the National Championship \$76,225
National Coach of the Year: \$15,245
Conference Coach of the Year: \$6,098

To: **Guaranteed compensation (Increase of 39.39%):**

Annual Base Salary: \$325,000

Automobile: One dealer car

Annual Professional Services and License Payments to Head Coach / Or to-be-named company:
FY 2022-2023: \$100,000
FY 2023-2024: \$100,000
FY 2024-2025: \$100,000

Nonguaranteed compensation (Increase of 9.5%):

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

Max Performance Incentives: \$120,250
Team wins Conference Regular Season Championship or
Tournament Championship: \$16,250
Team wins the National Championship: \$81,250
National Coach of the Year: \$16,250
Conference Coach of the Year: \$6,500

Source of Funds: Intercollegiate Athletics

Period: September 1, 2022 through August 31, 2025

22. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Assistant Baseball Coach Steve Rodriguez

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

Proposed: **Guaranteed compensation:**

Annual Base Salary: \$375,000

Automobile: One dealer car

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

Relocation and Temporary Housing Allowance: \$29,000

Tickets: In accordance with Athletics Department's policies and procedures, and based on availability

Nonguaranteed compensation:

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

Max Performance Incentives: \$112,500

Team wins Conference Regular Season Championship or Tournament Championship: \$18,750

Team wins the NCAA Division 1 Baseball Tournament Championship: \$93,750

Source of Funds: Intercollegiate Athletics

Period: July 7, 2022 through June 30, 2024

23. Request for Budget Change - U. T. Dallas: New Hire with Tenure -- amendment to the 2020-2021 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Natural Science and Mathematics					
Geosciences					
Dean and Professor					
David Hyndman (T)	2/1-8/31	100	12	330,000	11815

Note: This item did not timely appear on a previous Consent Agenda due to an administrative oversight.

24. Request for Budget Change - U. T. Dallas: New Hire with Tenure -- amendment to the 2021-2022 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Natural Sciences and Mathematics					
Physics/Chemistry & Biochemistry					
Professor					
Gerardo Andrés Cisneros (T)	1/1-5/31	80/20	09	130,000	11816

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

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2023 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
School of Arts and Humanities		
History		
Kimberly Hill	Assistant Professor	Associate Professor (T)
Literature		
Ashley Barnes	Assistant Professor	Associate Professor (T)
Philosophy		
Jonathan Tsou	New Hire	Professor (T)
School of Arts, Technology, and Emerging Communication		
Game Studies		
Josef Nguyen	Assistant Professor	Associate Professor (T)
School of Behavioral and Brain Sciences		
Psychology		
Heidi Kane	Assistant Professor	Associate Professor (T)
Stacie Warren	New Hire	Associate Professor (T)
School of Economic, Political and Policy Sciences		
Economics		
Irina Panovska	Associate Professor	Associate Professor (T)
Public and Non-Profit Management		
Abraham Benavides	New Hire	Professor (T)
Erik Jonsson School of Engineering and Computer Science		
Bioengineering		
Heather Hayenga	Assistant Professor	Associate Professor (T)
Kristin Miller	New Hire	Associate Professor (T)
Shashank Sirsi	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Electrical and Computer Engineering		
Benjamin Carrion Schaefer	Assistant Professor	Associate Professor (T)
Joseph Friedman	Assistant Professor	Associate Professor (T)
Mona Ghassemi	New Hire	Associate Professor (T)
Naveen Jindal School of Management		
Information Systems		
Zhe Zhang	Assistant Professor	Associate Professor (T)
Operations Management		
Ahmet Serdar Simsek	Assistant Professor	Associate Professor (T)
School of Natural Sciences and Mathematics		
Chemistry and Biochemistry		
Sheena D'Arcy	Assistant Professor	Associate Professor (T)
Sheel Dodani	Assistant Professor	Associate Professor (T)

26. Lease - U. T. Dallas: Authorization to lease approximately 14,500 rentable square feet of space contained in various suites within the Visitor Center and University Bookstore (VCB) building at 800 West Campbell Road, Richardson, Dallas County, Texas, to Follett Higher Education Group, Inc. for use as an on-campus bookstore, tech store, and coffee shop

Description: Lease of approximately 14,500 rentable square feet of space contained in various suites within the Visitor Center and University Bookstore (VCB) building at 800 West Campbell Road, Richardson, Dallas County, Texas, to Follett Higher Education Group, Inc., for use as an on-campus bookstore, tech store, and coffee shop.

Lessee: Follett Higher Education Group, Inc., an Illinois Corporation

Term: The estimated commencement date is September 1, 2022, and will continue for an initial term of five years. Lessee shall have one five-year renewal option, subject to written approval from U. T. Dallas. At any time during the term, either party may elect to terminate the Agreement without cause upon not less than 180 days prior written notice.

Lease Income: Consideration to U. T. Dallas includes total rent (inclusive of royalties and other payments) estimated to be between \$4,500,000 to \$6,000,000 over a possible 10-year term. In addition to base rent, Follett will pay an annual royalty fee of 18.1% - 20.1% of each year's adjusted gross revenue of non-course related materials with a guaranteed annual minimum of \$100,000, with the first-year annual minimum guaranteed to be at least \$250,000. Follett will also provide \$2,500 annually for sponsorship of special events for the campus community, and a \$5,000 annual textbook scholarship. In addition, Follet will invest \$900,000 to provide a state-of-the-art campus Tech Center by the bookstore, which will include the sale of computer hardware and software and provide service for minor repairs and upgrades, and a nationally branded Coffee Shop and Café.

27. Contract (funds going out) - U. T. El Paso: ABM Texas General Services, Inc., to provide custodial and hardscape services

Agency: ABM Texas General Services, Inc.

Funds: Approximately \$10,800,000 for the initial term based on services provided; \$10,800,000 approximate total for the options years; for a total of \$21,600,000

Period: September 1, 2022 through August 31, 2025; with three one-year renewal options to extend

Description: ABM will provide custodial and hardscape services for the U. T. El Paso campus. This contract was competitively bid.

28. Request for Budget Change - U. T. El Paso: Transfer \$3,558,387 from SEUP-Road Shows and Special Events Revenue to Road Shows and Special Events Expenses to adjust budget related to increased event activity (RBC No. 11796) -- amendment to the 2021-2022 budget

29. Request for Budget Change - U. T. El Paso: New Hires with Tenure -- amendment to the 2021-2022 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
College of Engineering					
Dean's Office and Metallurgy, Materials and Biomedical Engineering					
Dean and Professor					
Kenith E. Meissner (T)	8/3-8/31	100	12	300,000	11800
		0	09	165,000	
College of Liberal Arts					
Dean's Office and Language and Linguistics					
Dean and Professor					
Anadeli Bencomo (T)	6/1-8/31	100	12	230,605	11799
		0	09	115,000	
School of Pharmacy					
Dean's Office and Pharmaceutical Science					
Associate Dean and Professor					
Grady S. Weston (T)	7/1-8/31	50	12	190,000	11812
		50	09	142,500	

