

Meeting No. 1,260

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

Pages 1 - 340

August 20 - 21, 2025

Austin, Texas

MEETING NO. 1,260

WEDNESDAY, AUGUST 20, 2025.-- The members of the Board of Regents of The University of Texas System convened at 1:00 p.m. on Wednesday, August 20, 2025, in the Board Room, Second Floor, The University of Texas System Building, 210 West Seventh Street, Austin, Texas, with the below meeting participation:

ATTENDANCE.--

Present

Chairman Eltife  
Vice Chairman Longoria  
Vice Chairman Weaver  
Regent Crain  
Regent Gauntt  
Regent Jiles  
Regent Perez  
Regent Stedman  
Regent Warren  
Regent Schwartz, Student Regent, nonvoting

CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551.-- At 1:00 p.m., the Board recessed to Executive Session pursuant to Texas Government Code Sections 551.071, 551.073, and 551.074 to consider the matters listed on the Executive Session agenda.

RECONVENE THE BOARD IN OPEN SESSION FOR POSSIBLE ACTION ON EXECUTIVE SESSION ITEMS, TO CONSIDER AGENDA ITEMS, AND TO CONVENE COMMITTEE MEETINGS.-- At 2:09 p.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Eltife called the meeting to order in Open Session.

- 1a. U.T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions); 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; including any interim appointments

No action was taken on this item.

1b. U.T Tyler: Consideration, discussion, and appropriate action regarding recommendation of Faculty Hearing Tribunal concerning termination of Mary Linehan, Ph.D., a tenured faculty member

Regent Jiles made the following motion:

Based upon the evidentiary record from the faculty tribunal hearing regarding the termination of Mary Linehan, Ph.D., a tenured faculty member at The University of Texas at Tyler, as provided to the U.T. System Board of Regents, I move that the Board

1. accept the faculty tribunal's June 27, 2025 findings in their entirety, and;
2. accept the conclusion of the tribunal that the greater weight of the credible evidence of Dr. Linehan's actions taken together constitute good cause for the termination of her tenured faculty appointment at U.T. Tyler.

I further move that the Board determine that good cause exists to terminate Dr. Linehan's employment and vote to terminate her from the U.T. Tyler faculty effective immediately.

Finally, I move that the Board direct the General Counsel to the Board to prepare a document noting the reasons for the Board's actions regarding these findings, conclusions, and recommendation of termination and communicate them to Dr. Linehan.

The motion was seconded by Regent Perez and carried unanimously.

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

Regent Stedman made the following motion:

I move that the U.T. System Board of Regents authorize Chancellor Zerwas, Vice Chancellor Safady, and the Presidents of U.T. Austin, U.T. Dallas, U.T. San Antonio, and U.T.M.D. Anderson Cancer Center to conclude negotiations necessary to finalize, approve, and accept gifts and to finalize and execute any agreements related to gift-associated namings consistent with the terms and conditions outlined and recommended in Executive Session.

The motion was seconded by Regent Crain and carried unanimously.

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

No action was taken on this item.

3b. U.T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U.T. System

No action was taken on this item.

## AGENDA ITEMS

1. U.T. System Board of Regents: Discussion and appropriate action related to the appointment of John M. Zerwas, M.D., as Chancellor

Chairman Eltife made the following motion:

I move that Dr. John M. Zerwas be elected Chancellor of The University of Texas System effective immediately, with terms of the appointment and compensation to be commensurate with the responsibilities of the office, negotiated in accordance with The University of Texas System policies, and submitted to the Board for approval via the usual budgetary procedures and in compliance with all required notice requirements.

I further move that the Minutes reflect that, by approval of this motion, the Board has made a finding, as required by *Texas Education Code* Section 51.948, that this appointment is in the best interest of the U.T. System.

The motion was seconded by Regent Gauntt and carried unanimously.

2. U.T. Austin: Discussion and appropriate action regarding the appointment of James E. Davis, J.D. as President

Chairman Eltife noted that on July 21, 2025, this Board named Mr. Davis as the sole finalist for the presidency of U.T. Austin and voted to initiate a review of Mr. Davis' candidacy by a Special Advisory Committee. He thanked Bob Rowling for chairing the search as well as the rest of those who were willing to serve, noting that the Committee met with Mr. Davis and provided excellent feedback through that process and offered their unanimous approval.

Regent Gauntt then made the following motion:

I move that Mr. James Davis, currently Interim President for U.T. Austin, be selected President of The University of Texas at Austin, with terms of the appointment and compensation to be commensurate with the responsibilities of the office, negotiated in accordance with The University of Texas System policies, and submitted to the Board for approval via the usual budgetary procedures and in compliance with all required notice requirements.



I further move that the Minutes reflect that, by approval of this motion, the Board has made a finding, as required by state law, that this appointment is in the best interest of U.T. Austin and U.T. System.

The motion was seconded by Regent Crain and carried unanimously.

3. U.T. San Antonio and U.T. Health Science Center - San Antonio: Discussion and appropriate action regarding the appointment of Taylor Eighmy, Ph.D. as President of the realigned San Antonio entity

Chairman Eltife reminded the Board that on August 22, 2024, the Board stated its intention to name Dr. Taylor Eighmy as president of the realigned San Antonio institution upon final approval by the accrediting body.

Vice Chairman Weaver made the following motion:

I move that Dr. Taylor Eighmy be selected President of the realigned San Antonio entity, with terms of the appointment and compensation to be commensurate with the responsibilities of the office, negotiated in accordance with The University of Texas System policies, and submitted to the Board for approval via the usual budgetary procedures and in compliance with all required notice requirements.

I further move that the Minutes reflect that, by approval of this motion, the Board has made a finding, as required by state law, that this appointment is in the best interest of U.T. San Antonio and U.T. System.

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

COMMITTEE MEETINGS.--The Board recessed Open Session for Standing Committee meetings from 2:16 p.m. – 3:30 p.m.

RECESS.--There being no further business, the meeting was recessed at 3:30 p.m. to reconvene on August 21, 2025.

THURSDAY, AUGUST 21, 2025.-- The members of the Board of Regents of The University of Texas System reconvened at 9:00 a.m. on Thursday, August 21, 2025, in the Board Room, Second Floor, The University of Texas System Building, 210 West Seventh Street, Austin, Texas, with the below meeting participation:

ATTENDANCE.--

Present

Chairman Eltife  
Vice Chairman Longoria  
Vice Chairman Weaver  
Regent Crain  
Regent Gauntt  
Regent Jiles  
Regent Perez  
Regent Stedman  
Regent Warren  
Regent Schwartz, Student Regent, nonvoting

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS.--At 9:00 a.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Eltife called the meeting to order in Open Session to consider action on the following items.

The Chairman recognized Linda Walston of the Board Office who is retiring after almost 30 years of service to The University of Texas System. She has held the position of Senior Associate to the General Counsel to the Board since February 1, 2022. The Chairman thanked her for her service in support of each member of the Board.

STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD.--

At 9:01 a.m., Chairman Eltife announced the Board would hear the reports and recommendations of the Standing Committees, which are set forth on Pages 6 - 78.

REPORT OF THE AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE  
(Pages 6 - 28).--Unless otherwise indicated, the actions set forth in the Minute Orders  
that follow were recommended and approved by the Board in Open Session.

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

There were no items referred from the Consent Agenda.

2. U.T. System: Discussion and appropriate action regarding transfer of \$18,300,000 to rebate to institutions surplus premium contributions paid in Phase V and Phase VI of the Rolling Owner Controlled Insurance Program (ROCIP)

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Chief Compliance and Risk Officer and the Risk Management Executive Committee, chaired by the Executive Vice Chancellor and Chief Operating Officer and comprised of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel, to rebate to the U.T. institutions the surplus premium contributions paid in Phase V and Phase VI of the U.T. System Rolling Owner Controlled Insurance Program (ROCIP) as set forth below.

Institution	ROCIP V 60% Premiums/ 40% Loss- Weighted	ROCIP VI 50% Premiums/ 50% Loss- Weighted	Total
U.T. Arlington	\$ 939,576	\$ 71,014	\$ 1,010,590
U.T. Austin	\$ 1,579,450	\$ 2,646,354	\$ 4,225,804
U.T. Dallas	\$ 470,318	\$ 588,093	\$ 1,058,411
U.T. El Paso	\$ 288,619	\$ 203,838	\$ 492,457
U.T. Permian Basin	\$ 256,446	\$ 163,518	\$ 419,964
U.T. Rio Grande Valley	\$ 128,349	\$ 377,923	\$ 506,272
U.T. San Antonio	\$ 310,696	\$ 273,174	\$ 583,870
U.T. Tyler	\$ 40,071	\$ 227,600	\$ 267,671
U.T. Southwestern Medical Center	\$ 1,278,012	\$ 1,139,415	\$ 2,417,427
U.T. Medical Branch - Galveston	\$ 1,235,668	\$ 1,728,478	\$ 2,964,146
U.T. Health Science Center - Houston	\$ 376,272	\$ -	\$ 376,272
U.T. Health Science Center - San Antonio	\$ 348,684	\$ 157,025	\$ 505,709
U.T.M.D. Anderson Cancer Center	\$ 1,969,751	\$ 942,898	\$ 2,912,649
Health Science Center at U.T. Tyler	\$ 78,088	\$ -	\$ 78,088
U.T. System Administration	\$ -	\$ 480,670	\$ 480,670
<b>Total</b>	<b>\$ 9,300,000</b>	<b>\$ 9,000,000</b>	<b>\$ 18,300,000</b>

## BACKGROUND INFORMATION

The ROCIP, which is described more fully in the PowerPoint on the following pages, provides workers' compensation, general liability, and excess liability coverage for contractors working on designated U.T. System construction projects. The program ensures consistent, vetted coverage and creates economies of scale by purchasing insurance in bulk rather than being included in the bids of individual contractors.

ROCIP is funded by contributions paid by each project which are reserved to pay commercial insurance premium, program administration costs, and losses in our deductible layer. Since workers' compensation claims are open for many years and construction defect claims can be reported up to 10 years following a project's completion, rebates are typically done in stages. Rebates are actuarially determined to ensure a balance of savings returns and fund adequacy.

This is a highly loss sensitive program meaning savings and the ability to issue rebates is driven by controlling and reducing the frequency and severity of workers' compensation and general liability claims. This is achieved by a robust safety and loss control culture supported by leadership, institution staff, project management teams, third party inspectors, and a variety of construction safety professionals.

The ROCIP program began in 1997 with Phase I, and Phase VIII is currently in effect. In all phases, 443 projects with \$18.84 billion in construction values have been enrolled. If the Board of Regents approves this recommendation, a total of \$82,655,055 will be rebated to the institutions for phases I-VI.

This is the third rebate to be made for ROCIP Phase V. An initial rebate of \$24,000,000 was paid to the participating institutions following approval by the Board on May 1, 2018, and a second rebate of \$6,000,000 was approved on May 5, 2022.

This is the second rebate to be made for ROCIP Phase VI. An initial rebate of \$16,000,000 was paid to the participating institutions following approval by the Board on May 5, 2022.

The allocation to each institution was agreed to by a task force of institutional representatives and considers premiums paid into the fund as well as the individual institution's losses in the phase. For Phase V, 60% of the rebate is based on premiums paid on construction values and 40% is based on the individual institution's losses in the phase. For Phase VI, the task force approved an increase in the loss-weighted allocation to 50% to encourage continued emphasis and engagement regarding project safety and risk mitigation.

# Rolling Owner Controlled Insurance Program Benefits and Rebate Recommendations

Phillip Dendy, Chief Compliance and Risk Officer

U.T. System Board of Regents Meeting  
Audit, Compliance, and Risk Management Committee  
August 2025



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## Rolling Owner Controlled Insurance Program (ROCIP)

- ROCIP provides Workers' Compensation, General Liability, and Excess Liability insurance for all enrolled contractors on U.T. System Major Capital Improvement Projects (CIP)
- ROCIP Phase I began in 1997
- Currently in Phase VIII
- \$18.84 billion total construction values enrolled – all phases

## Benefits

- Significant cost savings to the U.T. institutions
- Uniform and enhanced insurance coverages and limits with known/single insurer
- Standardized and enhanced claim and safety management programs across all projects
- Superior OSHA Recordable Incident Rate (RIR): U.T. System average 0.7 vs. OSHA average 2.3 (rolling 12-month RIR)
- Increased Historically Underutilized Business (HUB) participation
- Eliminates cross claims among contractors (mutual waiver of subrogation)



## Rebate Recommendations

- Rebate Phase V - \$9.3 million recommended additional rebate (\$30 million approved and \$24 million distributed May 2018, \$6 million distributed May 2022)
  - Allocation: 60% premium / 40% loss weighted for claims activity
- Rebate Phase VI - \$9 million recommended additional rebate (\$16 million approved and distributed in May 2022)
  - Allocation: 50% premium paid / 50% loss weighted for claims activity





# Phase V and Phase VI Rebates

	ROCIP V		ROCIP VI		TOTAL 2025 RECOMMENDED
Institutions	Prior Rebates	FY 2025	Prior Rebates	FY 2025	ROCIP V & VI
UTA	\$1,632,003	\$939,576	\$1,403,220	\$71,014	\$1,010,590
UTAUS	\$6,623,078	\$1,579,450	\$4,201,612	\$2,646,354	\$4,225,804
UTD	\$1,899,587	\$470,318	\$1,325,894	\$588,093	\$1,058,411
UTEP	\$1,007,307	\$288,619	\$327,233	\$203,838	\$492,457
UTPB	\$831,659	\$256,446	\$257,756	\$163,518	\$419,964
UTRGV	\$404,266	\$128,349	\$607,912	\$377,923	\$506,272
UTSA	\$955,861	\$310,696	\$421,690	\$273,174	\$583,870
UTT	\$121,956	\$40,071	\$358,408	\$227,600	\$267,671
UTSWMC	\$3,842,594	\$1,278,012	\$1,724,488	\$1,139,415	\$2,417,427
UTMB	\$5,146,740	\$1,235,668	\$2,615,477	\$1,728,478	\$2,964,146
UTHSCH	\$1,124,946	\$376,272	\$0	\$0	\$376,272
UTHSCSA	\$1,101,429	\$348,684	\$263,472	\$157,025	\$505,709
UTMDACC	\$5,061,119	\$1,969,751	\$1,525,665	\$942,898	\$2,912,649
HSC-UTTYLER	\$247,455	\$78,088	\$0	\$0	\$78,088
UT SYSTEM	\$0	\$0	\$967,173	\$480,670	\$480,670
<b>Systemwide Total</b>	<b>\$30,000,000</b>	<b>\$9,300,000</b>	<b>\$16,000,000</b>	<b>\$9,000,000</b>	<b>\$18,300,000</b>



3. U.T. System: Approval of the U.T. Systemwide Annual Audit Plan for Fiscal Year 2026

The Board approved the following recommendation:

RECOMMENDATION

Chief Audit Executive Peppers will present the proposed Fiscal Year 2026 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 and 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 2026 Annual Audit Plan

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

U.T. System Board of Regents Meeting

Audit, Compliance, and Risk Management Committee

August 2025



# Domain III: Governing the Internal Audit Function

Domain III standards include “essential conditions” for an effective internal audit function.

## 6. Authorized by the Board

The board establishes, approves, and supports the mandate of the internal audit function.

6.1 Internal Audit Mandate

6.2 Internal Audit Charter

## 7. Positioned Independently

The board establishes and protects the internal audit function’s independence and qualifications.

7.1 Organizational Independence

7.2 Chief Audit Executive Qualifications

## 8. Overseen by the Board

The board oversees the internal audit function to ensure the function’s effectiveness.

8.1 Board Interaction

8.2 Resources

8.3 Quality

8.4 External Quality Assessment



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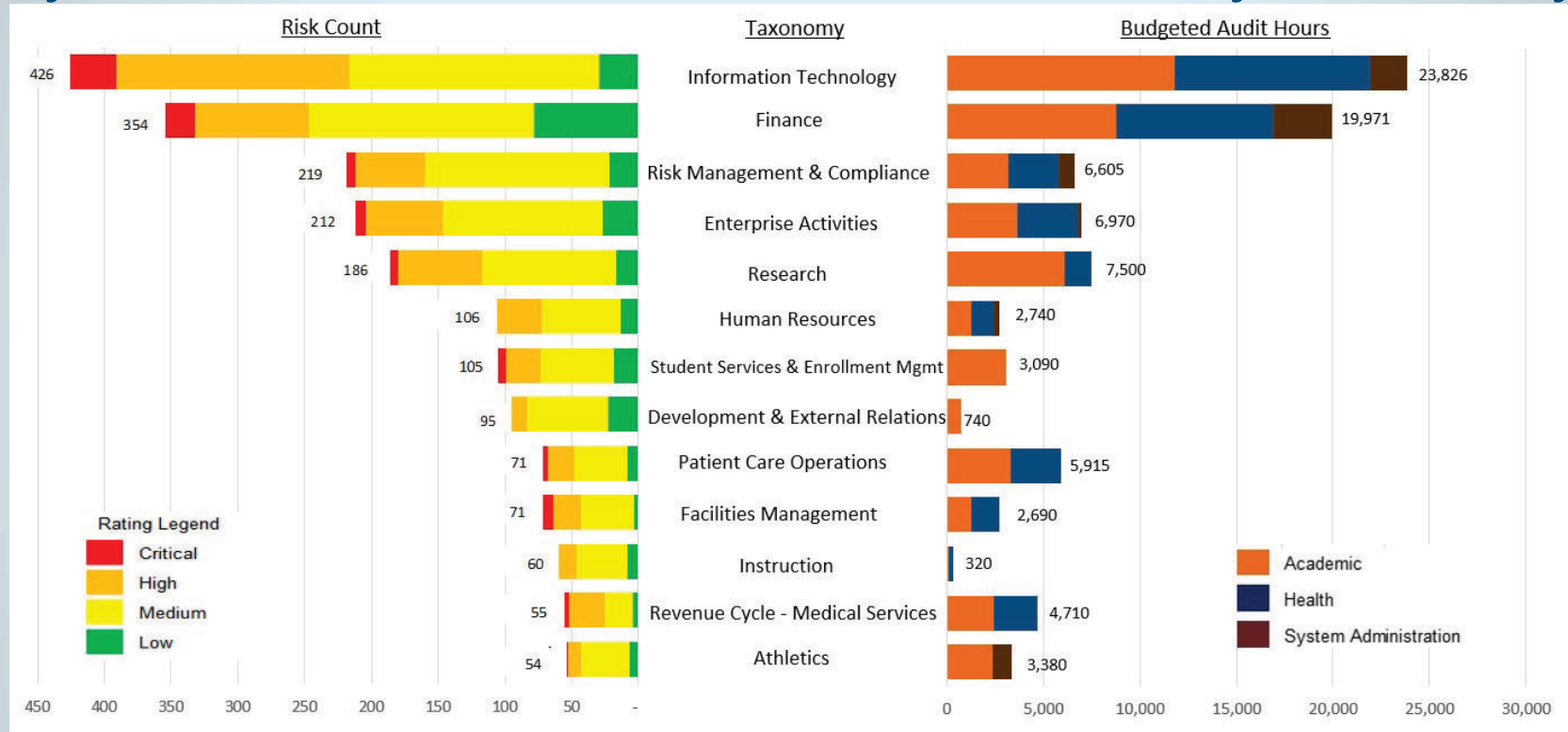
# Overall Audit Plan Process



## Systemwide Annual Audit Plan

- Includes 180k hours in the following categories:
  - Assurance, Advisory, and Required engagements (59%)
  - Investigations (4%)
  - Follow-up on action plans (3%)
  - Operations and Initiatives & Education (28%)
  - Reserve for unanticipated needs (6%)
- Validate activities that mitigate the highest risks related to successful achievement of key objectives
- Executed by internal audit professionals (~105) and co-source resources

# Systemwide Risk Count vs. Audit Hours by Taxonomy



## Most Common IT Topics

### Information Security

- Cyber vulnerability management and incident response
- Third-party security and risk management
- Identity and access management



## Other Common IT Topics

Data  
Governance,  
Management, &  
Protection

Legal &  
Regulatory  
Compliance

Hardware &  
Software  
Inventory  
Management

System  
Development &  
Change  
Management

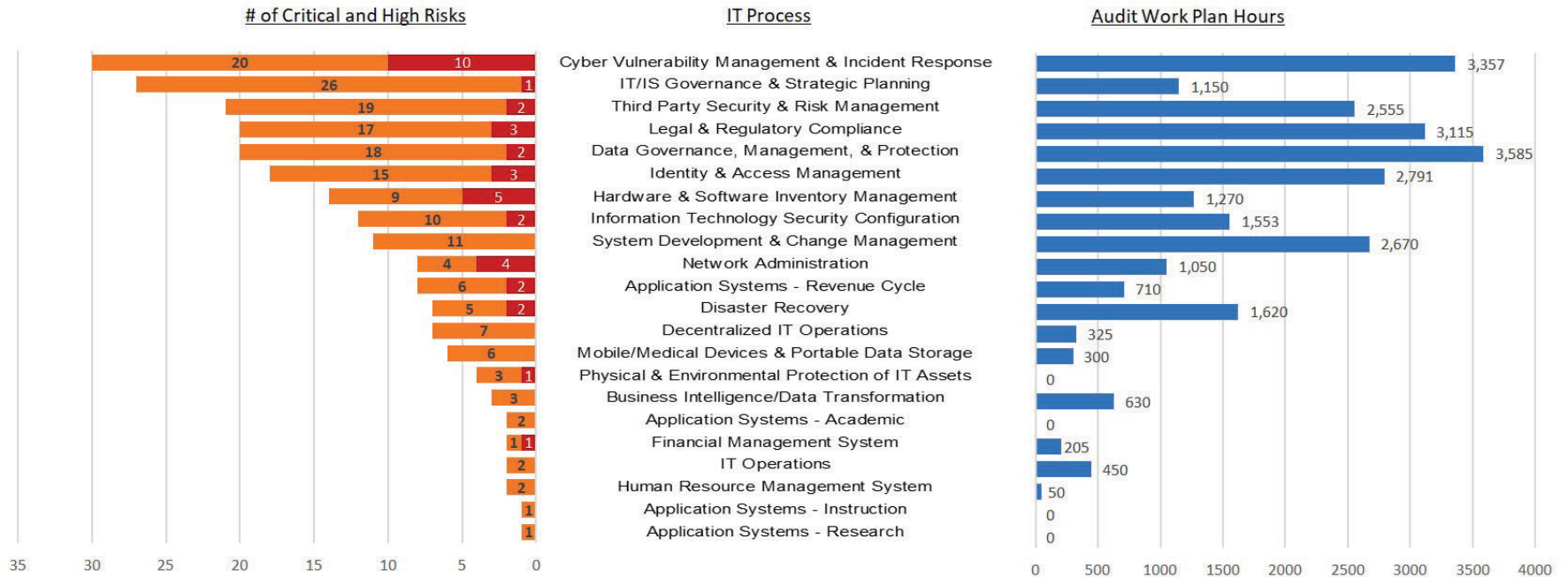
AI Governance,  
Data Protection,  
& Use



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

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## Most Common Topics

### Purchasing/ Supply Chain

- Review processes, policies, and controls around purchasing:
  - Contract execution and termination
  - Oversight of vendor activities and billing
  - Ensuring supply chain resilience
  - Compliance with statutes/regulations

## Most Common Topics (cont.)

### Financial Reporting

- Evaluate processes and controls to ensure accurate and timely financial information/reporting

## Most Common Topics (cont.)

### Research Administration

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

## Most Common Topics (cont.)

### Patient Care Operations

- Assess policies, processes, risks and controls for:
  - Patient care risk management
  - Quality of care
  - Controlled substances management
  - Compliance with regulations

## 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
  - Clinical operations
  - Collections
  - Compliance with regulations

## Other Common Topics

Travel &  
Entertainment  
Expenses

Policy  
Management

Financial Aid

Compliance  
Program

Joint Ventures

Cash  
Management,  
Treasury, &  
Investments

Research  
Compliance

TEC §51.3525



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4. U.T. System: Discussion of Systemwide internal audit activities, including updates on the chief administrator travel, entertainment, and university residence maintenance expenses engagement

This item was for consideration only by the Committee.

REPORT OF THE FINANCE AND PLANNING COMMITTEE (Pages 29 - 53).--  
Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended and approved by the Board in Open Session.

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

There were no items referred from the Consent Agenda.

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

This item was for consideration only by the Committee.

3. U.T. System Board of Regents: Equipment financing authorization for Fiscal Year 2026 and resolution regarding parity debt

The Board approved the following recommendation:

#### RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor and Chief Operating Officer that the U.T. System Board of Regents

- a. approve an aggregate amount of \$275,000,000 of Revenue Financing System Equipment Financing for FY 2026 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 \$275,000,000 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 \$275,000,000 for equipment financing for Fiscal Year 2026. On August 22, 2024, the U.T. System Board of Regents approved a total of \$326,200,000 of equipment financing for Fiscal Year 2025. Through July 31, 2025, \$112,360,000 of equipment financing has been utilized for Fiscal Year 2025.

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 2026

Institution	\$ Amount of Request	Description of Expected Capital Equipment	Spendable Cash & Inv. to Total Debt (x) *	Unrestricted Cash & Inv. to Total Debt (x) *
U.T. Austin	35,000,000	Various enterprise resource planning and medical information systems, police equipment	3.3	
U.T. Dallas	5,000,000	General purpose equipment supporting University's instruction, research and business operations	2.5	
U.T. Rio Grande Valley	8,000,000	Equipment for Instruction and Research Activities; Campus PC/IT Equipment Replacement; Security-related	2.4	
U.T. San Antonio	17,000,000	Technology equipment related to the upgrade of the campus network infrastructure	2.6	
U.T. Southwestern Medical Center	30,000,000	Information Resource Projects; Clinical and Hospital Equipment		0.6
U.T. Medical Branch - Galveston	60,000,000	Clinical, IT infrastructure, research-related, and facility-related equipment		0.8
U.T. Health Science Center - San Antonio	60,000,000	Implementation of tech systems; Outpatient surgical center equipment; Lab equipment in Science One Bldg		0.9
U.T.M.D. Anderson Cancer Center	60,000,000	Medical, diagnostic, research, vehicles, information systems, and technology in nature		11.8
Total		\$275,000,000		

\* Spendable Cash & Inv. to Total Debt ratios and Unrestricted Cash & Inv. to Total Debt ratios are based on FY2024 Analysis of Financial Condition (March 2025). The calculation excludes TRB debt service.

U. T. System Office of Finance, July 10, 2025

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

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor and Chief Operating Officer 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 \$975 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 22, 2024, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$975 million for Fiscal Year 2025. On February 20, 2025, the Board of Regents adopted a resolution authorizing the issuance of additional PUF Bonds in an amount not to exceed \$975 million for Fiscal Year 2025 and rescinding the remaining authority under the resolution approved by the Board on August 22, 2024. Adoption of this Resolution would provide \$975 million of authorization for similar purposes for Fiscal Year 2026. Approval of this item does not allocate additional PUF debt for capital projects.

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

provides that additional PUF Bonds may be refunded if such refunding is determined to be in the best interest of the U.T. System.

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

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

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

Note: The Resolution is on file in the Office of the Board of Regents.

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

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor and Chief Operating Officer 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 \$1.5 billion 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 February 20, 2025, the Board of Regents adopted the 42nd Supplemental Resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$975 million. Adoption of this 43rd Supplemental Resolution would provide \$1.5 billion of authority to finance additional projects approved by the Board of Regents under the same provisions as the prior resolution.

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

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

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

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

Note: The Resolution is on file in the Office of the Board of Regents.

[Secretary's Note: An incorrect version of the 43rd Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale, and Delivery of Board of Regents of The University of Texas System Revenue Financing System Bonds was inadvertently posted along with the agenda materials. The correct, final version has now been uploaded and is on file in the Office of the Board of Regents.]

6. U.T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt and ratification of Regents' Rule 80306 (formerly Rule 70202)

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor and Chief Operating Officer 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 80306 (formerly 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.

On August 22, 2024, the Board approved bond enhancement agreement resolutions for FY2025. 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 FY2026. 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.

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 amended on August 23, 2023, and was renumbered as Rule 80306 on March 26, 2025. 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.

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



**The University of Texas System**

**Rules and Regulations of the Board of Regents**

**Rule: 80306**

**1. Title**

Interest Rate Swap Policy

**2. Rule and Regulation**

- Sec. 1 Authority. *Texas Education Code*, [Chapter 55](#), including Section [55.13](#), *Texas Education Code*, [Chapter 65](#), including Section [65.461](#), and *Texas Government Code*, [Chapter 1371](#), including Section [1371.056](#), authorize the Board of Regents (Board) of The University of Texas System (U. T. System) to enter into interest rate management agreements and bond enhancement agreements (collectively “swaps”).
- Sec. 2 Purpose. This policy will govern the use of swaps in connection with the U. T. System’s management of its debt programs, including the Permanent University Fund and Revenue Financing System debt programs. By using swaps in a prudent manner, the U. T. System can increase the U. T. System’s financial flexibility, provide opportunities for interest rate savings, allow the U. T. System to actively manage asset and liability interest rate risk, take advantage of market opportunities to lower the overall cost of debt, balance interest rate risk, or hedge other exposures. The use of swaps must be tied directly to U. T. System debt instruments. The U. T. System shall not enter into swaps for speculative purposes.
- Sec. 3 Legality/Approval. Prior to entering into a swap, the U. T. System must receive approval from the Board of Regents (which may include a delegation of authority to an Authorized Representative to enter into one or more swaps) and any required approvals from the Texas Attorney General and the Texas Bond Review Board. The U. T. System will also secure an opinion acceptable to the Authorized Representative from legal counsel that the swap is a legal, valid, and binding obligation of the U. T. System and that entering into the swap complies with applicable State and federal laws.
- Sec. 4 Form of Agreements. Each interest rate swap shall contain terms and conditions as set forth in the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, as amended, and such other terms and conditions including schedules, credit support annexes, and confirmations as deemed necessary by an Authorized Representative.

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

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

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

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

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

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

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

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

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

12.1 The U. T. System Office of Finance staff will report to the Board within 30 days of completion of any swap transaction.

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

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

### **3. Definitions**

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

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

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

Effective Federal Funds Rate (EFFR) – The effective federal funds rate is calculated and published by the New York Federal Reserve Bank based on domestic unsecured borrowings in U.S. dollars by depository institutions. It is a commonly used benchmark for swaps.

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

Interest Rate Swap – a swap in which two parties agree to exchange future net cash flows based on predetermined interest rates or indices

calculated on an agreed notional amount. An interest rate swap is not a debt instrument and there is no exchange of principal.

ISDA Master Agreement – the International Swaps and Derivatives Association, Inc. (ISDA), is the global trade association for the derivatives industry. The ISDA Master Agreement is the basic governing document that serves as a framework for all interest rate swaps and certain other types of swaps between two counterparties. It is a standard form used throughout the industry. It is typically negotiated once, prior to the first swap transaction, and remains in force for all subsequent swap transactions.

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. The index is a national rate based on a market basket of high-grade, seven-day, tax-exempt variable rate bond issues.

Secured Overnight Financing Rate (SOFR) - the Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. It is a commonly used benchmark for swaps to replace LIBOR.

#### **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

**The University of Texas System**

**Rules and Regulations of the Board of Regents**

**Rule: 80306**

**6. Who Should Know**

Administrators

**7. System Administration Office(s) Responsible for Rule**

Office of Business Affairs

**8. Dates Approved or Amended**

[Regents' Rules Revision History](#)

**9. Contact Information**

Questions or comments regarding this Rule should be directed to:

- [bor@utsystem.edu](mailto:bor@utsystem.edu)

7. U.T. System Board of Regents: Adoption of Resolution Amending the Revenue Financing System Commercial Paper Note Program; authorization for officers of U.T. System to complete all transactions related thereto; and resolution regarding parity debt

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor and Chief Operating Officer that the U.T. System Board of Regents:

- a. adopt the Fourth Resolution Amending the Amended and Restated First Supplemental Resolution to the Master Resolution authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series A and Taxable Commercial Paper Notes, Series B, in an aggregate principal amount not to exceed \$2.5 billion;
- b. authorize appropriate officers and employees of the U.T. System as set forth in the Fourth Resolution Amending the Amended and Restated First 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; make certain covenants and agreements in connection therewith; and resolve other matters incident and related to the issuance, sale, security, and delivery of such Notes.

The Chancellor *ad interim* also concurs with the recommendation of the Executive Vice Chancellor and Chief Operating Officer that as required by Section 5(a) of the Master Resolution, the Board further determine that upon the delivery of Notes authorized by this Resolution, it will have sufficient funds to meet the financial obligations of the U.T. System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System and that the Members on whose behalf such Notes are issued possess the financial capacity to satisfy their direct obligations after taking such Notes into account.



### BACKGROUND INFORMATION

The U.T. System's Revenue Financing System Tax-Exempt Commercial Paper Note Program (Program) was established on April 12, 1990. Since that time, the size of the Program has changed periodically to meet the financing needs of the U.T. System. The Program is currently authorized up to a maximum amount outstanding of \$1.75 billion that was approved by the Board of Regents on February 23, 2023.

Adoption of this Resolution would increase Program authorization from \$1.75 billion to \$2.5 billion to facilitate the financing of capital projects reflected in the FY 2026-2031 Capital Improvement Program (CIP) including the Medical Complex Project. The increased Program capacity will permit the U.T. System to continue to provide efficient interim financing and additional timing flexibility in accessing long-term capital markets.

The use of tax-exempt debt for projects is limited by the *Internal Revenue Code* to facilities employed for governmental purposes. Projects with nongovernmental or private use beyond established limits are denied the benefits of tax-exempt debt and must employ taxable debt.

Liquidity for the combined programs will continue to be provided by the U.T. System through an arrangement with The University of Texas Investment Management Company (UTIMCO) consistent with the provisions governing liquidity for the Program.

The proposed Fourth Resolution Amending the Amended and Restated First Supplemental Resolution, which is set forth on the following pages, has been reviewed by outside bond counsel and the U.T. System Office of General Counsel.

**FOURTH RESOLUTION AMENDING THE AMENDED AND RESTATED FIRST SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM**

August 21, 2025

**WHEREAS**, on April 12, 1990, The University of Texas System Board of Regents (the “Board”) adopted a Master Resolution Establishing The University of Texas System Revenue Financing System, as amended and restated on February 14, 1991 and further amended on October 8, 1993 and August 14, 1997 (referred to herein as the “Master Resolution”); and

**WHEREAS**, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution and the First Supplement (as defined herein); and

**WHEREAS**, the Master Resolution establishes the Revenue Financing System (the “Financing System”) comprised of the institutions now or hereafter constituting components of The University of Texas System which are designated “Members” of the Financing System by action of the Board and pledges the Pledged Revenues attributable to each Member of the Financing System to the payment of Parity Debt to be outstanding under the Master Resolution; and

**WHEREAS**, the Amended and Restated First Supplemental Resolution to the Master Resolution Establishing The University of Texas System Revenue Financing System was adopted by the Board on August 14, 2008 (the “2008 First Supplement”) and subsequently amended by resolutions adopted by the Board on August 20, 2015, August 25, 2016 and February 23, 2023 (collectively with the 2008 First Supplement, the “First Supplement”) to establish an interim financing program pursuant to which the Board has issued its Notes to provide interim financing for capital improvements and to finance equipment purchases; and

**WHEREAS**, the Board hereby deems it necessary to further amend the First Supplement by the adoption of this resolution (this “Fourth Amending Resolution”) in order to increase the aggregate principal amount of Notes which may be outstanding under such interim financing program from \$1,750,000,000 to \$2,500,000,000; and

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM THAT:**

**Section 1.** Section 2.01 of the First Supplement is hereby amended by substituting “Two Billion Five Hundred Million Dollars (\$2,500,000,000)” in place of “One Billion Seven Hundred Fifty Million Dollars (\$1,750,000,000)” in such section. Section 4.01 of the First Supplement and the fifth recital of the 2008 First Supplement are hereby amended by substituting the amount “\$2,500,000,000” in place of “\$1,750,000,000” in such section and recital, respectively.

**Section 2.** (a) The Chairman of the Board, the Vice Chairman of the Board, the General Counsel to the Board of Regents of The University of Texas System, the U.T. System Representatives, and the other officers, employees, and agents of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Fourth Amending Resolution, including the delivery of an Offering Memorandum, the execution of any Dealer Agreement or Issuing and Paying Agent Agreement or amendments thereto and the

execution of any other agreements or amendments thereto. Notwithstanding the foregoing, such individuals may elect not to amend or amend and restate any existing Dealer Agreement, and in such event any such Dealer Agreement will be subject to the terms of the financing program in existence prior to the effective date of this Fourth Amending Resolution, including the maximum outstanding aggregate principal amount of Notes issued pursuant such existing Dealer Agreement not to exceed the maximum amount set forth in the First Supplement at the time of execution of such Dealer Agreement.

(b) In addition, the Chairman of the Board, the Vice Chairman of the Board, the Chancellor, the Executive Vice Chancellor for Business Affairs, the Associate Vice Chancellor and Chief Financial Officer, the Assistant Vice Chancellor for Finance and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Fourth Amending Resolution, any technical amendments to this Fourth Amending Resolution as may be required by Fitch, Moody's, Standard & Poor's as a condition to the granting or maintenance of a rating on the Notes acceptable to a U.T. System Representative, or as may be required by the Attorney General's office in connection with the approval of this Fourth Amending Resolution or to correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Fourth Amending Resolution.

