

UNIVERSITY LANDS

2.1 million acres that produce two income streams: mineral income, which comes mainly from oil and gas bonuses, rentals and royalties, and surface income such as income from grazing leases, easements, and wind power generation.



Established in the Texas Constitution of 1876 through the appropriation of land.

STATE OF TEXAS CONSTITUTION

UNDERSTANDING PUF

PERMANENT UNIVERSITY FUND

UTSYSTEM.EDU/PUF

A constitutional permanent endowment that supports excellence in the The University of Texas and Texas A&M Systems.

KEY FACTS

Constitution gives management to UT SYSTEM Board; grows from oil and gas production and investment income;

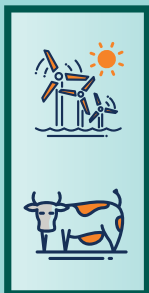
Supports construction and capital expenses at all 14 UT institutions and 14 Texas A&M Institutions and agencies.

Corpus is not spent except for expenses of managing the land and the investment assets;

Constitution allows UT Austin and UT System to benefit from AUF for operational expenses.



MINERAL INCOME



SURFACE INCOME



The constitution permits the UT System and Texas A&M System to each sell a limited amount of bonds (a type of borrowing) to fund construction and other capital expenses at system institutions. The bonds are secured by the AUF, which gives the systems the lowest interest rates available, saving the state money. Bond proceeds may not be used for operational expenses.



THE UNIVERSITY OF TEXAS SYSTEM

CONSTITUTIONAL USES OF AUF:



Payment of principal and interest on PUF bonds



Support and maintenance of UT Austin



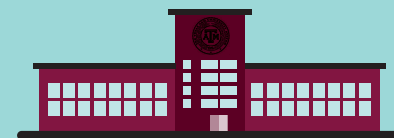
Support and maintenance of UT System Administration



PUF income and investment assets are managed by UTIMCO, a nonprofit corporation operating under the authority of the UT System Board of Regents.



The Available University Fund is PUF surface income plus an annual distribution from the total return on PUF investments, constitutionally allocated 2/3 to UT System and 1/3 to Texas A&M System.



TEXAS A&M UNIVERSITY SYSTEM

The Texas A&M System has similar constitutional restrictions on use of AUF. Some Texas A&M institutions are not eligible for PUF bonds.