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

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2023 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
College of Business Administration		
Marketing and Management Yang Yang	Assistant Professor	Associate Professor (T)
College of Education		
Educational Leadership and Foundations Anne-Marie Nunez	New Hire	Professor (T)
Teacher Education Amy J. Bach Johannes Strobel	Assistant Professor New Hire	Associate Professor (T) Professor (T)
College of Engineering		
Aerospace and Mechanical Engineering Amelia Greig	Assistant Professor	Associate Professor (T)
Civil Engineering Adeeba A. Raheem	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
Communication Sarah De Los Santos Upton Sabiha Ahmad Khan	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
History Erika Edwards	New Hire	Associate Professor (T)
Languages and Linguistics Annie Tremblay	New Hire	Professor (T)
Music Brian Downen	Assistant Professor	Associate Professor (T)
Psychology Iva Ivanova	Assistant Professor	Associate Professor (T)
Theatre and Dance Kimberly McKean James Stratton	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
College of Science		
Biological Sciences Philip Lavretsky	Assistant Professor	Associate Professor (T)
Chemistry and Biochemistry Lela Vukovic	Assistant Professor	Associate Professor (T)
Earth, Environmental and Resource Sciences Jie Xu	Assistant Professor	Associate Professor (T)
Mathematical Sciences Natasha S. Sharma Xianyi Zeng	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Physics Srinivasa Rao Singamaneni	Assistant Professor	Associate Professor (T)
School of Pharmacy		
Pharmaceutical Sciences Weiqin Lu	New Hire	Professor (T)

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

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2023 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
College of Arts and Sciences		
Department of Social Sciences Imane Hijal-Moghrabi	Assistant Professor	Associate Professor (T)
College of Engineering		
Department of Geosciences Sumit Verma	Assistant Professor	Associate Professor (T)
College of Engineering		
Department of Petroleum Engineering Zhengwen Zeng	Associate Professor	Associate Professor (T)

32. Contract (funds coming in) - U. T. Rio Grande Valley: Approval of Amendment and Extension to Annual Operating Agreement to the Affiliation Agreement between Doctors Hospital at Renaissance, Ltd., and U. T. Rio Grande Valley

Agency: Doctors Hospital at Renaissance, Ltd.

Funds: Estimated value is \$26,233,970 over the two-year term

Period: July 1, 2022 through June 30, 2024

Description: The First Amendment and Extension to Annual Operating Agreement to the Affiliation Agreement between Doctors Hospital at Renaissance, Ltd., and U. T. Rio Grande Valley documents the payments flowing between the parties in connection with graduate and undergraduate medical education programs and describes the commitment of the parties related to educational, clinical, structural, financial, and administrative needs of the medical education programs and other collaboration efforts. The First Amendment and Extension extends the term of the Annual Operating Agreement for two Academic Years 2022-2024 and replaces the current schedule with a new schedule.

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

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2023 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
College of Education and P-16 Integration		
Organization and School Leadership		
George Padilla	Assistant Professor	Associate Professor (T)
Bilingual and Literacy Studies		
Christian Zuniga	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Fine Arts		
School of Music		
William Haugeberg	Assistant Professor	Associate Professor (T)
Rachel Mann	Assistant Professor	Associate Professor (T)
Jeffrey Ward	New Hire	Professor (T)
School of Art and Design		
Katherine McAllen	Assistant Professor	Associate Professor (T)
Ed Pogue	New Hire	Professor (T)
College of Health Professions		
Health and Biomedical Sciences		
Upal Roy	Assistant Professor	Associate Professor (T)
Health and Human Performance		
Ryan Russell	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
Criminal Justice		
Lucas Espinoza	Assistant Professor	Associate Professor (T)
Yudu Li	Assistant Professor	Associate Professor (T)
Spanish		
Jorge Gonzalez del Pozo	New Hire	Professor (T)
Political Science		
Dongkyu Kim	Assistant Professor	Associate Professor (T)
Mison Kim	Assistant Professor	Associate Professor (T)
Christopher O'Kane	Assistant Professor	Associate Professor (T)
Charles Olney	Assistant Professor	Associate Professor (T)
College of Sciences		
Earth, Environmental, and Marine Sciences		
Christopher Gabler	Assistant Professor	Associate Professor (T)
Mathematical and Statistical Science		
Josef Sifuentes	Assistant Professor	Associate Professor (T)
School of Medicine		
Human Genetics		
Jacob Galan	New Hire	Associate Professor (T)
Anderson Winkler	New Hire	Associate Professor (T)
Population Health and Biostatistics		
Candace Robledo	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
School of Podiatric Medicine		
School of Podiatric Medicine Othman Ghribi	New Hire	Professor (T)
Vackar College of Business and Entrepreneurship		
Marketing Deniz Atik	Assistant Professor	Associate Professor (T)
Information Systems Emmanuel Ayaburi	Assistant Professor	Associate Professor (T)
	Murad Moqbel	Assistant Professor
Economics and Finance Maroula Khraiche	Assistant Professor	Associate Professor (T)
	Incheol Kim	Assistant Professor
Management Pingshu Li	Assistant Professor	Associate Professor (T)

34. Employment Agreement - U. T. Rio Grande Valley: Approval of amendment and restatement of terms of Employment Agreement for current Head Men's Baseball Coach Derek Matlock

The following terms of the amended and restated Employment Agreement for current Head Men's Baseball Coach Derek Matlock have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. If the terms are approved, total compensation for the contract period will be in excess of \$1 million. The amended and restated Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas Rio Grande Valley is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas Rio Grande Valley. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

From: **Guaranteed compensation:**

Annual Salary: \$169,000

Automobile: \$500 monthly allowance

Spouse travel: Reimbursed when engaged in official functions on behalf of University subject to University policies and prior approval

Nonguaranteed compensation:

Summer Men's Baseball Camps: Percentage of net proceeds for each camp, as determined by the Vice President and Athletics Director

Max Team Performance Incentives (\$35,000):

(a) \$5,000 if the Team finishes as Conference champions in the final regular season standings or as champions of the post-season Conference tournament (in any contract year, Head Coach may earn only one of the two incentives listed)

(b) \$5,000 if the Team receives an "at-large" bid to participate in the NCAA post-season tournament

(c) \$10,000 if the Team reaches the NCAA Division I College World Series, and an additional \$15,000 if the Team reaches the Championship

Team Academic Performance Incentives (\$5,000):

(a) \$2,500 if the Team's cumulative GPA for the academic year is above 3.000

(b) \$2,500 if the Team maintains an APR of at least 960 as determined by the annual NCAA Multi-Year APR Report

Coach of the Year Honors (\$5,000):

\$5,000 if Head Coach is named the Conference Coach of the Year for Baseball

Liquidated damages for early termination:

Through August 31, 2022: \$35,000

To: **Guaranteed compensation (Increase of 9.76%):**

Annual Salary: \$185,500

Automobile: \$500 monthly allowance

Spouse travel: Reimbursed when engaged in official functions on behalf of University subject to University policies and prior approval

Nonguaranteed compensation (No Increase):

Summer Men's Baseball Camps: Percentage of net proceeds for each camp, as determined by the Vice President and Athletics Director

Max Team Performance Incentives (\$35,000):

- (a) \$5,000 if the Team finishes as Conference champions in the final regular season standings or as champions of the post-season Conference tournament (in any contract year, Head Coach may earn only one of the two incentives listed)
- (b) \$5,000 if the Team receives an "at-large" bid to participate in the NCAA post-season tournament
- (c) \$10,000 if the Team reaches the NCAA Division I College World Series, and an additional \$15,000 if the Team reaches the Championship

Max Team Academic Performance Incentives (\$5,000):

- (a) \$2,500 if the Team's cumulative GPA for the academic year is above 3.000
- (b) \$2,500 if the Team maintains an APR of at least 960 as determined by the annual NCAA Multi-Year APR Report

Coach of the Year Honors (\$5,000):

\$5,000 if Head Coach is named the Conference Coach of the Year for Baseball

Liquidated damages for early termination (add one year):

Through August 31, 2023: \$35,000

Source of Funds: Intercollegiate Athletics

Period: August 2022 through June 30, 2027

- 35. Lease - U. T. Rio Grande Valley: Authorization to lease space, as lessor, in a to-be-built building located on approximately 9.79 acres north of East Freddy Gonzalez Drive between South Interstate Highway 69c and South 21st Avenue in Edinburg, Hidalgo County, Texas, to the Edinburg Consolidated Independent School District for a proposed Dual Credit Program High School; and a finding of public purpose

Description: Lease of space in a to-be-built school building on approximately 9.79 acres of land located north of East Freddy Gonzalez Drive between South Interstate Highway 69c and South 21st Avenue in Edinburg, Hidalgo County, Texas, to the Edinburg Consolidated Independent School District (ISD) for a Dual Credit Program High School.