**Section 3.** After receipt of the approval of the Attorney General of this Fourth Amending Resolution, the amendment to the First Supplement shall take effect immediately pursuant to Section 5.01(a)(v) of the First Supplement with respect to increasing the amount of Notes the Board currently has the right to issue pursuant to Section 4.01 of the First Supplement.

**Section 4.** Nothing in this Fourth Amending Resolution shall be construed so as to prevent the Board from adopting any future amendment to the First Supplement contemplated by the provisions of the First Supplement, including particularly Sections 4.01 and 5.01(a) thereof.

**Section 5.** In addition, the statements, findings, representations, and determinations set forth in the recitals to this Fourth Amending Resolution are hereby incorporated into and made a part of this Fourth Amending Resolution for all purposes.

**Section 6.** It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Fourth Amending Resolution was adopted, and that this Fourth Amending Resolution would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

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8. U.T. System Board of Regents: Approval of the Annual Budget for Fiscal Year 2026, including the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas/Texas A&M Investment Management Company (UTIMCO)

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* and the Executive Vice Chancellor and Chief Operating Officer 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, 2026, 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 \$87.0 million (8.3% increase over FY 2025 budget) for UTIMCO Services and \$9.9 million (9.2% increase from FY 2025 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 19, 2025.

The increase in UTIMCO Services is due primarily to increased personnel expenses (fixed costs such as salaries and benefits as well as variable performance compensation), as well as higher costs for information technology systems, services, data, and security.

The proposed capital expenditures budget is \$400,000.

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.

UTIMCO recommends that \$14.0 million of cash reserves be distributed back to U.T. System per the Master Investment Management Services Agreement (IMSA) between the U.T. System Board of Regents and UTIMCO.

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.



# UTIMCO FY 2026 Budget

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Mr. Richard Hall, President, Chief Executive Officer and Chief Investment Officer  
U.T. System Board of Regents Meeting  
Finance and Planning Committee

August 2025

# FY26 Summary Budget



	FY 2025	FY 2026			FY 2026 Proposed Budget v FY 2025 Budget		FY 2026 Proposed Budget v FY 2026 Budget Projected in 2025 Strategic Plan	
	Budget	Proposed Budget	% of Total Budget	Projected in 2025 Strategic Plan	\$	%	\$	%
<b>UTIMCO Personnel Costs:</b>								
Salaries	27,248,025	30,035,756	31%	29,951,987	2,787,731	10.2%	83,769	0.3%
Performance Compensation	25,942,695	28,945,287	30%	31,210,892	3,002,592	11.6%	(2,265,605)	-7.3%
Benefits & Taxes	8,387,046	8,453,082	9%	9,238,907	66,036	0.8%	(785,825)	-8.5%
Total UTIMCO Personnel Costs (1)	\$ 61,577,766	\$ 67,434,125	70%	\$ 70,401,786	\$ 5,856,359	9.5%	\$ (2,967,661)	-4.2%
<b>Other UTIMCO Costs:</b>								
Data & Subscriptions	7,493,040	7,905,672	8%	8,331,529	412,632	5.5%	(425,857)	-5.1%
Travel	1,500,000	1,586,650	2%	1,650,000	86,650	5.8%	(63,350)	-3.8%
Lease Expense & Lease Asset Amortization	3,403,990	3,436,960	4%	3,451,239	32,970	1.0%	(14,279)	-0.4%
Depreciation	1,825,000	1,575,000	2%	1,825,000	(250,000)	-13.7%	(250,000)	-13.7%
Other Costs	4,489,604	5,044,709	5%	3,913,716	555,105	12.4%	1,130,993	28.9%
Total Other UTIMCO Costs: (2)	\$ 18,711,634	\$ 19,548,991	20%	\$ 19,171,483	\$ 837,357	4.5%	\$ 377,508	2.0%
Total UTIMCO Services Costs:	\$ 80,289,400	\$ 86,983,116	90%	\$ 89,573,269	\$ 6,693,716	8.3%	\$ (2,590,153)	-2.9%
<b>Bps of AUM</b>	<b>10.12</b>	<b>10.36</b>		<b>10.67</b>				
<b>Direct Fund Costs:</b>								
Custodian Fees	5,409,000	6,216,250	6%	5,679,450	807,250	14.9%	536,800	9.5%
Other (3)	3,623,234	3,648,267	4%	3,833,363	25,033	0.7%	(185,096)	-4.8%
Total Direct Fund Costs	\$ 9,032,234	\$ 9,864,517	10%	\$ 9,512,813	\$ 832,283	9.2%	\$ 351,704	3.7%
Bps of AUM	1.14	1.17		1.13				
Grand Total UTIMCO Budget:	\$ 89,321,634	\$ 96,847,633		\$ 99,086,082	\$ 7,525,999	8.4%	\$ (2,238,449)	-2.3%
<b>Bps of AUM</b>	<b>11.26</b>	<b>11.53</b>		<b>11.81</b>				
AUM projected (\$ billion)	\$79	\$84		\$84				
UTIMCO Headcount	133	140		138				

## NOTES:

- 1) FY26 Budgeted Total Personnel Costs increased by \$5.9M or 9.5% from the FY25 Budget as the result of an increase in headcount (7 FTE), normal merit raises, market catch-up raises, and promotions but are \$3.0M less than projected in the 2025 Strategic Plan.
- 2) FY26 Budgeted Other UTIMCO Costs increased by 4.5% from the FY25 Budget primarily because of an increase in Data & Subscriptions and Consulting Services offset by a decrease in Depreciation and Professional Fees and are 2% more than projected in the 2025 Strategic Plan.
- 3) Other Direct Fund Costs include Fund Auditors/Accounting Fees (\$972k), Legal Fees (\$1.6M), Tax Consultants (\$490k), Background Searches (\$233k), and Consultants (\$301k).



# 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, 2026

<u>Proposed Budget</u>	Fund Name						Separate Funds	Debt Proceeds	Total
	PUF	PHF	LTF	GEF	ITF	STF			
<b><u>Market Value 4/30/25 (\$ millions)</u></b>	37,834			25,695	9,292	5,440	220	777	79,258
<b><u>UTIMCO Management Fee</u></b>									
Dollars	45,191,898			30,692,124	11,099,094				86,983,116
Basis Points	11.9			11.9	11.9				11.0
<b><u>Direct Expenses to the Fund, Excluding UT System Direct Expenses to the Fund</u></b>									
Dollars	5,002,310	28,422	31,422	3,465,930	1,336,433				9,864,517
Basis Points	1.3	0.2	0.0	1.3	1.4				1.2

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# Appendix

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# UTIMCO Strategic Plan FY 2025-2029



	5-Year Strategic Plan					CAGR 2025-29
	Projected Budget (to be approved annually by Board)					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
<b>UTIMCO Personnel Costs:</b>						
Base Salary	27,248,025	29,951,987	32,399,406	34,184,439	34,753,216	6%
Performance Comp	25,942,695	31,210,892	33,820,582	35,284,583	36,294,946	9%
Benefits and Taxes	8,387,046	9,238,906	9,843,341	10,241,394	10,573,443	6%
<b>Total UTIMCO Personnel Costs</b>	<b>\$ 61,577,766</b>	<b>\$ 70,401,786</b>	<b>\$ 76,063,329</b>	<b>\$ 79,710,416</b>	<b>\$ 81,621,606</b>	<b>7%</b>
<b>Other UTIMCO Costs:</b>						
Data & Subscriptions	7,493,040	8,331,529	9,061,695	9,867,531	10,764,006	9%
Travel & Meetings	1,661,940	1,819,622	1,992,707	2,182,720	2,391,336	10%
Lease & Lease Asset Amortization	3,403,990	3,451,239	3,476,637	3,412,327	3,532,467	1%
Depreciation	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	0%
Other Costs	4,327,664	3,744,094	3,672,422	4,266,153	4,148,935	-1%
- Contract Svcs & Maint	2,626,128	2,086,874	2,026,162	2,066,178	1,950,196	-7%
- Hiring, Relo, Mercer Comp	634,524	592,088	530,372	1,029,387	969,162	11%
- Legal	405,000	370,000	385,000	401,000	418,000	1%
- Other / Miscellaneous	662,012	695,131	730,889	769,588	811,577	5%
<b>Total Other UTIMCO Costs</b>	<b>18,711,634</b>	<b>19,171,483</b>	<b>20,028,462</b>	<b>21,553,732</b>	<b>22,661,745</b>	<b>5%</b>
Y-O-Y Increase (%)	9%	2%	4%	8%	5%	
<b>Total UTIMCO Costs</b>	<b>\$ 80,289,400</b>	<b>\$ 89,573,269</b>	<b>\$ 96,091,791</b>	<b>\$ 101,264,148</b>	<b>\$ 104,283,350</b>	<b>7%</b>
Y-O-Y Increase (%)	12%	12%	7%	5%	3%	
Bps of AUM	10.12	10.67	10.82	10.77	10.48	
<b>Direct Fund Costs</b>						
Custodian Fees	5,409,000	5,679,450	5,963,423	6,261,594	6,574,673	5%
Other	3,623,234	3,833,363	4,056,698	4,294,366	4,547,500	6%
<b>Total Fund Costs</b>	<b>\$ 9,032,234</b>	<b>\$ 9,512,813</b>	<b>\$ 10,020,120</b>	<b>\$ 10,555,959</b>	<b>\$ 11,122,174</b>	<b>5%</b>
Y-O-Y Increase (%)	9%	5%	5%	5%	5%	
Bps of AUM	1.14	1.13	1.13	1.12	1.12	
<b>Grand Total UTIMCO Budget</b>	<b>\$ 89,321,634</b>	<b>\$ 99,086,082</b>	<b>\$ 106,111,911</b>	<b>\$ 111,820,107</b>	<b>\$ 115,405,524</b>	<b>7%</b>
Y-O-Y Increase (%)	12%	11%	7%	5%	3%	
Bps of AUM	11.26	11.81	11.95	11.90	11.60	
Projected AUM (\$B)	\$79	\$84	\$89	\$94	\$100	

Projected 2029 AUM: \$100B

Five priority focus areas:

- Talent
- Technology platforms
- Data
- Investment design and performance
- Liquidity and leverage optimization

Five-year budget forecast

11-12bps cost vs. Peers at 15-25

Reviewed annually with UTIMCO Board

9. U.T. System: University Lands Update

This item was for consideration only by the Committee.

REPORT OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 54 - 63).-- Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended and approved by the Board in Open Session.

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

There were no items referred from the Consent Agenda.

2. U.T. System: Update regarding the merger of U.T. San Antonio and U.T. Health Science Center - San Antonio

This item was for consideration only by the Committee.

Following a brief presentation by President Eighmy during the Committee Meeting on Wednesday, Chairman Eltife provided the following remarks:

Thank you, Chairman Jiles. I want to thank President Eighmy for his great presentation and the hard work he has done. We are honored to have our former Chancellor Cigarroa with us today and all that you have done for us, and taking on this new role, we appreciate it. And the incredible team you brought with you, Taylor and for all you have done to get this done so quick.

It was almost one year ago today in this room when the Regents announced the charge for a merger, and you have answered the call admirably, swiftly, and collaboratively.

I cannot overstate the significance of what this new U.T. San Antonio will mean to Texas and the nation.

From a business perspective, sure, it made sense to pull the resources together from two institutions less than 10 miles from the other.

This is and always will be about impact. It's about taking two institutions that do not compete with each other, but complement each other – one with academics, research, the arts, and athletics – with another one that has all you can ask for to make patients' lives better through health education, research, and clinical care.

It's about ensuring that students in Texas have access to what will become a leading national research institution that opens today with more than 320 academic programs, that also opens as the third largest in Texas, that will give them opportunities to do research in any imaginable field from medicine to AI to keeping our country safe and secure, and that will drive partners from all over Texas and this nation to contribute to the economic growth in San Antonio in this state.

As a Board, our responsibility to our institutions and to the people of Texas includes supporting unprecedented transformations like this one, and this Board has done many of these since this Board has been assembled over the last five or six years and we are proud to take this step.

We are incredibly proud of everyone at U.T. San Antonio, UT Health San Antonio and the U.T. System Administration who put their best efforts into a process that will pay untold dividends for generations to come.

As Francisco Cigarroa said, this is an unprecedented merger, it is incredible, it is great for the state, it is great for the U.T. System, and it will just pay dividends for years to come. I also want to thank Regent Weaver, who has worked hand in hand there in San Antonio with these two gentlemen and all of our U.T. System staff who just have made this happen. It is an incredible day for all of us and we appreciate you both.

Chancellor *ad interim* Zerwas also congratulated President Eighmy on the merger.

3. U.T. Arlington: Approval to establish a Doctor of Philosophy (Ph.D.) in Data Science degree program

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* 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 (Ph.D.) in Data Science degree program; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The Ph.D. in Data Science is an interdisciplinary program designed for students interested in harnessing the power of data to drive innovation and discovery across scientific fields. Data science is a field dedicated to extracting meaningful insights and knowledge from complex datasets through advanced statistical analysis, machine learning algorithms, data management, and computational modeling.

This program specifically emphasizes the core subfields of statistics, machine learning and artificial intelligence, and computational analytics, with a focus on interdisciplinary applications.

This 42-semester credit hour (SCH) program requires completion of 12 SCH of core courses (common and track-specific), 9 SCH of prescribed electives, 12 SCH of general electives chosen with an advisor, and a minimum of 9 SCH dedicated to dissertation research. Situated at the intersection of cutting-edge statistical and machine learning methodologies, advanced data analysis techniques, and state-of-the-art computational approaches, the program provides both theoretical and practical training. It aims to equip students with in-depth knowledge in core data science areas and involves supervised research experiences across multiple disciplines (mathematics, biology, physics, chemistry and biochemistry, earth and environmental sciences, and psychology). The curriculum is designed to prepare graduates to conduct high-impact, independent research; create novel algorithms and computational methods; and contribute significantly to data-driven fields, preparing them for roles in academia, industry, or government. Graduation also requires passing diagnostic and comprehensive exams and successfully defending a dissertation proposal and the final dissertation.

#### Need and Student Demand

The labor market for data science professionals shows significant growth. As the most up-to-date official prediction, the U.S. Bureau of Labor Statistics projects a 36% increase in data scientist employment from 2023 to 2033, significantly faster than the average for all occupations, with over 20,800 annual openings anticipated across the U.S. Additionally, as of May 2023, Texas employed 20,560 data scientists, placing it second among all states, with job openings expected to grow by 50% and demand for doctoral-level expertise projected to rise by 47%.

Key sectors driving this demand include healthcare, finance, technology, energy, government, and manufacturing, as organizations increasingly rely on data for strategic decision-making and innovation. There is a specific need within those sectors for specialists with advanced expertise to analyze large-scale data, develop sophisticated machine learning models, implement AI solutions, and address complex social and policy challenges. The program is designed to prepare graduates for a range of roles, including senior data scientist, machine learning engineer/scientist, research scientist (AI/ML), statistician/biostatistician, quantitative analyst, biomedical data scientist, bioinformatician, data engineer, applied scientist, consultant (data science/AI/analytics), and academic positions such as postdoctoral researcher or professor. Furthermore, the expansion of data science programs nationally creates a demand for qualified faculty for teaching and research, a role for which graduates of this Ph.D. program will be trained to enter. The estimated number of Ph.D. in Data Science graduates nationwide is several hundred over the next year, with 30-60 of those graduates in Texas. The number is estimated based on total number of R1 universities and number of Ph.D. students and candidates enrolled in the programs per year.

Student interest in data science programs has significantly increased. At U.T. Arlington, enrollment in data science-related courses (like statistics, machine learning, data analytics) has surged by over 700% in the past three years. This trend mirrors a national proliferation of data science programs, including Ph.D. programs, at various universities, indicating strong student desire for specialized knowledge and advanced training in this field. The program anticipates drawing students from related feeder programs at U.T. Arlington, such as the M.S. in Applied Statistics and Data Science, the M.S. in Data Science, and the B.S. in Data Science, as well as related programs in mathematics and computer science.

The projected number of students in the program is 28 (after the initial four years), with the projected enrollment number at eight students per academic year. The justification for projected enrollment is based on the strong labor market demand detailed above, a formal evaluation of employer demand for graduates from the proposed doctoral program, and the demonstrated surge in student interest in data science fields, evidenced by rapidly increasing enrollments in relevant U.T. Arlington courses and the growth of similar programs nationwide. Recruitment strategies targeting local, regional, national, and international students, including collaborations with industry, are expected to attract a robust and diverse applicant pool.

#### Program Quality

There are 15 existing core faculty members identified who would contribute to the program. These faculty come from various departments in the College of Science including mathematics, biology, physics, chemistry and biochemistry, earth and environmental sciences, and psychology.

The core faculty demonstrate significant scholarly and research productivity. A summary over the last five years shows substantial federal and state/institutional grant funding, totaling millions across the group, and a high number of peer-reviewed publications. Most contributing faculty also have five years of experience supervising dissertation research.

The program anticipates hiring two new faculty members. One assistant/associate professor with a Ph.D. in Data Science is expected to be hired by Fall 2026, and another assistant/associate professor with a Ph.D. in Statistics or Biostatistics is planned for hire in Fall 2027. Both positions are expected to dedicate 50% of their time to the program.

The proposed program also has special arrangements to make the program responsive to the need of targeted students: (1) Financial Assistance: Competitive funding packages, including scholarships, stipends, assistantships, and travel support, are planned to attract top candidates. Partnerships with industry may offer additional funded opportunities. (2) Tailored Tracks and Admissions: The General and Applied Data Science tracks are designed to accommodate students from traditional quantitative fields as well as various science disciplines. There is flexibility for admitting promising applicants who may need some preparatory coursework.

(3) Structured Support: A clear milestone agreement system helps students track progress toward timely degree completion, supported by dedicated faculty advising.

### Revenue and Expenses

<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$ 480,000
Benefits	\$ 144,000
<i>Graduate Students</i>	
TA Salaries	\$ 1,947,280
TA Benefits	\$ 389,456
GRA Salaries	\$ 0
GRA Benefits	\$ 0
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary	\$ 0
Administrative Staff Salaries	\$ 0
Staff Benefits	\$ 0
<i>Other Expenses</i>	
Marketing Spend	\$ 36,129
<b>Total Expenses</b>	<b>\$ 2,996,865</b>

<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$ 316,176
Tuition and Fees	\$ 0
<i>From Institutional Funds</i>	
Scholarships paid by College	\$ 625,412
<i>From Grant Funds</i>	
	\$ 0
<i>From Other Revenue Sources</i>	
	\$ 0
<b>Total Revenue</b>	<b>\$ 914,588</b>

### Coordinating Board Criteria

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

4. U.T. El Paso: Discussion and appropriate action regarding authorization to increase the Student Union fee

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U.T. System Board of Regents authorize U.T. El Paso to implement a phased increase of the student union fee, not to exceed:

- \$70 per student for each regular semester and \$35 for each summer session term beginning Spring 2026,
- \$120 per student for each regular semester and \$60 for each summer session term beginning Fall 2026 through Spring 2027; and
- \$150 per student for each regular semester and \$75 for each summer session term beginning Fall 2027 through Spring 2028.

This increase reflects the approval by a majority vote of students who participated in a general election in September 2024. All collected fees are to be used exclusively for the financing, constructing, operating, maintaining, and improving a student union building for U.T. El Paso, including demolition of the existing student union building.

BACKGROUND INFORMATION

During the 89th Legislative Session, U.T. El Paso requested statutory authorization for an increase to the student union fee as approved by a majority vote of students participating in a general election held in September 2024 and with such fees to be used for the financing, constructing, operating, maintaining, and improving a student union building, including demolition of the existing student union building. The legislation was passed and will be effective on September 1, 2025.

Following necessary approvals for the increase in the student union fee, this project will proceed as a Major Project, pursuant to Regents' *Rules and Regulations*, Rule 80301 (Capital Improvement Program).

The Student Union Building at U.T. El Paso first opened its doors in January 1949, when U.T. El Paso's student population was only 2,400. Rapid growth led to the building being outgrown, prompting the first expansion, completed in March 1959, forming what is now Union West. Continued demand led to the construction of Union East in 1968, which opened in fall 1969 and centralized many Student Affairs offices. A final addition in 1981 brought the total space to 207,000 square feet, adding a cafeteria, cinema, gallery, and more. Today, the 75-year-old facility no longer meets the needs of a vibrant student population of over 25,000. The current student union fee was established in 1987 at \$30 per semester and has not been increased since.



5. U.T. San Antonio: Approval to establish a Doctor of Philosophy (Ph.D.) in Aerospace Engineering degree program

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* 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 (Ph.D.) in Aerospace Engineering degree program; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The proposed Doctor of Philosophy (Ph.D.) program in Aerospace Engineering at the University of Texas at San Antonio (U.T. San Antonio) is designed to prepare students to be leaders in aerospace engineering industries and academia and to equip students with skills to solve engineering challenges through performance of interdisciplinary state-of-the-art research in the areas of aerodynamics, propulsion, hypersonics, structures, and space sciences. Southwest Research Institute researchers and scientists will be appointed to collaborate and provide additional opportunities for mentoring and advising student research and to deliver courses. Interdisciplinary training included in the program will provide students with skills to translate cutting-edge aerospace engineering research into real-world applications and to solve problems across traditional scientific boundaries. A unique feature of the proposed program is access to world-class aerospace test facilities like the U.T. San Antonio Mach 7 wind tunnel facility, which is one of only five such comparable facilities at an academic institution in the U.S. Students entering with a B.S. will complete 63 semester credit hours (SCH) while students entering with an M.S. will complete 42 SCH. All students will complete 9 SCH of Doctoral Research and 12 SCH of Doctoral Dissertation, culminating in a dissertation defense presentation to the student's committee members.

## Need and Student Demand

The rapid invigoration of the U.S. aerospace industry and associated growing launch market in the last decade—marked by the emergence of numerous small-satellite launch start-up companies, adoption of state-of-the-art manufacturing, instrumentation, and data analysis techniques, as well as the specter of an international race in hypersonic vehicles—has created strong demand for aerospace engineering research and education programs around the country. In particular, the U.S. space science and engineering industry faces a large proportion of the workforce eligible for retirement in the near future, a lack of younger employees with necessary skills or experience to grow into those roles, and a possible shortage of graduates who are eligible to receive clearances to work in areas covered by the International Traffic in Arms Regulations.

Texas has a rich history in aerospace engineering and recent high-profile entrants (e.g., SpaceX, Blue Origin, Firefly Aerospace) have invested large amounts of capital into launch and propulsion test sites in various remote regions of Texas (e.g., Boca Chica, Van Horn, McGregor) and are actively recruiting qualified engineers from around the nation to support these companies' research and development programs. As industry increasingly adopts emerging technologies such as additive manufacturing, advanced optical instrumentation, and machine learning, they will need both baccalaureate and post-baccalaureate graduates with skills in these areas to accelerate the state-of-the-art and maintain technological edge over competitors. It is estimated that 25% of the aerospace engineers currently in the industry are at least 55 years old. Unless these older workforce members are replaced with trained younger engineers, there will be a shortage of aerospace engineers as current workers retire.

Only three institutions in Texas (U.T. Austin, Texas A&M University, and U.T. Arlington) offer a Ph.D. in Aerospace Engineering. The proposed program at U.T. San Antonio will be the first in South Texas and will provide another avenue for students in Texas to pursue a doctoral degree in Aerospace Engineering. It will also contribute to U.T. San Antonio's recent Tier 1 research status, while at the same time, allowing U.T. San Antonio to continue growing its partnership with its local communities, Southwest Research Institute, as well as in industries in South Texas, across Texas, and nationally. A recent study of job postings requiring a Ph.D. in Aerospace Engineering identified 2,998 U.S. job postings, with 178 of those postings in Texas, and 44 of those postings in the San Antonio metro area. In 2021, the number of new Aerospace Engineering Ph.D. graduates nationwide was 373 (National Center for Science and Engineering Statistics); thus, it is evident that there is a shortage of Ph.D. graduates. Considering the labor market demand for aerospace engineers in the military and the civil sectors, projected employment growth for this field is estimated at nearly 16% in Texas and more than 6% nationally over the next 10 years according to data from the Bureau of Labor Statistics, further exacerbating the current workforce shortage.

At U.T. San Antonio, there is evidence of robust student demand. A recent survey of undergraduate mechanical engineering students underscored the need and enthusiasm for aerospace engineering opportunities. Notably, 67% of respondents indicated that an aerospace engineering degree would increase their chances of finding a job. Similarly, 94% of respondents agreed that employers are looking to hire individuals with skills in aerospace engineering. While 63% of students responding to the survey currently plan to pursue a graduate degree at U.T. San Antonio in mechanical or aerospace engineering, 76% indicated that they would be interested in pursuing a Ph.D. degree in aerospace engineering at U.T. San Antonio if offered.

### Program Quality

The program will be supported by approximately 20 existing faculty at U.T. San Antonio, including adjunct faculty working at Southwest Research Institute. Many of these faculty are considered preeminent scholars in their fields and includes NSF CAREER award winners, DoD Young Investigator Program award winners, and President's Early Career Award winners. World-class facilities include the U.T. San Antonio hypersonic Ludwig Tube, Drone Enclosure, and High-Speed Propulsion Laboratory. U.T. San Antonio is currently executing a cluster hire search in space science and technology that will bring up to five tenured (Associate/Full) faculty in relevant areas, with one residing primarily in the aerospace engineering program. U.T. San Antonio also anticipates hiring junior faculty with a focus on space/aerospace in the coming years to continue to grow the program.

### Revenue and Expenses

<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$ 466,953
Benefits	\$ 172,709
<i>Graduate Students</i>	
TA Salaries	\$ 705,600
TA Benefits	\$ 134,400
GRA Salaries	\$ 1,552,320
GRA Benefits	\$ 295,680
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary	\$ 48,267
Administrative Staff Salaries	\$ 48,267
Staff Benefits	\$ 18,387
<i>Other Expenses</i>	
Misc. Supplies	\$ 25,000
<b>Total Expenses</b>	<b>\$ 3,467,583</b>

<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$ 1,812,212
Tuition and Fees	\$ 1,049,715
<i>From Institutional Funds</i>	
GRA & GTA Support	\$ 1,218,000
<i>From Grant Funds</i>	
Federal Grant Funding	\$ 3,840,000
<i>From Other Revenue Sources</i>	
Required Fees Collected	\$ 322,821
<b>Total Revenue</b>	<b>\$ 8,242,748</b>

#### Coordinating Board Criteria

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

REPORT OF THE HEALTH AFFAIRS COMMITTEE (Pages 64 - 69).-- Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended and approved by the Board in Open Session.

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

There were no items referred from the Consent Agenda.

2. U.T. System: Approval to distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns and approve rates for the Plan

The Board approved the following recommendation:

#### RECOMMENDATION

The Chancellor *ad interim* 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 and Chief Operating Officer, and the Executive Vice Chancellors for Academic and Health 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.

The proposed distribution of \$6 million is set forth as Exhibit 1.

#### BACKGROUND INFORMATION

The Medical Liability Management Committee (Committee) reviews the annual actuarial fund and rate studies to ensure Plan revenue from premiums charged and investment income provide adequate capitalization from which to pay claims, reserves for future claims, and administrative expenses.

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. The combination of unchanged rates along with these distributions 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.

## Exhibit 1

**The University of Texas System Professional Medical Liability Benefit Plan**Proposed Distribution of Plan Returns

FY 2025

<i>Institution</i>	<i>Premium Paid</i>	<i>Claims Expense</i>	<i>Net Contribution Amount</i>	<i>Rebate based on Net Contribution FY 2025</i>
	<i>2023-2025 (3 year)</i>	<i>2023-2025 (3 year)</i>	<i>3 Yr (Premium - Expenses)</i>	
UT Arlington	13,960.50	-	13,960.50	3,046.29
UT Austin	1,022,860.11	467,736.95	555,123.16	121,132.25
UT Dallas	7,120.00	5,012.00	2,108.00	459.98
UT El Paso	10,125.40	-	10,125.40	2,209.44
UT Permian Basin	6,495.00	-	6,495.00	1,417.26
UT Rio Grande Valley	938,741.95	141,675.57	797,066.38	173,926.17
UT San Antonio	2,875.00	-	2,875.00	627.35
UT Tyler <sup>1</sup>	1,501,407.40	856,530.53	644,876.87	140,717.22
Stephen F Austin	1,500.00	-	1,500.00	327.31
UTSWMC	9,401,677.97	3,599,192.97	5,802,485.00	1,265,994.00
UTMB	5,639,290.07	1,746,109.61	3,893,180.46	849,522.67
UTHSCH	12,947,975.28	4,880,873.45	8,067,101.83	1,760,305.21
UTHSCSA	6,161,313.45	1,735,441.89	4,425,871.56	965,760.07
UTMDACC	4,589,867.42	1,315,215.90	3,274,651.52	714,554.78
<b>Subtotal</b>	<b>42,245,209.55</b>	<b>14,747,788.87</b>	<b>27,497,420.68</b>	<b>6,000,000</b>

**TOTAL DISTRIBUTION FY 2025****\$ 6,000,000****TOTAL DISTRIBUTION FY 2023-2025****\$ 20,000,000****<sup>1</sup> UT Tyler split**

UT Tyler	5,610.00	-	5,610.00	1,224.15
HSC at UT Tyler	1,495,797.40	856,530.53	639,266.87	139,493.07
	1,501,407.40	856,530.53	644,876.87	140,717.22

3. U.T. San Antonio: Approval to establish a Doctor of Philosophy (Ph.D.) in Clinical Psychology degree program

The Board approved the following recommendation:

RECOMMENDATION

Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs, concurs in the recommendation of 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 (Ph.D.) in Clinical Psychology degree program; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

On August 22, 2024, the U.T. System Board of Regents authorized integration of U.T. San Antonio (UTSA) and U.T. Health Science Center - San Antonio (UT Health San Antonio). The proposed Clinical Psychology Ph.D. is a collaboration between the Department of Psychology at UTSA and the Psychiatry and Behavioral Sciences Department at UT Health San Antonio.

The Ph.D. in Clinical Psychology is an applied psychology discipline to prepare graduates to serve as licensed psychologists in clinical practice, research, and administrative activities in settings such as hospitals, outpatient clinics, academic medical centers, and universities. The teaching, mentoring, evidence-based clinical practice and applied research experiences in the Clinical Psychology Ph.D. program will benefit from a collaborative model with faculty from both UTSA and UT Health San Antonio. Graduates are expected to demonstrate a wide range of academic, clinical, research, and professional standards. They are also expected to be critical thinkers and innovative problem-solvers in the realms of clinical competence, research skills, and professional and interpersonal skills.

The program is designed similarly to other Clinical Psychology Ph.D. programs across Texas and the U.S. regarding coursework, clinical practicum, and research expectations. Students will enroll in the program full-time and complete degree requirements in approximately five years. Those five years include a one-year predoctoral internship, which is a full-time clinical position acquired through a national matching process similar to that used for medical residencies.

The proposed Ph.D. in Clinical Psychology is designed to meet the Standards of Accreditation outlined by the American Psychological Association (APA) and licensure requirements for the state of Texas. The program requires 99 semester credit hours that include coursework and clinical practicum experiences, a comprehensive exam, a year-long predoctoral internship, and a dissertation.

In accordance with APA accreditation standards, the program aims to prepare graduates for initial independent practice in the clinical domains of assessment, interventions (therapy), consultation, ethics, and understanding individual differences.

### Need and Student Demand

The proposed Ph.D. in Clinical Psychology degree program is designed to create a robust pipeline of mental health providers to help close the gap and meet Texans' behavioral health needs.

Texas has a significant need for more psychologists in the workforce. According to the market analysis conducted by UTSA as part of the program proposal process, 2,065 doctoral degrees in Clinical Psychology were awarded nationally in 2023 across 129 institutions. In Texas, 10 institutions produced 68 graduates in 2023. The geographically closest institution to San Antonio is The University of Texas at Austin, which awarded 4 Ph.D.s in Clinical Psychology in 2023. Target occupations for holders of a Clinical Psychology Ph.D. have over 16,000 posted openings annually, the number of positions grew at a rate of 12.2% over the past five years, and this is projected to grow another 14.2% in the coming decade. The average salary is \$105,900, indicating that this degree leads to positions at a competitive income level associated with a comfortable quality of life. The job market for this field in Texas is particularly strong, with 4,000 openings in the past year, 14% growth in the past five years, and projected 16.6% growth in the coming decade. As mental health concerns are becoming more frequently discussed and identified in the U.S., the need for psychologists is likely to continue to grow.

In terms of student demand, admission to Clinical Psychology Ph.D. programs is incredibly competitive (less than 10% acceptance). Students often must apply multiple times and consider universities all over the country to gain admission. The competitiveness of these programs means there are many strong candidates who do not gain admission in a given year, and it is very likely that a program at UTSA would be successful in recruiting talented and hardworking students, including from our undergraduate population (2,000+ Psychology majors). In a recent survey conducted by the UTSA Department of Psychology's undergraduate student organization, 85% of the 287 respondents expressed interest in graduate training in the license-eligible clinical subfields of psychology. Because of the intensive nature of doctoral training in clinical psychology, cohorts are generally kept small, with an anticipated admission of 5-7 students per year.



### Program Quality

The Ph.D. in Clinical Psychology program will be supported by highly qualified faculty with doctoral degrees in Psychology. The Department of Psychology at UTSA has six faculty with Ph.D.s in Clinical Psychology and nine faculty with other educational backgrounds who can contribute to the proposed curriculum or serve as research mentors. One of the Clinical Psychology faculty will serve as the Director of Clinical Training. In addition, there are 15 UT Health San Antonio faculty with relevant doctoral degrees and expertise who can serve as instructors of courses and/or as clinical and research mentors. All 30 faculty planned to be involved in the proposed program are active researchers and the majority have experience mentoring doctoral students or postdoctoral fellows in Psychology. The core faculty in the Department of Psychology have received over \$53 million in external research funding and generated more than 1,000 peer-reviewed publications. Further, the UT Health San Antonio faculty affiliated with this program have received over \$192 million in external research funding and generated more than 450 peer-reviewed publications. Finally, the Department of Psychology plans to hire nine new faculty (three in clinical and six in non-clinical domains of Psychology) to meet undergraduate student demand for courses and support graduate training in this Ph.D. in Clinical Psychology program. As an additional measure of program quality, the proposed program will apply for initial accreditation and continued review by the APA. Faculty will ensure that students' training is appropriate for their career goals, including helping to identify and support clinical training experiences with specific populations or clinical presentations and facilitating the development of students' individual research interests.

### Revenue and Expenses

The table below summarizes the five-year projection of revenues and expenses.

<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$ 1,160,500
Benefits	\$ 311,355
<i>Graduate Student</i>	
GRA Salaries & Benefits	\$ 1,050,000
<i>Staff &amp; Administration</i>	
Administrative Staff Salaries	\$ 275,000
Staff Benefits	\$ 90,750
<i>Other Expenses</i>	
Student Scholarships	\$ 45,000
Capital investment	\$ 500,000
Accreditation, insurance, licensing fees, new faculty start up	\$ 1,622,188
Miscellaneous supplies	\$ 25,000
<b>Total Expenses</b>	<b>\$ 5,079,793</b>

<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$ 890,364
Tuition and Fees	\$ 623,455
<i>From Grant Funds</i>	
Anticipated grant funding	\$ 4,500,000
<b>Total Revenue</b>	<b>\$ 6,013,819</b>

#### Coordinating Board Criteria

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

REPORT OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE  
(Pages 70 - 78).--Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended and approved in Open Session.

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

There were no items referred from the Consent Agenda.

2. U.T. Arlington: UTA West Academic Building and Associated Infrastructure Improvement - Amendment of the current Capital Improvement Program to include project

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor and Chief Operating Officer, and the institutional president that the U.T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the UTA West Academic Building and Associated Infrastructure Improvement project at The University of Texas at Arlington.

BACKGROUND INFORMATION

Previous Action

On February 4, 2025, the Chancellor approved the project for Definition Phase.

Project Description

The proposed project entails the construction of an initial academic building and associated infrastructure improvements on the north parcel of the UTA West Campus. Infrastructure elements include a new 300-space surface parking lot and the installation of gas, electric, fiber, and water lines, including domestic, waste, and stormwater systems, to the campus.

The vision and purpose of UTA West is to develop a highly skilled and well-trained workforce that will address the educational needs of health care, manufacturing, technology, business, industry, and local governmental agencies. The Academic Building will consist of flexible, active learning spaces, library resources, student engagement spaces, administrative spaces, and spaces to support student success. It will be purposefully designed for adaptability to empower students through experiential learning across many disciplines. This first building will establish design

standards for master planning of all future buildings and improvements on the UTA West Campus where campus environments will be customizable, multipurpose, and designed to evolve over time.

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 The University of Texas Systemwide Policy UTS 199, pertaining to Management of Major Capital Projects, U.T. Arlington has delegated authority for institutional management of construction projects.