U. T. Rio Grande Valley, in concert with the Edinburg Consolidated ISD, will use the property as a dual-enrollment and higher education campus. The institution expects the high school courses taught at the facility will be mostly, if not entirely, dual credit early college courses taught by the institution's faculty; these may emphasize education, engineering, and computer science. In addition, U. T. Rio Grande Valley may offer baccalaureate and masters courses after-hours at the facility.

Edinburg Consolidated ISD will build the improvements on the property consisting of approximately 86,371 square feet of classroom space, teaching labs, and support spaces for university and high school classes. U. T. Rio Grande Valley and the Edinburg Consolidated ISD will each fund one-half of the project cost, which is estimated to be approximately \$30,150,000.

- Lessee: Edinburg Consolidated Independent School District
- Term: 35 years
- Premises: Exclusive use of certain improvements, including some offices. The nonexclusive use of certain rooms or facilities, including teaching space, limited to certain times.
- Lease Income: Edinburg Consolidated ISD will prepay a rental amount of \$15,075,000, which is equal to one-half of the project cost, estimated at \$30,150,000. In addition, the Edinburg Consolidated ISD will pay its pro rata share of operating expenses. The prepaid base rental amount constitutes a below market rate, as it covers approximately 16 years and seven months of the 35-year lease term. The amount of the fair market value rent that will not be paid by Tenant equals approximately \$32,299,604, or a present value of \$15,264,252.
- Public Purpose: The prepaid base rental amount described above constitutes a below market rate. The Attorney General of the State of Texas, in Opinion No. MW-373 (1981), has advised that, for the use of space in university facilities with no or nominal cash rental payments to comply with the Texas Constitution, three requirements must be met: (1) the use of the property must serve a public purpose appropriate to the function of the university; (2) adequate consideration must be received by the university; and (3) the university must maintain controls over the user's activities to ensure that the public purpose is achieved.

Accordingly, because the pre-paid rent is below market, the Board of Regents is also asked to find that (1) the lease of space in the to-be-built building to the Edinburg Consolidated ISD for a prepaid base rental payment, as described above, serves a public purpose appropriate to the function of U. T. Rio Grande Valley, including uses that enlarge the institution's student base or that lead to the award of college credits to students in the Rio Grande Valley; (2) pursuant to the proposed lease agreement, the consideration received by U. T. Rio Grande Valley is adequate; and (3) U. T. Rio Grande Valley will have sufficient safeguards in place to ensure the public purpose will continue to be met on an ongoing basis, including lease provisions limiting use by the Edinburg Consolidated ISD only to programs that offer dual credit or that otherwise tie into higher education.

36. Lease - U. T. Rio Grande Valley: Authorization to amend and extend a lease of up to approximately 36,888 usable square feet of space located at 2106 Treasure Hills Boulevard, Harlingen, Cameron County, Texas, to the United States of America for a Veterans Affairs Outpatient Clinic

Description:

U. T. Rio Grande Valley currently leases approximately 32,177 usable square feet of office space at 2106 Treasure Hills Boulevard (identified as 2102 Treasure Hills Boulevard in the existing lease) in Harlingen, Cameron County, Texas, to the United States of America for a Veterans Affairs outpatient clinic. Effective September 1, 2015, the U. T. Board of Regents combined assets and resources benefitting U. T. Pan American and U. T. Brownsville to form U. T. Rio Grande Valley. It was during this transition that the subject lease was transferred from U. T. Health Science Center - San Antonio to U. T. Rio Grande Valley due to the proximity of the subject property to the main campus.

U. T. Rio Grande Valley recently remeasured the premises and estimates that the actual area of the premises is approximately 36,888 usable square feet rather than approximately 32,177 usable square feet as referenced in the most recent lease amendment. The initial square footage of the lease was approximately 30,000 usable square feet and has increased in size as the lessee has expanded its presence in the building over time. The lessee is in the process of reducing its footprint to fit into 32,177 usable square feet until an amendment may be executed by both parties to memorialize the difference in square footage.

There is no record of Board authorization for the initial lease with U. T. Health Science Center - San Antonio. U. T. Rio Grande Valley is requesting authorization to amend and extend the lease for an additional three years as the value of the lease exceeds the institution's approval threshold.

The proposed lease site is part of a larger parcel consisting of approximately 26.2 acres in two adjacent tracts that were gifted to the Board of Regents by Valley Baptist Memorial Center for the purposes of undergraduate and graduate medical education programs, health research, health education of the public, and other health professional education programs in the Lower Rio Grande Valley. Because of use restrictions in the gift deed, the institution is also seeking the consent of Valley Baptist Medical Center to the proposed lease.

Lessee: United States of America

Term: The initial term of the lease was for 180 months, which commenced on August 27, 2007, and expires on August 26, 2022. The term of the lease renewal will be for approximately three years and will give the lessee the option to terminate the lease during year three with approximately 90 days prior written notice to the lessor.

Rental Amount: The rent and operating expenses are currently estimated to be approximately \$31.00 per square foot or \$3,083,132 over the renewal term for the 32,177 square foot premises. If the lessee decides to lease the entire premises of 36,888 square feet, then the estimated rent to U. T. Rio Grande Valley may increase by approximately \$451,398.

Total estimated lease payments to U. T. Health Science Center - San Antonio and to U. T. Rio Grande Valley over the current lease term and proposed renewal term are approximately \$13,362,907.

37. Lease - U. T. Rio Grande Valley: Authorization to add and subtract premises and to further extend the term of leased space located at 80 Fort Brown Road, Brownsville, Cameron County, Texas, on the Texas Southmost College campus, from the Texas Southmost College District, for administrative, office, classroom, laboratory, and ancillary uses

Description: Addition and subtraction of premises for a total of approximately 157,842 square feet of space from approximately 157,297 square feet currently, and further extension of the term of the lease of space located in various buildings and suites on the Texas Southmost College campus located at 80 Fort Brown Road, Brownsville, Cameron County, Texas, for administrative, office, classroom, laboratory, and ancillary uses. Except for the bookstore premises which are subject to a lease with a bookstore operator, the term of each space will be extended to expire on the same date.

Lessor: Texas Southmost College District

Term: The lease term for each of the spaces for which approval is requested, including extension periods, will expire on August 31, 2025, except for the bookstore space, which will expire on July 14, 2023. The original lease of space commenced on September 1, 2013, shortly after the dissolution of the affiliation between U. T. Brownsville and Texas Southmost College District.

Lease Cost: Not to exceed fair market value as established by an independent appraisal. Appraisal is confidential pursuant to *Texas Education Code* Section 51.951. In addition to base rent, U. T. Rio Grande Valley will pay its proportionate share of the costs of utilities and janitorial services provided to the space.

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

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2023 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
Alvarez College of Business		
Department of Accounting Juan Mao	Assistant Professor	Associate Professor (T)
Department of Information Systems and Cyber Security Elias Bou-Harb Yuanxiong Guo	Associate Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Department of Marketing Ashwin Malshe Richard Gretz	Assistant Professor Associate Professor	Associate Professor (T) Associate Professor (T)
College of Education and Human Development		
Department of Bicultural-Bilingual Studies Bedrettin Yazan	Associate Professor	Associate Professor (T)
Department of Educational Leadership and Policy Studies Alonzo Flowers Claudia Garcia-Louis Van Lac	New Hire Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T) Associate Professor (T)
Department of Educational Psychology John Davis	New Hire	Associate Professor (T)

College, Department, and Name	From	To
College of Health, Community and Policy		
Department of Public Health Fernando Riosmena	New Hire	Professor (T)
Department of Sociology Christina Sue Ginny Garcia-Alexander	New Hire Assistant Professor	Professor (T) Associate Professor (T)
Department of Social Work Megan Piel	Assistant Professor	Associate Professor (T)
College of Liberal and Fine Arts		
Department of Anthropology Luca Pozzi Marcus Hamilton	Assistant Professor Associate Professor	Associate Professor (T) Associate Professor (T)
Department of Communication Robert Tokunaga	Assistant Professor	Associate Professor (T)
Department of English Kimberly Fonzo	Assistant Professor	Associate Professor (T)
College of Sciences		
Department of Integrative Biology Jeffrey Hutchinson	Assistant Professor	Associate Professor (T)
Department of Physics and Astronomy Nicolas Large	Assistant Professor	Associate Professor (T)
Klesse College of Engineering and Integrated Design		
Department of Biomedical and Chemical Engineering Christopher Rathbone	Assistant Professor	Associate Professor (T)
Department of Electrical and Computer Engineering Chiyui Ahn John Prevost Panagiotis Markopoulos Qian Chen Sara Ahmed Yanmin Gong	Assistant Professor Assistant Professor New Hire Assistant Professor Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T)

College, Department, and Name	From	To
Department of Mechanical Engineering J. Guillermo Araya Wei Gao	New Hire Assistant Professor	Associate Professor (T) Associate Professor (T)
School of Architecture and Planning Greg Griffin	Assistant Professor	Associate Professor (T)
School of Civil and Environmental Engineering and Construction Science Management Vikram Kapoor	Assistant Professor	Associate Professor (T)

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

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2023 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Arts and Sciences		
Art and Art History Kaia Magnusen	Assistant Professor	Associate Professor (T)
Biology Katrin Kellner	Assistant Professor	Associate Professor (T)
Literature and Language Gregory Bock Anett Jessop	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Political Science and History Kenneth Bryant Amanda Link	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Social Sciences Meryem Saygili David Scott	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)

College, Department, and Name	From	To
College of Engineering		
Mechanical Engineering		
Shih-Feng Chou	Assistant Professor	Associate Professor (T)
College Education and Psychology		
Psychology and Counseling		
Erin West	Assistant Professor	Associate Professor (T)
College of Nursing and Health Sciences		
School of Nursing		
Christy Gipson	Assistant Professor	Associate Professor (T)
Barbara McAlister	Assistant Professor	Associate Professor (T)
Soules College of Business		
Management and Marketing		
JungHwa Hong	Assistant Professor	Associate Professor (T)
Zhi Pei	Assistant Professor	Associate Professor (T)
Jie Yang	Assistant Professor	Associate Professor (T)
School of Health Professions		
Economics and Management		
Gerald Ledlow	Professor	Professor (T)
Karan Singh	Professor	Professor (T)
School of Medical and Biological Sciences		
Cellular and Molecular Biology		
Mitsuo Ikebe	Professor	Professor (T)

HEALTH AFFAIRS COMMITTEE

40. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide professional and technical services to support the operations of UT Southwestern Moncrief Cancer Center, a not-for-profit corporation

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

Funds: \$9,454,167

Period: September 1, 2022 through August 31, 2023

Description: U. T. Southwestern Medical Center to provide professional and technical services. UT Southwestern Moncrief Cancer Center (MCI) will reimburse U. T. Southwestern Medical Center for the cost of leasing employees. These services and leased employees will support the general operations of MCI.

41. Contract (funds going out) - U. T. Southwestern Medical Center: Amendment to Agreement with ABM Industry Group, LLC, to provide custodial housekeeping services to campus buildings and health facilities

Agency: ABM Industry Group, LLC

Funds: \$41,200,000 over the initial term and renewal options

Period: September 1, 2022 through August 31, 2023; with the option to renew for three additional one-year terms

Description: ABM Industry Group, LLC (ABM), will provide custodial housekeeping services to campus buildings and health facilities. The First Amendment did not increase the funds to be paid and did not require Board approval. This Second Amendment relates to an increase in labor costs, which is more than 25% of the amount previously approved by the Board, and is effective May 1, 2022. The Agreement was competitively bid.

42. Contract (funds going out) - U. T. Southwestern Medical Center: Aspiro Agency, LLC, to provide paid digital advertising services

Agency: Aspiro Agency, LLC

Funds: \$13,000,000 over the initial term and renewal options

Period: June 13, 2022 through June 12, 2025; with the option to renew for two additional one-year terms

Description: Aspiro Agency, LLC, will provide paid digital advertising services. The Agreement was competitively bid.

43. Contract (funds going out) - U. T. Southwestern Medical Center: Gilly National, Inc., to provide vending services

Agency: Gilly National, Inc.

Funds: \$5,000,000 over the initial term and renewal options

Period: June 24, 2022 through June 23, 2027; with the option to renew for two additional one-year terms

Description: Pursuant to an underlying master supplier agreement with Vizient Supply, LLC (Vizient Supply), Gilly National, Inc. (Gilly), will act as a supplier on behalf of Vizient Supply and provide food and beverage vending services, including but not limited to vending machines, as well as operating and maintaining all vending services on the U. T. Southwestern Medical Center campus. Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food service provider should be selected. Gilly agrees to periodically holding meetings or forums to provide students with a reasonable opportunity to discuss the performance of Gilly. Board approval for this Agreement is sought in accordance with *Texas Government Code* Section 2203.005(a) and The University of Texas System Policy UTS 130 pertaining to Vending Machine Contracts. The Agreement was competitively bid.

44. Contract (funds going out) - U. T. Southwestern Medical Center: Medtronic USA, Inc., to provide a robotic system for neurological and spinal procedures

Agency: Medtronic USA, Inc.

Funds: \$6,956,376

Period: April 29, 2022 through March 31, 2025

Description: Medtronic USA, Inc., will provide a robotic system for neurological and spinal procedures. The Agreement was not competitively bid, but instead procured through an Exclusive Acquisition Justification.

45. Request for Budget Change - U. T. Southwestern Medical Center: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2023 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Advanced Imaging Research Center Advanced Imaging Research Center Jae Park	Assistant Professor	Associate Professor (T)
College of Biophysics Biophysics Khuloud Jaqaman	Assistant Professor	Associate Professor (T)
College of Cecil H. and Ida Green Center for Reproductive Biology Sciences Cecil H. and Ida Green Gary Hon	Assistant Professor	Associate Professor (T)
College of Cell Biology Cell Biology Maralice Conacci-Sorrell Saikat Mukhopadhyay	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)

College, Department, and Name	From	To
College of Eugene McDermott Center for Human Growth and Development Eugene McDermott Center Maria Chahrour	Assistant Professor	Associate Professor (T)
College of Internal Medicine Internal Medicine Chen Liu Amit Singal	Assistant Professor Professor	Associate Professor (T) Professor (T)
College of Molecular Biology Molecular Biology Jenna Jewell	Assistant Professor	Associate Professor (T)
College of Neuroscience Neuroscience Helen Lai	Assistant Professor	Associate Professor (T)
College of Otolaryngology-Head and Neck Surgery Otolaryngology-Head and Neck Surgery Baran Sumer	Professor	Professor (T)
College of Pathology Pathology Weibo Luo Hasan Zaki Patrick Leavey	Assistant Professor Assistant Professor Professor	Associate Professor (T) Associate Professor (T) Professor (T)
College of Pharmacology Pharmacology Michael Reese Erdal Toprak	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
College of Radiation Oncology Radiation Oncology Weiguo Lu	Associate Professor	Professor (T)
College of Urology Urology Vitaly Margulis	Professor	Professor (T)

46. Lease - U. T. Southwestern Medical Center: Authorization to lease approximately 19,835 square feet of space located at 5641 Southwestern Medical Avenue, Dallas, Dallas County, Texas, to CDM Management, Inc., for daycare use

Description: Authorization to lease approximately 19,835 square feet of space at 5641 Southwestern Medical Avenue, Dallas, Texas, to CDM Management, Inc., for daycare use. U. T. Southwestern Medical Center is relocating the lessee from the Bass Building, which is being redeveloped by the institution. The lessee has and will continue to provide day care services to U. T. Southwestern Medical Center staff and students through a separate license agreement that will be revised to reflect the new premises and will be coterminous with the new lease terms and potential renewal period.