## **The University of Texas at Arlington UTA West Academic Building and Associated Infrastructure**

### **Project Information**

Project Number	301-1548
CIP Project Type	New Construction
Facility Type	Classroom, General
Management Type	Institutional Management
Institution's Project Advocate	Teresea Madden – Vice President Extension and Extended Campus
Project Delivery Method	Design/Build
Gross Square Feet (GSF)	150,000

### **Project Funding**

	<u>Proposed</u>
Revenue Financing System Bond Proceeds <sup>1</sup>	\$135,500,000
Unexpended Plant Funds	\$30,000,000
Gifts <sup>2</sup>	<u>\$4,000,000</u>
Total Project Cost	\$169,500,000

<sup>1</sup> Revenue Financing System (RFS) Bond Proceeds are anticipated to be repaid from Designated Tuition

<sup>2</sup> Gifts are fully pledged

### **Project Cost Detail**

	Cost
Building Cost	\$91,674,561
Fixed Equipment	\$3,100,000
Site Development	\$18,842,052
Furniture and Moveable Equipment	\$8,000,000
Institutionally Managed Work	\$6,949,166
Architectural/Design Services	\$13,083,387
Project Management	\$4,237,500
CIP Support Services	\$170,000
Insurance	\$2,751,204
Other Professional Fees	\$5,670,000
Project Contingency	\$15,022,130
Other Costs	-
Total Project Cost	\$169,500,000

**The University of Texas at Arlington**  
**UTA West Academic Building and Associated Infrastructure**  
 (continued)

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

UTA West Academic Building and Infrastructure			\$611
Texas Higher Education Coordinating Board Average – Classroom, General			\$723
	Low Quartile	Median	High Quartile
Other U.T. System Projects	\$559	\$626	\$665
Other National Projects	\$619	\$811	\$1,078

**Investment Metrics**

- To achieve an overall student enrollment of 1,000 by 2028

**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 2025
Addition to CIP	August 2025
Design Development Approval - Infrastructure	November 2025
Design Development Approval - Academic Building	February 2026
Construction Notice to Proceed	March 2026
Substantial Completion	March 2028
Final Completion	May 2028

**Basis of Design**

The planned building life expectancy includes the following elements:

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

3. U.T.M.D. Anderson Cancer Center: Demolition of Jones, Bates-Freeman, and Anderson Central - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation of funds

The Board approved the following recommendation:

RECOMMENDATION

Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs, concurs in the recommendation of the Executive Vice Chancellor and Chief Operating Officer and the institutional president that the U.T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Demolition of Jones, Bates-Freeman, and Anderson Central 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 \$188,485,000; and
- b. appropriate funds of \$188,485,000 from Hospital Revenues.

BACKGROUND INFORMATION

Previous Action

On July 28, 2023, the Chancellor approved this project for Definition Phase.

Project Description

The proposed project involves the demolition of the Percy and Ruth Leggett Jones Research Building, the Bates-Freeman Building, the Anderson Central Building, the Houston Endowment Inc. Park, and other ancillary areas and buildings. The project scope also includes utility rerouting and decoupling, asbestos abatement, protection of existing facilities, building envelope repair/renovation at disconnection points, and site restoration for the interim site condition. The work will occur in a fully functioning Hospital and Research complex, which requires the buildings to be selectively and precisely dismantled while providing robust mitigation and monitoring measures. The patient care and research operations conducted in the buildings to be demolished are being relocated to a combination of existing facilities and new facilities currently under construction.

As envisioned in U.T.M.D. Anderson Cancer Center's Master Facilities Framework, this vacating and demolishing of aged facilities, will allow new facilities to provide environments that better support modern cancer care and will be sized to accommodate growing patient demand. Upon completion of this project, approximately \$190,000,000 in deferred maintenance will be removed from inventory.

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 The University of Texas Systemwide Policy UTS 199, pertaining to Management of Major Capital Projects, U.T.M.D. Anderson Cancer Center has delegated authority for institutional management of construction projects.

**The University of Texas M.D. Anderson Cancer Center  
Demolition of Jones, Bates-Freeman, and Anderson Central**

**Project Information**

Project Number	703-1472
CIP Project Type	Repair and Rehabilitation
Facility Type	Healthcare Facility, Hospital
Management Type	Institutional Management
Institution's Project Advocate	Rosanna Morris - Chief Operating Officer
Project Delivery Method	Design/Build
Gross Square Feet (GSF)	619,208

**Project Funding**

	<u>Proposed</u>
Hospital Revenues	<u>\$188,485,000</u>
Total Project Cost	\$188,485,000

**Project Cost Detail**

	Cost
Building Cost	
Building Demolition	\$79,010,306
Decoupling/Renovation	\$63,595,742
Fixed Equipment	-
Site Development	\$9,874,964
Furniture and Moveable Equipment	-
Institutionally Managed Work	\$1,000,000
Architectural/Design Services	\$6,718,988
Project Management	\$13,200,000
CIP Support Services	-
Insurance	-
Other Professional Fees	\$1,385,000
Project Contingency	\$13,700,000
Other Costs	-
Total Project Cost	\$188,485,000

**The University of Texas M.D. Anderson Cancer Center  
Demolition of Jones, Bates-Freeman, and Anderson Central  
(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 2023
Addition to CIP	August 2025
Design Development Approval	September 2025
Construction Notice to Proceed	October 2025
Substantial Completion	December 2030
Final Completion	May 2032

4. U.T. System: Laredo Multipurpose Building - Amendment of the current Capital Improvement Program to include project; and allocation of Permanent University Fund (PUF) Bond Proceeds

The Board approved the following recommendation:

**RECOMMENDATION**

Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs, concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor and Chief Operating Officer that the U.T. System Board of Regents amend the current Capital Improvement Program (CIP) and approve the recommendation to include the Laredo Multipurpose Building project at The University of Texas System Education and Research Center at Laredo and allocate Permanent University Fund (PUF) Bond Proceeds in the amount of \$60,000,000 for an overall total project cost of \$60,000,000.

**BACKGROUND INFORMATION**

**Previous Action**

On November 5, 2024, the Chancellor approved the project for Definition Phase.



### Project Description

The U.T. System Education and Research Center at Laredo is a multi-institution education and research hub serving the South Texas border region. By leveraging the central support of U.T. System and harnessing the collective power of U.T. Health Science Center - San Antonio, U.T. Health Science Center - Houston, U.T. Rio Grande Valley, U.T. San Antonio, and U.T. Medical Branch - Galveston, the center offers a wide range of health-focused bachelor's, master's and doctoral degrees, as well as certifications, taught by U.T. faculty at the U.T. Center at Laredo.

The proposed Laredo Multipurpose Building is anticipated to be a three-level structure constructed to accommodate the growth in existing academic programs as well as incoming programs at the U.T. System Education and Research Center at Laredo. The first and second floors will consist of programmatic spaces such as classrooms, collaboration spaces, breakout/huddle spaces, small and large conference rooms, student lounges, dental labs for the dental hygiene program, medical labs for the incoming Medical Laboratory Science program, simulation labs, flex labs, faculty offices, a large multi-use lobby and support spaces. The third floor will serve as shell space and will include dedicated spaces for future restrooms, electrical room, network infrastructure room, and custodial closets. Additionally, the third-floor shell space will have climate control to temper the space, main water and sewer connections, and main electrical infrastructure.

Concurrently, the project is developing a comprehensive Campus Master Plan that will provide architectural guidelines and target the continued development of the 15.7-acre property with more buildings, safe pedestrian infrastructure, connections to neighboring partners, and supporting infrastructure of a central plant and stormwater management. This project is essential to support the U.T. Center at Laredo's vision of being a distinguished multi-institution teaching center, in interdisciplinary education, healthcare innovation, and community engagement.

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, on behalf of the U.T. Center at Laredo.

## The University of Texas Education and Research Center at Laredo Laredo Multipurpose Building

### Project Information

Project Number	101-1543
CIP Project Type	New Construction
Facility Type	Laboratory, Medical/Healthcare
Management Type	Office of Capital Projects
Institution's Project Advocates	Sean Griffin – Associate Vice Chancellor, Governmental Relations and Health Affairs Jonathan Lewis - Associate Vice Chancellor, Health Affairs
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	57,469
Shell Space (GSF)	20,389

### Project Funding

Permanent University Fund Bond Proceeds	<u>Proposed</u> <u>\$60,000,000</u>
Total Project Cost	\$60,000,000

### Project Cost Detail

	Cost
Building Cost	\$35,544,320
Fixed Equipment	\$4,208,539
Site Development	\$4,018,533
Furniture and Moveable Equipment	\$1,400,000
Institutionally Managed Work	\$2,188,325
Architectural/Design Services	\$3,982,185
Project Management	\$1,610,000
CIP Support Services	\$25,000
Insurance	\$951,425
Other Professional Fees	\$3,021,673
Project Contingency	\$3,050,000
Other Costs	-
Total Project Cost	\$60,000,000

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

Laredo Multipurpose Building (with 35% Shell Space)	\$618		
Laredo Multipurpose Building (Total Estimated Finish-Out)	\$808		
Texas Higher Education Coordinating Board Average – Classroom, Medical/Healthcare	\$865		
	Low Quartile	Median	High Quartile
Other U.T. System Projects	\$549	\$646	\$717
Other National Projects	\$654	\$854	\$1,099

**The University of Texas Education and Research Center at Laredo**  
**Laredo Multipurpose Building**  
(continued)

**Investment Metrics**

- Increase student enrollment from 142 to 346 by 2029
- Increase projected graduates from 64 to 128 by 2029

**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	November 2024
Addition to CIP	August 2025
Design Development Approval	February 2026
Construction Notice to Proceed	June 2026
Substantial Completion	February 2028
Final Completion	April 2028

**Basis of Design**

The planned building life expectancy includes the following elements:

- Enclosure: 50 years  
Building Systems: 30 years  
Interior Construction: 15 years

APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD.--At 9:04 a.m., the Board voted and unanimously approved the Standing Committee recommendations.

#### AGENDA ITEMS (continued)

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

Chairman Eltife noted the following related to the Consent Agenda:

- Please note we have one abstention due to financial interests, for Regent Jiles, who will abstain from discussion and vote on Consent Agenda Item 62.
- Item 3 requests approval of proposed institutional policies regarding Speech, Expression, and Public Assembly to comply with Senate Bill 2972.
- Item 6 requests amendment to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Intermediate Term Fund, the Permanent Health Fund, and the Long Term Fund, Item 7 requests approval of revisions to the amended and restated UTIMCO Compensation Program, and Item 8 requests approval to negotiate a Master Custodian Agreement with Northern Trust Corporation for the investment funds under the fiduciary care of the Board of Regents that are managed by UTIMCO.
- Item 17 requests approval of amendment to terms of Employment Agreement for U.T. Austin Vice President and Athletics Director Christopher M. Del Conte.

#### REMARKS BY CHAIRMAN ELTIFE

I would like to make a comment on that item on behalf of the Board.

Without a doubt, at U.T. Austin, we have the best athletic director in the country.

As a matter of fact, Chris Del Conte was given that award this past year by the Sports Business Journal.

We have won the Director's Cup for Best Athletic Department in the country four out of the last five years.

We are excelling in all areas of athletics, but more importantly, our athletes are excelling academically.

But Del Conte goes beyond athletics.

He is one of the best ambassadors, not only for U.T. Austin, but for the entire U.T. brand, he cares deeply about people, and it shows in how he treats those in all walks of life - from our largest donors to those who clean up the stadiums after every event.

We could not ask for a better role model for our student athletes.

I know with passage of this agenda item; we are all grateful and excited that we'll be working with Chris for many years to come.

- Item 20 requests approval of terms of Employment Agreement with Prabhas V. Moghe, Ph.D., as President of U.T. Dallas. In approving this item, the Board is asked to make a finding that the proposed agreement is in the best interest of U.T. Dallas and U.T. System.
- Item 25 requests approval to transfer \$10,620,665 from Designated Funds to Voluntary Separation Incentive Program to fund VSIP payments payable to eligible faculty and staff upon retirement at UTRGV.
- Under Item 46, U.T. Southwestern Medical Center requests approval of the most recent Amendment to an Interagency Cooperation Agreement with the Texas Health and Human Services Commission for the planning and development of a new inpatient mental health facility.
- Under Item 59, U.T.M.D. Anderson Cancer Center requests approval of an approximately \$240,000,000 agreement for purchase of routine patient care items.

Regent Perez moved approval of the Consent Agenda, which was seconded by Vice Chairman Weaver. The Board then approved the Consent Agenda, which is set forth on Pages 175 - 340.

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

5. U.T. System Board of Regents: Discussion and appropriate action regarding amendments to Regents' *Rules and Regulations*, Rule 10402 (Committees and Other Appointments), to add a new subsection 3.3, regarding University Lands Advisory Board

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* and the General Counsel to the Board recommend that the U.T. System Board of Regents approve the following revisions to Regents' *Rules and Regulations*, Rule 10402 (Committees and Other Appointments) to add a new subsection 3.3:

Sec. 3.1 ULAB's duties include advising on the strategic direction and operations of University Lands and on oil and gas development terms and conditions to the Board for Lease.

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

- (a) Approve budgets;
- (b) Appoint members of ULAB;
- (c) Purchase and sell any property;
- (d) Approve policy recommendations and set policy for University Lands;
- (e) Approve decisions critical to the mission of University Lands, including compensation parameters;
- (f) Modify delegations to ULAB; and
- (g) Approve the hiring and compensation of the University Lands Chief Executive Officer.

Sec. 3.3 The U.T. Board Chairman may appoint three regents to act as liaisons with University Lands and to coordinate with the Executive Vice Chancellor of Business Affairs to advise the Chancellor on topics under Section 3.2.

BACKGROUND INFORMATION

Regents' Rule 10402 sets forth committees and other potential appointments for Board members, including the University Lands Advisory Board, which advises the Board of Regents on topics related to University Lands. The proposed revision

would enable the U.T. Board Chairman to also appoint up to three Regents to liaise with University Lands and advise U.T. System Administration leadership on topics under the authority of the Board of Regents.

The proposed revisions do not impact the full-time equivalent (FTE) employee count Systemwide and are 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.

6. U.T. System Board of Regents: Discussion and appropriate action regarding proposed revisions to Regents' *Rules and Regulations*, Series 20000: Administration and Regents' Rule 80107 (Expenditures for the Maintenance of University Residences)

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* and the General Counsel to the Board recommend that the U.T. System Board of Regents approve revised Regents' *Rules and Regulations*, Series 20000: Administration and Regents' Rule 80107 (*Expenditures for the Maintenance of University Residences*), as they appear on the following pages.

BACKGROUND INFORMATION

The U.T. System Board of Regents' Office is charged with maintaining the Regents' *Rules and Regulations*, including periodically reviewing the Rules for opportunities to improve efficacy and usability.

The proposed revised Regents' Rules Series 20000 were developed in collaboration with stakeholders throughout the U.T. System and are drafted to clarify and update policies and simplify and modernize language. Additionally, some revisions were made to comply with portions of Senate Bill 37 (SB 37), passed by the Texas Legislature 89<sup>th</sup> Regular Session, and effective January 1, 2026. Additional Regents' Rules changes needed to comply with SB 37 will be presented to the Board at a later date.

Significant proposed revisions to the Rules include:

- Rule 20102: Appointment of Institutional Administrative Officers
  - Added language regarding Board approval of provost titles and Board authority to overturn institutional hiring decisions to comply with SB 37. Included a special circumstances process that would allow a small committee to provisionally authorize provost hires if special circumstances require an appointment prior to a Board meeting.

- Rule 20201: Presidents
  - Changes to presidential search process to comply with SB 37.
  - Streamlined the process to select president candidates for Board interviews. Instead of holding a special called meeting for Board to select candidates, the Chairman will make selection following recommendations of the Advisory Committee Chairman and the Chancellor. This will eliminate one of the currently required Board meetings and expedite the process.
  - Incorporated content related to administration of an institution's intercollegiate athletics program (moved from Regents' Rule 20206).
- Rule 20204: Determining and Documenting the Reasonableness of Compensation
  - Streamlined references to use of IRS guidelines.
- Rule 20205: Expenditures for Travel and Entertainment by Chief Administrators
  - Raised threshold for travel and entertainment expenses requiring annual reporting from \$1,000 to \$2,500. Made parallel revision to Regents' Rule 80107 regarding reporting of expenditures for maintenance of university residences.
- Rule 20206: Intercollegiate Athletics
  - Deleted rule and incorporated content into discussion of presidents' responsibilities in Regents' Rule 20201.
- Rule 20501: Accounting, Operating Budgets, and Legislative Appropriation Requests
  - Consolidated delegations to the Executive Vice Chancellor level.
  - Added flexibility to the reappropriation process.
- Rule 20601: Aircraft Use
  - Reorganization of the rule to improve usability.
  - Broadened finding that spouses of U.T. employees at official functions may be in furtherance of U.T. business to include all U.T. employees and not just those specified.
  - Added flexibility to allow the Chancellor to assign use of U.T. aircraft at his or her discretion.
  - Changed official oversight of aircraft operations to Executive Vice Chancellor of Business Affairs instead of his direct reports.
  - Added flexibility to allow charges for use of aircraft to be up to actual cost.
  - Added prior approval requirement for use of chartered aircraft.
- Rule 20701: Use of Historically Underutilized Businesses



- Removed restated definitions and adopted definitions as they are contained in the *Texas Administrative Code*.
- Rule 80107: *Expenditures for the Maintenance of University Residences*
  - Raised threshold for reporting expenditures for maintenance of university residences from \$1,000 to \$2,500, consistent with revision in Regents' Rule 20205.

The revisions are not expected to directly impact the U.T. System full-time equivalent (FTE) employee counts and budgets, but could contribute to an overall increased efficiency in operations. The proposed Rules were reviewed by the institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

**The University of Texas System**

**Rules and Regulations of the Board of Regents**

**Rule: 20101**

**1. Title**

Chancellor

**2. Rule and Regulation**

Sec. 1     Role. The Chancellor is the chief executive officer of The University of Texas System. The Chancellor reports to and is responsible to the Board of Regents. The Chancellor heads the System Administration, which is used by the Board to exercise its powers and authorities in the governance of the U.T. System. The Chancellor has direct line responsibility for all aspects of the U.T. System's operations.

Sec. 2     Appointment. The Chancellor will be elected by the affirmative vote of a majority of the Regents in office and will hold office without fixed term, subject to the pleasure of the Board.

Sec. 3     Primary Duties and Responsibilities. The Chancellor, by delegation from the Board of Regents, is authorized to exercise the powers and authorities of the Board in the governance of the U.T. System. The Chancellor will normally act through the officers of the U.T. System regarding the matters delegated by the Regents' *Rules and Regulations* or other Board action. The Chancellor, however, is not precluded from any direct participation and communication with System Administration officers or staff, institutional officers or staff, faculty members, and faculty or staff organizations. The major duties of the Chancellor include:

3.1     Counseling, Implementing, and Representing. Counseling the Board with respect to the policies, purposes, and goals of the System; acting as executive agent of the Board in implementing Board policies, purposes, and goals and a system of internal controls; representing the U.T. System in all other respects as deemed appropriate to carry out such policies, purposes, and goals, and interpreting and articulating the U.T. System's academic, administrative, and developmental policies, programs, needs, and concerns to the

general public and to other constituencies at the community, state, regional, and national levels.

- 3.2 Strategic Planning. In consultation with the Board of Regents, the Chancellor conducts an ongoing review of emerging trends and critical issues in higher education and, in collaboration with U.T. System and institutional leadership, recommends operational adjustments based on assessments of the internal and external environment; and recommendations for U.T. System goals, priorities, and benchmarks of progress in academic programs, service, capital expenditures, and the allocation of financial resources.
- 3.3 Directing. Directing the management and administration of System Administration and all institutions of the U.T. System.
- 3.4 Organizing. Reviewing periodically the organization of the System Administration and the institutions of the U.T. System and reporting to the Board recommendations for changes in organization, assignments, and procedures.
- 3.5 Recommending Board Action. Making appropriate recommendations to the Board of Regents along with any appropriate U.T. System officer or president of an institution.
- 3.6 Budgeting. Preparing and approving annual operating budgets for the System Administration and the institutions of the U.T. System and submitting recommendations to the Board of Regents in accordance with [Rule 20501](#).
- 3.7 Preparing Legislative Submissions. Preparing and approving biennial legislative submissions to the Legislative Budget Board and to the Governor for the System Administration and the institutions of the U.T. System for the consideration of the Board of Regents in accordance with [Rule 20501](#).

- 3.8 Fund Development. Serving as the chief executive officer for fund development and as the agent of the Board of Regents for the discharge of development responsibilities. Defining for the Board, at periodic intervals, descriptions of current and future needs, as determined by the presidents and System Administration, taking into account recommendations from institutional development boards.
- 3.9 Appointment of Officers. Appointing the Executive Vice Chancellors, Vice Chancellors, and the Chief Compliance and Risk Officer. Appointments shall be made after consultation with the Chairman of the Board and must comply with the Board's policy on the compensation of key executives as set forth in [Rule 20203](#). The Chancellor may also approve the payment of reasonable supplemental salary for an individual assuming additional duties including those of an interim appointment, following consultation with the Chairman.
- 3.10 Nominating Chief Audit Executive. Nominating candidates for the position of Chief Audit Executive for appointment by the Board of Regents, as outlined in [Rule 20401](#).
- 3.11 Oversight of UTIMCO. Serving, if appointed by the Board of Regents, on the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO). Generally overseeing the operations of UTIMCO and coordinating interaction between the U.T. System and UTIMCO. Ensuring that UTIMCO implements the core investment functions delegated by the Board of Regents in conformance with the Regents' *Rules and Regulations*, the Investment Management Services Agreement, and the Investment Policy Statements adopted by the Board. Directing UTIMCO in areas other than core investment functions such as relations with the media, intergovernmental relations, and public disclosure issues. Recommending to the Board of Regents, in its fiduciary role, an effective oversight system for the proper management of UTIMCO,

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including, but not limited to clear procedures for the selection of UTIMCO directors; process for budget review; and periodic review of the Investment Management Services Agreement.

**3. Definitions**

None

**4. Relevant Federal and State Statutes**

*Texas Education Code* [Section 51.353](#) – Responsibility of System Administration

*Texas Education Code* [Section 65.16](#) – System Central Administration Office; Executive Officer

*Texas Education Code* [Section 66.08](#) – Investment Management

*Texas Government Code* [Chapter 669](#) – Restrictions on Certain Actions Involving Executive Head of State Agency

**5. Relevant System Policies, Procedures, and Forms**

*Regents' Rules and Regulations*, [Rule 20401](#) – Audit and Compliance Programs

*Regents' Rules and Regulations*, [Rule 20501](#) – Accounting, Operating Budgets, and Legislative Appropriation Requests

**6. System Administration Office(s) Responsible for Rule**

Office of the Board of Regents

**7. Dates Approved or Amended**

[Regents' Rules Revision History](#)

**The University of Texas System**

**Rules and Regulations of the Board of Regents**

**Rule: 20102**

**1. Title**

Appointment of Institutional Administrative Officers

**2. Rule and Regulation**

**Sec. 1 Appointment.**

- 1.1 Except as provided otherwise by these Rules or state law, the U.T. System Board of Regents delegates to the president of each institution the responsibility for the appointment and dismissal of all administrative officers of each institution, who serve without fixed terms and subject to the pleasure of the president.
- 1.2 The Board of Regents endorses the principle of reasonable consultation in the selection of administrative officers of the institutions and the primary operating units and expects the president, as he or she deems appropriate, to consult in the selection process with the representatives of the faculty, staff, and student body. However, the president of the institution is responsible for executing the duties of the office and consequently shall not be bound by nominations to administrative positions by campus selection committees, and the *Handbook of Operating Procedures* of each institution shall so state.

**Sec. 2 Required Board Approval.**

- 2.1 Board approval is necessary for each appointment for the position of provost or deputy, associate, assistant, or vice provost.
- 2.2 Appointments may be made by the President following consultation with the Chancellor, the appropriate Executive Vice Chancellor, the Vice Chancellor and General Counsel, and a member or members of the Board designated by the Chairman of the Board of Regents and additional consultation, as requested by the Chairman, to determine if special circumstances require an appointment be made prior to a scheduled meeting of the Board. Such special circumstance appointments must be

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submitted to the Board for formal approval at the next appropriate meeting of the Board.

Sec. 3 Required Executive Vice Chancellor Approval. Prior approval by the appropriate Executive Vice Chancellor is necessary for each permanent, interim, or acting appointment and for each such dismissal whether from a permanent, interim, or acting appointment, for the positions of executive vice president, vice president, or dean.

Sec. 4 Board Authority to Overturn. The Board may overturn any hiring decision for the position of vice president or dean. Any such decision shall be implemented by an institution through appropriate action.

**3. Definitions**

None

**4. Relevant Federal and State Statutes**

*Texas Education Code* [Section 51.352](#) – Responsibility of Governing Boards

**5. Relevant System Policies, Procedures, and Forms**

*Regents' Rules and Regulations*, [Rule 10402](#), Section 1.6 (b.iv.) – Committees and Other Appointments

*Regents' Rules and Regulations*, [Rule 20401](#), Section 1.2(c), (d) – Audit, Compliance, and Risk Management Programs

**6. System Administration Office(s) Responsible for Rule**

Office of the Board of Regents

**7. Dates Approved or Amended**

[Regents' Rules Revision History](#)

**The University of Texas System**

**Rules and Regulations of the Board of Regents**

**Rule: 20201**

**1. Title**

Presidents

**2. Rule and Regulation**

Sec. 1 Presidential Selection. The Board of Regents selects the president of each institution.

1.1 Presidential Search Advisory Committee. When there is an imminent or actual vacancy in the office of a president, an Advisory Committee will be established to recommend candidates to the Board. No potential candidate for the vacancy may serve on the Advisory Committee. Committee membership is as follows:

- (a) At least two Regent appointed by the Chairman of the Board, one of which will be designated to serve as Chairman of the Advisory Committee.
- (b) Two presidents from U.T. System institutions appointed by the Chairman of the Board.
- (c) The Chancellor and the Executive Vice Chancellor for Academic or Health Affairs, as appropriate.
- (d) Three faculty members from the applicable institution following a method of selection determined by the institution's faculty governance body. At least two of the members must have the rank of associate professor or higher.
- (e) One Dean selected by the Deans' Council of the applicable institution for academic institutions. At health institutions, the member will be the Dean of the Medical School or in the absence of that position the member will be a senior representative of the teaching program of the institution selected by the Chairman of the Board.
- (f) One student, in good academic standing, from the applicable institution, following a method of



selection determined by the institution's student governance body or, if there is no student governance body, by the Chairman of the Board. If the institution does not have students, this category of representation may be omitted.

- (g) The President of the alumni association of the applicable institution. If the institution does not have an active alumni organization, an alumnus of the institution may be selected by the Chairman of the Board.
  - (h) One nonfaculty employee of the applicable institution following a method of selection determined by the institution's staff or employee council. If there is no staff or employee council, selection will be by the Chairman of the Board.
  - (i) At least two representatives of the institution's external constituency who have demonstrated a deep interest in and support of the institution, its programs, and its role in community activities, appointed by the Chairman of the Board.
- 1.2 Appointment of Members. Unless there are unusual delays in faculty, staff, or student representative selection that postpone initiation of the committee process, the Chairman of the Board will make his or her appointments to the Advisory Committee after the institutional selections set forth above. The Chairman's appointments to the Advisory Committee will be made following due consideration of input from members of the Board, the institutional leadership, and community leaders.
  - 1.3 Selection Criteria. Selection criteria for the president must relate to the needs of the individual institution and the U.T. System.
  - 1.4 Responsibilities of the Committee Chairman. The Committee Chairman will develop a timetable for the Committee's work, in consultation with the Chancellor and the Chairman of the Board, and initiate processes to develop an appropriate candidate pool.

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- 1.5 Review of Qualifications. Following an introduction and charge by the Committee Chairman, the Advisory Committee will assess the candidates' academic, administrative, and business qualifications.
- 1.6 Interviews. The Advisory Committee will interview candidates as a part of its selection process.
- 1.7 Selection of Finalists. The Board Chairman will select candidates to be further interviewed by the Board following recommendations from the Advisory Committee Chairman and the Chancellor. Following the Board interviews, the Board may select a finalist or finalists. If none of the candidates interviewed are satisfactory to the Board of Regents, the Board in its discretion may either name a new committee or proceed to select a president under such other procedures that in its discretion it may deem proper and appropriate.
- 1.8 Alternate Process. When the Board of Regents has candidates from recent searches at other institutions, from within the U.T. System, and/or of national prominence from outside the U.T. System to advance for consideration, the Chairman of the Board of Regents will appoint a Special Committee to provide the Board with advice and evaluation consistent with that usually provided by an Advisory Committee. The Special Committee will be composed as specified above for the Advisory Committee but will not include members of the Board of Regents. The Special Committee will not extend its consideration beyond those candidates referred to it by the Board of Regents without specific concurrence from the Board.
- 1.9 Confidentiality. The presidential selection process must be conducted in a manner that protects the identity of all candidates at all stages. Information about the process, other than statements or releases by the Chairman of the Board or the Chancellor, will be distributed only as required by the Texas Public Information Act (TPIA). Each individual participating in the search process,

including U.T. System employees, members of the Board, search firm representatives, members of a Presidential Search Advisory Committee, and individuals asked to meet with candidates, must sign a confidentiality agreement in a form approved by the General Counsel to the Board and the U.T. System Vice Chancellor and General Counsel prior to participation.

An individual found to have violated the confidentiality agreement may be removed from the search process. A U.T. System employee found to have violated the confidentiality agreement is subject to disciplinary action, up to and including termination.

- Sec. 2     Reporting. The president reports to and is responsible to the Chancellor. The president is expected to consult with the Chancellor and the appropriate Executive Vice Chancellor on significant issues as appropriate and as soon as is practicable.
- Sec. 3     Term and Removal from Office. The president serves at the pleasure of the Chancellor, subject to the approval of the Board of Regents. When circumstances warrant or require such action, the Chancellor may take interim action involving a president, including but not limited to suspension or leave of absence, in consultation with the Chairman of the Board.
- Sec. 4     Duties and Responsibilities. The president is the chief administrative officer of an institution. Within the policies and regulations of the Board of Regents and under the supervision and direction of the Chancellor and the appropriate Executive Vice Chancellor, the president has general authority and responsibility for the administration of that institution. Specifically, the president is expected, with the appropriate participation of or in consultation with the institution's administrative officers or other staff, to:
- 4.1     Develop and administer plans and policies for the programming, organization, and operation of the institution.
  - 4.2     Communicate and implement the System policies at the institution and promote the institution's programs

and needs to the System Administration and to the public.

- 4.3 Develop and administer policies relating to students and, where applicable, to the proper management of services to patients.
- 4.4 Recommend appropriate operating budgets and legislative appropriation requests and supervise expenditures under approved budgets.
- 4.5 Appoint all members of the faculty and staff, except as provided in [Rule 31007](#), concerning the award of tenure, and maintain efficient personnel programs.
- 4.6 Ensure efficient management of business affairs and physical property and recommend additions and alterations to the physical campus or facilities.
- 4.7 Serve as presiding officer at official meetings of faculty and staff of the institution and as *ex officio* member of each college or school faculty, if any, within the institution.
- 4.8 Appoint or establish procedures for the appointment of all faculty, staff, and student committees.
- 4.9 Develop and administer the rules and regulations for the governance of the institution and any related amendments. Such rules and regulations will constitute the *Handbook of Operating Procedures* for the institution. Any rule or regulation in the institutional *Handbook of Operating Procedures* that is in conflict with the Regents' *Rules and Regulations* or Systemwide policies is void and has no effect.
  - (a) Input from the faculty, staff, and student governance bodies for the institution will be sought for all significant changes to an institution's *Handbook of Operating Procedures*. The institutional *Handbook of Operating Procedures* will include a policy for obtaining this input.

- (b) Sections of the *Handbook of Operating Procedures* that pertain to the areas of faculty responsibility as defined in Regents' *Rules and Regulations*, [Rule 40101](#), Faculty Role in Educational Policy Formulation, will be explicitly designated in the *Handbook of Operating Procedures*. The president, with the faculty governance body of the institution, will develop procedures to assure formal review of these sections by the faculty governance body before such sections are finalized. The formal review should occur within 60 days or less.
  - (c) All rules and regulations or amendments in the *Handbook of Operating Procedures* must be approved by the president and by the institution's chief legal officer or the Vice Chancellor and General Counsel, as needed.
- 4.10 Assume initiative in developing long-range plans for the programs and physical facilities of the institution.
  - 4.11 Assume active leadership in developing private fund support for the institution in accordance with policies and procedures established in the Regents' *Rules and Regulations*.
  - 4.12 Develop and implement plans and policies to ensure that the institution remains in compliance with any accreditation requirements appropriate to the institution or its programs, including, the accreditation of hospitals, clinics, and patient-care facilities, as appropriate.

For each institution of The University of Texas System that operates a hospital or clinic, the president will serve as the Health Care Governing Body, required by the Centers for Medicare and Medicaid Services, The Joint Commission, and/or other specialty accreditation standards or by other health care regulations (collectively, "Health Care Regulations") if appointed as the Health Care Governing Body by the Chancellor. The Health Care Governing Body will have legal responsibility to oversee, manage, and govern hospitals and clinics

in accordance with the Health Care Regulations and applicable laws, regulations, and Regents' *Rules*.

A U.T. institution that operates a hospital will also have an organized, self-governing medical staff (the "Medical Staff"). The Medical Staff will operate independently and in accordance with Medical Staff Bylaws approved by the Health Care Governing Body, perform certain responsibilities, and be accountable to the Health Care Governing Body for the quality of medical care in the hospitals, as required by the Health Care Regulations. The Medical Staff may include faculty members in accordance with the Medical Staff Bylaws recommended by the Medical Staff and approved by the Health Care Governing Body.

- 4.13 Assume ultimate responsibility and authority for the operation, fiscal integrity, and personnel of the institution's athletics program, including appointment and supervision of the athletics director(s), exercised in accordance with the oversight and broad policy guidelines provided by the Board. Each president is also responsible for ensuring that the institution's athletics program is in compliance with all applicable laws and regulations, including the General Appropriations Act and that the mission, values, and goals of the athletics program are compatible with those of the institution.

## Sec. 5 Evaluation

- 5.1 Within 12 months of beginning service as president, the new president will provide the Board with a statement outlining a vision and plans for the future of the institution. The presentation may be deferred for six months, if deemed appropriate by the Chancellor and the appropriate Executive Vice Chancellor after consultation with the Chairman of the Board.
- 5.2 Each president will have an annual performance evaluation, conducted by the Chancellor and the appropriate Executive Vice Chancellor, and presented to the Board for discussion.

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- 5.3 Each president will receive a comprehensive performance review by the appropriate Executive Vice Chancellor, the Chancellor, and the Board at the conclusion of each five-year period, beginning after the first year of service as president. The review may include an interview with the Board in Executive Session during which the president will outline his or her renewed vision and plans for the future of the institution.

**3. Definitions**

Health Care Governing Body – an organized body or an individual that has legal responsibility for the operation of the hospital or clinic, as contemplated by Health Care Regulations, including [42 C.F.R. 482.12](#) or [42 C.F.R. 485.709](#).

**4. Relevant Federal and State Statutes**

*Texas Education Code* [Section 65.16](#) – System Central Administration Office; Executive Officer

*Texas Government Code* [Section 552.123](#) – Exception: Name of Applicant for Chief Executive Officer of Institution of Higher Education (excepting applicant names and identifying information from public disclosure but requiring notice of name or names of finalists at least 21 days before meeting at which final action is to be taken)

*Texas Education Code* [Section 51.913](#) – Executive Search Committees

[General Appropriations Act](#)

**5. Relevant System Policies, Procedures, and Forms**

None

**6. System Administration Office(s) Responsible for Rule**

Office of the Chancellor  
Office of Academic Affairs Office of Health Affairs

**7. Dates Approved or Amended**

[Regents' Rules Revision History](#)

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

**Rule: 20202**

**1. Title**

Cash Compensation for Chief Administrative Officers

**2. Rule and Regulation**

Sec. 1 Purpose. This Rule sets forth the cash compensation structure authorized for the Chief Administrative Officers of The University of Texas System. It is prospective in nature and application and is not intended to be applied retroactively. It does not pertain to, nor affect, benefit programs such as insurance and retirement benefits, which may also be a part of a Chief Administrative Officer's overall compensation package.

Sec. 2 Elements of Compensation Structure. In order to attract and to retain effective, highly skilled, and committed Chief Administrative Officers, it is the policy of the U.T. System to offer competitive levels of cash compensation within a compensation structure consistently applied. This Rule establishes and defines the various elements for the cash compensation portion of a Chief Administrative Officer's compensation package. Compensation packages for the presidents are recommended by the appropriate Executive Vice Chancellor to the Chancellor, and then by the Chancellor to the Board of Regents for approval. The compensation package for the Chancellor is determined by the Board of Regents.

2.1 Base Salary. The base salary rate for each chief administrative officer will be set by the U.T. System Board of Regents following a review of for peer institutions.

2.2 Practice Plan Supplement. The bylaws of the physician practice plans provide that the compensation for the presidents of the health institutions may be supplemented by up to 30% of the president's salary from practice plan funds. The supplement is contingent on availability of funds in the practice plan. The practice plan salary supplement is not a part of the base salary and will be reported as a separate element of the health institution president's cash compensation because of the special nature of the source of funding.



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Practice plan supplements are not eligible for Teacher Retirement System and Optional Retirement Program retirement benefits or other retirement benefits and no employer matching contributions may be made with respect to practice plan supplements.

- 2.3 Deferred Compensation. Upon approval by the Board, deferred compensation may be paid pursuant to a Deferred Compensation Plan originally adopted effective September 1, 1996, for the benefit of a select group of employees. The purpose of the plan is to offer those employees an opportunity to elect to defer the receipt of compensation pursuant to [Section 457\(f\)](#) of the Internal Revenue Code of 1987, as amended. Deferred compensation is not part of the base salary and will be reported as a separate element of the Chief Administrative Officer's cash compensation. Deferred compensation is not eligible for Teacher Retirement System or Optional Retirement Program retirement benefits or other retirement benefits.
- 2.4 One-time Merit Awards. In instances where a Chief Administrative Officer has made a significant contribution in a particular year, the Board of Regents may elect to make a one-time merit award.
- 2.5 Other Elements of Compensation. A Chief Administrative Officer is also eligible to receive additional elements of compensation available to all Key Executives, as listed in Rule 20203, that are not specifically listed above.

Sec. 3 Prohibited Allowances or Adjustments. No allowances or adjustments will be provided for the following items.

- 3.1 Housing Allowance. No separate allowance for housing may be paid. Base salary includes compensation sufficient to purchase or lease a residence.
- 3.2 Housing Maintenance Allowance. No separate allowance for maintenance, utilities, landscaping, or other expenses attributable to a Chief Administrative

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**Rule: 20202**

Officer's personal residence may be paid. All personal expenses associated with a chief administrative officer's residence are intended to be covered by the base salary. No U.T. System employee may be used to provide personal services related to repair or maintenance at a residence that is not owned by the University.

- 3.3 Car Allowance. No separate car allowance may be provided to a Chief Administrative Officer. Base salary includes compensation sufficient to purchase or lease a car. An institution may reimburse a Chief Administrative Officer for mileage associated with business use of a personal vehicle in accordance with the latest published Internal Revenue Service guidelines, the State Travel Regulations Act (*Texas Government Code*, [Chapter 660](#)), and applicable institutional policies. No vehicle may be purchased for or assigned to the Chief Administrative Officer for personal use.

- Sec. 4 Other Compensation. This Rule covers compensation provided for service as a Chief Administrative Officer by the institution or an external organization that is established to support the mission of the institution. Compensation for other service, such as service on outside boards, must be pursuant to approval required by The University of Texas Systemwide [Policy UTS 180](#) (*Conflicts of Interest, Conflicts of Commitment, and Outside Activities*).

- Sec. 5 University Residences. If the Board of Regents require the Chief Administrative Officer to reside in a University Residence, then such requirement will be detailed in the Chief Administrative Officer's offer of employment. In the absence of such requirements, each Chief Administrative Officer, for which a residence owned by the U.T. System is available, will have the option of leasing the residence from the U.T. System at the current fair market rental value of that portion of the residence that is used as the Chief Administrative Officer's private residence.

**3. Definitions**

Chief Administrative Officers – the Chancellor and the presidents of U.T. System institutions

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**Rule: 20202**

University Residences are the following:

Bauer House – Residence of the Chancellor of the U.T. System, located in Austin, Texas

Hoover House – Residence of the President of U.T. El Paso, located in El Paso, Texas

Juanita Curry Boynton House – Residence of the President of Stephen F. Austin State University in Nacogdoches, Texas

**4. Relevant Federal and State Statutes**

*Texas Education Code* [Section 65.16](#) – System Central Administration Office; Executive Officer

*Texas Education Code* [Section 65.31](#) – General Powers and Duties

*Texas Government Code*, [Chapter 660](#) – Travel Expenses

**5. Relevant System Policies, Procedures, and Forms**

*Regents' Rules and Regulations*, [Rule 20203](#) – Compensation for Key Executives

*Regents' Rules and Regulations*, [Rule 80107](#) – Expenditures for the Maintenance of University Residences

The University of Texas Systemwide [Policy UTS 180](#), *Conflicts of Interest, Conflicts of Commitment, and Outside Activities*

**6. System Administration Office(s) Responsible for Rule**

Office of the Chancellor

**7. Dates Approved or Amended**

[Regents' Rules Revision History](#)

**1. Title**

Compensation for Key Executives

**2. Rule and Regulation**

Sec. 1 Compensation Philosophy. To attract, retain, and motivate the top talent needed to lead The University of Texas System and accomplish its mission, and to recognize and reward performance, the Board of Regents seeks to compensate key executives at levels that are competitive in the marketplace, cost effective, and, to the extent possible, internally equitable.

Sec. 2 Market Review. To align executive compensation with the relevant market, U.T. System Administration will obtain current and reliable market data on total compensation of key executives in comparable positions at peer institutions or peer organizations.

Sec. 3 Elements of Compensation. The elements of compensation may include and are limited to base salary; short and long-term incentive pay; supplemental retirement plans, such as deferred compensation plans; one-time merit pay; special provisions necessary to recruit an individual to a key executive position, such as salary supplement for a limited time or one-time relocation payment as necessary and prudent to recruit the top talent for the position; and perquisites such as memberships, parking privileges, and provision of or allowance for mobile communication devices as determined necessary for business purposes and as covered in individual agreements. Key executives must promptly reimburse the institution for any personal use of a membership provided by the institution. All compensation set pursuant to this Rule must comply with all applicable state and federal laws and must be approved and documented in budget summaries. All compensation for service as a key executive is covered by this Rule.

Sec. 4 Peer Institutions or Organizations. Peer institutions or organizations will be determined by the Chancellor and based on based on standard external benchmarking standards, for example size, mission, budget, and program mix.

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**Rule: 20203**

Sec. 5 Approval by Board of Regents. All proposed elements of compensation, including taxable and nontaxable items, will be presented to the Board of Regents for approval.

Sec. 6 Determining Compensation. In setting a key executive's initial compensation, the following factors should be considered: relevant market data, current compensation, cost of living differences, internal equity, and the U.T. System budget. Factors to consider in making future adjustments to a key executive's compensation include market data, job performance, the institution's progress on key performance indicators, internal equity, and the U.T. System budget.

**3. Definitions**

Key executive(s) – include the Chancellor, General Counsel to the Board, Chief Audit Executive, Executive Vice Chancellors, presidents of each of the U.T. System academic and health institutions, and Vice Chancellors.

**4. Relevant Federal and State Statutes**

*Texas Education Code* [Section 65.31](#) – General Powers and Duties

**5. Relevant System Policies, Procedures, and Forms**

Regents' *Rules and Regulations*, [Rule 20202](#) – Cash Compensation for Chief Administrative Officers

**6. System Administration Office(s) Responsible for Rule**

Office of Budget and Planning

**7. Dates Approved or Amended**

[Regents' Rules Revision History](#)

**1. Title**

Determining and Documenting the Reasonableness of Compensation

**2. Rule and Regulation**

Sec. 1 Setting of Compensation. Institutions of The University of Texas System are charged with setting compensation levels for personnel in such a way that compensation is reasonable and adequate documentation is maintained for supporting the reasonableness of compensation paid. The presidents will implement appropriate policies and procedures concerning compensation at each U.T. System institution.

Sec. 2 Determining compensation for Highly Compensated Personnel in Compliance with IRS Guidelines. The Internal Revenue Code and related IRS guidelines provide guidance for determining the reasonableness of compensation for certain highly compensated employees. Although much of this guidance is not directly applicable to the UT System, compensation for Highly Compensated Personnel will be determined pursuant to a process in conformance with the spirit of these authorities, as well as any other factors deemed relevant. The Chancellor must develop a Systemwide policy for establishing the compensation for Highly Compensated Personnel not defined as Key Executives in [Rule 20203](#), that is in conformance with this standard.

Sec. 3 Approval required.

3.1 Board Approval. Initial Total Annual Compensation and changes to Total Annual Compensation that may exceed the amount set as the institutional contract threshold discussed in [Rule 10501](#), must be approved by the Board of Regents, except as provided by [Rule 10501](#) for athletic directors or coaches or by Subsection 3.2 below. This approval can occur through the approval of the annual operating budget or as a stand-alone item during the fiscal year.

3.2 Chancellor approval. For proposed changes not included in the annual operating budget, the Chancellor may approve changes of up to five percent per year of an

institutional employee's Total Annual Compensation that was approved by the Board pursuant to subsection 3.1.

- 3.3 Documentation required. In all cases, the employing institution is responsible for maintaining documentation that the compensation was established or changed in accordance with applicable Systemwide policy.

### **3. Definitions**

Highly Compensated Personnel – personnel whose Total Annual Compensation is, or may exceed, \$1 million in any year and who are not covered in Regents' *Rules and Regulations*, [Rule 20203](#) (Compensation for Key Executives).

Total Annual Compensation – includes an employee's salary or wages, practice plan supplements, incentive plan payments, and unpaid deferred compensation and excludes employer-provided insurance, expense allowances, employer contributions to Teachers Retirement System of Texas and Optional Retirement Program, longevity pay, and other fringe benefits.

### **4. Relevant Federal and State Statutes**

*Internal Revenue Code* [Section 162](#) – Trade or Business Expense - imposes a reasonableness requirement for the deductibility of compensation as a business expense; applicability has been extended to tax-exempt organizations

*Internal Revenue Code of 1986* [Section 4958](#) – Taxes on Excess Benefit Transactions - imposes excise taxes on excess benefit transactions between certain tax-exempt organizations and persons in a position to exercise substantial influence over the affairs of the organizations

### **5. Relevant System Policies, Procedures, and Forms**

Regents' *Rules and Regulations*, [Rule 10501](#) – Delegation to Act on Behalf of the Board

Regents' *Rules and Regulations*, [Rule 20202](#) – Cash Compensation for Chief Administrative Officers

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**Rule: 20204**

Regents' *Rules and Regulations*, [Rule 20203](#) – Compensation for Key Executives

The University of Texas Systemwide [Policy UTS 144](#), *Establishing Compensation for Highly Compensated Employees*

[Board Contract Approval Threshold Table](#) (October 5, 2022)

**6. System Administration Office(s) Responsible for Rule**

Office of Budget and Planning

**7. Dates Approved or Amended**

[Regents' Rules Revision History](#)



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**Rules and Regulations of the Board of Regents**

**Rule: 20205**

**1. Title**

Expenditures for Travel and Entertainment by Chief Administrative Officers

**2. Rule and Regulation**

Sec. 1 Purpose. The University of Texas System is governed by State law and rules and regulations promulgated under those laws, as well as Systemwide and institutional policies and procedures concerning expenses incurred by officials for travel and entertainment. While recognizing the unique role of the Chief Administrative Officers in representing the U.T. System and the institutions, the Board of Regents also recognizes the importance of oversight and accountability, transparency, and fiscal responsibility. The purpose of this *Rule* is to prescribe, clarify, and provide uniformity in the approval, review, and audit of Travel and Entertainment Expenses incurred by the Chief Administrators.

Sec. 2 Prudent Use of Funds. In the performance of their unique roles, the Chief Administrative Officers are frequently called upon to travel on behalf of the U.T. System, to extend official hospitality to important visitors, and to entertain guests in conjunction with alumni and development activities, campus events, and other official functions. As a public institution, the U.T. System must make the most efficient and effective use of funds entrusted to it by various constituencies when making expenditures for those purposes and must be able to demonstrate compliance with applicable laws, rules, and policies. Additionally, individuals seeking reimbursement must certify that expenditures support the mission and purpose of the U.T. System and that the expenditures are not made for a private purpose.

Sec. 3 Travel and Entertainment Expenditures. All expenditures for travel and entertainment by a Chief Administrative Officer that are paid or reimbursed by the U.T. System must be for a business purpose of the U.T. System and must comply with all laws, rules, and policies of the institution and the U.T. System Administration. All Foreign Travel must be approved in advance by the Chairman of the Board of Regents for the Chancellor and spouse and by the appropriate Executive Vice Chancellor for the presidents and spouses. Requests for approval of Foreign Travel must include a specific business

purpose and an estimate of funds to be expended by U.T. System Administration or by the institution.

Sec. 4 Documentation and Review. Each Chief Administrative Officer must comply with all documentation requirements imposed by law and U.T. System Administration and institutional rules and policies for Travel and Entertainment Expenses, including providing appropriate receipts and documentation of the purpose of the expense and, when necessary, the individuals or groups attending an event. Evidence of review, in all cases, must be documented. Each Chief Administrative Officer must take all necessary and reasonable steps to ensure that all employees follow applicable procedures for expense reimbursement.

4.1 Chancellor Expenses. Reimbursements made directly to the Chancellor for Travel and Entertainment Expenses must be reviewed and approved by the General Counsel to the Board of Regents before payment to assure compliance with applicable laws, rules, and policies. Payments for Travel and Entertainment Expenses made on the Chancellor's behalf in excess of \$100 must also be reviewed but may be reviewed after payment.

4.2 President Expenses. Reimbursements made directly to a president of a U.T. System institution for Travel and Entertainment Expenses must be reviewed and approved by the institution's chief business officer before payment to assure compliance with applicable laws, rules, and policies. Payments for Travel and Entertainment Expenses made on the president's behalf in excess of \$100 must also be reviewed but may be reviewed after payment.

4.3 Spouse Expenses. Requirements, processes, and guidelines applicable to a Chief Administrative Officer will also apply to his or her spouse.

Sec. 5 Timeliness of Requests for Reimbursements. Chief Administrative Officers must request any reimbursement for Travel and Entertainment Expenses within 60 days of the date on which the expense was incurred.

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**Rule: 20205**

Sec. 6 Reporting. Each Chief Administrative Officer must prepare an annual report each fiscal year of Travel and Entertainment Expenses in a standard format. The Chancellor must file the report with the General Counsel to the Board of Regents for review by the Chairman of the Board of Regents and each president must file the report with the institution's chief business officer for review. The reports are due not later than the 30th day of October.

6.1 Annual Reporting on Travel and Entertainment Expenses. The annual report must include each expense that exceeds \$2,500 and that is reimbursed to the Chief Administrative Officer during the year or directly paid to a vendor on the Chief Administrative Officer's behalf, except for Entertainment Expenses at which more than 10 individuals are present. The report must include the payee, the date and amount of the expense, the type, and if applicable, the location of the event/expense, the participants if any, the business purpose of the expense, and the account charged for the expense.

6.2 Annual Certification. The institution's chief business officer will provide an annual certification to the Executive Vice Chancellor for Academic Affairs or Health Affairs that the reports have been received and reviewed.

Sec. 7 Audits. The System Audit Office will audit the Travel and Entertainment Expenses reimbursed to and directly paid to a vendor on behalf of the Chief Administrative Officers after the first full fiscal year after assuming office and periodically thereafter, based on an assessment of risk factors.

**3. Definitions**

Chief Administrative Officer – means the Chancellor or the president at each U.T. System institution. An individual serving in an interim or acting capacity is included in the definition, for purposes of compliance with this Rule.

Entertainment Expenses – includes all expenses associated with meals and events hosted by a Chief Administrative Officer in furtherance of a business purpose of U.T. System Administration or an institution.

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**Rule: 20205**

Foreign Travel – travel to, in, or from a destination that is neither in the United States nor a territory of the United States.

Travel Expenses – includes transportation, except for use of the U.T. System plane or a state plane, lodging, meals, and other expenses incurred in connection with travel in furtherance of a business purpose of the U.T. System, but does not include Entertainment Expenses or meals for others.

**4. Relevant Federal and State Statutes**

*Texas Education Code* [Section 65.31](#) – General Powers and Duties

*Texas Government Code* [Section 660.003](#) – Applicability of Travel Expenses

*Texas Government Code* [Section 660.024](#) – Advance Approval for Certain International Travel

**5. Relevant System Policies, Procedures, and Forms**

*Regents' Rules and Regulations*, [Rule 20202](#) – Cash Compensation for Chief Administrative Officers

*Regents' Rules and Regulations*, [Rule 20203](#) – Compensation for Key Executives

*Regents' Rules and Regulations*, [Rule 20801](#) – Travel

The University of Texas Systemwide [Policy UTS 120](#), *Spousal Travel Policy*

The University of Texas Systemwide [Policy UTS 191](#), *Travel Guidance for Presidents and Their Spouses*

[Request for Payment of Business Expense Form](#)

[Travel Reimbursement Forms](#)

[International Travel Approval Form for Presidents and Spouses](#)

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**Rules and Regulations of the Board of Regents**

**Rule: 20205**

**6. System Administration Office(s) Responsible for Rule**

Office of the Board of Regents

**7. Dates Approved or Amended**

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**The University of Texas System**

**Rules and Regulations of the Board of Regents**

**Rule: 20206**

Proposed deletion of Rule 20206

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**Rules and Regulations of the Board of Regents**

**Rule: 20301**

**1. Title**

Honorary Titles and Degrees

**2. Rule and Regulation**

Sec. 1 Honorary Titles. The titles Chancellor Emeritus, President Emeritus, and similar honorary designations may be conferred only by appropriate action of the Board of Regents on individuals who are fully retired. No person is authorized to use any such title unless it has been bestowed by the Board.

Sec. 2 Honorary Degrees. In accordance with long-standing Board of Regents tradition, honorary degrees may be awarded only to a sitting President of the United States. Award of an honorary degree is to be reported to the Board at the next regular meeting of the Board.

**3. Definitions**

None

**4. Relevant Federal and State Statutes**

None

**5. Relevant System Policies, Procedures, and Forms**

None

**6. System Administration Office(s) Responsible for Rule**

Office of Academic Affairs Office of Health Affairs

**7. Dates Approved or Amended**

[Regents' Rules Revision History](#)

**1. Title**

Audit, Compliance, and Risk Management Programs

**2. Rule and Regulation**

Sec. 1     Audit Program. The Chancellor, as chief executive officer of the U.T. System, is responsible for ensuring the implementation of appropriate audit procedures for the U.T. System. Accordingly, the U.T. System Chief Audit Executive (CAE) prepares an executive summary of all internal audit activity by the U.T. System internal auditors and the institutional internal auditors for the Chancellor, and functions as a primary source of independent and objective information to the Audit, Compliance, and Risk Management Committee (ACRMC) of the Board of Regents.

1.1     U.T. System Chief Audit Executive's Responsibilities. The U.T. System CAE is charged with ensuring that an effective internal audit function is in place Systemwide. The U.T. System CAE accomplishes this by performing the following:

- (a) Providing information to enable the ACRMC to conduct its oversight responsibilities of the Audit Program.
- (b) Reporting on risks and issues identified through audit activities.
- (c) Facilitating the ACRMC Chairman's interactions with Institutional Audit Committee Chairs.
- (d) Establishing methodologies that support conformance with required professional standards. This guidance includes, but is not limited to, audit strategies, annual plan development, prioritization and communication of findings, reporting, audit committee support, and quality assurance activities.
- (e) Developing a Systemwide internal audit plan based on a comprehensive risk assessment and coordinating the implementation of the audit plan with the chief audit executives at all U.T. System institutions.



- (f) Engaging with an institution's president regarding the selection or termination of an institution's CAE in order to provide recommendations and advice to the ACRMC Chair prior to such actions being taken.
- (g) Participating in the annual performance review for each institution's CAE.
- (h) Providing audit assistance to the Chancellor, the Executive Vice Chancellors, and the Vice Chancellors in the exercise of their responsibilities.

Sec. 2 Compliance Program. The Chancellor, as chief executive officer of the U.T. System, is responsible for ensuring the implementation of a Systemwide compliance program for the U.T. System. U.T. System Administration shall adopt a policy further implementing the Systemwide compliance program.

The Systemwide compliance program will be headed by a Chief Compliance and Risk Officer (CCRO) and is a fundamental part of the management structure of U.T. System Administration. The primary responsibility of the CCRO is developing the infrastructure for the effective operation of the Systemwide compliance program. The CCRO is also responsible for apprising System Administration and the ACRMC of the compliance functions and activities at System Administration, The University of Texas/Texas A&M Investment Management Company (UTIMCO), and each institution.

Sec. 3 Risk Management. The Chancellor, as chief executive officer of the U.T. System, is responsible for ensuring Risk Management principles are integrated within leadership operation, practice, and activities. Accordingly, the Office of Risk Management (ORM) headed by the CCRO is a fundamental part of the management structure of U.T. System Administration. The primary responsibility of ORM is to provide the Chancellor and leadership with risk information, education, and the forum, when necessary, to encourage consideration of the most important risks. ORM will foster elements of prudent risk management including the structure for Executive Risk discussion, collaboration

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**Rule: 20401**

with risk assessing functions, and resolution of activities that mitigate important risks.

**3. Definitions**

None

**4. Relevant Federal and State Statutes**

*Texas Government Code* [Chapter 2102](#) – Internal Auditing

**5. Relevant System Policies, Procedures, and Forms**

The University of Texas Systemwide [Policy UTS 129](#), *Internal Audit Activities*

**6. System Administration Office(s) Responsible for Rule**

System Audit Office  
Office of Systemwide  
Compliance Office of  
Risk Management

**7. Dates Approved or Amended**

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**Rule: 20402**

**1. Title**

Provision of Audit and Non-Audit Services by External Audit Firms

**2. Rule and Regulation**

**Sec. 1 Audit Services.**

- 1.1 Audit, Compliance, and Risk Management Committee's Role. The ACRMC oversees contracting with external audit firms for audit services.
- 1.2 Board Approval. Neither U.T. System Administration nor any of the institutions may engage an External Audit Firm for Audit Services unless the contract is authorized through a delegation of authority as provided by *Texas Government Code* [Section 321.020](#) and the contract has been approved by the Board.
- 1.3 Conflict of Interest Provision. Neither U.T. System nor any of the institutions may engage an External Audit Firm for Audit Services unless the contract includes an acceptable conflict of interest provision approved by the Vice Chancellor and General Counsel.
  - (a) Lead Partner Rotation. The lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for reviewing the audit must not have performed audit services for the institution(s) in each of the ten previous fiscal years.
  - (b) Hiring Restrictions. Neither U.T. System nor any of the institutions may hire a former or current partner, principal, or professional employee in a key position, as defined in the [Code of Professional Conduct](#) of the American Institute of Certified Public Accountants (AICPA), that would cause a violation of the AICPA [Code of Professional Conduct](#) or other applicable independence rules, during the year subsequent

to the completion of the audit engagement.

**Sec. 2 Non-Audit Services.**

- 2.1 ACRMC Review and Approval. Neither U.T. System Administration nor the institutions may engage the external audit firm to perform Non-Audit Services unless the proposed engagement is reviewed and approved by the ACRMC.
- 2.2 Delegation of Authority. The ACRMC Chairman may grant the approval required in the previous Subsection. Any such approval must be presented to the full ACRMC for approval at the next Committee meeting.
- 2.3 Conflict of Interest Not Permitted. If, upon review of a proposed engagement for Non-Audit Services under Subsection 2.1 of this Rule, the ACRMC determines that a conflict of interest exists between the external audit firm's obligations to perform Audit Services and that firm's anticipated obligations to perform Non-Audit Services contemporaneously with the performance of Audit Services, then the firm may not be engaged to perform the Non-Audit Services.

**Sec. 3 Prohibited Non-Audit Services.** Neither U.T. System Administration nor any of the institutions may engage an External Audit Firm to provide Prohibited Non-Audit Services contemporaneously with the provision of Audit Services.

**3. Definitions**

ACRMC – refers to the Audit, Compliance, and Risk Management Committee of the Board.

Audit Services – services that result in an audit, review, or agreed-upon procedures communication for U.T. System or any of the institutions.

External Audit Firm – is a public accounting firm (including its partners, employees and agents) engaged by the Board to provide audit services.

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Non-Audit Services – any non-audit services (including tax services) that are not listed in the definition of prohibited non-audit services.

Prohibited Non-Audit Services – include:

- a) bookkeeping or other services related to the accounting records or financial statements of U.T. System or any of the institutions;
- b) financial information systems design and implementation;
- c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- d) actuarial services;
- e) internal audit outsourcing services;
- f) management functions or human resources;
- g) broker, dealer, investment adviser, or investment banking services;
- h) legal services and expert services unrelated to the audit; and
- i) any other service that the Board determines, by rule, is impermissible.

**4. Relevant Federal and State Statutes**

*Texas Government Code* [Section 321.020](#) – Coordination of Investigations (with State Auditor)

**5. Relevant System Policies, Procedures, and Forms**

*Regents' Rules and Regulations*, [Rule 10501](#) – Delegation to Act on Behalf of the Board

**6. System Administration Office(s) Responsible for Rule**

Office of the Controller Audit Office

**7. Dates Approved or Amended**

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**Rules and Regulations of the Board of Regents**

**Rule: 20501**

**1. Title**

Accounting, Operating Budgets, and Legislative Appropriation Requests

**2. Rule and Regulation**

- Sec. 1 Approval of Accounting Records. All accounting records and procedures are subject to the approval of the chief business officer and the Executive Vice Chancellor for Business Affairs. The chief business officer and the Executive Vice Chancellor for Business Affairs is responsible for establishing internal controls to ensure that funds are expended and recorded appropriately.
- Sec. 2 Financial Reports. Financial Reports are prepared under the direction of the chief business officer and the Executive Vice Chancellor of Business Affairs. Copies of the reports must be furnished to the Board of Regents.
- Sec. 3 Approval of Budgets. Operating Budgets for all the institutions must be approved annually by the Board of Regents within the budget estimates of income prepared by the chief business officer and the president of an institution and approved by the appropriate Executive Vice Chancellor for Academic or Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Chancellor.
- Sec. 4 Reappropriation Process. *The University of Texas System Operating Budget Rules and Procedures* must include a process for administrative approval of the reappropriation of Educational and General Fund balances.
- Sec. 5 Budget Policies and Instructions. General policies for the budget preparation must be approved by the Board of Regents and must be followed in preparing the budgets. Instructions for details of budget preparation must be furnished to the institution presidents by System Administration.
- Sec. 6 Responsibility for Reviewing. The institutional budget recommended by the president must be forwarded to the appropriate Executive Vice Chancellor and the Chancellor for further review and recommendation to the Board of Regents.

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**Rule: 20501**

Sec. 7 Budget Administration. Rules and procedures for budget administration must be approved by the Board of Regents, and be included in the completed budgets.

Sec. 8 Approval of Appropriation Requests. Legislative appropriation requests for all institutions must be prepared by the president in conformity with the instructions issued by the Legislative Budget Board and the Office of the Governor and approved by the appropriate Executive Vice Chancellor for Academic or Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Chancellor.

**3. Definitions**

None

**4. Relevant Federal and State Statutes**

Texas Government Code [Section 401.042](#) – Uniform Budget Estimate Forms

Texas Government Code [Section 2101.011](#) – Financial Information Required of State Agencies

Texas Education Code [Section 51.0051](#) – Annual Operating Budgets

**5. Relevant System Policies, Procedures, and Forms**

None

**6. System Administration Office(s) Responsible for Rule**

Office of Budget and Planning

**7. Dates Approved or Amended**

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**Rules and Regulations of the Board of Regents**

**Rule: 20601**

**1. Title**

Aircraft Use

**2. Rule and Regulation**

Sec. 1 Official Use. The U.T. System aircraft or any leased or chartered aircraft will be used only in the scope or furtherance of official State business and only in compliance with the travel regulations contained in *Texas Government Code Section 2205.001 et seq.* and any other laws applicable to the use of State-owned or leased aircraft. Donor Aircraft, including the gifted use of a passenger seat on a noncommercial flight, used in the scope or furtherance of official University business is also covered by this Rule.

Sec. 2 Passengers.

2.1 Spouses. In accordance with [Texas Attorney General Opinion H-1089](#), the Board of Regents finds that attendance of the spouses of members of the Board of Regents and U.T. System employees at official functions may be in furtherance of official State business. Whether the spouse's attendance is in furtherance of official State business is dependent in part on the nature of the employee's office, the spouse's role, the purpose of the particular trip, and the spouse's connection with that purpose. Examples of instances in which the spouse's attendance is in furtherance of official State business include, but are not limited to, attendance at Board of Regents' meetings when there is an official function hosted by an institution and retirement functions honoring long-time key employees of the U.T. System or the institutions.

2.2 Justification for Passenger Use. Pursuant to *Texas Government Code Section 2205.036*, U.T. System aircraft or leased or chartered aircraft will be used to carry passengers only when the destination is not served by commercial carriers, the aircraft transportation is the most cost-effective travel arrangement in accordance with *Texas Government*



Code [Section 660.007\(a\)](#), the time required to use a commercial carrier interferes with passenger obligations, a representative of the Department of Public Safety determines that security concerns for a passenger warrant the use of a state aircraft, the number of authorized passengers traveling makes the use of state aircraft cost effective, or emergency circumstances necessitate the use of state aircraft.

**Sec. 3 Priority for Use.**

3.1 Requests for use. Requests by the Board of Regents must be arranged through the General Counsel to the Board. All other flights of U.T. System aircraft or requests for leased or chartered aircraft, including TxDOT aircraft, must be requested from and approved in advance by the Chancellor. Up until 24 hours before a flight is scheduled to begin, requests for the use of U.T. System aircraft will be approved in the following order of priority:

1. Chairman of the Board of Regents
2. A Vice Chairman of the Board of Regents (in order of request)
3. Members of the Board of Regents (in order of request)
4. Chancellor
5. Executive Vice Chancellors (in order of request)
6. Vice Chancellors and other U.T. System Administration officers (in order of request)
7. Institutional Presidents (in order of request)
8. Other staff of the U.T. System Administration (in order of request)
9. Other faculty and staff personnel of the institutions of the U.T. System (in order of request)

3.2 Assignment of Aircraft by Chancellor. During the 24-hour period prior to the beginning of a flight, the Chancellor may assign or reassign the U.T. System aircraft at his discretion.

3.3 Use by Other State Agencies. In accordance with the expressed intent of the Legislature that State-owned aircraft be utilized by all agencies of the State, use of

U.T. System aircraft by other State officials and personnel on official State business is encouraged and will be authorized by the Chancellor on a space available basis.

**Sec. 4     Operation of Aircraft.**

- 4.1     Direction of Pilots. The pilots of U.T. System aircraft will report to and act under the direction of the Executive Vice Chancellor of Business Affairs. Regents may direct an itinerary or passenger change to an approved flight, provided that the purpose of the flight and the passengers on the flight are in accordance with *Texas Government Code* [Section 2205.036](#). The Chancellor must approve all other requests that would substantially change an approved itinerary or passengers. However, the pilot may authorize a change of itinerary or passengers in the event of an emergency.
- 4.2     Flight Regulations. The U.T. System aircraft must be operated at all times in accordance with the provisions of the Federal Aviation Administration and U.T. System Flight Operations Procedures, which are in accordance with the Federal Aviation Act (as amended) and Civil Air Regulations. *Texas Government Code*, [Chapter 2205](#) gives TxDOT oversight of specific aspects of maintenance and operations for U.T. System aircraft.
- 4.3     Control of Aircraft in Flight. Under Federal Regulations, the pilot of any aircraft is responsible for and is the final authority as to the flight operation of that aircraft. All decisions concerning the flight itself will rest solely with the pilot. However, the pilot should keep passengers informed.

**Sec. 5     Rates Charged.** Excluding compensation for contract pilot services, charges to applicable U.T. System departments and the institutions for use of the U.T. System aircraft must be at least equal to the rate approved by TxDOT for comparable interagency aircraft services, but may not exceed the actual cost to operate the aircraft.

**Sec. 6     Aircraft Requirements.** The following requirements apply to

all flights used in conjunction with official U.T. System business, including on U.T. System aircraft, leased aircraft, chartered flights, employee-owned or -leased aircraft, and Donor Aircraft.

6.1 Flights must be on fixed-wing aircraft.

6.2 Two pilots are required for all flights.

6.3 Exceptions.

6.3.1 Helicopters. Use of a helicopter in lieu of fixed-wing aircraft is permitted only when use of a fixed-wing aircraft is impractical for the purpose of the flight.

6.3.2 Research Exception. Given the unique challenges of certain research-related travel, the provisions of this Rule may be waived by the Chancellor, based upon the prior written request of an institutional president, when compliance with all requirements of the Rule is impracticable. If a waiver is granted, the travel must occur in the safest manner reasonable in the context of the research project and in compliance with applicable law.

6.3.3 Aviation-related Academic Programs. The provisions of this Rule do not apply to aviation-related academic programs to the extent strict compliance would be impracticable; however, such programs must operate in compliance with applicable state and federal law and safety standards and must coordinate with the System Chief Risk Officer to determine appropriate insurance requirements.

Sec. 7 Record Keeping and Reports. The approved reservation requests forms and post-flight passenger manifests will serve as the official record of flights.

7.1 Flight Reservations. All flight reservations for the U.T. System aircraft must be entered into the U.T. System Aircraft Reservation System. Information

must include, but is not necessarily limited to, the following:

1. departure/estimated arrival, date, time, and place,
2. name of each passenger,
3. destination(s) including intermediate stops and return information with date and time,
4. purpose of trip for each passenger, and
5. benefit to the State and U.T. System.

7.2 Passenger Manifests. For each flight, the pilot will complete a Passenger Manifest showing the following:

1. flight number and duration,
2. date,
3. aircraft number,
4. flight plan,
5. destination and intermediate stops of flight,
6. names of pilot and copilot, and
7. passenger information
  - name of each passenger
  - department or institution
  - signature of each passenger.

7.3 Reports. The U.T. System Office of Business Affairs will prepare and submit the following reports:

- (a) Travel Log. In accordance with *Texas Government Code* [Section 2205.039](#), the passenger manifests for the month will be sent to TxDOT each month following the month in which travel occurred.
- (b) Reports to the Board. Passenger manifests for U.T. System aircraft and TxDOT aircraft, employee-owned or -leased aircraft, leased and charter aircraft, and Donor Aircraft flown on behalf of the U.T. System, except for Donor Aircraft provided by a supporting foundation to a U.T. System institution, will be sent to the General Counsel to the Board annually in October for distribution to the Board's Finance and Planning Committee for review. For Donor

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**Rule: 20601**

Aircraft, passenger and donor names may be omitted consistent with State law, but will be provided, upon request, to the Board, the Chancellor, the appropriate Executive Vice Chancellor, the Vice Chancellor for External Relations, Communications and Advancement Services, the Vice Chancellor and General Counsel, and/or the General Counsel to the Board.

Sec. 8 Employee-Owned or-Leased Aircraft. No U.T. System employee may operate aircraft owned or leased in the employee's personal capacity in conjunction with official U.T. business unless authorized in writing by the Chancellor.

Sec. 9 Chartered Aircraft.

9.1 Use of leased or chartered aircraft, including Texas Department of Transportation (TxDOT) aircraft, must be approved in writing and in advance by the Chancellor and will be approved only when the U.T. System aircraft is unavailable or unsuitable.

9.2 *Texas Government Code* [Section 2205.035](#) requires advance approval by the State Aircraft Pooling Board for the expenditure of appropriated funds for the rental or lease of an aircraft.

9.3 Charter operators must meet U.T. System insurance and operator requirements.

Sec. 10 Donor Aircraft.

10.1 Usage. Approval to use Donor Aircraft, including the acceptance of a gift of the use of a passenger seat on a noncommercial flight within the definition of Donor Aircraft, in the scope and conduct or furtherance of official U.T. System business is conditioned upon the confirmation of the following requirements prior to the acceptance of flight:

(a) Use of Donor Aircraft must be approved in writing and in advance by the Chancellor following submission of a request using a Donor

Aircraft Request for Approval form. In evaluating whether to allow the use of a Donor Aircraft, an individual should first ensure that such use does not create a conflict of interest under Regents' [Rule 30104](#). For travel by U.T. System Administration employees, officers, and institutional presidents, any potential conflict of interest must be evaluated by the U.T. System Vice Chancellor and General Counsel prior to approval of the use. For other institution employees, the conflict of interest analysis may be performed by the institution's legal counsel and/or ethics advisor. In addition to the conflict of interest review, the Chancellor must review and approve the proposed travel by U.T. System institutional presidents and System Administration employees.

Presidents must review and approve proposed travel of their employees. In every instance, the decision to approve must be based upon the totality of the circumstances. The reviewing parties may request additional information to assist them in review. Use of Donor Aircraft provided by a supporting foundation to a U.T. System institution can instead be reviewed for compliance with the Regents' *Rules* and approved pursuant to contracts and memoranda of understanding between the institution and the supporting foundation.

- (b) U.T. System insurance requirements must be met with a minimum of \$1,000,000 per seat/passenger.
- (c) With the exception of helicopters, Donor Aircraft must be multiengine turboprop or jet.
- (d) With the exception of helicopter flights, each flight must have two current and qualified pilots.
- (e) The aircraft owner may not serve as pilot or copilot.

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- (f) No passenger may enter the cockpit or distract pilots during flight, takeoff, or landing.
- (g) Students must be accompanied by a U.T. System employee for the duration of any flight.
- (h) Donor is not a registered lobbyist.
- (i) Donor flight information (date of flight, aircraft tail number, origin/destination) along with a passenger list and emergency contact for each must be maintained by a responsible U.T. System employee on the ground.

10.2 Reporting. For each Donor Aircraft flight, the following is required, if applicable:

- (a) Donor Aircraft Request for Approval form will be forwarded to U.T. System Aircraft Operations prior to departure.
- (b) Detailed flight information will be reported as required by Section 15.1 of this Rule.

**3. Definitions**

Donor Aircraft – aircraft and crew, or individual passenger seat on aircraft, provided at reduced or no cost to transport passengers or cargo to/from a predetermined departure location to a specific destination, including any aircraft and crew provided by a supporting foundation to a U.T. System institution at reduced or no cost. Donor Aircraft does not include a reduced or no cost airline ticket on a noncharter commercial airline flight.