Lessee: CDM Management, Inc., a Texas corporation

Term: The initial term of the lease is estimated to be 90 months, which is estimated to commence on October 1, 2022. The tenant will also have one additional option to renew the lease for 90 months at the then current fair market value. Lessee is being provided with three months of abated rent. In lieu of relocation expenses and termination fees, rent for the lessee's existing premises will be abated from August 1, 2022, through the commencement date of the new premises, which is estimated to be approximately two months.

Rental Amount: The market rent was estimated by a qualified real estate broker to be between \$15.00 - \$18.00 per square foot, which is a full-service rental rate that takes into consideration the tenant improvements for the premises that are being completed by U. T. Southwestern Medical Center. The rental rate for the initial term has been determined to be approximately \$15.00 per square foot for the first 14 months and will increase by 3% annually thereafter.

Total estimated lease payments to U. T. Southwestern Medical Center over the initial lease term are estimated to be \$2,359,346. The estimated lease payments for the initial term and potential renewal term are estimated to be approximately \$5,385,224.

U. T. Southwestern Medical Center will also be paying a 4% commission for the initial term to the lessee's broker, which is estimated to be approximately \$94,374.

U. T. Southwestern Medical Center will be providing approximately 46 non-reserved and four reserved parking spaces in the parking garage to the north of the building at no additional charge to support the parking needs of the daycare and building.

Tenant Improvements: The institution is spending approximately \$5,635,918 on renovations to the building to make it suitable for the lessee's occupancy. These costs include capital expenditures to the basic building, and costs associated with the lessee's buildout.

47. Lease - U. T. Southwestern Medical Center: Authorization to lease approximately 69,256 rentable square feet of space located within Core 35 Logistics Center III - Building A on Walnut Lane, Dallas, Dallas County, Texas, from Wallcon Industrial, L.P., for mission support uses, including to serve as a repair facility and distribution hub/storage for medical equipment and related accessories

Description: Authorization to lease approximately 69,256 rentable square feet of heated and air-conditioned warehouse space located within Core 35 Logistics Center III - Building A on Walnut Hill Lane, Dallas, Dallas County, Texas. The space will initially serve as a repair facility and distribution hub/storage for medical equipment and related accessories.

Lessor: Wallcon Industrial, L.P., a limited partnership

Term: The term of the lease will be for 123 months, which will commence on approximately February 1, 2023. Tenant will also have the option to extend the term of the lease for two additional periods of five years each.

Lease Cost: The estimated base rent for the initial term and potential renewal terms is approximately \$17,684,727.

Base rent will be abated for the first three months. After the abatement period the base rent over the initial first year will be \$8.80 per square foot annually or \$50,787.73 monthly with 3.75% annual increases thereafter. The base rent for the potential renewal periods, if exercised, will each be at current fair market value at the time of such renewal. Lessee will be responsible for any operating expenses (which are estimated at \$4.95 per square foot; assuming 3% annual operating expense increases, the estimated operating expense will be approximately \$3,930,015 during the initial term and will be approximately \$5,281,611 during renewal terms).

Tenant Improvements: The lessor is contributing approximately \$23.00 per square foot or \$1,592,800 as a tenant improvement allowance. Additionally, the institution will contribute an additional approximately \$150,000 towards improvements to the leased space.

Total Cost: Total estimated lease expense over the initial lease term and potential renewal terms is approximately \$27,196,354, which includes all operating expenses, proposed tenant improvement costs paid by lessee, and all additional costs outlined above.

48. Contract (funds coming in) - U. T. Medical Branch - Galveston: Amendment to Agreement with Shriners Hospitals for Children to provide various services

Agency: Shriners Hospitals for Children

Funds: Total contract value is estimated to exceed \$50,000,000 over the initial 10-year term, although the maximum amount is indeterminable at this time.

Period: January 1, 2021 through December 31, 2030; with automatic 10-year renewals

Description: On July 24, 1963, U. T. Medical Branch - Galveston (UTMB) entered into an Affiliation Agreement with Shriners Hospitals for Children (Shriners). On February 22, 1989, the parties entered into an Amended and Restated Affiliation Agreement. As a part of the restatement effort, the Second Amended and Restated Affiliation Agreement has been created and will supersede the Amended and Restated Affiliation Agreement. The purpose of this Agreement is to build upon the established broad framework of the prior Agreements between the parties to facilitate interaction and continued cooperation between UTMB, Shriners, and Shriners Hospital in Galveston. This Agreement is intended to ensure a definite relationship between the parties to support the advancement of Shriners mission to provide high quality patient care regardless of the patient's or the patient's family's ability to pay, as well as Shriners commitment to education, training, and research. The initial term of the Agreement is from January 1, 2021 through December 30, 2030; with automatic 10-year renewals thereafter (unless notice of non-renewal is provided 18 months prior to expiration), with the understanding that notice of the desired renewal be provided in advance to the Executive Vice Chancellor for Health Affairs. There are seven Operating Addenda associated with the subject Second Amended and Restated Affiliation Agreement, as follows: 1) Professional Services Agreement, 2) Resident and Fellow Training Agreement, 3) Student Training Agreement, 4) Master Research Affiliation Agreement, 5) Hospital Services Agreement, 6) Director of Research Agreement, and 7) Utilities Services Agreement.

49. Request for Budget Change - U. T. Medical Branch - Galveston: New Hires with Tenure -- amendment to the 2021-2022 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Medicine					
Department of Emergency Surgery					
Professor and Chair					
Dietrich Jehle (T)	9/1-8/31	100	12	481,500	11717
Department of Family Medicine					
Professor and Chair					
Kendall Campbell (T)	10/15-8/31	100	12	350,000	11733
School of Health Professions					
Department of Nutrition, Metabolism, and Rehabilitation Services					
Professor					
Melissa Morrow (T)	4/1-8/31	100	12	200,000	11730
Department of Clinical Laboratory Sciences					
Associate Professor					
Carol Bartsch (T)	3/1-8/31	100	12	101,523	11731

50. Request for Budget Change - U. T. Medical Branch - Galveston: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2023 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
School of Medicine		
Microbiology and Immunology Haitao Hu	Associate Professor	Associate Professor (T)
Neuroscience, Cell Biology and Anatomy Jun-Ho La	Associate Professor	Associate Professor (T)
Preventive Medicine and Population Health Daniel Jupiter	Associate Professor	Associate Professor (T)
Pathology Cecilia Clement	Associate Professor	Associate Professor (T)
Biochemistry and Molecular Biology Andrew Routh	Assistant Professor	Associate Professor (T)
Ophthalmology and Visual Sciences Misha Syed	Professor	Professor (T)
Pediatrics Ashraf Aly	Professor	Professor (T)
School of Health Professions		
Nutrition, Metabolism and Rehabilitation Sciences Monique Pappadis	Assistant Professor	Associate Professor (T)

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

Agency: Memorial Hermann Health System

Funds: Approximately \$340,622,046

Period: July 1, 2022 through June 30, 2023

Description: This is the Fifth Amendment to the Annual Funding Agreement initially approved by the U. T. System Board of Regents on November 15, 2018, whereby Memorial Hermann Health System provides financial support to U. T. Health Science Center - Houston for academic support, program support, contracted services, and clinical support. All amounts paid for clinical support are to be used for the recruitment, retention, or engagement of physicians as agreed separately in writing. The First Amendment dated July 1, 2019, which increased the cap, did not require Board approval as the change in monetary value did not exceed 25%. The Second Amendment, dated July 1, 2020, received Board approval. The Third Amendment reflected minor editorial changes to the Second Amendment and did not require Board approval. The Fourth Amendment, dated July 1, 2021, received Board approval.