**4. Relevant Federal and State Statutes**

*Texas Government Code* [Chapter 2205](#) – Aircraft Pooling

*Texas Government Code* [Section 660.007\(a\)](#) – Conservation of Funds

**5. Relevant System Policies, Procedures, and Forms**

Aircraft Reservation System: [U.T. System Aircraft Operations](#)

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**Rules and Regulations of the Board of Regents**

**Rule: 20601**

[Donor Aircraft Acceptance Checklist](#)

**6. System Administration Office(s) Responsible for Rule**

Office of Budget and Planning

**7. Dates Approved or Amended**

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**Rules and Regulations of the Board of Regents**

**Rule: 20701**

**1. Title**

Use of Historically Underutilized Businesses

**2. Rule and Regulation**

Sec. 1 Good Faith Effort. It is the policy of the Board of Regents to promote full and equal opportunity for all businesses to supply the goods and services needed to support mission, administrative, and logistical operations of the U.T. System. The U.T. System commits to a good faith effort to increase purchases from and contract awards to Historically Underutilized Business (HUB) firms consistent with the state's goals for HUB participation and overall economic development.

Sec. 2 Establishment of Procedures. The U.T. System has a compelling interest to assure that procurement funds always are expended in an equal-business-opportunity context. To meet that obligation, the Board of Regents delegates to the Chancellor the responsibility for establishing and maintaining procurement systems and procedures that are nondiscriminatory with respect to race, color, religion, sex, or national origin. That obligation also encompasses procurement systems and procedures of business firms under contract with the U.T. System to preclude U.T. institutions' passive participation in an unlawfully discriminatory marketplace. The Chancellor is also responsible for developing procedures to ensure that a good faith effort is made to meet the state's goals for HUB participation and overall economic development.

Sec. 3 Adoption of Guidelines. The Board of Regents adopts the use of the guidelines and related rules of the Statewide Procurement and Support Services Division of the Texas Comptroller of Public Accounts (34 *Texas Administrative Code* [Part 1, Rules 20.281 – 20.298](#)).

Sec. 4 Scope. This policy applies to acquisition of specified commodities, professional and other services, and construction services, by System Administration and U.T. institutions, including auxiliary enterprises, regardless of funding source.

**The University of Texas System**

**Rules and Regulations of the Board of Regents**

**Rule: 20701**

**3. Definitions**

Terms used in this Rule will have the meaning defined in 34 *Texas Administrative Code* [Part 1, Rules 20.281 – 20.298](#) – Statewide Procurement and Support Services.

**4. Relevant Federal and State Statutes**

Veterans' Benefits ([38 U.S.C. Section 101](#))

34 *Texas Administrative Code* [Part 1, Rules 20.281 – 20.298](#) – Statewide Procurement and Support Services

*Texas Government Code* [Sections 2254.001 – 2254.005](#) – Professional and Consulting Services

*Texas Government Code* [Sections 2254.021 – 2254.040](#) – Consulting Services

*Texas Government Code* [Section 2161.001\(3\)](#) – Definitions

**5. Relevant System Policies, Procedures, and Forms**

The University of Texas Systemwide [Policy UTS137](#), *Historically Underutilized Business (HUB)* Program

**6. System Administration Office(s) Responsible for Rule**

Office of HUB Programs

**7. Dates Approved or Amended**

[Regents' Rules Revision History](#)

**The University of Texas System**

**Rules and Regulations of the Board of Regents**

**Rule: 20801**

**1. Title**

Travel

**2. Rule and Regulation**

Sec. 1 Institutional Travel Regulations. Institutions of the U.T. System will issue travel regulations covering authorization for travel and reimbursement for approved travel to implement applicable provisions of state law and regulations for the guidance of all personnel concerned. Following administrative approval by the appropriate Executive Vice Chancellor, travel regulations will be included in the institutional *Handbook of Operating Procedures*.

Sec. 2 Authorization for Foreign Travel. Authorization for foreign travel must be transmitted through proper administrative channels to the Chancellor or the president of the institution, as applicable, for advance written approval. Authorization for foreign travel by Chief Administrators must be obtained as required by Rule 20205.

**3. Definitions**

Foreign Travel – travel to, in, or from a destination that is neither in the United States nor a possession of the United States.

Chief Administrator – means the Chancellor or the president at each U.T. System institution.

**4. Relevant Federal and State Statutes**

*Texas Education Code* Section 51B.201 – Foreign Travel

*Texas Education Code* [Section 65.31](#) – General Powers and Duties

*Texas Government Code* [Section 660.003](#) – Applicability of Travel Expenses

*Texas Government Code* [Section 660.024](#) – Advance Approval for Certain International Travel

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**Rule: 20801**

*Texas Government Code* [Section 2203.004](#) – Requirement to Use State Property for State Purposes

Governor's Executive Order GA-48 relating to the hardening of state government

**5. Relevant System Policies, Procedures, and Forms**

Regents' *Rules and Regulations*, [Rule 20205](#) – Expenditures for Travel and Entertainment by Chief Administrators

Regents' *Rules and Regulations*, [Rule 31005](#) – Faculty or Staff Absence

The University of Texas Systemwide [Policy UTS120](#), *Spousal Travel Policy*

The University of Texas Systemwide [Policy UTS190](#), *International Travel Policy*

The University of Texas Systemwide [Policy UTS191](#), *Travel Guidance for Presidents and Their Spouses*

**6. System Administration Office(s) Responsible for Rule**

Office of the Board of Regents

**7. Dates Approved or Amended**

[Regents' Rules Revision History](#)

**1. Title**

Procurement of Goods and Services; Contract Management Handbook

**2. Rule and Regulation**

- Sec. 1 Purpose. This Rule establishes policies required by state law concerning the acquisition of certain goods and services.
- Sec. 2 Code of Ethics. As required by *Texas Education Code* [Section 51.9337\(b\)\(1\)](#), the Board has adopted a Code of Ethics found in Regents' [Rule 30104](#) (Conflict of Interest, Conflict of Commitment, and Outside Activities) and implemented through associated U.T. Systemwide policies.
- Sec. 3 Internal Investigations and Audit Protocols. As required by *Texas Education Code* [Section 51.9337\(b\)\(2\)](#), the Board has adopted policies for internal investigations and internal audit protocols, found in Regents' [Rule 20401](#) (Audit and Compliance Programs).
- Sec. 4 Contract Management Handbook. As required by *Texas Education Code* [Section 51.9337\(b\)\(3\)](#), each institution and U.T. System Administration must develop and maintain a Contract Management Handbook that provides consistent contracting policies and procedures, including a risk analysis procedure.
- 4.1 The Contract Management Handbook will establish contract review procedures and a contract review checklist approved by the Office of General Counsel. The review procedures and checklist must include:
- (a) a description of each step of the procedure used to evaluate and process contracts;
  - (b) a checklist that describes each process that must be completed before contract execution; and

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**Rules and Regulations of the Board of Regents**

**Rule: 20901**

- (c) a value threshold that initiates required review by legal counsel unless the contract is a standard contract previously approved by counsel.

4.2 Contract and Performance Monitoring. The Contract Management Handbook will establish procedures to ensure the Board of Regents is notified of any serious issue or risk that is identified with respect to certain contracts as required under *Texas Government Code* [Section 2261.253\(c\)](#). Contracts must be monitored in accordance with the institution's policies and Contract Management Handbook.

4.3 Notice to the Board. As required by *Texas Government Code* [Section 2261.255\(2\)](#), the Contract Management Handbook will establish a procedure to assure the submission to the Board of any information on any potential issue that may arise in the solicitation, purchasing, or contractor selection process for any contract with a value exceeding \$5 million.

Sec. 5 Required Training. As required by *Texas Education Code* [Section 51.9337\(b\)\(5\)](#), each institution and U.T. System Administration will develop training for officers and employees authorized to execute contracts for the institution or to exercise discretion in awarding contracts, including training in ethics, selection of appropriate procurement methods, and information resources purchasing technologies. Training must be conducted in accordance with the institution's Contract Management Handbook.

Sec. 6 Acquisition of Stationery, Printing, and Fuel. Each institution and System Administration may acquire goods and services covered by Texas Constitution, [Article XVI, Section 21](#) (including but not limited to stationery, printing, and fuel) from institutional departments or purchase the goods and services from external sources. If the goods or services are purchased from external sources, the goods and services must be purchased as follows:

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**Rule: 20901**

- 6.1 using the method that provides the best value to the institution or System Administration including competitive bidding, competitive sealed proposals, a catalog purchase, a group purchase program, or an open market contract; and
- 6.2 in accordance with (a) the requirements of *Texas Education Code* [Sections 51.9335](#), [73.115](#), or [74.008](#), as applicable, (b) the Regents' *Rules and Regulations*, (c) the U.T. System Administration policies, and (d) the policies and procedures of the institution or System Administration.

Sec. 7 Competitive Procurement. If an institution or System Administration wishes to purchase goods or services covered by Texas Constitution, [Article XVI, Section 21](#) from external sources, the purchase must utilize a competitive procurement method unless another procurement method is authorized by law. All procurements must comply with all applicable procurement policies including any applicable dollar limits.

**3. Definitions**

Fuel – for purposes of this Rule, means anything consumed to produce energy including coal, natural gas, oil, diesel fuel, gasoline, and propane.

**4. Relevant Federal and State Statutes**

Texas Constitution, [Article XVI, Section 21](#) – Public Printing and Binding; Repairs and Furnishings; Contracts

*Texas Education Code* [Section 51.9335](#) – Acquisition of Goods and Services

*Texas Education Code* [Section 51.9337](#) – Purchasing Authority Conditional; Required Standards

*Texas Education Code* [Section 73.115](#) – Acquisition of Goods and Services

*Texas Education Code* [Section 74.008](#) – Acquisition of Goods and Services

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*Texas Government Code, [Chapter 2261](#) – State Contracting Standards and Oversight*

**5. Relevant System Policies, Procedures, and Forms**

*Regents' Rules and Regulations, [Rule 10501](#) – Delegation to Act on Behalf of the Board*

*Regents' Rules and Regulations, [Rule 20401](#) – Audit and Compliance Programs*

*Regents' Rules and Regulations, [Rule 30104](#) – Conflict of Interest, Conflict of Commitment, and Outside Activities*

*The University of Texas Systemwide [Policy UTS 159](#), Purchasing*

*The University of Texas Systemwide [Policy UTS 148](#), Protest Procedures Related to Procurements of Goods and Services*

*The University of Texas Systemwide [Policy UTS 137](#), Historically Underutilized Business (HUB) Program*

*The University of Texas Systemwide [Policy UTS 145](#), Processing of Contracts*

*The University of Texas Systemwide [Policy UTS 156](#), Purchaser Training and Certification*

**6. System Administration Office(s) Responsible for Rule**

Office of Budget and Planning

**7. Dates Approved or Amended**

[Regents' Rules Revision History](#)



**The University of Texas System**

**Rules and Regulations of the Board of Regents**

**Rule: 80107**

**1. Title**

Expenditures for the Maintenance of University Residences

**2. Rule and Regulation**

Sec. 1 Purpose. The purpose of this Rule is to prescribe, clarify, and provide uniformity in the approval, review, and audit of Expenditures for the Maintenance of University Residences.

Sec. 2 Maintenance of University Residences. All Expenditures for the Maintenance of University Residences that exceed \$10,000 must be approved in advance by a committee composed of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the General Counsel to the Board of Regents. Prior approval by the committee is not required for expenditures made on an emergency basis to prevent damage to property.

2.1 Bauer House Expenditures. Expenditures for the maintenance of Bauer House in excess of \$2,500 must be reviewed and approved by the General Counsel to the Board of Regents but may be reviewed after payment.

2.2 Hoover House Expenditures. Expenditures for the maintenance of Hoover House in excess of \$2,500 must be reviewed and approved by the institution's chief business officer but may be reviewed after payment.

2.3 Juanita Curry Boynton House Expenditures. Expenditures for the maintenance of Juanita Curry Boynton House in excess of \$2,500 must be reviewed and approved by the institution's chief business officer but may be reviewed after payment.

Sec. 3 Documentation and Review. Expenditures for the Maintenance of University Residences must be supported by appropriate receipts and must follow all applicable procedures for the procurement of services, supplies, or equipment.

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**Rules and Regulations of the Board of Regents**

**Rule: 80107**

Sec. 4     Reporting. An annual report of Expenditures for the Maintenance of each University Residence will be prepared not later than the 30th day of October and filed for review with the General Counsel to the Board of Regents, for Bauer House, and with the institution's chief business officer, for Hoover House and Juanita Curry Boynton House. The report for the Bauer House will be sent to the Chairman of the Board of Regents for review.

4.1     The annual reports must include each expense that exceeds \$2,500 and must include the payee, the date and amount of the expense, the type, and the account charged for the expense.

Sec. 5     Audits. The System Audit Office shall audit Expenditures for the Maintenance of a University Residences at a minimum after the first full fiscal year after assuming residency and periodically thereafter, based on an assessment of risk factors.

**3.     Definitions**

Expenditures for the Maintenance of University Residences – includes expenses for the furnishing, maintenance, or repair of a University Residence or its grounds owned by the U. T. System.

The University Residences – are the following:

Bauer House – Residence of the Chancellor of the U. T. System, located in Austin, Texas

Hoover House – Residence of the President of U. T. El Paso, located in El Paso, Texas

Juanita Curry Boynton House – Residence of the President of Stephen F. Austin State University in Nacogdoches, Texas

**4.     Relevant Federal and State Statutes**

*Texas Government Code* [Section 2203.004](#) – Requirement to Use State Property for State Purposes

**5.     Relevant System Policies, Procedures, and Forms**

None

**The University of Texas System**

**Rules and Regulations of the Board of Regents**

**Rule: 80107**

**6. System Administration Office(s) Responsible for Rule**

System Audit Office  
Office of the Board of Regents

**7. Dates Approved or Amended**

[Regents' Rules Revision History](#)

7. U.T. System: Annual Meeting with Officers of the U.T. System Employee Advisory Council

The U.T. System Employee Advisory Council (EAC) discussed the Council's work and planned activities, utilizing the summary on the following pages.

BACKGROUND INFORMATION

The U.T. System Employee Advisory Council (EAC) was established in August 2000 to provide a vehicle for communication and to facilitate the flow of ideas and information between and among the Board of Regents, U.T. System Administration, and the institutions. The EAC functions to define, analyze, and make recommendations on employee issues to the U.T. System Administration, the Chancellor, and the Board of Regents.

Council officers are:

Chair: Mr. Peter-James Ehimika, MBA, MA, Director of Student Success Initiatives, U.T. Rio Grande Valley

Vice Chair: Ms. Yadira Mejia, M.Ed., Lead Academic Advisor, Academic Advising Center, U.T. Rio Grande Valley

Secretary: Ms. Corey Helm Swartz, MBA, FACHE, Executive Director, Ambulatory Business Services, U.T.M.D. Anderson Cancer Center

Historian: Ms. Jitenga Knox, Administrator, Center for Innovation in Health Informatics, U.T. Arlington



**TO:** John M. Zerwas, M.D., Chancellor *ad Interim*, The University of Texas System  
**FROM:** Peter-James Ehimika- Chair, 2024-25 U.T. System Employee Advisory Council  
**DATE:** July 2025  
**RE:** Employee Advisory Council | Board of Regents Report

## **The University of Texas System Employee Advisory Council Summary**

### **INTRODUCTION**

The U.T. System Employee Advisory Council (EAC) will discuss the Council's work and planned activities.

### **BACKGROUND INFORMATION**

The U.T. System Employee Advisory Council (EAC) was established in August 2000 to provide a vehicle for communication and to facilitate the flow of ideas and information between and among the Board of Regents, U.T. System Administration, and the U.T. institutions. The EAC functions to define, analyze, and make recommendations on employee issues to the U.T. System Administration, the Chancellor, and the Board of Regents.

### **PRIMARY ACTIVITIES: FY 2024-2025**

The EAC held one virtual and three in-person meetings in FY 2025. EAC core tasks focused on institutional employee resources and support analysis, continuous EAC member assessment, and employee benefits assessment.

#### **Resources & Support Committee: Yadira Mejia, Committee Executive Sponsor**

The Resources and Support Committee reviewed HR and benefits practices across U.T. institutions, focusing on website usability, employee support resources, and retention strategies. Data was collected from institutional websites, committee input, Glassdoor, and public documents.

The committee's preliminary review identified areas to further explore, including financial wellness programs, retention efforts, and multigenerational workforce needs. The key focus of retention drivers included tuition assistance, wellness leave, flexible work, health coverage, Employee Assistance Programs, and employee perks. The committee proposes obtaining additional information via distribution of a survey to U.T. institution Chief Human Resources Officers.

Notably, some HR portals are accessible, with some offering tools like compensation calculators. The committee recommends institutions review access to benefit communications,

support professional development, and partner with the Employee Advisory Council to distribute the 2024–2025 survey for institution-specific insights.

**Assessment Committee:**  
**Jitenga Knox, Committee Executive Sponsor**

The Assessment Committee conducted four major surveys during FY 25 to evaluate EAC member experiences and identify areas for improvement: two Onboarding Surveys (September 2024 and February 2025), the Midpoint Pulse Survey, and two Exit Surveys (January 2025 and June 2025).

**Onboarding Surveys:**

Positive onboarding experience, with opportunities to improve networking, clarify expectations, and enhance onboarding materials. Members felt confident and well-supported but recommended better strategies for committee formation and engagement.

**Midpoint Pulse Survey:**

Members appreciate the EAC as a communication platform but face challenges balancing responsibilities. Suggestions included refining topic selection, improving communication, increasing visibility, and supporting travel logistics.

**Exit Surveys:**

Departing members reported strong teamwork and communication. Recommendations focused on increasing system support, leadership involvement, and professional development opportunities.

**Strategic Recommendations**

1. **Strengthen Communication:** Launch a monthly newsletter, standardize updates, improve transparency, and create a survey for alternate members.
2. **Enhance Leadership Engagement:** Host town halls with U.T. System leadership and advocate for greater funding and visibility.
3. **Expand Professional Development:** Offer webinars and workshops and promote development opportunities across the system.
4. **Improve Governance & Planning:** Develop a two-year strategic plan and establish standing committees with defined roles.
5. **Foster Collaboration:** Encourage coordination across subcommittees and streamline efforts to reduce redundancy.

The Assessment Committee is recommended to remain as a foundational component of the EAC to ensure continuity and momentum.

**Benefits Committee:**  
**Corey Swartz, Committee Executive Sponsor**

**Purpose**

The EAC Benefits Committee was reestablished in FY25 to identify opportunities to:

1. Support employee mental health and well-being.
2. Promote resiliency, reduce stress, and enhance productivity.
3. Increase awareness and employee input on benefits and mental health resources.

**Background**

The Benefits Committee focused on mental health and leave policy considerations across U.T. institutions. Drawing from personal experiences and national data—such as the National Alliance on Mental Illness (NAMI) reporting that 22% of U.S. adults experienced mental illness in 2021—the Committee examined institutional policies and resources to identify gaps and opportunities.

**Current State Analysis**

A review of leave policies revealed out of all U.T. academic and health institutions, only one (Stephen F. Austin) explicitly mentioned mental health in general leave policies. Some institutions reference mental health in specialized policies (e.g., for Peace Officers, Veterans), but there is an opportunity to improve consistency.

**Comparison Example: University of California**

The University of California explicitly includes mental health in its leave policy, offering a model for U.T. institutions to consider. Their policy covers absences for mental health conditions, preventive care, and related needs.

**Engagement with the Office of Employee Benefits (OEB)**

The Committee initiated communication with OEB to:

- Explore potential changes to benefits.
- Understand how employee input is considered.
- Improve education and engagement around mental health resources.

The OEB welcomed the collaboration and provided usage data for key programs:

**Available Resources and Utilization Data**

U.T. System employees have access to several mental and behavioral health programs:

- Limeade (Living Well):
  - 25,500 users as of May 1, 2025
  - 4.6/5 average satisfaction rating

- Headway:
  - 34,884 therapy appointments in 2024
  - 25% increase in monthly appointments from January to August 2024
- Learn to Live
  - 42.2% used content on stress/anxiety
  - 27.9% on depression
  - 10.2% on resilience
  - 8.4% on social anxiety
- Employee Assistance Program (EAP):
  - Utilized across all institutions
  - Campus usage ranged from 2% to 16%
  - Highest usage at U.T. MD Anderson Cancer Center

### Strategic Recommendations

The committee recommends the U.T. System and U.T. Institutions ***explicitly include mental health in leave policies:***

- The Committee recommends that all institutions conduct a comprehensive review of current leave policies to ensure that mental health is explicitly listed as an eligible use of leave.
- This inclusion should be clearly documented in policy language to promote awareness, reduce stigma, and foster a culture that prioritizes the mental well-being of all employees. Use models such as the University of California and U.T. System's own *Wellness Time Off* as references.
- This commitment from the U.T. System institutions to focus attention on supporting mental health within policies and benefits will support and align with Texas' broader investment in mental health following increased funding from the 88<sup>th</sup> Texas Legislature.

Reference: Monday, June 3, 2024, Op-ed written by UT System Executive Vice Chancellor for Health Affairs John Zerwas, MD, and UT System Vice Chancellor for Health Affairs and Chief Medical Officer David Lakey, MD which appeared in the Dallas Morning News.

### Closing Remarks

This upcoming year, we will celebrate **25 years of EAC history**. We would like to thank you for your continued support toward staff members across the U.T. System and all institutions. Mental health benefits are essential to building a resilient, productive, and engaged workforce. U.T. System's wellness resources are not just perks—they are vital tools that empower employees to manage stress, maintain emotional well-being, and thrive both at work and at home. By investing in mental health, the U.T. System affirms its commitment to holistic employee well-being and fosters a culture of support and community.



8. U.T. System Board of Regents: Appointment of Francie A. Frederick as General Counsel to the Board Emeritus

REMARKS BY CHAIRMAN ELTIFE

The Board has an opportunity to honor and thank Francie Frederick for her contributions and service to the U.T. System and especially to the Board of Regents. At the November 2023 meeting of the Board of Regents, Francie Frederick announced her intention to step down as General Counsel to the Board of Regents. Since that time, she has continued to guide and provide sound advice while serving as Of Counsel to the Board of Regents during the transition period. In her over 45 years of service to the U.T. System, she has been admired for her dedication, wisdom, humor, and friendship. It would not be possible to list all the projects, issues or policies that Francie has been directly involved with over the years or to be able to acknowledge the impact of her wise counsel. Her calm composure and wise judgment have been of tremendous support to not only the Board, which she served for over 18 years, but also to employees and staff of U.T. System Administration and each of our institutions. In appreciation and gratitude for her service, it is recommended that the Board award her the title of General Counsel to the Board Emeritus effective September 1, 2025.

The Board then approved the following recommendation:

RECOMMENDATION

The Chairman and the Chancellor *ad interim* recommend that the U.T. System Board of Regents appoint Francie A. Frederick as General Counsel to the Board Emeritus. Approval of this recommendation is requested in accordance with the Regents' *Rules and Regulations*, Rule 20301.

9. U.T. System Board of Regents: Approval of Chairman's recommended Committee Chairmen and Regental representatives; and notification of appointments to Standing Committees and Liaison roles for the record (Regents' Rules and Regulations, Rule 10402, regarding Committees and Other Appointments)

The Board approved the following recommendation:

RECOMMENDATION

In accordance with the requirements of the Regents' *Rules and Regulations*, Rule 10101, Chairman Eltife requests concurrence of the U.T. System Board of Regents on the appointments of the Committee Chairmen, Representatives of the Board, and Liaison roles as underlined below.

Committee membership and other appointments are listed below for the record. All appointments will be effective immediately and will remain in effect until new appointments are made.

## **Committees**

### **Academic Affairs Committee**

Jodie Lee Jiles, Chairman

Christina Melton Crain

Robert P. Gauntt

Janiece Longoria

Nolan E. Perez, M.D.

Stuart W. Stedman

### **Audit, Compliance, and Management Review Committee**

Nolan E. Perez, M.D., Chairman

Christina Melton Crain

Jodie Lee Jiles

Janiece Longoria

Kelcy L. Warren

James C. “Rad” Weaver

### **Facilities Planning and Construction Committee**

Robert P. Gauntt, Chairman

Christina Melton Crain

Nolan E. Perez, M.D.

Stuart W. Stedman

Kelcy L. Warren

James C. “Rad” Weaver

### **Finance and Planning Committee**

Janiece Longoria, Chairman

Robert P. Gauntt

Jodie Lee Jiles

Stuart W. Stedman

Kelcy L. Warren

James C. “Rad” Weaver

### **Health Affairs Committee**

Christina Melton Crain, Chairman

Robert P. Gauntt

Jodie Lee Jiles

Janiece Longoria

Nolan E. Perez, M.D.

Stuart W. Stedman

## **Regental Representatives**

### **Athletic Liaison(s)**

James C. “Rad” Weaver

Jodie Lee Jiles

Board for Lease of University Lands

Christina Melton Crain  
Nolan E. Perez, M.D.  
Robert P. Gauntt, Alternate

University Lands Advisory Board

Stuart W. Stedman, Chairman  
James C. "Rad" Weaver

ULAB Liaison(s)

Robert P. Gauntt  
Stuart W. Stedman  
James C. "Rad" Weaver

The University of Texas/Texas A&M Investment Management Company (UTIMCO)  
Board of Directors

Christina Melton Crain  
Janiece Longoria  
James C. "Rad" Weaver

10. U.T. System Board of Regents: Discussion and appropriate action concerning the appointment of members to the Higher Education Research Security Council

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* recommends that the U.T. System Board of Regents appoint Dr. Joan Bienvenue (voting) and Mr. Trey Atchley (non-voting) to serve on the Higher Education Research Security Council and delegate to the Chancellor the authority to name succeeding appointees.

BACKGROUND INFORMATION

House Bill 127, passed by the Texas Legislature 89<sup>th</sup> Regular Session, codified as *Texas Education Code* Section 51.957, establishes the Higher Education Research Security Council to promote secure academic research at postsecondary educational institutions, while mitigating the risk of foreign espionage and interference. The Council is comprised of research security officers from institutions of higher education statewide. The Board is authorized to appoint two research security officers to the Council: one voting member and an additional non-voting member as a university system that oversees one or more medical schools.

Dr. Bienvenue and Mr. Atchley serve as research security officers at U.T. System Administration and U.T.M.D. Anderson Cancer Center, respectively, and advise on matters related to research and data security and other key risk areas.

11. U.T. System Board of Regents: Discussion and appropriate action regarding maintaining tuition and fees for the U.T. general academic institutions for Academic Years 2026 and 2027

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* recommends that the U.T. System Board of Regents certify to the Legislative Budget Board that U.T. general academic institutions will maintain total resident undergraduate academic costs, including tuition, mandatory academic fees, all academic-related general fees, and college course fees at currently approved levels for the next two academic years.

12. U.T. System: Discussion and appropriate action regarding allocation of Permanent University Fund (PUF) Bond Proceeds for capital projects addressing deferred maintenance at the academic and health institutions

Chairman Eltife stated that the Board is asked to approve the allocation of \$1.19 billion of Permanent University Fund (PUF) Bond Proceeds for capital projects addressing deferred maintenance at the institutions over the next three years. He noted that System Administration is still working with U.T. Austin, so they will come back to the Board with a proposal at a later time.

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor and Chief Operating Officer, that the U.T. System Board of Regents approve the allocation of \$1.19 billion of Permanent University Fund (PUF) Bond Proceeds for capital projects addressing deferred maintenance as follows on the next page.

Aligned with major capital project requirements defined in U.T. Systemwide Policy 168 and in conjunction with the annual U.T. System campus condition reporting, institutions will provide a list of the anticipated projects to be addressed with this allocated funding. Each institutional president will proceed with a single Definition Phase request memo outlining their anticipated program as a single Major Project pursuant to Regents' Rule 80301. The Office of Capital Projects, on behalf of the institutions of U.T. System, will collect annual expense information and compile summary reporting for presentation to the Board of Regents and U.T. System executives.

## BACKGROUND INFORMATION

Based on the fiscal year 2024 Campus Condition Report (Report), issued January 2025 summarizing the facilities condition and deferred maintenance needs across U.T. System institutions, there was \$2.63 billion in unfunded deferred maintenance needs in Education and General (E&G) space as of fiscal year 2024. This amount excludes the deferred maintenance needs in non-E&G space, which totaled an additional \$1.2 billion.

The proposed allocation methodology would allocate PUF debt to address deferred maintenance only for E&G space. Article VII, Sec. 18 of the Texas Constitution provides the PUF bond proceeds may not be used for student housing, intercollegiate athletics, or auxiliary enterprises.

As described in the Report, a relevant industry metric for annual facility recapitalization is 1.5% to 3.0% of current replacement value. The proposed allocation methodology would allocate PUF bond proceeds to address deferred maintenance for E&G space allocated at 2.5% of current replacement value for academic institutions and 1.5% of current replacement value for health institutions, with each institution's allocation capped at the amount of deferred maintenance reflected on the most recent Report, subject to a minimum annual allocation of \$10 million.

The proposed aggregate PUF allocation of \$1.19 billion would address approximately 45% of the \$2.63 billion of deferred maintenance needs in E&G space across U.T. institutions.

Funding for deferred maintenance for U.T. Austin is being considered separately given U.T. Austin's access to Available University Funds (AUF).

**E&G Space Report****Potential PUF Allocation <sup>1</sup>**

(\$ millions)	Deferred Maintenance	Current Replacement Value	FY 2026	FY 2027	FY 2028	Total
UTA	\$ 126.75	\$ 2,361.80	\$ 42.25	\$ 42.25	\$ 42.25	\$ 126.75
UTAUS <sup>2</sup>	\$ 920.08	\$ 7,703.45	NA	NA	NA	-
UTD	\$ 263.17	\$ 2,541.88	\$ 63.55	\$ 63.55	\$ 63.55	\$ 190.64
UTEP	\$ 290.45	\$ 1,578.46	\$ 39.46	\$ 39.46	\$ 39.46	\$ 118.38
UTPB	\$ 68.73	\$ 306.01	\$ 10.00	\$ 10.00	\$ 10.00	\$ 30.00
UTRGV	\$ 139.83	\$ 1,802.45	\$ 45.06	\$ 45.06	\$ 45.06	\$ 135.18
UTSA <sup>3</sup>	\$ 426.33	\$ 4,177.51	\$ 61.94	\$ 61.94	\$ 61.94	\$ 185.82
SFA	\$ 37.35	\$ 1,117.70	\$ 12.45	\$ 12.45	\$ 12.45	\$ 37.35
UTT <sup>4</sup>	\$ 17.79	\$ 714.92	\$ 10.00	\$ 10.00	\$ 10.00	\$ 30.00
UTSWMC	\$ 94.89	\$ 3,917.95	\$ 31.63	\$ 31.63	\$ 31.63	\$ 94.89
UTMB	\$ 61.71	\$ 2,352.02	\$ 20.57	\$ 20.57	\$ 20.57	\$ 61.71
UTHSCH	\$ 68.82	\$ 2,666.86	\$ 22.94	\$ 22.94	\$ 22.94	\$ 68.82
UTMDA	\$ 89.24	\$ 5,686.95	\$ 29.75	\$ 29.75	\$ 29.75	\$ 89.24
System Admin	\$ 24.03	\$ 266.44	\$ 8.01	\$ 8.01	\$ 8.01	\$ 24.03
<b>Total</b>	<b>\$ 2,629.17</b>	<b>\$ 37,194.40</b>	<b>\$397.61</b>	<b>\$397.61</b>	<b>\$397.61</b>	<b>\$1,192.82</b>

<sup>1)</sup> The proposed allocation methodology would allocate PUF debt to address deferred maintenance only for E&G space based on a percentage of current replacement value capped at amount of deferred maintenance reflected in the FY 2024 Campus Condition Report subject to a minimum annual allocation of \$10 million.

<sup>2)</sup> Funding for deferred maintenance will be considered separately pending review of U.T. Austin's deferred maintenance plans.

<sup>3)</sup> Amounts reflected for U.T. San Antonio include amounts reported separately for U.T. San Antonio and U.T. HSC-San Antonio in the 2024 Campus Condition Report.

<sup>4)</sup> Amounts reflected for U.T. Tyler include amounts reported separately for U.T. Tyler and the HSC at U.T. Tyler in the 2024 Campus Condition Report and includes \$1.26 million of critical deferred maintenance.

13. U.T. System Board of Regents: Discussion and appropriate action regarding faculty advisory groups

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor *ad interim* and the General Counsel to the Board recommend that The University of Texas System Board of Regents authorize institutional presidents to establish and convene faculty advisory groups, as appropriate, to perform functions necessary for the operation of the U.T. System institutions. The establishment of any such faculty advisory groups shall be reported to and approved by the appropriate Executive Vice Chancellor.

BACKGROUND INFORMATION

Senate Bill 37 sets forth requirements for the establishment and operation of faculty senates and councils at institutions of higher education, including formal establishment and policy adoption by the governing board in accordance with the parameters set forth in the bill. By operation of the bill, all existing faculty senates and councils are abolished on September 1, 2025, and may only be reestablished by the governing board.

The Board will thoughtfully consider policy recommendations for the re-establishment of faculty senates and councils but recognizes that the faculties of U.T. System institutions provide advice and perform functions, as authorized by Regents' *Rules and Regulations* or institutional policies, necessary for the operation of the U.T. System institutions. Accordingly, the Chancellor *ad interim* and the General Counsel to the Board recommend that the Board authorize institutional presidents to establish and convene faculty advisory groups, as appropriate, to perform these functions. The establishment of all faculty advisory groups shall be reported to and approved by the appropriate Executive Vice Chancellor. The membership of these faculty advisory groups may not consist solely of members of the institution's faculty senates or councils as they were constituted prior to September 1, 2025. In approving this item, the Board authorizes established faculty advisory groups to perform the work of faculty governance bodies, including faculty senates and councils, consistent with the requirements of Senate Bill 37 and as contemplated in Regents' Rules and U.T. System and institutional policies.

RECESS TO EXECUTIVE SESSION.--At 9:25 a.m., the Board recessed to Executive Session, pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, 551.074, 551.076, 551.0761, and 551.089, to consider the matters listed on the Executive Session agenda.

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND AGENDA ITEMS.-- At 10:46 a.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Eltife called the meeting to order in Open Session.

- 1a. U.T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions); 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; including any interim appointments

No action was taken on this item.

- 1b. U.T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions); 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; including any interim appointments; and related personnel aspects of the operating budget for Fiscal Year 2026

No action was taken on this item.

- 1c. U.T. System: Discussion and appropriate action concerning individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U.T. System and institutional employees including employees covered by Regents' Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives

No action was taken on this item.

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

No action was taken on this item.

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

This was not an action item.



- 3b. U.T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U.T. System

No action was taken on this item.

- 3c. U.T. San Antonio: Discussion and appropriate action regarding legal issues associated with the grant of an exclusive option to purchase real property and improvements comprised of approximately 13.59 acres located on the Hemisfair campus at 801 E César E. Chávez Boulevard, San Antonio, Bexar County, Texas, to the City of San Antonio for a potential downtown revitalization project

See related item 4 for action taken in Open Session.

4. U.T. San Antonio: Discussion and appropriate action regarding the grant of an exclusive option to purchase real property and improvements comprised of approximately 13.59 acres located on the Hemisfair campus at 801 E César E. Chávez Boulevard, San Antonio, Bexar County, Texas, to the City of San Antonio for a potential downtown revitalization project

Vice Chairman Weaver made the following motion:

I move that the U.T. System Board of Regents take the following actions on behalf of U.T. San Antonio:

- a. conditionally authorize the grant of an exclusive option to purchase to the City of San Antonio of real property and improvements comprised of approximately 13.59 acres located on the Hemisfair campus at 801 East César E. Chávez Boulevard, San Antonio, Bexar County, Texas, for a potential downtown revitalization project on terms in accordance with the parameters outlined in Executive Session; and
- b. authorize the Executive Vice Chancellor for Business Affairs to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary to carry out the purpose and intent of the foregoing actions within the parameters outlined in Executive Session.

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

5. 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, and cybersecurity measures, policies, or contracts intended to protect critical infrastructure facilities

No action was taken on this item.

AGENDA ITEMS (continued)

14. U.T. System: Discussion and appropriate action regarding a) the nonpersonnel aspects of the operating budgets for Fiscal Year 2026, including Permanent University Fund Bond Proceeds allocations for Library, Equipment, Repair and Rehabilitation Projects and for the Faculty Science and Technology Acquisition and Retention program, b) appropriation of Available University Funds for the U.T. System self-insurance funds c) Institutional funds for Combat Casualty Care Research, and d) finding that expenditure of the Available University Fund is appropriate

The Chairman called on Vice Chancellor Derrick Horton for a presentation on the budget for Fiscal Year 2026 using the PowerPoint on Pages 161 - 170. In response to a question from Regent Perez, Executive Vice Chancellor Pruitt addressed variance in depreciation from year to year, noting it is a non-cash item on the balance sheet that is monitored closely, increases as capital assets come online, and declines with older assets.

Regent Stedman then made the following motion:

I move approval of the U.T. System Operating Budgets for Fiscal Year 2026, including matters related to the compensation and conditions of employment for those individuals requiring Board approval, including those as recommended to and considered by the Board in Executive Session.

I also move approval of the nonpersonnel aspects of the U.T. System Operating Budgets for Fiscal Year 2026, including allocation of Educational and General Funds; Auxiliary Enterprises; Grants and Contracts; Designated Funds; Restricted Current Funds; Medical, Dental, Nursing, and Allied Health Faculty Services and Research and Development Plans; and the Available University Fund as contained in the recommendations presented to the Board.