52. Request for Budget Change - U. T. Health Science Center - Houston: Tenure Appointment -- amendment to the 2021-2022 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Public Health					
Department of Management, Policy and Community Health					
Professor					
Aanand D. Naik (T)	2/1-8/31	100	12	379,000	11739

53. Request for Budget Change - U. T. Health Science Center - Houston: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2023 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
Cizik School of Nursing		
Research Maja Djukic	Associate Professor	Associate Professor (T)
McGovern Medical School		
Biochemistry and Molecular Biology Wenbo Li	Assistant Professor	Associate Professor (T)
Institute of Molecular Medicine Kendra S. Carmon	Assistant Professor	Associate Professor (T)
Internal Medicine - Geriatrics Holly Holmes	Associate Professor	Professor (T)
Neurology Rodrigo F. Morales Andrey S. Tsvetkov	Associate Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Neurosurgery Nitin Tandon	Professor	Professor (T)
Obstetrics, Gynecology and Reproductive Sciences Joseph A. Lucci III Ramesha Papanna	Professor Associate Professor	Professor (T) Professor (T)
Ophthalmology and Visual Science Chai-An Mao	Assistant Professor	Associate Professor (T)
Pediatrics - Center for Clinical Research and Evidence-Based Medicine Claudia Pedroza	Associate Professor	Professor (T)
Pediatrics - Research Center Jun Wang	Associate Professor	Associate Professor (T)

College, Department, and Name	From	To
School of Biomedical Informatics		
Biomedical Informatics		
Licong Cui	Assistant Professor	Associate Professor (T)
Luca Giancardo	Assistant Professor	Associate Professor (T)
Kirk Roberts	Associate Professor	Associate Professor (T)
School of Dentistry		
Diagnostic and Biomedical Sciences		
Cameron B. Jeter	Associate Professor	Associate Professor (T)
Endodontics		
David Jaramillo	Professor	Professor (T)
Periodontics and Dental Hygiene		
Srinivas Ayilavarapu	Associate Professor	Professor (T)
School of Public Health		
Biostatistics and Data Science		
CiCi X. C. Bauer	Assistant Professor	Associate Professor (T)
Luis Leon Novelo	Assistant Professor	Associate Professor (T)
Epidemiology, Human Genetics and Environmental Sciences		
Michael Bradley Cannell	Associate Professor	Associate Professor (T)
Marcia de Oliveira Otto	Assistant Professor	Associate Professor (T)
Eric C. Jones	Assistant Professor	Associate Professor (T)
Qian Xiao	Assistant Professor	Associate Professor (T)
Management Policy and Community Health		
Cecilia Ganduglia Cazaban	Assistant Professor	Associate Professor (T)

54. Seal - U. T. Health Science Center - Houston: Approval for use and implementation of new institutional marks for use as an academic seal

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, Communications, and Advancement Services, the Vice Chancellor and the General Counsel, and the institutional president that the U. T. System Board of Regents approve the use and implementation of new institutional marks for use as an academic seal for U. T. Health Science Center - Houston in accordance with Regents' *Rules and Regulations*, Rule 40801.

U. T. Health Science Center - Houston proposes to refresh its seal for use in official and presidential communications, marketing, and branding. The seal is not intended for use and will not be used as the institution's primary logo, but limited for use in applications representing the President's Office or other legacy applications (e.g., diplomas, transcripts, official letters, limited commencement merchandise).

The artwork of U. T. Health Science Center - Houston's original seal was low quality and needed to be digitally redrawn and updated for best reproduction and use on applicable items. Additionally, at the request of the U. T. System Branding, Licensing, and Trademark Office, the 'V' in the Latin word 'Praesidivm' will be changed to 'U' for consistency with the U. T. System standard.

The acceptable colors for the seal to appear in are Pantone 167U, Black, and White. In limited cases, the seal can appear in metallic gold, silver, or copper when being foil stamped, or may be etched into metal or glass in approved applications.

The acceptable image formats for the seal to be used in are Vector Adobe Illustrator files (.eps, .ai, .svg) and High-Resolution Image files (.png, .jpg).



The University of Texas
Health Science Center at Houston

Previous seal artwork:



New seal artwork:



55. Contract (funds going out) - U. T. Health Science Center - San Antonio: Epic Hosting, LLC, to provide certain Hosting Services and other professional services related to the EPIC license for Electronic Medical Record

Agency: Epic Hosting, LLC

Funds: Approximately \$11,800,200

Period: August 2022 (effective date) through the earlier of 60 months after the Technical Go Live, or January 2029, 78 months after effective date

Description: This Agreement supports a long-standing contractual relationship between U. T. Health Science Center - San Antonio and Epic Hosting, LLC (EPIC), in the provision of U. T. Health Science Center - San Antonio's primary electronic medical record (EMR). Under this Agreement, EPIC will provide services including provisioning and management processes, types and quantities of system resources, technical support, and other functional and technical requirements applicable to the Hosting Services to host/manage/maintain U. T. Health Science Center - San Antonio's EMR platform for clinical care provided by the Medical Services Research Development Plan at U. T. Health Science Center - San Antonio.

This Agreement enables multiple projects in support of both ambulatory and inpatient clinical operations at U. T. Health Science Center - San Antonio. The EPIC EMR platform will be transitioned from an on-premise instance to cloud-hosted as part of the modernization effort that enhances clinical workflows and clinical decisions. The new functionality will also include lab, surgery, and inpatient modules in preparation for a new outpatient surgery center and a new hospital. Both facilities are currently under construction and scheduled to open in fall of 2024.

This Agreement was not competitively bid, but was instead procured through an Exclusive Acquisition Justification.

56. Request for Budget Change - U. T. Health Science Center - San Antonio: New Hires with Tenure -- amendment to the 2021-2022 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Nursing					
Office for Faculty Excellence					
Dean					
Sonya Renae Hardin (T)	6/6-8/31	100	12	370,000	11737
School of Medicine					
Microbiology, Immunology					
Chair and Professor					
Laurence Morel (T)	6/13-8/31	100	12	120,000	11752
Neurosurgery					
Associate Professor					
Fassil Mesfin (T)	6/16-8/31	100	12	600,000	11753

57. Request for Budget Change - U. T. Health Science Center - San Antonio: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2023 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
School of Dentistry		
Endodontics		
Varvara Chrepa	Assistant Professor	Associate Professor (T)
Periodontics		
Georgios Kotsakis	Associate Professor	Associate Professor (T)

College, Department, and Name	From	To
School of Medicine		
Biochemistry and Structural Biology Yogesh K. Gupta	Assistant Professor	Associate Professor (T)
Cells Systems & Anatomy Lizhen Chen	Assistant Professor	Associate Professor (T)
Cellular and Integrative Physiology Martin Paukert	Assistant Professor	Associate Professor (T)
Microbiology, Immunology, and Molecular Medicine Alexei V. Tumanov	Associate Professor	Associate Professor (T)
Molecular Medicine Kexin Xu	Assistant Professor	Associate Professor (T)
Neurology Mitzi M. Gonzales	Assistant Professor	Associate Professor (T)
Ob-Gyn Gangadhara R. Sareddy	Assistant Professor	Associate Professor (T)
Pediatrics Alvaro G. Moreira	Assistant Professor	Associate Professor (T)
Pharmacology April L. Risinger	Assistant Professor	Associate Professor (T)
Psychiatry and Behavioral Sciences Van L. King Jr. Donald D. McGeary	Professor Associate Professor	Professor (T) Professor (T)
School of Nursing		
School of Nursing Bertha E. Flores	Assistant Professor	Associate Professor (T)
Darpan Patel	Associate Professor	Associate Professor (T)

58. Lease - U. T. Health Science Center - San Antonio: Authorization to lease approximately 8,450 usable square feet of space located on the 2nd floor at 8435 Wurzbach Road, Bexar County, San Antonio, Texas, from Gateway Medical Developer, LLC, for medical office and clinical use

Description: Authorization to lease approximately 8,450 usable square feet of medical office and clinical space on the 2nd Floor at Gateway Phase I, located at 8435 Wurzbach Road in San Antonio, Texas. The space will be used for clinical purposes, initially for Medical Specialties, which may include Diabetes, Endocrinology, an Infectious Disease Clinic, Travel Medicine Clinic, and for Clinical Research.

Lessor: Gateway Medical Developer, LLC, a Texas limited liability company

Term: The term of the lease will be for 84 months, which will commence on approximately January 1, 2023. Tenant will also have the option to further extend the term of the lease for 60 months.

Lease Cost: Estimated rent for the initial term and potential renewal term is approximately \$3,730,168.

Base Rent over the initial period will be \$32.00 per square foot annually with 2.5% annual increases thereafter. The base rent for the potential renewal period will start at the lesser of \$38.04 per square foot and fair market value with 2.5% annual increases thereafter. Lessee will be responsible for any additional operating expenses, which are approximately \$10.00 per square foot. Assuming 3% annual operating expense increases, the operating expenses will be approximately \$647,478 during the initial term and approximately \$551,750 during the renewal term. Lessee will be responsible to pay utility charges estimated to be approximately at \$25,350 per year directly to the utility company for Lessee's separately metered premises.

Tenant Improvements: The lessor is contributing approximately \$591,500 as a tenant improvement allowance. Additionally, the institution will contribute approximately \$633,750 towards improvements to the leased space.

Total Cost: Total estimated lease expense over the initial lease term and potential renewal period is approximately \$5,867,344, which includes all estimated operating expenses, proposed tenant improvement dollars, and all estimated additional costs outlined above.

59. Lease - U. T. Health Science Center - San Antonio: Authorization to lease approximately 16,252 usable square feet of space located on the 3rd floor at 8435 Wurzbach Road, Bexar County, San Antonio, Texas, from Gateway Medical Developer, LLC, for medical office and clinical use

Description: U.T. Health Science Center - San Antonio currently leases approximately 8,000 usable square feet of medical office and clinical space on the 3rd Floor at Gateway Phase I, located at 8435 Wurzbach Road in San Antonio, Texas. The space is used as a Pediatrics clinic to serve infants and children from the surrounding areas.

The institution is requesting authorization to ratify the existing lease, along with authorization to amend the current lease to increase the size of the premises to 16,252 usable square feet. The expansion space will be used for clinical purposes, initially for Medical Specialties, which may include Pulmonology, Gastroenterology, Rheumatology, Nephrology, and Infusion Services.

Lessor: Gateway Medical Developer, LLC, a Texas limited liability company

Term: The initial lease for 8,000 usable square feet commenced on November 1, 2021. The term of the amended lease will be for 84 months, which will commence on approximately January 1, 2023. Tenant will also have the option to further extend the term of the lease for 60 months.

Lease Cost: The total lease expense from the original lease commencement date to the proposed amended commencement date of January 1, 2023, is approximately \$383,993, which includes all base rent, estimated operating expenses and utilities.

Base Rent over the amendment term will be \$29.00 per square foot annually with 2.5% annual increases thereafter. The base rent for the potential renewal period will start at the lesser of \$34.47 per square foot annually with 2.5% annual increases thereafter or fair market value. Lessee will be responsible for any additional operating expenses, which are approximately \$10.00 per square foot. Assuming 3% annual operating expense increases, the operating expenses during the initial period will be approximately \$1,245,303 and the renewal period will be approximately \$1,061,185. Lessee will be responsible to pay utility charges directly to the utility company for Lessee's separately metered premises, which are estimated to be approximately at \$48,756 per year. Estimated rent for the initial term and potential renewal term of the amended lease for the total premises of 16,252 usable square feet is approximately \$6,501,775.

Tenant Improvements: The lessor previously contributed approximately \$520,000 as a tenant improvement allowance for the initial lease, and is contributing an additional approximately \$577,640 for the expansion premises. The institution will contribute approximately \$1,176,380 towards improvements to the leased space.

Total Cost: Total estimated lease expense over the initial lease term and potential renewal period is approximately \$10,953,709, which includes all estimated operating expenses, proposed tenant improvement dollars, estimated additional costs outlined above, and previously paid rents.

60. Lease - U. T. Health Science Center - San Antonio: Authorization to lease approximately 19,670 rentable square feet of space located at 5109 Medical Drive, Bexar County, San Antonio, Texas, from PPH Real Estate, LLC, for medical office and clinical use

Description: Authorization to lease approximately 19,670 rentable square feet of medical office and clinical space on the 4th Floor at 5109 Medical Drive in San Antonio, Texas. The space will initially be used as a Be Well, Texas clinic, which includes a state-wide telemedicine clinic, a state-wide network of additional treatment providers and recovery support providers, and telementoring for workforce development.

Lessor: PPH Real Estate, LLC, a Texas limited liability company

Term: The term of the lease will be for 62 months, which commenced on April 1, 2022. Tenant will also have the option to extend the term of the lease for 60 months.

Lease Cost: Estimated base rent for the initial term and potential renewal term is approximately \$5,339,523.

Base Rent over the initial period will be \$25.00 per square foot annually with 2% annual increases thereafter. The base rent for the potential renewal period will start at the lesser of \$27.60 per square foot annually, with 2% annual increases thereafter or fair market value. Tenant will be responsible for any future operating expenses over the base year of 2023 (which is approximately \$8.12 per square foot). Assuming 3% annual operating expense increases, estimated operating expenses will be approximately \$20,036 during the initial term and approximately \$28,618 for the renewal period. All utility charges for the premises are included in the base rent for the lease, subject to increases above the base year. In addition, the landlord provided three months of free rent.

Tenant Improvements: The lessor is contributing approximately \$885,150 as a tenant improvement allowance. Additionally, the institution will contribute approximately \$194,000 towards improvements to the leased space.

Total Cost: Total estimated lease expense over the initial lease term and potential renewal period is approximately \$5,582,123, which includes all operating expenses, proposed tenant improvement paid by U. T. Health Science Center - San Antonio, and all additional costs outlined above.

61. Contract (funds coming in) - U. T. M. D. Anderson Cancer Center: Burd Health LLC to forward cancer screening guidelines and survey questions regarding cancer prevention and early detection of cancer for review and feedback from U. T. M. D. Anderson Cancer Center to help identify cancer risks of Burd Health's members

Agency: Burd Health LLC

Funds: The total value of the services under the Services Agreement will be a minimum of \$11,400,00 over the initial five-year term.