Approval of the budget also includes the appropriation of

1. \$79.2 million of PUF Bond Proceeds to fund Library, Equipment, Repair and Rehabilitation Projects for Fiscal Year 2026;
2. \$35.8 million of PUF Bond Proceeds for the Science and Technology Acquisition and Retention program, also known as the Faculty STARs program for Fiscal Year 2026, to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty. Funding authorized may be used by institutions in either the Faculty STARs or the Rising STARs programs to take advantage of recruitment and retention opportunities presented by the institutions;
3. \$60 million from the AUF for the U.T. System self-insurance funds with specific allocations determined by the Executive Vice Chancellor and Chief Operating Officer; and

4. \$30 million from U.T. System institutional funds for Combat Casualty Care Research contingent upon receiving federal funding from the Department of Defense through the Defense Advanced Research Projects Agency and with the specific source to be determined by the Executive Vice Chancellor and Chief Operating Officer.

I further move that the Board make a finding that expenditures of AUF for the purposes of providing operational support to the U.T. institutions and identified in the U.T. System Administration Operating Budget for Fiscal Year 2026 as Direct Campus Support and also in support of the U.T. System self-insurance programs are 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 expenditures will benefit all academic and health institutions.

Finally, I move that all subsequent budget actions be governed by the Budget Rules and Procedures approved February 20, 2025, and that the Chancellor be authorized to make editorial corrections and other non-substantive changes to the U.T. System Operating Budgets for Fiscal Year 2026, with subsequent adjustments and any material changes reported to the Board of Regents through the Consent Agenda to the extent required by the Budget Rules and Procedures.

The motion was seconded by Regent Jiles and carried unanimously.

### RECOMMENDATION

Dr. John M. Zerwas, in his capacity as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor and Chief Operating Officer, and the presidents of the U.T. institutions, recommends

- a) approval of the nonpersonnel aspects of the U.T. System Operating Budgets for Fiscal Year 2026, including Educational and General Funds, Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical, Dental, Nursing, and Allied Health Faculty Services, Research and Development Plans;
- b) that the Chancellor be authorized to make editorial corrections to the approved budget and that subsequent adjustments be reported to the U.T. System Board of Regents through the Consent Agenda subject to the requirements of the Budget Rules and Procedures;
- c) allocation of Permanent University Fund (PUF) Bond Proceeds in the amount of \$79.2 million directly to the institutions and U.T. System Administration to fund Library, Equipment, Repair and Rehabilitation (LERR) Projects for Fiscal Year 2026;

d) allocation of PUF Bond Proceeds in the amount of \$35.8 million to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty through the Faculty Science and Technology Acquisition and Retention (STARs) program. Funding authorized may be used by institutions in either the Faculty STARs or the related Rising STARs programs to take advantage of recruitment and retention opportunities presented by the institutions;

e) appropriation of \$60.0 million of Available University Funds (AUF) to the U.T. System self-insurance funds with specific allocations determined by the Executive Vice Chancellor and Chief Operating Officer;

f) allocation of \$30.0 million of U.T. System institutional funds with the specific source to be determined by Executive Vice Chancellor and Chief Operating Officer Jonathan Pruitt and contingent upon receiving federal funding from the Department of Defense through the Defense Advanced Research Projects Agency to support Combat Casualty Care Research; and

g) a finding that expenditure of AUF for the purpose of providing operational support to the U.T. System institutions and identified in the U.T. System Administration Operating Budget for Fiscal Year 2026 as Direct Campus Support and in support of the U.T. System self-insurance programs are 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 expenditures will benefit all academic and health institutions.

### BACKGROUND INFORMATION

Associate Vice Chancellor Derek Horton will present the following recommended items:

Fiscal Year 2026 Operating Budgets

#### Allocations from PUF Bond Proceeds

- Fiscal Year 2026 LERR Budget
- Fiscal Year 2026 Faculty STARs program, including Rising STARs

#### Allocation from AUF

U.T. System self-insurance funds

#### Allocation from Institutional Funds

Support for Combat Casualty Care Research

Budget materials titled "Operating Budget Summaries and Reserve Allocations for Library, Equipment, Repair and Rehabilitation and Faculty STARs" will be available online at <https://utsystem.edu/offices/budget-and-planning/operating-budget-summaries>.

Included in the U.T. System Administration Operating Budget for Fiscal Year 2026 is a \$107.0 million allocation of AUF for Direct Campus Support to provide assistance to U.T. academic and health institutions. The additional appropriation of \$60.0 million of AUF to be contributed to the System's various self-insurance funds will bolster plan reserves to absorb future losses and will reduce future insurance premiums charged to U.T. institutions.

The allocation of PUF Bond Proceeds for LERR and Faculty STARs is presented in the Fiscal Year 2026 LERR and Faculty STARs Budget and is subject to the budget rules and expenditure guidelines adopted therein. In accordance with the budget rules for LERR and Faculty STARs, the Chancellor is authorized to approve allocations to institutions within the program totals authorized by the U.T. System Board of Regents if specific allocations are not included when the initial budget is adopted.

The PUF Bond Proceeds, appropriated as indicated above, must be spent in accordance with Article VII, Section 18 of the Texas *Constitution*. PUF Bond Proceeds may only be used for acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment, and acquiring library books and library materials.

In the event federal funds are awarded to support Combat Casualty Care Research, Executive Vice Chancellor and Chief Operating Officer Jonathan Pruitt will determine the specific source of funds for the U.T. System allocation.

# The University of Texas System

## *Fiscal Year 2026 Annual Operating Budget*

Derek Horton  
Associate Vice Chancellor, Budget and Planning

Meeting of the Board  
U.T. System Board of Regents Meeting  
August 2025



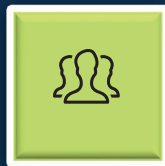
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# About The University of Texas System

*Size, scale, and diversity of the U.T. System exceeds all other higher education systems in the state.*



FY 2025 budget was **four** times the size of next largest Texas system



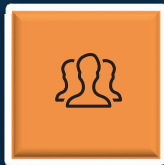
160,000 faculty, staff, and medical professionals – one of the largest employers in Texas



Research expenditures in FY 2024 of \$4.76 billion – largest in the state and second largest in the country



Continues to carry AAA credit rating with each of three credit rating agencies: Moody's, Standard & Poor's, and Fitch



More than 11.7 million patient visits in 2024



260,514 students – producing more than 1/3 of bachelor degrees and almost 2/3 of medical degrees in Texas



66,000 graduates in 2024 – more than any other system in Texas



Receives a patent every 1.5 days; invention disclosure every 9.9 hours



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U.T. System Office of Budget and Planning

# Introduction to the FY 2026 Annual Operating Budget

## The Fiscal Year 2026 Annual Operating Budget:

- Continued growth in health care activities
- State appropriation increases from the 89th legislative session
- Federal sponsored programs funding uncertainty
- Continued increases in investment income
- Increased investment in direct campus support for self insurance, academic programming, technology, and other shared services
- Inflationary impacts increasing operations and maintenance costs across all institutions
- Focus continues for faculty and staff compensation
- Changes in enrollment resulting in slightly more tuition and fee revenue

## The Budget request is presented in three sections:

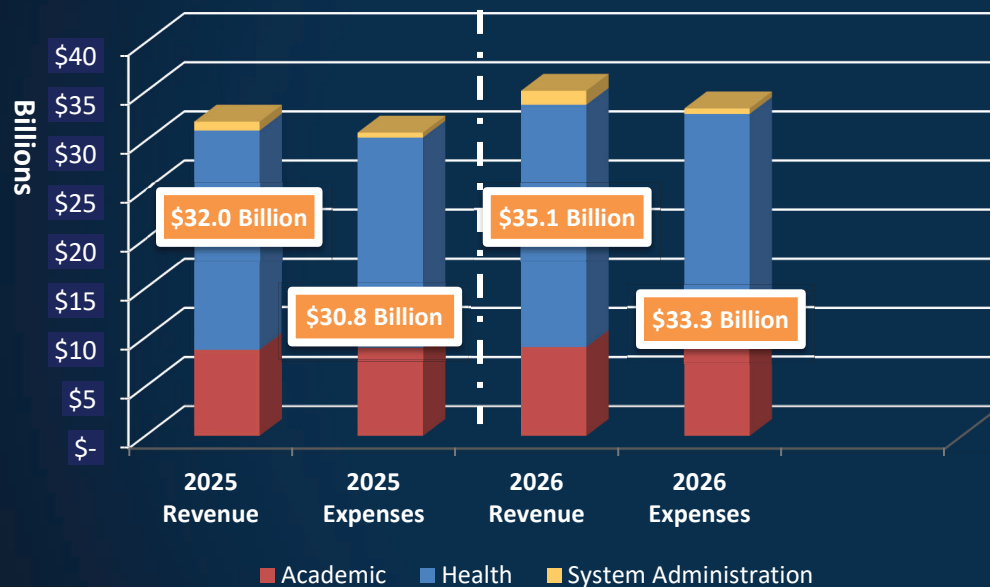
- U.T. System Administration Budget
- U.T. Systemwide Operations Budget
- Permanent University Fund (PUF) Bond Proceeds Allocations for Library, Equipment, Repair and Rehabilitation (LERR) and Faculty Science and Technology Acquisition and Retention Program (STARs)





# Budget Highlights

## Total Budgeted Revenue and Expenses FY 2025 and FY 2026



### Budgeted Revenue

\$35.1 billion in FY 2026  
 \$3.1 billion more than FY 2025  
 9.8% more than FY 2025

### Major Drivers

- Sales & Services of Hospital & Clinics - \$1.7 billion
- Net Investment Income - \$692 million
- State Appropriations - \$374 million

### Budgeted Expenses

\$33.3 billion in FY 2026  
 \$2.5 billion more than FY 2025  
 8.0% more than FY 2025

### Major Drivers

- Operations, Maintenance, and Travel - \$1.6 billion
- Personnel Costs - \$1.2 billion
- Scholarships and Fellowships - \$104 million

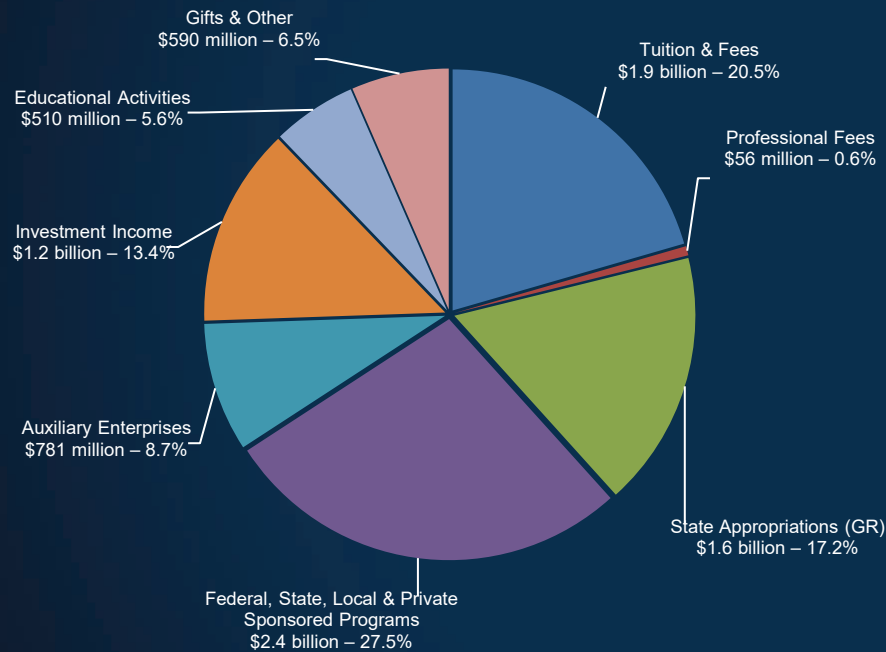


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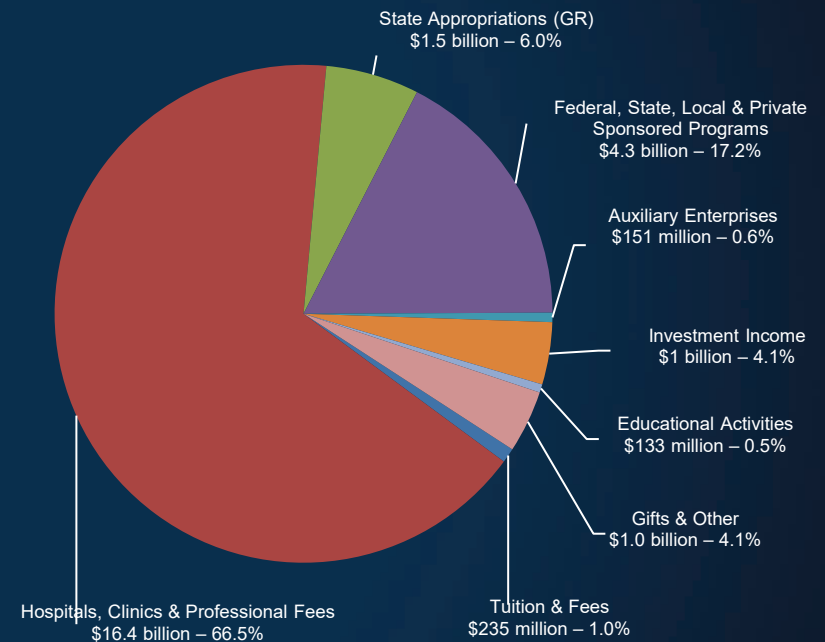
U.T. System Office of Budget and Planning

# FY 2026 Budgeted Revenue

## Academic Institutions - \$9.0 billion



## Health Institutions - \$24.7 billion

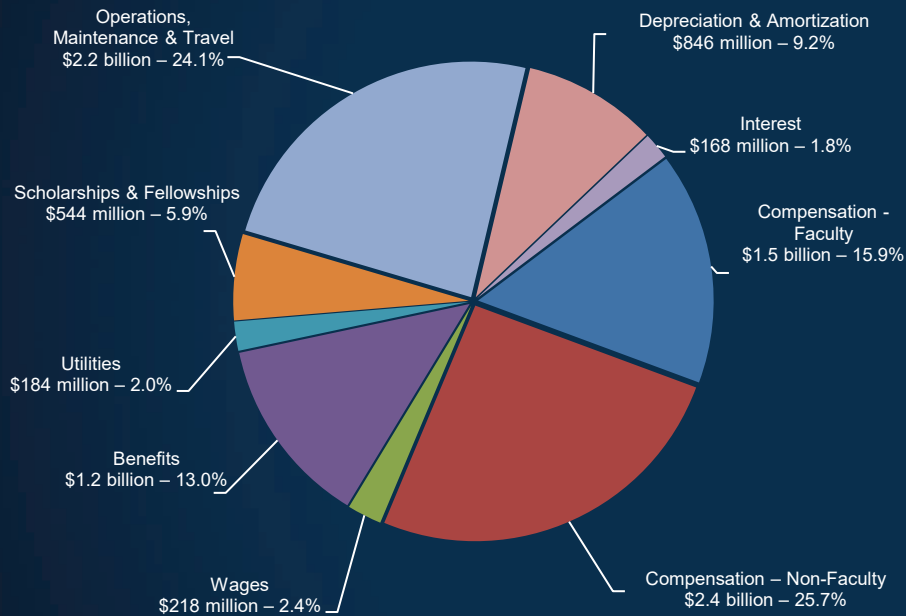


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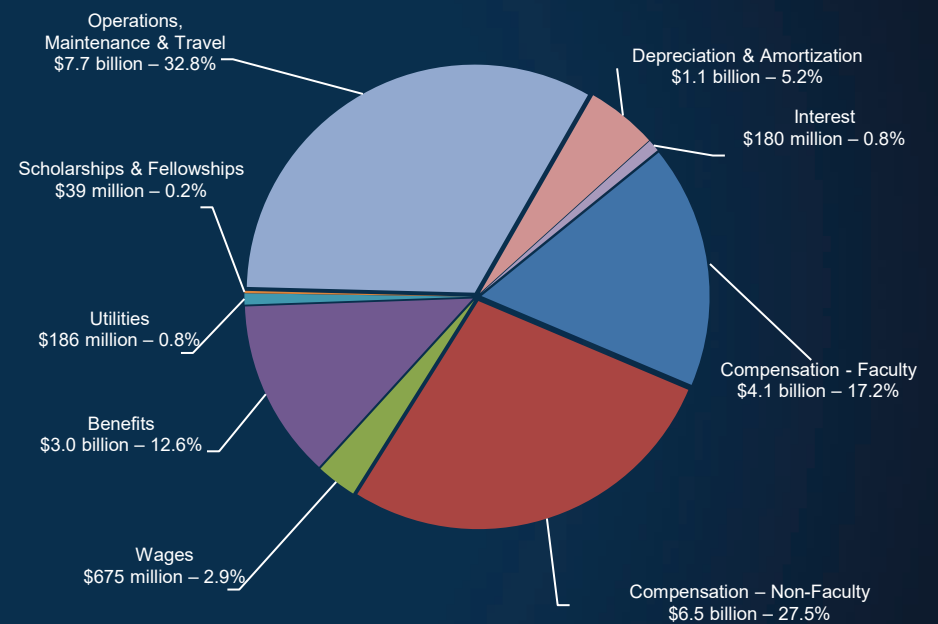
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# FY 2026 Budgeted Expenses

## Academic Institutions - \$9.2 billion



## Health Institutions - \$23.5 billion



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## U.T. System Academic Institutions - FY 2025-2026 Budget *(\$ millions)*

	FY 2025 Revenue	FY 2025 Expenses	FY 2025 Margin	FY 2025 Margin Ratio	FY 2026 Revenue	FY 2026 Expenses	FY 2026 Margin	FY 2026 Margin Ratio
U.T. Arlington	\$ 920.8	\$ 870.8	\$ 50.0	5.4%	\$ 876.7	\$ 840.4	\$ 36.3	4.1%
U.T. Austin	4,272.5	3,942.8	329.7	7.7%	4,568.6	4,114.9	453.7	9.9%
U.T. Dallas	938.7	845.9	92.8	9.9%	907.0	814.1	92.9	10.2%
U.T. El Paso	621.2	589.6	31.6	5.1%	563.8	540.5	23.3	4.1%
U.T. Permian Basin	104.5	100.3	4.2	4.0%	109.6	104.4	5.2	4.7%
U.T. Rio Grande Valley	680.4	666.7	13.7	2.0%	747.3	727.0	20.2	2.7%
U.T. San Antonio	792.2	694.0	98.2	12.4%	816.5	793.5	23.1	2.8%
Stephen F. Austin State University	218.4	211.0	7.4	3.4%	226.9	220.9	6.0	2.6%
U.T. Tyler	193.5	180.4	13.1	6.8%	216.3	210.2	6.2	2.9%
<b>TOTAL</b>	<b>\$ 8,742.2</b>	<b>\$ 8,101.5</b>	<b>\$ 640.7</b>	<b>7.3%</b>	<b>\$ 9,032.7</b>	<b>\$ 8,365.9</b>	<b>\$ 666.9</b>	<b>7.4%</b>



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Expenses are adjusted net of depreciation and amortization

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## U.T. System Health Institutions - FY 2025-2026 Budget *(\$ millions)*

	FY 2025 Revenue	FY 2025 Expenses	FY 2025 Margin	FY 2025 Margin Ratio	FY 2026 Revenue	FY 2026 Expenses	FY 2026 Margin	FY 2026 Margin Ratio
U.T. Southwestern Medical Center	\$ 5,534.2	\$ 5,192.0	\$ 342.2	6.2%	\$ 6,391.1	\$ 5,974.3	\$ 416.8	6.5%
U.T. Medical Branch - Galveston	3,330.1	3,142.3	187.8	5.6%	3,703.2	3,486.4	216.8	5.9%
U.T. Health Science Center - Houston	2,702.9	2,572.5	130.4	4.8%	2,824.5	2,730.3	94.2	3.3%
U T. Health Science Center - San Antonio	1,671.6	1,625.3	46.3	2.8%	1,869.3	1,765.5	103.8	5.6%
U.T.M.D. Anderson Cancer Center	8,647.9	7,356.7	1,291.2	14.9%	9,375.1	7,932.0	1,443.1	15.4%
U.T. Health Science Center at Tyler	438.7	416.0	22.7	5.2%	494.9	466.0	28.9	5.8%
<b>TOTAL</b>	<b>\$ 22,325.4</b>	<b>\$ 20,304.8</b>	<b>\$ 2,020.6</b>	<b>9.1%</b>	<b>\$ 24,658.1</b>	<b>\$ 22,354.5</b>	<b>\$ 2,303.6</b>	<b>9.3%</b>



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Expenses are adjusted net of depreciation and amortization

U.T. System Office of Budget and Planning

# U.T. System Administration Budget (\$ millions)

	FY 2025 Adjusted Budget	FY 2026 Proposed Budget	\$ Increase (Decrease)	% Change
U.T. System Administration Operations (AUF)	\$ 62.0	\$ 66.0	\$ 4.1	6.5%
U.T. System Administration – University Lands (PUF)	31.8	35.0	3.2	9.9%
U.T. System Administration Service Departments and Other (Non-AUF)	44.8	48.1	3.3	7.3%
<b>U.T. System Administration</b>	<b>\$138.6</b>	<b>\$149.1</b>	<b>\$ 10.6</b>	<b>7.6%</b>

*Excludes the following components of the U.T. Systemwide Annual Operating Budget:*

- State General Revenue Funded programs for Lone Star Stroke, Texas Children's Mental Health Care Consortium (TCMHCC), Laredo Multi-Institution Center, and REAL Health AI
- Sponsored programs includes grants and federal support through the Employee Group Waiver Program (EGWP) for Medicare Part D retiree prescription drug coverage.
- Capital Construction Assistance Projects (CCAP) and PUF Debt Service
- Depreciation and capitalized lease amortization net of capital outlay
- Self-insurance claims activity and certain systemwide software licenses centrally negotiated and reimbursed by U.T. institutions



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## U.T. Systemwide Budget (\$ millions)

	FY 2025 Adjusted Budget	FY 2026 Proposed Budget	\$ Increase (Decrease)	% Change
<b>U.T. Systemwide Operations</b>				
Direct Campus Support (AUF)	76.4	107.0	30.6	40.1%
State General Revenue Funded Programs *	10.7	31.5	20.8	193.4%
Sponsored Programs **	42.7	61.2	18.5	43.5%
U.T. System Building/CCAP/PUF Debt Interest (all institutions)	285.1	263.1	(22.0)	(7.7)%
Depreciation ***	11.0	11.1	0.1	0.8%
<b>Total****</b>	<b>\$425.9</b>	<b>\$473.9</b>	<b>\$48.0</b>	<b>11.3%</b>

\* State General Revenue Funded programs include Lone Star Stroke, Texas Children's Mental Health Care Consortium (TCMHCC), and REAL Health AI

\*\* Sponsored programs includes grants and federal support through the Employee Group Waiver Program (EGWP) for Medicare Part D retiree prescription drug coverage.

\*\*\* Depreciation and capitalized lease amortization net of capital outlay

\*\*\*\* Excludes self-insurance claims activity and certain Systemwide software licenses centrally negotiated and reimbursed by U.T. institutions

	FY 2025 Budget	FY 2026 Proposed Budget	\$ Increase (Decrease)	% Change
<b>U.T. Systemwide PUF Allocations</b>				
Library, Equipment, Repair and Rehabilitation (LERR)	41.2	79.2	38.0	92.2%
Faculty Science and Technology Acquisition and Retention (STARs)	35.8	35.8	0.0	0.0%
<b>Total</b>	<b>\$77.0</b>	<b>\$115.0</b>	<b>\$38.0</b>	<b>49.4%</b>



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15. U.T. System: Discussion and appropriate action regarding personnel aspects of the U.T. System Administration and institutional operating budgets for Fiscal Year 2026

The Board approved the following recommendation:

RECOMMENDATION

Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor and Chief Operating Officer, and the presidents of the U.T. institutions, recommends that approval be granted regarding personnel aspects of the U.T. System Administration and U.T. institution operating budgets for Fiscal Year 2026 as included in the previous Agenda Item.

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



## THE UNIVERSITY OF TEXAS SYSTEM

### Compensation - Academic Institution Presidents

Recommended Salary Rates Effective September 1, 2025 for Fiscal Year Ending August 31, 2026

	Approved 2025	Approved 2026	Dollar Increase	Percentage Increase
<b>ACADEMIC INSTITUTION PRESIDENTS</b>				
<b>U.T. Arlington</b>				
<i>Jennifer Cowley</i>				
Salary Rate	\$ 645,750	665,123	19,373	3.00%
<b>Total Compensation</b>	<b>\$ 645,750</b>	<b>665,123</b>	<b>19,373</b>	<b>3.00%</b>
<b>U.T. Austin</b>				
<i>James E. Davis<sup>1</sup></i>				
Salary Rate	\$ 977,500	1,250,000	272,500	27.88%
One-Time Transitional Expense		50,000		
<b>Total Compensation</b>	<b>\$ 977,500</b>	<b>1,300,000</b>	<b>272,500</b>	<b>27.88%</b>
<b>U.T. Dallas</b>				
<i>Prabhas V. Moghe<sup>2</sup></i>				
Salary Rate	\$ 800,000	800,000	-	0.00%
Deferred Compensation <sup>3</sup>	75,000	75,000	-	0.00%
One-Time Transitional Expense	50,000	-	(50,000)	-100.00%
<b>Total Compensation</b>	<b>\$ 925,000</b>	<b>875,000</b>	<b>-</b>	<b>0.00%</b>
<b>U.T. El Paso</b>				
<i>Heather Wilson</i>				
Salary Rate	\$ 653,999	673,619	19,620	3.00%
<b>Total Compensation</b>	<b>\$ 653,999</b>	<b>673,619</b>	<b>19,620</b>	<b>3.00%</b>
<b>U.T. Permian Basin</b>				
<i>Sandra Woodley</i>				
Salary Rate	\$ 490,277	514,791	24,514	5.00%
<b>Total Compensation</b>	<b>\$ 490,277</b>	<b>514,791</b>	<b>24,514</b>	<b>5.00%</b>
<b>U.T. Rio Grande Valley</b>				
<i>Guy H. Bailey</i>				
Salary Rate	\$ 787,638	827,020	39,382	5.00%
<b>Total Compensation</b>	<b>\$ 787,638</b>	<b>827,020</b>	<b>39,382</b>	<b>5.00%</b>
<b>U.T. San Antonio</b>				
<i>T. Taylor Eighmy<sup>4</sup></i>				
Salary Rate	\$ 735,316	1,014,875	279,559	38.02%
Deferred Compensation <sup>5</sup>	250,000	250,000	-	0.00%
<b>Total Compensation</b>	<b>\$ 985,316</b>	<b>1,264,875</b>	<b>279,559</b>	<b>28.37%</b>
<b>Stephen F. Austin State University</b>				
<i>Neal Weaver</i>				
Salary Rate	\$ 525,000	551,250	26,250	5.00%
<b>Total Compensation</b>	<b>\$ 525,000</b>	<b>551,250</b>	<b>26,250</b>	<b>5.00%</b>
<b>U.T. Tyler</b>				
<i>Julie V. Philley</i>				
Salary Rate	\$ 800,000	850,000	50,000	6.25%
Incentive Compensation	300,000	300,000	-	0.00%
<b>Total Compensation</b>	<b>\$ 1,100,000</b>	<b>1,150,000</b>	<b>50,000</b>	<b>4.55%</b>

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

<sup>1</sup>Appointed President, effective as of 9/1/2025

<sup>2</sup>Appointed President, effective as of 8/4/2025

<sup>3</sup>New Three-Year Deferred Compensation Plan to begin 9/1/2025. Vests 8/31/2028

<sup>4</sup>Appointed President of U.T. San Antonio including the Health Science Center, effective as of 9/1/2025.

<sup>5</sup>Three-Year Deferred Compensation Plan began 3/16/2025. Vests 3/16/2028

## THE UNIVERSITY OF TEXAS SYSTEM

### Compensation - Health Institution Presidents

Recommended Salary Rates Effective September 1, 2025 for Fiscal Year Ending August 31, 2026

	Approved 2025	Approved 2026	Dollar Increase	Percentage Increase
<b>HEALTH INSTITUTION PRESIDENTS</b>				
<b>U.T. Medical Branch - Galveston</b>				
<i>Jochen Reiser</i>				
Salary Rate	\$ 1,700,000	2,033,200	333,200	19.60%
Deferred Compensation <sup>1</sup>	200,000	200,000	-	0.00%
<b>Total Compensation</b>	<b>\$ 1,900,000</b>	<b>2,233,200</b>	<b>333,200</b>	<b>17.54%</b>
<b>U.T. Health Science Center - Houston</b>				
<i>Melina R. Kibbe<sup>2</sup></i>				
Salary Rate		1,600,000		0.00%
Deferred Compensation <sup>3</sup>	\$	200,000		0.00%
One-Time Transitional Expense		60,000		
<b>Total Compensation</b>	<b>\$ -</b>	<b>1,860,000</b>	<b>-</b>	
<b>U.T. Southwestern Medical Center</b>				
<i>Daniel K. Podolsky</i>				
Salary Rate	3,242,135	3,992,135	750,000	23.13%
<b>Total Compensation</b>	<b>\$ 3,242,135</b>	<b>3,992,135</b>	<b>750,000</b>	<b>23.13%</b>
<b>U.T. M.D. Anderson Cancer Center</b>				
<i>Peter Pisters</i>				
Salary Rate	3,188,283	3,938,283	750,000	23.52%
Deferred Compensation <sup>4</sup>	759,162	1,181,485	422,323	55.63%
<b>Total Compensation</b>	<b>\$ 3,947,445</b>	<b>5,119,768</b>	<b>1,324,110</b>	<b>29.70%</b>

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

<sup>1</sup>Three-Year Deferred Compensation Plan began 8/15/2023. Vests 8/2/2026

<sup>2</sup>Appointed President, effective as of 9/9/2025

<sup>3</sup>New Three-Year Deferred Compensation Plan to begin 9/1/2025. Vests 8/31/2028

<sup>4</sup>Five-Year Deferred Compensation Plan began 9/1/2022. Vests 8/31/2027

## THE UNIVERSITY OF TEXAS SYSTEM

### Compensation - Executive Officers U. T. System Administration

Recommended Salary Rates Effective September 1, 2025 for Fiscal Year Ending August 31, 2026

	Approved 2025	Approved 2026	Dollar Increase	Percentage Increase
<b>EXECUTIVE OFFICERS</b>				
<b>Chancellor <i>ad interim</i> &amp; Executive Vice Chancellor for Health Affairs</b>				
<i>John Zerwas</i> <sup>1</sup>				
Salary Rate	\$ 912,230	975,000	62,770	6.9%
<b>Total Compensation</b>	<b>\$ 912,230</b>	<b>975,000</b>	<b>62,770</b>	<b>6.9%</b>
<b>Executive Vice Chancellor for Academic Affairs</b>				
<i>Archie Holmes, Jr.</i>				
Salary Rate	\$ 520,223	560,000	39,777	7.6%
<b>Total Compensation</b>	<b>\$ 520,223</b>	<b>560,000</b>	<b>39,777</b>	<b>7.6%</b>
<b>Executive Vice Chancellor for Business Affairs &amp; Chief Operating Officer</b>				
<i>Jonathan Pruitt</i>				
Salary Rate	\$ 800,338	824,348	24,010	3.0%
<b>Total Compensation</b>	<b>\$ 800,338</b>	<b>824,348</b>	<b>24,010</b>	<b>3.0%</b>
<b>Vice Chancellor for Health Affairs</b>				
<i>David Lakey</i>				
Salary Rate	\$ 603,894	634,089	30,195	5.0%
<b>Total Compensation</b>	<b>\$ 603,894</b>	<b>634,089</b>	<b>30,195</b>	<b>5.0%</b>
<b>Deputy Chancellor and Senior Policy Advisor</b>				
<i>Julia Rathgeber</i>				
Salary Rate	\$ 448,050	550,000	101,950	22.8%
<b>Total Compensation</b>	<b>\$ 448,050</b>	<b>550,000</b>	<b>101,950</b>	<b>22.8%</b>
<b>Vice Chancellor for External Relations</b>				
<i>Randa S. Safady</i>				
Salary Rate	\$ 561,212	578,048	16,836	3.0%
<b>Total Compensation</b>	<b>\$ 561,212</b>	<b>578,048</b>	<b>16,836</b>	<b>3.0%</b>
<b>Vice Chancellor and General Counsel</b>				
<i>Daniel H. Sharphorn</i>				
Salary Rate	\$ 514,643	530,082	15,439	3.0%
<b>Total Compensation</b>	<b>\$ 514,643</b>	<b>530,082</b>	<b>15,439</b>	<b>3.0%</b>
<b>General Counsel to the Board of Regents</b>				
<i>Stacey Napier</i>				
Salary Rate	\$ 513,807	550,000	36,193	7.0%
<b>Total Compensation</b>	<b>\$ 513,807</b>	<b>550,000</b>	<b>36,193</b>	<b>7.0%</b>
<b>Chief Audit Executive</b>				
<i>J. Michael Peppers</i>				
Salary Rate	\$ 439,932	453,130	13,198	3.0%
<b>Total Compensation</b>	<b>\$ 439,932</b>	<b>453,130</b>	<b>13,198</b>	<b>3.0%</b>

<sup>1</sup>Appointed Chancellor, effective as of 8/20/2025.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 11:00 a.m.

/s/

Tina E. Montemayor  
Secretary to the Board of Regents  
August 21, 2025



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## MEETING OF THE BOARD

1. Minutes - U.T. System Board of Regents: Approval of Minutes of the special called meetings held June 23, 2025, July 14, 2025, and July 21, 2025
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 (NISPO) requirements, it is recommended that the Board of Regents approve the revised resolution set forth below regarding exclusion of individuals from the list of Key Management Personnel (KMP) authorized to negotiate, execute, and administer classified government contracts. The revision reflects the appointment of the Chancellor *ad interim*, the appointment of the Interim President at U.T. Austin, and the name and term of the new Student Regent.

A Resolution amending the Managerial Group list was last adopted by the Board of Regents on May 8, 2025.

NISPO 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" (NISPO):

~~James B. Milliken, J.D., Chancellor, The University of Texas System~~  
John M. Zerwas, M.D., Chancellor *ad interim*, The University of Texas System  
Jay Hartzell, Ph.D., President, The University of Texas at Austin  
James E. Davis, Interim President, The University of Texas at Austin  
Daniel T. Jaffe, Ph.D., Vice President for Research, 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

George E. Finney, Chief Information Security Officer, The University of Texas System

Michael J. Parks, Executive Director of Police, The University of Texas System

Margaret Lester, Research Security Analyst, Office of Research Support and Compliance, The University of Texas at Austin

The Chief Executive Officer (i.e., the Chancellor) is the highest ranking member of the Managerial Group. The Chancellor *ad interim* 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

Robert Paul Gauntt

Jodie Lee Jiles

Nolan E. Perez, M.D.

Stuart W. Stedman

Kelcy L. Warren

~~Anthony John Dragun, Student Regent from June 1, 2024 to May 31, 2025~~

~~(nonvoting)~~

Lucas Benjamin Schwartz, Student Regent from June 1, 2025 to May 31, 2026

(nonvoting)

3. Other Matters - **U.T. System**: Discussion and appropriate action regarding proposed Policies Regarding Speech, Expression, and Public Assembly to comply with Senate Bill 2972 and possible designations of public forums, removal of previous traditional public forum designations, and delegation to make appropriate amendments to the Regents' Rules

The Chancellor *ad interim* and the General Counsel to the Board recommend approval of revised institutional policies regarding speech, expression, and public assembly and designations of public forums, as required by the amended *Texas Education Code* Section 51.931, removal of previous traditional public forum designations, and delegation of authority to the General Counsel to the Board to make amendments to the Regents' Rules reflecting such actions.

In 2019, the 86th Legislature enacted *Texas Education Code* Section 51.9315, requiring institutions of higher education to adopt policies detailing students' rights and responsibilities regarding expressive activities and to designate common outdoor areas of a campus as traditional public forums. The Board responded by approving institutional policies reflecting the new legislative requirements and amending the Regents' Rules to make the required traditional public forum designations.

In 2025, the Texas Legislature passed Senate Bill 2972 (SB 2972) which amended this section to revise the required elements of such policies, which are detailed below, and to delegate authority to the Board to designate public forums on a campus.

Consequently, all U.T. institutions have revised their existing policies to comply with the amended statute, including some institutions which have identified specific campus areas recommended to serve as public forums. Each revised policy has been reviewed by the Office of General Counsel and found to comply with the requirements of SB 2972 and was provided to the Board prior to the meeting for review. It is also recommended that the Board remove the general designation of all outdoor common areas as traditional public forums, designate as public forums the areas identified in the revised institutional policies, and delegate authority to the General Counsel to the Board to make corresponding amendments to the Regents' Rules.

Pursuant to SB 2972, the revised policies must:

(1) Allow:

- a) members of the university community to, subject to reasonable restrictions, engage in expressive activities on campus, including by responding to the expressive activities of others; and
- b) student organizations and faculty to invite speakers to campus.

(2) Prohibit:

- a) using a device to amplify sound while engaging in expressive activities on campus during class hours that intimidate others, interfere with campus operations, or interfere with an institution employee's or a peace officer's lawful performance of a duty;
  - b) engaging in certain expressive activities on campus during the last two weeks of a semester or term;
  - c) camping or erecting tents or other living accommodations on campus;
  - d) wearing a disguise or other means of concealing a person's identity while engaging in expressive activities on campus with the intent to obstruct the enforcement of the institution's rules or the law by avoiding identification, to intimidate others; or to interfere with an institution employee's or a peace officer's lawful performance of a duty;
  - e) lowering the institution's flag of the United States or of this state with the intent to raise the flag of another nation or a flag representing an organization or group of people; and
  - f) engaging in expressive activities on campus between the hours of 10:00 p.m. and 8:00 a.m.
- (3) Establish disciplinary sanctions for students, student organizations, or employees who unduly interfere with the expressive activities of others or violate an institution's policy or state law.
- (4) Include a grievance procedure for addressing complaints of violations of Section 51.9315.
- (5) Require students enrolled at or employees of the institution to present proof of identity and status at the institution on request by an institution official on the institution's campus engaging in an official duty.
- (6) Be approved by a majority vote of the institution's governing board before final adoption.
- (7) Be posted publicly on the institution's Internet website.

## AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE

4. UTIMCO Committee Appointment - **U.T. System:** Proposed appointment of members to the Audit and Ethics Committee of the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO)

The University of Texas/Texas A&M Investment Management Company (UTIMCO) Board of Directors recommends that the U.T. System Board of Regents approve the appointment of David Baggett (Chair), Christina Melton Crain, Janet Handley, and Jonathan Pruitt to the Audit and Ethics Committee of the UTIMCO Board of Directors.

Section 66.08 of the *Texas Education Code* requires that the U.T. System Board of Regents approve the appointment of members to the Audit and Ethics Committee of the UTIMCO Board of Directors. The UTIMCO Board of Directors recommended and approved these appointments on June 19, 2025, conditioned on approval of the U.T. System Board of Regents.

5. Contract (funds going out) - **U.T. System:** EnviroServe, Inc., to provide spill, emergency response, and industrial services for U.T. System and all U.T. institutions

Agency: EnviroServe, Inc.

Funds: To be paid by U.T. System or the U.T. institutions that request services under this Agreement. Services under this Agreement may be requested by U.T. System or any U.T. institution; therefore, it is possible the value may exceed \$3,000,000 over the potential five-year term.

Period: December 1, 2024 through August 31, 2027; with one two-year renewal option

Description: This nonexclusive Systemwide agreement allows U.T. System and each U.T. institution to request the Contractor to provide spill, emergency response, and industrial services.

This Agreement was competitively bid. The U.T. System Office of Risk Management will closely monitor the spend over the life of the Agreement.

## FINANCE AND PLANNING COMMITTEE

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

The Chancellor *ad interim* and the Executive Vice Chancellor and Chief Operating Officer 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 as set forth in congressional style in Appendices A-E.

- A. Permanent University Fund (PUF)
- B. General Endowment Fund (GEF)
- C. Intermediate Term Fund (ITF)
- D. Long Term Fund (LTF)
- E. Permanent Health Fund (PHF)

No changes were made to the **Short Term Fund** and the **Separately Invested Funds Investment Policy Statements**.

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 were approved by the UTIMCO Board on June 19, 2025.

Those policies are included in the Appendices with the proposed tracked changes.

The **Investment Policy Statements** of the Permanent University Fund (PUF), General Endowment Fund (GEF), Intermediate Term Fund (ITF), Long Term Fund (LTF), and Permanent Health Fund (PHF) are being amended to reflect the proposed changes effective September 1, 2025.



The proposed changes to the **PUF Investment Policy Statement** are as follows:

*Pages 4-5:* Combine Developed Public Equity and Emerging Markets Public Equity into a single Asset Class called “Public Equity,” and apply MSCI ACWI Ex-China Ex-Hong Kong net Total Return USD as its benchmark.

*Pages 7-8:* Clarify the Asset Classes in which portable alpha (defined as “Cross-Asset Strategies”) is permitted and clarify that such strategies must target a combined market sensitivity substantially similar to the applicable benchmark.

*Page 9:* Increase the Public Equity “one corporation” concentration limit from 5% to 6% and delete “at cost” in reference to this and other concentration limits.

*Page 13 (Exhibit A):* In Exhibit A, update Asset Class allocation and policy portfolio targets and downside volatility.

*Pages 9, 10, 12:* Other minor drafting points.

The **GEF Investment Policy Statement** will include the same changes as the PUF.

The **ITF Investment Policy Statement** will include the same changes as the PUF, except that target Asset Class allocations remain unchanged.

*Page 11(Exhibit A):* In Exhibit A, update Asset Class allocation and policy portfolio targets and downside volatility.

Corresponding changes made to Exhibit A of the PUF will be made to Exhibit B of the **PHF and LTF Investment Policy Statements**.

Note: The approved amendments to the Investment Policy Statements are attached as appendices at the end of the Consent Agenda.

7. Other Fiscal Matters - U.T. System Board of Regents: Revisions to the amended and restated The University of Texas/Texas A&M Investment Management Company (UTIMCO) Compensation Program

The Chancellor *ad interim* and the Executive Vice Chancellor for Business Affairs and Chief Operating Officer concur in the recommendation of The University of Texas/Texas A&M Investment Management Company Board of Directors (UTIMCO Board) that the U.T. System Board of Regents approve the amended and restated UTIMCO Compensation Program (Plan) effective July 1, 2025, as set forth in congressional style in Appendix F. The Plan was approved by the UTIMCO Board on June 19, 2025, and amends and restates the UTIMCO Compensation Program that was approved by the U.T. System Board of Regents on June 20, 2024 (Prior Plan).

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

The proposed changes (Appendix F) are as follows:

*Section 1* has been changed to reflect a new effective date of July 1, 2025.

*Section 5.8(a)(2)d, Appendix A, and Table 2* have been revised to reflect the new recommended Peer Group Performance methodology. The current methodology determines the percentage rank for the performance of the Total Endowment Assets (TEA) relative to the Peer Group based on linear interpolation of the threshold and maximum performance standards of 50th percentile and 25th percentile. The new recommended methodology no longer utilizes the percentile ranks and replaces it with the Peer Group's Median Return and 25th Percentile Return as the threshold and maximum performance standards, respectively, which is determined annually by Cambridge Associates. The TEA's investment return will be measured against the Peer Group's Median Return and 25th Percentile Return.

*Appendix A* has also been updated to clarify the Asset Class example in Step 9.

*Table 2* has also been changed to adjust the maximum performance standards from 250 bps to 1,000 bps for Natural Resources and Private Equity Emerging Markets.

Note: The approved amended and restated UTIMCO Compensation Plan is attached as an appendix at the end of the Consent Agenda.

8. Contract (funds going out) - **U.T. System**: Approval to negotiate a Master Custodian Agreement with Northern Trust Corporation for the investment funds under the fiduciary care of the U.T. System Board of Regents that are managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO)

The Chancellor *ad interim* concurs in the recommendation of the Executive Vice Chancellor and Chief Operating Officer that the U.T. System Board of Regents authorize Mr. Richard Hall, President, Chief Executive Officer and Chief Investment Officer of The University of Texas/Texas A&M Investment Management Company (UTIMCO), to negotiate a contract with Northern Trust Corporation to serve as the master custodian for the investment assets under their fiduciary care.

The Master Custodian for the U.T. System Board of Regents provides a wide range of services, including custody, settlement of purchases and sales, collection of income, accounting, performance, analytics, securities lending, and compliance support. The Master Investment Management Services Agreement (IMSA) between the U.T. System Board of Regents and UTIMCO requires the U.T. System Board of Regents' approval of custodian banks and related custodian agreements.

The Bank of New York Mellon Corporation has served as the master custodian for the investment funds under the fiduciary care of the U.T. System Board of Regents since September 1, 1995. UTIMCO periodically reviews potential custodians. A Request for Proposal was distributed to The Bank of New York Mellon Corporation, Northern Trust Corporation, State Street Corporation, and JP Morgan Chase Bank, N.A. After careful consideration, a recommendation to transition from The Bank of New York Mellon Corporation to Northern Trust Corporation was approved by the UTIMCO Audit and Ethics Committee on June 10, 2025, and by the UTIMCO Board of Directors on June 19, 2025.

## ACADEMIC AFFAIRS COMMITTEE

9. Contract (funds going out) - U.T. Arlington: University Corporation for Advanced Internet Development, dba Internet2, to provide engagement contract with Instructure for the Canvas Learning Management System

Agency: University Corporation for Advanced Internet Development, dba Internet2

Funds: \$3,134,004

Period: September 1, 2025 through August 31, 2029

Description: This contract is for a four-year engagement with Instructure for the provision of Canvas Learning Management System (LMS). The LMS platform is fully integrated across the campus and provides course delivery, grading, reporting, and employee training.

This is a mission critical platform with multiple interfaces, and selecting a different provider would directly impact courses and users due to the loss of existing and historical data.

The University has secured a cost-effective renewal of Canvas through Internet2's higher education purchasing consortium.

This procurement was completed using a best value analysis.

10. Contract (funds going out) - **U.T. Arlington**: Amendment to Agreement with Boggs Electric Company, Inc., to provide electrical construction services

Agency: Boggs Electric Company, Inc.

Funds: Approximately \$8,000,000 over the life of the contract

Period: May 12, 2025 through August 31, 2026

Description: Boggs Electric Company, Inc., will provide electrical construction services for U.T. Arlington.

U.T. Arlington originally entered into a one-year agreement with five one-year renewal options. The University had contracts with multiple electrical service vendors and anticipated that the fee would remain under the \$2,500,000 Board approval threshold. Due to vendor availability and quality of work, Boggs provided more services than anticipated.

The Fifth Amendment increased the contract value to \$8,000,000, and the Sixth Amendment is the final renewal extending the Agreement to August 31, 2026.

This procurement was competitively bid.

11. 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 *ad interim* and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Architecture, Planning and Public Affairs</b>		
Architecture		
Dennis Chiessa	Assistant Professor	Associate Professor (T)
Oswald Jenewein	Assistant Professor	Associate Professor (T)
Atefe Makhmalbaf	Assistant Professor	Associate Professor (T)
Zachary Porter	New Hire	Associate Professor (T)
Shermeen Yousif	New Hire	Associate Professor (T)
Public Affairs and Planning		
Wei Zhai	New Hire	Associate Professor (T)
<b>College of Business</b>		
Finance and Real Estate		
Teng Wang	New Hire	Professor (T)
Information Systems and Operations Management		
Alper Nakkas	Assistant Professor	Associate Professor (T)
Management		
Ariane Froidevaux	Assistant Professor	Associate Professor (T)
<b>College of Engineering</b>		
Bioengineering		
Xi Zhu	New Hire	Associate Professor (T)
Computer Science and Engineering		
William Beksi	Assistant Professor	Associate Professor (T)
Electrical Engineering		
Xiong Gong	New Hire	Professor (T)
Chenyun Pan	Assistant Professor	Associate Professor (T)
Industrial, Manufacturing, and System Engineering		
Chen Kan	Assistant Professor	Associate Professor (T)
Yiran Yang	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>College of Liberal Arts</b>		
Art and Art History Bryan Florentin	Assistant Professor	Associate Professor (T)
Communication Roger Gans	Assistant Professor	Associate Professor (T)
Criminology and Criminal Justice Jennifer LaPrade	New Hire	Associate Professor (T)
English Nathanael O'Reilly	Assistant Professor	Associate Professor (T)
History Alberto Ortiz-Diaz	Assistant Professor	Associate Professor (T)
Music Steven Eldridge	Assistant Professor	Associate Professor (T)
Political Science Matthew Nowlin	New Hire	Associate Professor (T)
<b>College of Nursing and Health Innovation</b>		
Kinesiology Ziyad Ben Taleb	Assistant Professor	Associate Professor (T)
Tiffany Kindratt	Assistant Professor	Associate Professor (T)
<b>College of Science</b>		
Biology Anita Quintana	New Hire	Associate Professor (T)
Mathematics Keaton Hamm	Assistant Professor	Associate Professor (T)
Physics Amir Shahmoradi	Assistant Professor	Associate Professor (T)
<b>School of Social Work</b>		
Social Work Saltanat Childress	Assistant Professor	Associate Professor (T)
Sophia Fantus	Assistant Professor	Associate Professor (T)
Genevieve Graaf	Assistant Professor	Associate Professor (T)
Rebecca Mauldin	Assistant Professor	Associate Professor (T)

12. Contract (funds coming in) - U.T. Austin: Amendment to Agreement with Bottling Group, LLC, to provide and maintain snack and sundry items for vending machines on campus

Agency: Bottling Group, LLC

Funds: \$329,400 for Amendment term; total value of \$2,276,841

Period: June 1, 2025 through December 31, 2027

Description: This is an amendment to an existing Agreement with Bottling Group, LLC. Bottling Group will continue to provide and supply beverages, food, and sundry items for vending machines on campus. The underlying Agreement and all prior Amendments were previously approved by the Board of Regents.

The original parent Vending Machine Agreement had a term of December 1, 2017 through December 31, 2021; with the option to extend for two additional three-year periods. At the end of the initial three-year term, the Fourth Amendment updated the Agreement to replace the original renewal terms with six additional one-year terms. The Seventh Amendment was approved by the Board on May 9, 2024, and added \$426,000 to the Agreement. In addition, the Amendment extended the length of the Agreement by one three-year period, from January 1, 2025 through December 31, 2027. This Eighth Amendment adds \$329,400 to the Agreement.

The Agreement was procured under a competitive procurement process.

Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to the award of the contract to this vending machine provider. Board approval for this Amendment is sought in accordance with *Texas Government Code* Section 2203.005(a), which requires governing board approval of such vending machine placement agreements, and in accordance with U.T. Systemwide Policy UTS 130 pertaining to Vending Machine Contracts.



13. Contract (funds coming in) - U.T. Austin: Amendment to Vending Machine Services Contract with Compass Group USA, Inc., through its Canteen Division, to provide and supply beverages, food, and sundry items to contractor-owned vending machines on campus

Agency: Compass Group USA, Inc. through its Canteen Division

Funds: \$2,000,000 over the full contract term including renewal options

Period: September 1, 2025 through December 31, 2027; with the option to renew for two additional two-year periods

Description: Compass Group USA, Inc., through its Canteen Division, will provide and supply beverages, food, and sundry items to contractor-owned vending machines on campus.

The underlying Agreement was approved by the U.T. System Board of Regents on November 18, 2021.

The original term was January 1, 2022 through December 31, 2025; with three two-year renewal options. The First Amendment updated the product list and royalty schedule, and was approved by the U.T. System Board of Regents on November 16, 2023. This Second Amendment extends the term through December 31, 2027, and updates the product list and royalty schedule.

Board approval for this Amendment is sought in accordance with *Texas Government Code* Section 2203.005(a), which requires governing board approval of such vending machine placement agreements, and in accordance with U.T. Systemwide Policy UTS 130 pertaining to Vending Machine Contracts.

Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to the award of the contract to this vending machine provider.

14. Contract (funds going out) - U.T. Austin: Amendment to Agreement with the Texas Center for Child and Family Studies to provide funding to support statewide programs for families with adopted children

Agency: Texas Center for Child and Family Studies

Funds: \$13,792,469 over the full contract term

Period: September 1, 2025 through August 31, 2026

Description: The Texas Legislature appropriated funds to U.T. Austin for the purpose of creating programs to assist or support adopted persons. To fulfill this purpose, U.T. Austin's Texas Institute for Child and Family Wellbeing entered into an Agreement with the Texas Center for Child and Family Studies, the largest statewide membership organization for child welfare services in Texas.

The Agreement allocated \$4,601,723 to the Texas Center for Child and Family Studies to support statewide programs for families with adopted children; to provide critical post-adoption resources; and to deliver statewide training and technical assistance to community organizations. The Agreement was procured pursuant to an Exclusive Acquisition Justification in 2023, and did not require Board approval as the contract amount did not exceed the delegated threshold.

The First Amendment to the Agreement increased the total value of the Agreement to \$9,195,743, extended the term through August 31, 2025, and set forth the budget for the renewal term. The First Amendment was approved by the U.T. System Board of Regents on August 22, 2024. The Second Amendment to the Agreement increased the total value of the Agreement to \$9,290,744, and did not require Board approval as the total value did not exceed 25% of the total value of the Board-approved First Amendment.

This Third Amendment to the Agreement increases the total value of the Agreement to \$13,792,469, extends the term through August 31, 2026, and sets forth the budget for the renewal term.

15. Request for Budget Change - **U.T. Austin**: Tenure Appointments -- amendment to the FY 2025 budget

The following Requests for Budget Change (RBC) have been administratively approved by the Chancellor *ad interim* and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U.T. System Board of Regents:

College, Department, and Name	From	To	RBC #
<b>McCombs School of Business</b>			
Finance			
Amiyatosh Purnanandam	New Hire	Professor (T)	15507
<b>School of Civic Leadership</b>			
Civic Leadership			
Mark Hoekstra	New Hire	Professor (T)	15508
Thomas Ward	New Hire	Associate Professor (T)	15509
<b>College of Education</b>			
Educational Leadership and Policy			
Justin Ortagus	New Hire	Professor (T)	15510
<b>Jackson School of Geosciences</b>			
Earth and Planetary Sciences			
Lorena Moscardelli	New Hire	Professor (T)	15511
<b>School of Law</b>			
Law			
Aaron Nielson	New Hire	Professor (T)	15512
<b>College of Liberal Arts</b>			
English			
Katherine Brokaw	New Hire	Professor (T)	15513
Mexican American and Latina/o Studies			
Nancy Rodriguez	New Hire	Professor (T)	15514
Psychology			
Nicholas Duran	New Hire	Associate Professor (T)	15515
<b>Lyndon B. Johnson School of Public Affairs</b>			
Public Affairs			
Jeff Denning	New Hire	Associate Professor (T)	15516

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 *ad interim* and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>School of Architecture</b>		
Architecture		
Miriam Collins	Assistant Professor	Associate Professor (T)
<b>McCombs School of Business</b>		
Accounting		
Sara Toynbee	Assistant Professor	Associate Professor (T)
Finance		
Michael Sockin	Assistant Professor	Associate Professor (T)
Information Risk and Operations Management		
Rui Gao	Assistant Professor	Associate Professor (T)
Management		
Steven Gray	Assistant Professor	Associate Professor (T)
Marketing		
Kathleen Li	Assistant Professor	Associate Professor (T)
<b>Moody College of Communication</b>		
Advertising and Public Relations		
Deena Kemp	Assistant Professor	Associate Professor (T)
Speech, Language, and Hearing Sciences		
Rosemary Lester-Smith	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>College of Education</b>		
Curriculum and Instruction		
Tia Madkins	Assistant Professor	Associate Professor (T)
Cathery Yeh	Assistant Professor	Associate Professor (T)
Special Education		
Lauren Hampton	Assistant Professor	Associate Professor (T)
Kinesiology and Health Education		
Hao-Yuan Hsiao	Assistant Professor	Associate Professor (T)
<b>Cockrell School of Engineering</b>		
Civil, Architectural and Environmental Engineering		
Blair Johnson	Assistant Professor	Associate Professor (T)
Krishna Kumar	Assistant Professor	Associate Professor (T)
Pawel Misztal	Assistant Professor	Associate Professor (T)
Electrical and Computer Engineering		
Alex Hanson	Assistant Professor	Associate Professor (T)
Yaoyao Jia	Assistant Professor	Associate Professor (T)
Brian Johnson	Assistant Professor	Associate Professor (T)
Aryan Mokhtari	Assistant Professor	Associate Professor (T)
Mechanical Engineering		
Farshid Alambeigi	Assistant Professor	Associate Professor (T)
Zhenghui Sha	Assistant Professor	Associate Professor (T)
Petroleum and Geosystems Engineering		
Wen Song	Assistant Professor	Associate Professor (T)
<b>College of Fine Arts</b>		
Music		
Chelsea Burns	Assistant Professor	Associate Professor (T)
Farkhad Khudiyev	Assistant Professor	Associate Professor (T)
Justin West	Assistant Professor	Associate Professor (T)
<b>School of Law</b>		
Law		
Erik Encarnacion	Assistant Professor	Professor (T)
Maria Ponomarenko	Assistant Professor	Professor (T)

College, Department, and Name	From	To
<b>College of Liberal Arts</b>		
African and African Diaspora Studies		
Nessette Falu	Assistant Professor	Associate Professor (T)
Monica Jimenez	Assistant Professor	Associate Professor (T)
Asian Studies		
Brian Hurley	Assistant Professor	Associate Professor (T)
Economics		
Andres Drenik	Assistant Professor	Associate Professor (T)
Germanic Studies		
Nick Henry	Assistant Professor	Associate Professor (T)
Government		
Alison Craig	Assistant Professor	Associate Professor (T)
Middle Eastern Studies		
Mikiya Koyagi	Assistant Professor	Associate Professor (T)
Thomas Thompson	Assistant Professor	Associate Professor (T)
Psychology		
Caitlin Orsini	Assistant Professor	Associate Professor (T)
Rhetoric and Writing		
Angela Hill	Assistant Professor	Associate Professor (T)
Donnie Sackey	Assistant Professor	Associate Professor (T)
Sociology		
Jordan Conwell	Assistant Professor	Associate Professor (T)
Michael Sierra-Arevalo	Assistant Professor	Associate Professor (T)
<b>College of Natural Sciences</b>		
Chemistry		
Zachariah Page	Assistant Professor	Associate Professor (T)
Computer Science		
Yuke Zhu	Assistant Professor	Associate Professor (T)
Integrative Biology		
Melissa Kemp	Assistant Professor	Associate Professor (T)
Human Development and Family Sciences		
Sae Hwang Han	Assistant Professor	Associate Professor (T)
Elizabeth Munoz	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Molecular Biosciences Xiaolu Cambronne	Assistant Professor	Associate Professor (T)
Neuroscience Marcel Goldschen	Assistant Professor	Associate Professor (T)
Nutritional Sciences Elizabeth Widen	Assistant Professor	Associate Professor (T)
Physics Anna Tenerani	Assistant Professor	Associate Professor (T)
<b>Lyndon B. Johnson School of Public Affairs</b>		
Public Affairs Gordon Abner	Assistant Professor	Associate Professor (T)
Jaganath Sankaran	Assistant Professor	Associate Professor (T)
Andrew Waxman	Assistant Professor	Associate Professor (T)
<b>School of Social Work</b>		
Social Work Fiona Conway	Assistant Professor	Associate Professor (T)

17. Employment Agreement - U.T. Austin: Approval of amendment to terms of Employment Agreement for Vice President and Athletics Director Christopher M. Del Conte

The following terms of the amended Employment Agreement for Vice President and Athletics Director Christopher M. Del Conte have been approved by the Chancellor *ad interim*, 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 annual compensation 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 2024: \$2,450,000

FY 2025: \$2,525,000

FY 2026: \$2,600,000

FY 2027: \$2,680,000

FY 2028: \$2,850,000

FY 2029: \$3,000,000

FY 2030: \$3,150,000

Automobile: option of two dealer cars or \$7,500 in lieu of one of the cars annually

Club memberships: The University of Texas Club, The University of Texas Golf Club, Headliners Club of Austin

**Nonguaranteed compensation:**

Performance Incentives:

FY 2024: \$225,000

FY 2025: \$250,000

FY 2026: \$275,000

FY 2027: \$300,000

FY 2028: \$375,000

FY 2029: \$425,000

FY 2030: \$450,000



To: **Guaranteed compensation (Increase of 18.4%):**

Annual Salary:

FY 2026: \$2,900,000  
FY 2027: \$3,000,000  
FY 2028: \$3,100,000  
FY 2029: \$3,200,000  
FY 2030: \$3,350,000  
FY 2031: \$3,500,000  
FY 2032: \$3,650,000  
FY 2033: \$3,800,000  
FY 2034: \$3,950,000  
FY 2035: \$4,100,000  
FY 2036: \$4,250,000

Automobile: option of two dealer cars or \$7,500 in lieu of one of the cars annually

Club memberships: The University of Texas Club, The University of Texas Golf Club, Headliners Club of Austin

**Nonguaranteed compensation (Increase of 0%):**

Performance Incentives:

FY 2026: No Change  
FY 2027: No Change  
FY 2028: No Change  
FY 2029: No Change  
FY 2030: No Change  
FY 2031: \$475,000  
FY 2032: \$500,000  
FY 2033: \$525,000  
FY 2034: \$550,000  
FY 2035: \$575,000  
FY 2036: \$600,000

Source of Funds: Intercollegiate Athletics

Period: August 1, 2025 through August 31, 2036

18. Lease - U.T. Austin: Authorization to lease approximately 1,007 rentable square feet of additional space, adjacent to approximately 16,893 rentable square feet of currently leased office space, and extend the lease term for the entire premises at 3102 Oak Lawn Avenue in Dallas, Tarrant County, Texas, from Turtle Creek Property Owner I, LP, for mission uses, including academic use by the McCombs School of Business Executive MBA program

Description:	Authorization to lease approximately 1,007 rentable square feet of additional space, adjacent to approximately 16,893 rentable square feet of currently leased office space, and to extend the lease term for the entire premises at 3102 Oak Lawn Avenue in Dallas, Tarrant County, Texas, from Turtle Creek Property Owner I, LP, for mission uses, including academic use by the McCombs School of Business Executive MBA program.
Lessor:	Turtle Creek Property Owner I, LP, and/or related entities, successors, or assigns
Term:	The amended term of the lease for the currently leased and expansion space will be for an additional 89 months, which will commence on approximately February 1, 2027. U.T. Austin will continue to have two options to renew for a period of five years each at fair market value.
Lease Cost:	Base rent for the first lease year of the amended term is estimated to be \$36.25 per rentable square foot and will increase by 2% annually during each successive lease year. Estimated Operating Expenses for the first lease year of the amended term are estimated to be approximately \$16.55 per rentable square foot and are assumed to increase by approximately 3% annually during each successive lease year. Tenant shall also be responsible for its own electricity costs, which are estimated to be approximately \$1.66 per rentable square foot. Base rent will be abated for the initial five months following the commencement date for both the currently leased space and expansion space.
Tenant Improvements:	The Lessor is contributing approximately \$50.00 per rentable square foot for the improvements for both the currently leased space and the expansion space, which totals approximately \$895,000 and is expected to cover the necessary Tenant Improvements for U.T. Austin.
Total Cost:	The additional dollars that are being requested for approval total approximately \$8,148,619. The previously-approved two five-year renewal options have an estimated total expense of approximately \$11,923,881. The total lease value, including the initial lease, amended term, and both renewal options is approximately \$26,000,648.

19. 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 *ad interim* and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>Harry W. Bass Jr. School of Arts, Humanities, and Technology</b>		
History		
Anne Gray Fischer	Assistant Professor	Associate Professor (T)
En Li	Assistant Professor	Associate Professor (T)
Kevin Waite	New Hire	Associate Professor (T)
Literature		
Nomi Stone	Assistant Professor	Associate Professor (T)
William Nichols	New Hire	Professor (T)
Philosophy		
Katherine Davies	Assistant Professor	Associate Professor (T)
<b>School of Behavioral and Brain Sciences</b>		
Neuroscience		
Catherine Thorn	Assistant Professor	Associate Professor (T)
Psychology		
Kendra Seaman	Assistant Professor	Associate Professor (T)
Speech, Language, and Hearing		
Anny Castilla-Earls	New Hire	Professor (T)
Adrianna Shembel	Assistant Professor	Associate Professor (T)
<b>School of Economic, Political and Policy Sciences</b>		
Criminology and Criminal Justice		
Yeungjeom Lee	Assistant Professor	Associate Professor (T)
Megan Augustyn	New Hire	Associate Professor (T)
Economics		
Sven Jonas Hedlund	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>Erik Jonsson School of Engineering and Computer Science</b>		
Bioengineering Caroline Jones	Assistant Professor	Associate Professor (T)
Computer Science Abusayeed Saifullah	New Hire	Associate Professor (T)
<b>Naveen Jindal School of Management</b>		
Finance Huaizhi Chen	New Hire	Associate Professor (T)
Marketing Samir Mamadehussene	Assistant Professor	Associate Professor (T)
Operations Management Andrew Frazelle	Assistant Professor	Associate Professor (T)
Organizations, Strategy, and International Management Ning Li	Assistant Professor	Associate Professor (T)
Sabrina Volpone	New Hire	Associate Professor (T)
<b>School of Natural Sciences and Mathematics</b>		
Mathematical Sciences Qiwei Li	Assistant Professor	Associate Professor (T)
Physics Xiaojia Zhang	Associate Professor	Associate Professor (T)

20. Employment Agreement - **U.T. Dallas**: Approval of terms of Employment Agreement with Prabhas V. Moghe, Ph.D., as President of The University of Texas at Dallas

The following agreement has been approved by the Chancellor *ad interim*, has been signed by Dr. Prabhas V. Moghe, and is recommended for approval by the U.T. System Board of Regents. Terms of employment under this agreement are subject to Regents' *Rules and Regulations*, Rules 10501 and 20201, and *Texas Education Code* Section 51.948.

Item:	President
Funds:	\$800,000 will be provided annually, along with a \$50,000 one-time award for transitional expenses, \$75,000 per year in deferred compensation, and a \$100,000 research fund paid annually for three years upon return to the faculty.
Period:	Beginning August 4, 2025
Description:	Agreement for terms of employment of Dr. Prabhas V. Moghe, as President of U.T. Dallas. The President reports to the Chancellor and shall hold office without fixed term, subject to the pleasure of the Chancellor and approval by the Board of Regents. During his Presidency, Dr. Moghe will hold the Eugene McDermott Distinguished University Chair of Leadership. He will also be appointed as Professor, with Tenure, in the Department of Bioengineering in the Erik Johnson School of Engineering and Computer Science without compensation. The agreement is on the following pages.



The University of  
Texas System

OFFICE OF THE CHANCELLOR  
210 WEST SEVENTH STREET  
AUSTIN, TX 78701  
512.499.4201  
UTSYSTEM.EDU

May 30, 2025

Prabhas V. Moghe, PhD

Dear Dr. Moghe:

On behalf of the Board of Regents of The University of Texas System, I am pleased to offer you the position of President of The University of Texas at Dallas (UTD), effective August 4, 2025. Your annual salary will be \$800,000, payable in monthly installments. You will be eligible for annual salary increases, upon the Chancellor's recommendation to the Board of Regents, beginning in August 2026. You will receive a one-time award of \$50,000, less any applicable taxes, for transitional expenses.

The Board of Regents has agreed to a three-year deferred compensation of \$75,000 per year, effective upon execution of the attached Deferred Compensation Agreement. Please review it and return a signed copy as soon as possible. Also attached is a copy of the UT System Deferred Compensation Plan on which the Agreement is based. If you have any questions, please let me know.

Upon your start date, you will hold the Eugene McDermott Distinguished University Chair of Leadership. Funds from this Chair are to be used to enhance the presence and reputation of UTD among internal and external constituency groups. You will also be appointed as a tenured Professor in the Department of Bioengineering in UTD's Erik Jonsson School of Engineering and Computer Science. During your presidency, you will not be paid a salary as a Professor.

When your appointment as President ends, you will no longer hold the Eugene McDermott Distinguished University Chair of Leadership. Your compensation as a tenured Professor will equal the average academic rate of the three then-most highly compensated, full-time, tenured faculty members in the school. You will also receive a \$100,000 research fund, paid annually for three years, upon your return to the faculty. Lastly, you are entitled to faculty development leave consistent with Texas law.

State law also entitles you to applicable fringe benefits. Among these benefits are State-paid OASI, longevity pay, workers' compensation liability, insurance coverage, retirement, insurance premium sharing, and paid leave. Information about these benefits and any others offered by UT System will be transmitted under separate cover.

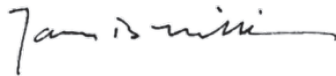
THE UNIVERSITY OF TEXAS AT ARLINGTON • THE UNIVERSITY OF TEXAS AT AUSTIN • THE UNIVERSITY OF TEXAS AT DALLAS • THE UNIVERSITY OF TEXAS AT EL PASO  
THE UNIVERSITY OF TEXAS PERMIAN BASIN • THE UNIVERSITY OF TEXAS RIO GRANDE VALLEY • THE UNIVERSITY OF TEXAS AT SAN ANTONIO  
STEPHEN F. AUSTIN STATE UNIVERSITY • THE UNIVERSITY OF TEXAS AT TYLER • THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER  
THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON • THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON  
THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO • THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER

Dr. Prabhas V. Moghe  
May 30, 2025  
Page 2

Under Regents' Rules, presidents of UT institutions are selected by the Board of Regents and serve without a fixed term, subject to the approval of the Chancellor and the Board. Your performance as President of UTD will be evaluated annually in accordance with the procedure outlined in Regents' Rule 20102.

I look forward to the opportunity to work with you as President of The University of Texas at Dallas, and we stand ready to assist you in your transition. Please sign and date this letter and return it to my office if these terms are agreeable. If you have any questions, please let me know.

Sincerely,



James B. Milliken  
Chancellor



Accepted: \_\_\_\_\_ Date: June 3, 2025  
Prabhas V. Moghe, PhD

cc: John M. Zerwas, MD, Executive Vice Chancellor for Health Affairs  
Archie Holmes, PhD, Executive Vice Chancellor for Academic Affairs  
Jonathan Pruitt, MPA, Executive Vice Chancellor and Chief Operating Officer  
Terry Hull, MBA, Associate Vice Chancellor and Chief Finance Officer  
Stacey Napier, JD, General Counsel to the Board of Regents

21. Contract (funds coming in and going out) - **U.T. El Paso**: Ticketmaster L.L.C. to provide ticketing platform services

Agency: Ticketmaster L.L.C.

Funds: Funds going out: \$45,000 Annual Product and License Fee for hardware and software and use of Plan 5 TM1 Engagement; and U.T. El Paso (UTEP) to pay Ticketmaster convenience charges and mail delivery fee

Funds coming in: Estimated \$2,095,744 for the initial term; \$3,442,552 total with option years, to include the following:

- \$300,000 signing bonus
- Ticketmaster to pay University convenience charge royalty on sliding scale
- UTEP and Ticketmaster to share payment authorization fees, Platinum Ticketing royalty, VIP Packages royalty and Ticketmaster Resales royalty

Period: May 1, 2025 through April 30, 2029; with three one-year renewal options to extend

Description: Ticketmaster to provide ticketing platform services. A Trademark License Agreement (TLA) is embedded within the Agreement.



22. Contract (funds going out) - U.T. El Paso: Taymar Sales U. to provide outbound ticket sales and box office services

Agency: Taymar Sales U.

Funds: \$2,030,100 for the initial term; \$3,016,263 total with option years

Period: May 1, 2025 through April 30, 2030; with two one-year renewal options to extend

Description: Taymar to provide operation for U.T. El Paso Intercollegiate Athletics Department, selling tickets and other seating at the Sun Bowl Stadium for football home games, at the Don Haskins Center for men's and women's basketball home games, at Memorial Gym for volleyball home games and any other U.T. El Paso sporting or athletic event. Selling shall include season ticket renewals, new season tickets, partial season ticket plans, group ticket plans, and individual game tickets, and as applicable, solicit cash contributions tied to seating and annual philanthropic cash contributions tied directly to annual giving to the Miner Athletic Club, the fundraising arm for U.T. El Paso Athletics.