Period: May 25, 2022 through May 24, 2027; and may be extended on a year by year basis, with the understanding that notice of the desired renewal be provided in advance to the Executive Vice Chancellor for Health Affairs

Description: Burd Health LLC offers employers screening guidelines and protocols for cancer prevention, early detection and monitoring (Guidelines) as part of Burd Health's cancer screening, detection, and treatment plan care navigation product. Burd Health LLC desires for U. T. M. D. Anderson Cancer Center to review and provide feedback on Burd Health's cancer screening Guidelines such that the Guidelines match U. T. M. D. Anderson Cancer Center's cancer screening protocols. Burd Health LLC also desires for U. T. M. D. Anderson Cancer Center to conduct an annual review of Burd Health's survey questions to confirm the survey questions are sufficient to reasonably assist Burd Health's members to identify their cancer risks. In addition, U. T. M. D. Anderson Cancer Center will permit Burd Health LLC to tell its clients and prospective clients the screening protocols are those recommended by U. T. M. D. Anderson Cancer Center. U. T. M. D. Anderson Cancer Center will be compensated and Burd Health will pay to U. T. M. D. Anderson Cancer Center a minimum of \$11,400,000 for the initial five-year term.

62. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to Agreement with The Chartis Group, LLC, to provide patient access improvement project services

Agency: The Chartis Group, LLC

Funds: The total value of the services under the Agreement is approximately \$5,400,000.

Period: April 1, 2022 through February 28, 2023

Description: The Chartis Group, LLC, will conduct assessments of existing Access Operations and identify performance gaps against leading practice and recommend a roadmap of improvement solutions to U. T. M. D. Anderson Cancer Center's New Patient Access experience. The Agreement (Project Addendum), effective June 1, 2021, is pursuant to a U. T. System Master Non-exclusive Services Agreement (U. T. System Master Agreement), effective March 1, 2017, with an expiration date of February 28, 2023, via a Second Amendment. The Project Addendum, with the same term as the U. T. System Master Agreement, had an initial cap amount of \$1,188,933. The First Amendment to the Project Addendum, effective October 1, 2021, added an additional scope of work and fee schedule. The Second Amendment to the Project Addendum, effective January 10, 2022, added an additional fee schedule. The initial Project Addendum and Amendments One and Two did not require Board approval as the cap amount was within the institution's delegated approval threshold. The U. T. System Master Agreement was competitively bid at the U. T. System level. This Third Amendment to the Project Addendum increases the cap amount to \$5,400,000.

63. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to Agreement with NAS Recruitment Communications, LLC, to configure and host responsive platform-optimized search pages to assist with employee recruitment

Agency: NAS Recruitment Communications, LLC

Funds: The total value of the services under the Agreement is approximately \$6,260,780.

Period: August 1, 2022 through August 31, 2024

Description: NAS Recruitment Communications, LLC, will configure and host responsive platform-optimized search pages that will allow candidates to navigate to specific job positions of interest within U. T. M. D. Anderson Cancer Center and apply for those positions.

The initial Agreement was effective from September 1, 2016 through August 31, 2019, with two renewal options of 12 months each. The initial cap amount was \$2,500,000. The First Amendment, effective February 23, 2018, incorporated an additional scope of work and fee schedule. The Second Amendment, effective August 12, 2019, extended the term to August 31, 2020, and increased the cap amount to \$4,500,000. The Third Amendment, effective September 1, 2020, extended the term to August 31, 2021, using all renewals. The Fourth Amendment, effective September 1, 2021, extended the term to October 31, 2021. The Fifth Amendment, effective November 1, 2021, extended the term to August 31, 2022. The initial Agreement and amendments One through Five did not require Board approval as the cap amount was within the institution's delegated approval threshold. The initial Agreement was competitively bid. This Sixth Amendment increases the cap amount to \$6,260,780 and extends the term to August 31, 2024.

64. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to Agreement with Health Language, Inc., to provide license to use and possess proprietary software of use with U. T. M. D. Anderson Cancer Center products

Agency: Health Language, Inc.

Funds: The total value of the services under the Agreement is approximately \$7,000,000.

Period: June 15, 2022 through July 31, 2023

Description: Health Language, Inc., will provide a license to use and possess its proprietary software for use with U. T. M. D. Anderson Cancer Center's products. Health Language, Inc., provides content that includes a proprietary mapping of billing codes to revenue codes, which are required for sending electronic claims to insurance companies and governmental payers.

The initial Agreement and Amendments One through Nineteen did not require Board approval as the cap amount was within the institution's delegated approval threshold. The initial Agreement was obtained via an Exclusive Acquisition Justification. This Twentieth Amendment increases the cap amount to \$7,000,000 and adds various provisions to the Agreement.

Additional Information:

- The initial Agreement was effective from August 1, 2011 through July 31, 2013, and auto-renews for additional three-year terms.
- The First Amendment, effective April 18, 2014, extended the term to July 31, 2017, deleted the auto-renew provision and added various Riders.
- Amendments Two through Four (effective April 18, 2014, February 15, 2016, and December 1, 2016, respectively) added information and various licenses to existing Exhibits and added Scopes of Work.
- The Fifth Amendment, effective July 11, 2017, added a cap amount of \$2,900,000 and extended the term to July 31, 2020.
- The Sixth Amendment, effective October 19, 2017, added an additional license, fees, and an additional Rider.
- Amendments Seven through Fourteen (effective October 19, 2017, December 1, 2017, May 1, 2018, June 19, 2018, September 25, 2018, June 25, 2019, June 27, 2019, and January 28, 2020, respectively) added additional Scopes of Work, Exhibits, and various licenses or fees.

- The Fifteenth Amendment, effective August 21, 2020, extended the term to July 31, 2023, increased the cap amount to \$4,900,000, reinstated the auto-renew provision, deleted and replaced several Exhibits, and added additional license terms and conditions.
- Amendments Sixteen through Nineteen (effective August 24, 2020, November 12, 2020, January 21, 2022, and March 17, 2022, respectively) added additional Scopes of Work and various Change Orders to existing Scopes of Work.

65. Request for Budget Change - U. T. M. D. Anderson Cancer Center: New Hires with Tenure -- amendment to the 2021-2022 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
Medical Staff					
Health Disparities Research Professor					
Lorraine Reitzel (T)	8/1-8/31	100	12	250,000	11747
Imaging Physics Professor					
Jeffrey Siewerdsen (T)	7/1-8/31	100	12	335,000	11749
Hematopoietic Biology and Malignancy Professor					
Rafael Casellas (T)	7/1-8/31	100	12	300,000	11744

66. Request for Budget Change - U. T. M. D. Anderson Cancer Center: New Hire with Tenure -- amendment to the 2022-2023 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
Department of Epidemiology					
Division of Cancer Prevention and Population Sciences					
Professor					
Weiva Sieh (T)	9/1-8/31	100	12	239,000	11748

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

No items for Consent Agenda

ADDITIONAL CONSENT AGENDA ITEM
ACADEMIC AFFAIRS COMMITTEE
AUGUST 24-25, 2022

67. Foreign Contract - U. T. Austin: Pinacoteca do Estado de São Paulo, State Department of Culture, State of São Paulo, Brazil will loan three artworks for an exhibit at the U. T Austin, Visual Arts Center

Agency: Pinacoteca do Estado de São Paulo, State Department of Culture, State of São Paulo, Brazil

Funds: No funds will be exchanged under the Agreement.

Period: August 25, 2022 through August 31, 2023

Description: U. T. Austin's College of Fine Arts is entering into a loan agreement with the Pinacoteca do Estado de São Paulo. Three artworks, owned by the Pinacoteca do Estado de São Paulo, will be part of the exhibition titled *Social Fabric: Art and Activism in Contemporary Brazil* to be held at the Visual Arts Center, in U.T. Austin's College of Fine Arts, from September 23, 2022 through March 10, 2023.

Insurance coverage of \$50,000 will be covered by Borrower.