23. Request for Budget Change - U.T. El Paso: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor *ad interim* and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>Woody L. Hunt College of Business</b>		
Department of Economics and Finance		
Jose R. Bucheli	Assistant Professor	Associate Professor (T)
Zifeng Feng	Assistant Professor	Associate Professor (T)
Sadok El Ghoul	New Hire	Professor (T)
Department of Economics and Finance		
Cynthia S. Halliday	Assistant Professor	Associate Professor (T)
Department of Accounting and Information Systems		
Yun Ke	Assistant Professor	Associate Professor (T)
Department of Marketing Management and Supply Chain Management		
Jianjun Zhu	New Hire	Associate Professor (T)
<b>College of Education</b>		
Department of Teacher Education		
Sarah Jean Johnson	Assistant Professor	Associate Professor (T)
<b>College of Engineering</b>		
Department of Aerospace and Mechanical Engineering		
Alejandra G. Castellanos	Assistant Professor	Associate Professor (T)
Angel Flores-Abad	Assistant Professor	Associate Professor (T)
Department of Electrical and Computer Engineering		
Robert Christopher Roberts	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Department of Metallurgical, Materials and Biomedical Engineering Brian E. Schuster	Associate Professor	Associate Professor (T)
<b>College of Liberal Arts</b> Department of Theatre and Dance Adrianna Dominguez Henry MacCarthy	Assistant Professor New Hire	Associate Professor (T) Associate Professor (T)
Department of Psychology Hannah I. Volpert-Esmond Krystia Reed	Associate Professor Associate Professor	Associate Professor (T) Associate Professor (T)
Department of Art Juan Juarez	New Hire	Associate Professor (T)
Department of Music Christopher Ramaekers	New Hire	Associate Professor (T)
<b>College of Science</b> Department of Earth, Environment and Resource Sciences Julien A. Chaput	Assistant Professor	Associate Professor (T)
Department of Physics Eunja Kim Jorge A. Munoz	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Department of Biological Sciences Sangeeta Tiwari	Assistant Professor	Associate Professor (T)
Department of Mathematical Sciences Mingao Yuan	New Hire	Associate Professor (T)

24. Request for Budget Change - **U.T. Permian Basin**: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor *ad interim* and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Engineering and Sciences</b>		
Department of Physical Sciences		
Theppawut Ayudhya	Assistant Professor	Associate Professor (T)
Nin Dingra	Assistant Professor	Associate Professor (T)
Chao Dong	Assistant Professor	Associate Professor (T)
Department of Engineering		
Ahmed Alzahabi	Assistant Professor	Associate Professor (T)
Omar Beg	Assistant Professor	Associate Professor (T)
<b>College of Health Sciences</b>		
Department of Behavioral Sciences		
David Carlston	New Hire	Professor (T)
Wei-Ju Chen	Assistant Professor	Associate Professor (T)
<b>College of Education</b>		
Department of Teaching and Learning		
Shelly Landreth	Assistant Professor	Associate Professor (T)
<b>College of Business</b>		
Dean		
Ansley Chua	New Hire	Professor (T)

25. Request for Budget Change - **U.T. Rio Grande Valley**: Transfer \$10,620,665 from Designated Funds to Voluntary Incentive Separation Program to fund Voluntary Separation Incentive Program payments payable to eligible faculty and staff upon a retirement date of August 31, 2025, along with associated vacation payouts and fringe benefits (RBC No. 14354) -- amendment to the FY 2025 budget

26. Request for Budget Change - U.T. Rio Grande Valley: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor *ad interim* and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>Robert C. Vackar College of Business and Entrepreneurship</b>		
Department of Finance		
Suin Lee	Assistant Professor	Associate Professor (T)
<b>College of Fine Arts</b>		
School of Music		
Katrina Roush	Assistant Professor	Associate Professor (T)
School of Art and Design		
Deanna Witman	Assistant Professor	Associate Professor (T)
<b>College of Health Professions</b>		
Department of Occupational Therapy		
John Luna	Assistant Professor	Associate Professor (T)
<b>College of Liberal Arts</b>		
Department of Political Science		
Carla Angulo-Pasel	Assistant Professor	Associate Professor (T)
Department of Anthropology		
Ana Carina Marques	Assistant Professor	Associate Professor (T)
Department of Writing and Language Studies		
Ramses Ortin Soriano	Assistant Professor	Associate Professor (T)
Sarah Warren-Riley	Assistant Professor	Associate Professor (T)
Department of Criminal Justice		
Youngki Woo	Assistant Professor	Associate Professor (T)
School of Interdisciplinary Programs and Community Engagement		
Alberto Rodriguez	New Hire	Professor (T)

College, Department, and Name	From	To
<b>College of Sciences</b>		
School of Earth, Environmental, and Marine Sciences		
Robin Choudhury	Assistant Professor	Associate Professor (T)
Amit Raysoni	Assistant Professor	Associate Professor (T)
Physics and Astronomy		
Lucas Macri	New Hire	Professor (T)
Juan Madrid	Assistant Professor	Associate Professor (T)
School of Mathematical and Statistical Science		
Mayra Ortiz Galarza	Assistant Professor	Associate Professor (T)
Younggon Bae	Assistant Professor	Associate Professor (T)

27. Contract (funds coming in) - U.T. San Antonio: Compass Group USA, Inc., by and through its Canteen Division, to provide operation and management of snack vending machines in various locations throughout campus

Agency:	Compass Group USA, Inc., by and through its Canteen Division (Canteen)
Funds:	Approximately \$1,200,000 to be received over the entire contract term, including all renewal terms. The value includes an estimated annual royalty of \$110,000, an initial signing bonus of \$20,000, possible additional signing bonuses of \$5,000 at each renewal term, and in-kind product.
Period:	Initial term beginning August 21, 2025, and continuing through May 31, 2029; with six 12-month renewal options, with each renewal option being at U.T. San Antonio's discretion
Description:	<p>Canteen will operate snack vending machines and provide related snack vending management and services at various locations throughout U.T. San Antonio's campus. The Agreement resulted from a competitive Request for Proposal. Pursuant to <i>Texas Education Code</i>, Section 51.945, students were provided with a reasonable opportunity to participate in the procurement evaluation process.</p> <p>Board approval for this Agreement is sought in accordance with <i>Texas Government Code</i> Section 2203.005(a), which requires all vending machine agreements to be approved by the Board, and in accordance with the U.T. Systemwide Policy UTS 130 pertaining to Vending Machine Contracts.</p>

28. 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 *ad interim* and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Education and Human Development</b>		
Department of Educational Leadership and Policy Studies		
Sofia Bahena	Assistant Professor	Associate Professor (T)
Department of Interdisciplinary Learning and Teaching		
Samuel DeJulio	Assistant Professor	Associate Professor (T)
Rica Ramirez	Assistant Professor	Associate Professor (T)
Department of Educational Psychology		
Ian Thacker	Assistant Professor	Associate Professor (T)
Russell Lang	New Hire	Professor (T)
Department of Bicultural-Bilingual Studies		
Isabel Martinez	New Hire	Associate Professor (T)
Jose Martinez Hinestroza	New Hire	Associate Professor (T)
<b>College of Liberal and Fine Arts</b>		
Department of Anthropology		
Patrick Gallagher	Assistant Professor	Associate Professor (T)
Department of Modern Languages and Literatures		
Isaura Contreras-Rios	Assistant Professor	Associate Professor (T)
School of Music		
Steven Andrew Lloyd	Assistant Professor	Associate Professor (T)
Oswaldo Zapata Correa	Assistant Professor	Associate Professor (T)
Department of Philosophy and Classics		
Jessica Nowlin	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
School of Interdisciplinary Engagement / School of Art Mark Menjivar	New Hire	Associate Professor (T)
<b>College of Sciences</b>		
Department of Computer Science Amanda Fernandez	Assistant Professor	Associate Professor (T)
William Severa	New Hire	Associate Professor (T)
Department of Biology, Health and the Environment Brian Laub	Assistant Professor	Associate Professor (T)
Department of Mathematics Duy Nguyen Vu Hoang	Assistant Professor	Associate Professor (T)
Department of Molecular Microbiology and Immunology Kirsten Hanson	Assistant Professor	Associate Professor (T)
<b>College for Health, Community and Policy</b>		
Department of Kinesiology Kelly Cheever	Assistant Professor	Associate Professor (T)
Masataka Umeda	Assistant Professor	Associate Professor (T)
Department of Social Work Bonita Sharma	Assistant Professor	Associate Professor (T)
Jelena Todic	Assistant Professor	Associate Professor (T)
Department of Psychology Casey Straud	New Hire	Associate Professor (T)
<b>Klesse College of Engineering and Integrated Design</b>		
Department of Architecture and Planning Neda Norouzi	Assistant Professor	Associate Professor (T)
Esteban Lopez-Ochoa	Assistant Professor	Associate Professor (T)
Michalangelo Sabatino	New Hire	Professor (T)



College, Department, and Name	From	To
Department of Biomedical Engineering and Chemical Engineering Abelardo Ramirez-Hernandez Jie Zheng	Assistant Professor New Hire	Associate Professor (T) Professor (T)
School of Civil and Environmental Engineering, and Construction Management Debaditya Chakraborty	Assistant Professor	Associate Professor (T)
Department of Mechanical, Aerospace and Industrial Engineering Daniel Pineda Kunal Kate	Assistant Professor New Hire	Associate Professor (T) Associate Professor (T)
Department of Electrical and Computer Engineering Rahim Esfandyardpour	New Hire	Associate Professor (T)
<b>Alvarez College of Business</b> Department of Information Systems and Cyber Security Anthony Rios	Assistant Professor	Associate Professor (T)
Department of Marketing Jihye Jung Dian Wang	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Department of Management Shannon Marlow	Assistant Professor	Associate Professor (T)
Department of Management Science and Statistics Arkajyoti Roy	Assistant Professor	Associate Professor (T)

29. Lease - U.T. San Antonio: Authorization to execute a new parking lease for a term of 20 years, following the expiration of the previous lease, located on approximately 8.91 acres of land underneath Interstate Highway 35 and adjacent to the U.T. San Antonio Downtown Campus, from Buena Vista Street to approximately 500 feet south of Guadalupe Street, in the City of San Antonio, Bexar County, Texas, from the Texas Department of Transportation, for parking and other mission uses

Description:	Authorization to execute a new parking lease for a term of 20 years, following the expiration of the previous lease, located on approximately 8.91 acres of land underneath Interstate Highway 35 and adjacent to the U.T. San Antonio Downtown Campus, from Buena Vista Street to approximately 500 feet south of Guadalupe Street in the City of San Antonio, Bexar County, Texas, from the Texas Department of Transportation, for parking and other mission uses.
Lessor:	The Texas Department of Transportation
Term:	The lease will be approximately 240 months, which is estimated to commence on July 1, 2025.
Lease Cost:	<p>The estimated base rent for the lease term is approximately \$4,353,001.</p> <p>U.T. San Antonio shall pay rent in annual installments. Base rent during the term will be approximately \$162,000 annually with a to-be-determined market rate annual increase each year thereafter.</p>
Total Cost:	Total estimated lease expense over the new lease term is approximately \$4,353,001.

30. Request for Budget Change - **Stephen F. Austin State University**: Tenure Appointments -- amendment to the FY 2025 budget

The following Requests for Budget Change (RBC) have been administratively approved by the Chancellor *ad interim* and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U.T. System Board of Regents:

College, Department, and Name	From	To	RBC #
<b>James I. Perkins College of Education</b>			
Education Studies			
Jordan Barkley	New Hire	Professor (T)	14372
<b>College of Sciences and Mathematics</b>			
Biology			
Brian Peer	New Hire	Professor (T)	14454

31. Request for Budget Change - **Stephen F. Austin State University**: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor *ad interim* and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>Nelson Rusche College of Business</b>		
Economics and Finance		
Beverly Mendoza	Assistant Professor	Associate Professor (T)
<b>James I. Perkins College of Education</b>		
Education Studies		
Elizabeth Gound	Assistant Professor	Associate Professor (T)
Yuan He	Associate Professor	Associate Professor (T)
Human Sciences		
David Martin	Professor	Professor (T)
Kinesiology and Health Science		
Sharon Rice	Assistant Professor	Associate Professor (T)
Melinda Watts	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>Micky Elliott College of Fine Arts</b>		
School of Music Greg Grabowski	Assistant Professor	Associate Professor (T)
School of Theatre and Dance Haley Jameson	Assistant Professor	Associate Professor (T)
<b>College of Liberal and Applied Arts</b>		
Languages, Cultures and Communication Mario Morera-Jimenez	Assistant Professor	Associate Professor (T)
Anthropology, Geography and Sociology Roslyn Fraser	Associate Professor	Associate Professor (T)
History Hunter Hampton	Assistant Professor	Associate Professor (T)

32. Purchase - **Stephen F. Austin State University**: Authorization to purchase approximately 1.26 acres of land and improvements, including an approximately 12,275 square foot medical office building and surface parking lot, located at 1303 North Mound Street, Nacogdoches, Nacogdoches County, Texas, from Stearns Investments 16, LLC, or successors or assigns, for mission purposes

Description: Authorization to purchase approximately 1.26 acres of land and improvements, including an approximately 12,275 square foot medical office building and surface parking lot, located at 1303 North Mound Street, Nacogdoches, Nacogdoches County, Texas, from Stearns Investments 16, LLC. The proposed use of the property is for mission purposes, which may include student health and counseling services.

Seller: Stearns Investments 16, LLC, and/or related entities, successors, or assigns

Purchase Price: Not to exceed fair market value as determined by an independent appraisal; appraisal confidential pursuant to *Texas Education Code* Section 51.951.

The agreed upon purchase price of the property may be below the fair market value of the property. If Seller desires to claim treatment of the conveyance of the property as a bona-fide bargain-for-sale transaction for federal income tax purposes, Stephen F. Austin State University agrees to reasonably cooperate with Seller at no cost to purchaser.

33. 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 *ad interim* and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Education and Psychology</b>		
Psychology and Counseling		
Ramona Grad	Assistant Professor	Associate Professor (T)
Drew Curtis	New Hire	Associate Professor (T)
<b>Soules College of Business</b>		
Computer Science		
Yi Li	Assistant Professor	Associate Professor (T)
<b>School of Health Professions</b>		
Kinesiology		
Jing Chen	New Hire	Associate Professor (T)

**HEALTH AFFAIRS COMMITTEE**34. Request for Budget Change - **U.T. Austin**: Tenure Appointment -- amendment to the FY 2025 budget

The following Request for Budget Change (RBC) has been administratively approved by Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs, and is recommended for approval by the U.T. System Board of Regents:

College, Department, and Name	From	To	RBC #
<b>Dell Medical School</b>			
College of Pharmacy			
Jie Li	New Hire	Professor (T)	15503

35. 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 Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>Dell Medical School</b>		
Medicine		
Adewole Adamson	Assistant Professor	Associate Professor (T)
Psychiatry		
Elizabeth Lippard	Assistant Professor	Associate Professor (T)
Suzannah Creech	Professor	Professor (T)
<b>School of Nursing</b>		
Nursing		
Heather Cuevas	Assistant Professor	Associate Professor (T)

36. Request for Budget Change - **U.T. El Paso**: Tenure Appointments -- amendment to the FY 2025 budget

The following Request for Budget Change (RBC) has been administratively approved by Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs, and is recommended for approval by the U.T. System Board of Regents:

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>	<u>RBC #</u>
<b>College of Health Sciences</b>			
Dean's Office and Public Health Sciences			
Clemens S. Kruse	New Hire	Professor (T)	14462

37. 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 Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2026 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>
<b>College of Health Sciences</b>		
Rehabilitation Sciences Program		
Yun-Pai (Beatrice) Lee	Assistant Professor	Associate Professor (T)
<b>College of Nursing</b>		
Nursing		
Karen R. Fowler	Assistant Professor	Associate Professor (T)
Stephen Harold Arnold Hernandez	New Hire	Professor (T)
Jacob Martinez	Assistant Professor	Associate Professor (T)
Melissa A. Wholeben	Assistant Professor	Associate Professor (T)
<b>School of Pharmacy</b>		
Pharmaceutical Sciences		
Yongde Luo	New Hire	Professor (T)



38. Request for Budget Change - **U.T. Rio Grande Valley**: Tenure Appointment -- amendment to the FY 2025 budget

The following Request for Budget Change (RBC) has been administratively approved by Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs, and is recommended for approval by the U.T. System Board of Regents:

College, Department, and Name	From	To	RBC #
<b>School of Medicine</b>			
Optometry			
William Miller (T)	New Hire	Professor (T)	14328

39. 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 Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>School of Medicine</b>		
Department of Medicine and Oncology		
Manish K. Tripathi	Assistant Professor	Associate Professor (T)

40. Request for Budget Change - **Stephen F. Austin State University**: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Sciences and Mathematics</b>		
School of Nursing		
Kimberly Deaton	Assistant Professor	Associate Professor (T)

41. Contract (funds coming in) - U.T. Tyler: The Health Science Center at U.T. Tyler request for approval of Health Professionals Master Services Agreement with ETMC Physician Group, Inc., dba UT Health East Texas Physicians

Agency: ETMC Physician Group, Inc., dba UT Health East Texas Physicians (UTHET Physicians)

Funds: Approximately \$12,000,000 over the full contract term, including renewal options

Period: September 1, 2025 through March 1, 2027; with automatic renewals for four consecutive one-year terms

Description: Health Professional Master Services Agreement (HPMSA) between the Health Science Center at U.T. Tyler and ETMC Physicians Group, Inc., dba UT Health East Texas Physicians, allowing for the Health Science Center at U.T. Tyler non-physician clinical faculty to work across the UT Health East Texas system, increasing access to care while expanding training sites for learners. This HPMSA will allow employed faculty such as advanced practice registered nurses, certified registered nurse anesthetists, physician assistants, psychologists, pharmacists, and speech pathologists to clinically practice in the learning environment. This model of employed faculty overseeing clinical training helps ensure quality and oversight of the training programs under the leadership of the Health Science Center at U.T. Tyler.

42. Request for Budget Change - U.T. Tyler: Tenure Appointment -- amendment to the FY 2025 budget

The following Request for Budget Change (RBC) has been administratively approved by Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and the Executive Vice Chancellor for Health Affairs, and is recommended for approval by the U.T. System Board of Regents:

College, Department, and Name	From	To	RBC #
<b>School of Health Professions</b>			
Rehabilitation Sciences			
Amy Schwarz	New Hire	Associate Professor (T)	14458

43. 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 Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>School of Medicine</b>		
Cellular and Molecular Biology Maolin Lu	Associate Professor	Associate Professor (T)
Preventative, Occupational, and Environmental Medicine Yordanos Tiruneh	Associate Professor	Professor (T)
<b>Fisch College of Pharmacy</b>		
Pharmaceutical Sciences Osama Shoair	Assistant Professor	Associate Professor (T)

44. Lease - U.T. Tyler: Authorization to lease approximately 124,143 rentable square feet of medical office space located at 1100 South Beckham Avenue, Tyler, Smith County, Texas, to Tyler Regional Hospital, LLC, for clinical operations use

Description:	Authorization to lease approximately 124,143 rentable square feet of medical office space located at 1100 South Beckham Avenue, Tyler, Smith County, Texas, to Tyler Regional Hospital, LLC, for clinical operations use and for an ambulatory surgical center in the new Medical Education Building that is estimated to be completed in the fall of 2025. The clinical operations will also serve as practice locations for U.T. Tyler clinical faculty as well as residents, fellows, medical students, and other learners.
Tenant:	Tyler Regional Hospital, LLC, and/or related entities, successors, or assigns
Term:	The initial term will be for approximately seven years from the lease commencement date. Lessee will be provided with five renewal options of three years each, which will be at the then fair market value. The lease term begins at the substantial completion of the leased premises.

**Rental Amount:** Initial annual base rent is approximately \$39.21 per square foot for the clinical operations spaces and \$60.36 per square foot for the ambulatory surgical center with 2% annual escalations. Lessee may be provided with market rent abatement. Total base rent for the initial term is approximately \$41,566,457. The base rent for the potential renewal periods will be at the then determined fair market rent and is estimated to be approximately \$111,067,222. Estimated base rent for the initial term and potential renewal terms is estimated at approximately \$152,633,679.

Lessee will be responsible for its share of the operating expenses and real estate taxes during the term of the lease, which are initially estimated at \$12.50 per square foot. Assuming 3% annual operating expense and real estate tax increases, the total estimated operating expenses and real estate taxes for the initial term and potential renewal terms is approximately \$47,386,594. Lessee may be responsible for contracting and paying for the janitorial services for the entire building, in which case Lessor will reimburse Lessee for Lessor's actual costs through a separate agreement.

**Tenant Improvements:** U.T. Tyler will deliver the leased premises in turn-key condition and such delivery condition is reflected in the fair market base rent being paid by the Lessee. The Lessee will be responsible for the cost and installation of the major medical equipment.

**Total Rental Amount:** Total net estimated lease revenue over the initial term and potential renewal periods is approximately \$200,020,273, which includes all estimated rent and estimated operating expenses.

45. Contract (funds going out) - **U.T. Southwestern Medical Center:** Aya Healthcare, Inc., to provide temporary and contingency staffing services for clinical and non-clinical positions

**Agency:** Aya Healthcare, Inc.

**Funds:** Not to exceed \$120,000,000 over the full term, including renewal periods

**Period:** May 1, 2025 through August 30, 2028; with the option to renew for two additional one-year terms

**Description:** Aya Healthcare, Inc., will provide temporary and contingency staffing services for clinical and non-clinical positions. The Agreement was competitively bid.

46. Interagency Agreement (funds coming in) - U.T. Southwestern Medical Center: Amendment to Interagency Cooperation Agreement with the Texas Health and Human Services Commission for the planning and development of a new inpatient mental health facility

Agency: Texas Health and Human Services Commission

Funds: \$645,440,000

Period: July 3, 2025 through the last phase of construction, which is estimated to be March 31, 2026

Description: The initial Agreement was approved by the Board on November 18, 2021, with funding of \$44,750,000. The First Amendment was approved by the Board on November 17, 2022, and included a Notice to Proceed from the Texas Health and Human Services Commission (HHSC) and added \$237,800,000 in federal funding awarded under the American Rescue Plan Act of 2021 and appropriated by the Texas Legislature for the construction phase of a new state psychiatric hospital in the Dallas-Fort Worth Metropolitan Area to be managed by U.T. Southwestern Medical Center. The Second Amendment was approved by the Board on May 4, 2023, and included revised language related to certain real estate matters and adding a charitable gift of \$200,000,000 to HHSC from Children's Health Clinical Operations for the addition of a mental health unit for children and adolescents to the new state psychiatric hospital for a total contract value of \$482,500,000. The Third Amendment was effective September 19, 2023, and included additional funding but did not require Board approval as the increase to the total contract value was within the institution's delegated authority. The Fourth Amendment included revisions related to implementation of the services to be performed and did not require Board approval. This Fifth Amendment includes revised language adding a charitable gift of \$61,000,000 to HHSC from Children's Health Clinical Operations for completing the construction of a mental health wing for children and adolescents in the new state psychiatric hospital. The total contract value is now \$645,440,000.

47. 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 Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Anesthesiology and Pain Management</b> Anesthesiology and Pain Management David Busch	Assistant Professor	Associate Professor (T)
<b>College of Biochemistry</b> Biochemistry Glen Liszczak	Assistant Professor	Associate Professor (T)
<b>College of Biophysics</b> Biophysics Konstantin Doubrovinski Kendra Frederick Weiwei Wang	Assistant Professor Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T) Associate Professor (T)
<b>College of Cell Biology</b> Cell Biology Jonathan Friedman	Assistant Professor	Associate Professor (T)
<b>Center for Alzheimer's and Neurodegenerative Diseases</b> Alzheimer's and Neurodegenerative Diseases Lorena Saelices Gomez	Assistant Professor	Associate Professor (T)
<b>College of Internal Medicine</b> Internal Medicine Dayoung Oh	Assistant Professor	Associate Professor (T)
<b>College of Microbiology</b> Microbiology Don Gammon	Assistant Professor	Associate Professor (T)
<b>College of Neuroscience</b> Neuroscience Ruhma Syeda	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>College of Pathology</b>		
Pathology		
Esra Akbay	Assistant Professor	Associate Professor (T)
<b>College of Pharmacology</b>		
Pharmacology		
Benjamin Weaver	Assistant Professor	Associate Professor (T)
<b>College of Physiology</b>		
Physiology		
Matthew Sieber	Assistant Professor	Associate Professor (T)
<b>College of Psychiatry</b>		
Psychiatry		
Ram Madabhushi	Assistant Professor	Associate Professor (T)
<b>College of Radiation Oncology</b>		
Radiation Oncology		
Raquibul Hannan	Professor	Professor (T)
<b>School of Health Professions</b>		
Applied Clinical Research		
Jijia Wang	Associate Professor	Professor (T)

48. Lease - U.T. Southwestern Medical Center: Authorization to ground lease approximately 1 acre of land and make improvements on property located at the northeast corner of West Magnolia Avenue and South Jennings Avenue, Fort Worth, Tarrant County, Texas, from UT Southwestern Moncrief Cancer Center for mission-related uses; and finding of a public purpose

Description: U.T. Southwestern Medical Center (UTSW) proposes to ground lease approximately 1 acre of land from the UT Southwestern Moncrief Cancer Center on property located at the northeast corner of West Magnolia Avenue and South Jennings Avenue in Fort Worth, Texas, for an initial term of approximately 50 years from substantial completion, for a Radiology and Oncology Cancer Center. The cost of construction will be paid by the institution, and the project cost is currently estimated to be approximately \$177,245,000. The Board previously approved the costs of construction on May 8, 2025. The planned building will straddle and be built on two different parcels of land. One tract is owned by the U.T. System Board of Regents and the other tract is owned by UT Southwestern Moncrief Cancer Center. The existing right of way that divides the two parcels has been approved for abandonment via ordinance, and once the final plat is filed, each party will own one-half of the right of way. UTSW will also have two additional renewal options of 20 years each. At the end of the initial 50-year term, it is expected that the facility constructed by the institution will be fully depreciated unless substantial renovation of the facility is, or has been, undertaken. The institution will own the improvements for the term of the ground lease. Once the lease term ends or is terminated, ownership of the improvements may be transferred to the Lessor.

Lessor: UT Southwestern Moncrief Cancer Center

Rent: The annual rent for Year 1 will be approximately \$97,500, and the rent will increase by 10% every five years. The total rent for the initial term and potential renewal terms is estimated to be approximately \$22,229,600. Lessee will be the sole owner of the building for the term of the ground lease and will be responsible for all operating expenses. It is assumed that there will be no property taxes or special assessments on the property. However, the institution will be responsible for property taxes and special assessments, if any.



Purchase Option: UTSW will have the option to purchase the property at or below fair market value, once UTSW acquires or constructs one or more facilities in Tarrant County, Texas, such that the total number of in-patient beds at UTSW facilities is at least 150.

Public Purpose: UTSW requests that the Board of Regents find that: (1) the proposed ground lease from UT Southwestern Moncrief Cancer Center and UTSW's construction of a Radiology and Oncology Cancer Center serves a public purpose appropriate to the function of UTSW, including uses that enhance the mission for the institution; (2) pursuant to the lease agreement, the consideration received by UTSW, including the right of ownership and exclusive use of the to-be-built facility for a term that, absent a default by UTSW, will be equal to or in excess of the facility's initially estimated useful life, is adequate; and (3) UTSW will have sufficient safeguards in place to ensure the public purpose will continue to be met on an ongoing basis, including lease provisions granting UTSW the exclusive use of the ground leased premises and the to-be built facility for the lease term, and controls over the design and construction of the facility.

49. Lease - U.T. Southwestern Medical Center: Authorization to lease approximately 17,206 rentable square feet of space located at 12850 Dallas Parkway, Frisco, Collin County, Texas, from DRI / Frisco MOB, LLC, for medical office use

Description: Authorization to lease approximately 17,206 rentable square feet of space located at 12850 Dallas Parkway, Frisco, Collin County, Texas, from DR I/ Frisco MOB, LLC, for medical office use

Lessor: DRI / Frisco MOB, LLC, a Delaware limited liability company, and/or related entities, successors, or assigns

Term: The term of the lease will be for approximately 126 months, which will commence upon substantial completion of the Tenant's premises. Tenant will also have the option to further extend the term of the lease for one renewal period of approximately 60 months.

- Lease Cost:** Base Rent over the initial period will be approximately \$38.00 per square foot annually for year one then will increase by 3% annually thereafter. The base rent will be abated for the initial six months following the commencement date.
- The base rent for the potential renewal periods will be at the then determined fair market value. Lessee will be responsible for any additional operating expense, which is initially estimated to be approximately \$14.50 per square foot per year. Assuming 3% annual operating expense increases, the operating expenses during the initial period are estimated to be approximately \$2,984,832, and the operating expenses for the renewal period are estimated to be approximately \$1,780,098. Lessee will be responsible for utility charges and janitorial service, which cost is estimated to be approximately \$86,030 per year and may be paid directly to the utility company and janitorial provider for the Lessee's premises.
- Tenant Improvements:** The lessor will contribute approximately \$100.00 per square foot, which is estimated to total approximately \$1,720,600, as a tenant improvement allowance. Additionally, the institution will contribute approximately \$150 per square foot, which is estimated to be \$2,589,000, towards improvements to the leased space.
- Total Cost:** Total estimated lease expense over the initial lease term and potential renewal period is approximately \$20,723,142, which includes estimated rent, estimated operating expenses, estimated janitorial and utility expenses, and proposed tenant improvement expense.

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 Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>School of Medicine</b>		
Orthopedic Surgery and Rehabilitation Borris Zelle	New Hire	Professor (T)
Pharmacology and Toxicology John Allen	Associate Professor	Associate Professor (T)
<b>School of Health Professions</b>		
Physical Therapy and Rehab Sciences Mansoo Ko	Associate Professor	Professor (T)
<b>School of Public and Population Health</b>		
Bioethics and Health Humanities Elise Smith	Assistant Professor	Associate Professor (T)
Population Health and Health Disparities Brian Downer	Associate Professor	Associate Professor (T)

51. **Lease - U.T. Medical Branch - Galveston: Authorization to extend the lease of approximately 8,383 square feet of space in a building located at 2785 Gulf Freeway South, Suite 165, League City, Galveston County, Texas, from IA League City Bay Colony L.P., for mission related purposes, including clinical use**

Description:	Authorization to extend the lease of approximately 8,383 square feet of space in a building located at 2785 Gulf Freeway South, Suite 165, League City, Galveston County, Texas, from IA League City Bay Colony L.P., for mission related purposes, including clinical use
Lessor:	IA League City Bay Colony L.P., and/or related entities, successor, or assigns
Term:	The extension term of the lease is for 60 months, expected to commence on January 1, 2027, and will expire on December 31, 2031. Additionally, Lessee will have one five-year renewal option thereafter at a fair market rental rate. The value of the initial term of the lease, which commenced on December 27, 2009, did not exceed \$1,000,000; therefore, Board authorization was not required at that time. On February 12, 2015, the Board approved a five-year lease extension through December 31, 2019. Since then, multiple lease extensions did not require Board authorization at that time as the total lease cost increases were within the institution's delegated authority.
Lease Extension Cost:	The extension term is estimated to include approximately \$1,597,000 in base rent and operating expenses. The additional proposed five-year renewal option is estimated to cost approximately \$1,880,000 in base rent and operating expenses.
Tenant Improvements:	U.T. Medical Branch - Galveston will contribute approximately \$830,000 towards improvements to the lease space.
Total Cost:	The estimated total lease cost, which includes all previous lease years, the current lease term, potential renewal terms, and tenant improvements costs, is estimated to be approximately \$10,035,325.

52. **Lease - U.T. Medical Branch - Galveston: Authorization to extend the lease of approximately 19,764 square feet of space in a building located at 2785 Gulf Freeway South, Suite 200, League City, Galveston County, Texas, from IA League City Bay Colony L.P., for mission related purposes, including clinical use**

Description:	Authorization to extend the lease of approximately 19,764 square feet of space in a building located at 2785 Gulf Freeway South, Suite 200, League City, Galveston County, Texas, from IA League City Bay Colony L.P., for mission related purposes, including clinical use
Lessor:	IA League City Bay Colony L.P., and/or related entities, successor or assigns
Term:	The extension term of the lease is for 60 months, expected to commence on November 1, 2025, and will expire on October 31, 2030. Additionally, Lessee will have one five-year renewal option at a fair market rent rate. On May 13, 2010, the Board approved the initial 10-year term, along with an option to extend for five years through October 31, 2025, at a total cost of approximately \$8,121,240.
Lease Extension Cost:	The extension term is estimated to include approximately \$3,085,806 in base rent and operating expenses. The additional proposed five-year renewal option is estimated to cost approximately \$3,633,983 in base rent and operating expenses.
Total Cost:	The estimated total lease cost, which includes all previous lease years, the current lease term, potential renewal terms, and tenant improvements costs, is estimated to be approximately \$15,894,186.

53. Contract (funds coming in) - U.T. Health Science Center - Houston: Compass Group, USA Inc., to provide vending food and beverage services across the campus

Agency: Compass Group, USA Inc.

Funds: Estimated \$886,666.64 for royalty payments over the entire term

Period: June 1, 2025 through September 30, 2029; with one additional five-year renewal.

Description: Compass Group, USA Inc., to provide vending food and beverage services at all locations across the campus, including the Cizik School of Nursing, McGovern Medical School Building, School of Dentistry, and University Center Tower locations. Services include providing vending food and beverages to students, staff, and guests on the campus.

In accordance with *Texas Education Code* Section 51.945, students participated on the evaluation committee prior to the award of the contract to this vendor. Board approval is sought in accordance with *Texas Government Code* Section 2203.005(a) and U.T. Systemwide Policy UTS 130 pertaining to Vending Machine Contracts.

54. Foreign Contract (funds coming in) - U.T. Health Science Center - Houston: To provide consulting services to assist Imam Abdulrahman Bin Faisal University located in Dammam, Saudia Arabia, to prepare for the accreditation site visit by the Commission on Dental Accreditation for its Bachelor of Dental Surgery and Advanced Education in General Dentistry Programs

Agency: Imam Abdulrahman Bin Faisal University

Funds: \$48,870, plus an hourly rate for services provided

Period: Two-year term from date of execution

Description: Foreign agreement to provide consulting services to assist Imam Abdulrahman Bin Faisal University, a public university located in Dammam, Saudia Arabia, to prepare for the accreditation site visit by the Commission on Dental Accreditation for its Bachelor of Dental Surgery and Advanced Education in General Dentistry Programs.

55. Request for Budget Change - U.T. Health Science Center - Houston: Tenure Appointments -- amendment to the FY 2025 budget

The following Requests for Budget Change (RBC) have been administratively approved by Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs, and are recommended for approval by the U.T. System Board of Regents:

College, Department, and Name	From	To	RBC #
<b>McGovern Medical School</b>			
Anesthesiology Zhongcong Xie	New Hire	Professor (T)	15497
Internal Medicine MinJae Lee	New Hire	Professor (T)	15501
Pediatrics, Neonatology Kaneal Gautham	New Hire	Professor (T)	15498
Psychiatry and Behavioral Sciences Phillippe Cunningham	New Hire	Professor (T)	15499
<b>School of Public Health</b>			
Epidemiology Kari North	New Hire	Professor (T)	15496

56. 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 Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>McWilliams School of Biomedical Informatics</b> Health Data Science and Artificial Intelligence Yejin Kim	Assistant Professor	Associate Professor (T)
<b>McGovern Medical School</b> Biochemistry and Molecular Biology Kuang-Lei Tsai	Assistant Professor	Associate Professor (T)
Family and Community Medicine Casey Crump	Professor	Professor (T)
Internal Medicine, Cardiology Nils Johnson	Professor	Professor (T)
Neurology Akihiko Urayama	Associate Professor	Professor (T)
Neurosurgery HuiMahn Choi Eunhee Kim	Professor Assistant Professor	Professor (T) Associate Professor (T)
Orthopedic Surgery Eric Klineberg	Professor	Professor (T)
Pediatrics, Neonatology Matthew Rysavy	Assistant Professor	Associate Professor (T)
<b>School of Public Health</b> Environmental and Occupational Health Sciences William Bret Perkison	Assistant Professor	Associate Professor (T)



College, Department, and Name	From	To
Health Promotion and Behavioral Sciences		
Paula Cuccaro	Assistant Professor	Associate Professor (T)
Belinda Hernandez	Assistant Professor	Associate Professor (T)
Management, Policy, and Community Health		
Alexander Testa	Assistant Professor	Associate Professor (T)
<b>School of Dentistry</b>		
General Practice and Dental Public Health		
Ben Warner	Professor	Professor (T)
Periodontics and Dental Hygiene		
Chun-Teh Lee	Associate Professor	Professor (T)

57. Request for Budget Change - U.T. Health Science Center - San Antonio: Tenure Appointment -- amendment to the FY 2025 budget

The following Request for Budget Change (RBC) has been administratively approved by Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs, and is recommended for approval by the U.T. System Board of Regents:

College, Department, and Name	From	To	RBC #
<b>School of Nursing</b>			
Office for Faculty Excellence			
Jinjiao Wang	New Hire	Professor (T)	14432

58. 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 Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>School of Medicine</b>		
Biochemistry and Structural Biology		
Bernard Fongang	Assistant Professor	Associate Professor (T)
Weixing Zhao	Assistant Professor	Associate Professor (T)
Family and Community Medicine		
Stacy A. Ogbeide	Associate Professor	Associate Professor (T)
Microbiology, Immunology and Molecular Genetics		
Ann V. Griffith	Assistant Professor	Associate Professor (T)
Molecular Medicine		
Lingtao Jin	Associate Professor	Associate Professor (T)
Katsumi Kitagawa	Associate Professor	Associate Professor (T)
Pharmacology		
Sarah Hopp	Assistant Professor	Associate Professor (T)
Population Health Sciences		
Byeongyeob Choi	Assistant Professor	Associate Professor (T)
<b>School of Health Professions</b>		
Physician Assistant Studies		
Leticia Bland	Assistant Professor	Associate Professor (T)
<b>School of Nursing</b>		
Office for Faculty Excellence		
Yan Du	Assistant Professor	Associate Professor (T)
Jisook Ko	Assistant Professor	Associate Professor (T)

59. Contract (funds going out) - U.T.M.D. Anderson Cancer Center: BDX Master Agreement with Becton, Dickinson and Company to purchase routine patient care items

Agency: Becton, Dickinson and Company

Funds: Approximately \$240,000,000 over the full contract term, including renewal options

Period: August 1, 2025 through July 31, 2031; with two additional 12-month renewals

Description: The BDX Master Agreement with Becton, Dickinson and Company (BDC) is to be used institution-wide for the purchase of routine patient care items. This BDX Master Agreement will reduce the need for negotiating individual terms and conditions and reduce the delays caused when purchasing routine patient care items.

The routine patient care items to be purchased under this Agreement will be provided through the Vizient Group Purchasing Organization agreements.

60. Contract (funds going out) - U.T.M.D. Anderson Cancer Center: Amendment to Agreement with PricewaterhouseCoopers, LLP, to provide information technology internal audit services

Agency: PricewaterhouseCoopers, LLP

Funds: Approximately \$7,500,000

Period: May 19, 2025 through June 5, 2027

Description: PricewaterhouseCoopers provides information technology (IT) and internal audit services, including internal IT audit risk assessment processes, IT internal audits, internal audit related IT consulting projects, and other IT related engagements.

The initial Agreement was effective June 6, 2022 through June 5, 2025, with a contract value of \$4,500,000 and two 12-month renewal options. This First Amendment, effective May 19, 2025, increases the contract value to \$7,500,000 and extends the term to June 5, 2027, with no remaining renewals. The initial Agreement did not require Board approval as the contract value was within the institution's delegated approval threshold. The initial Agreement was acquired via competitive bid.

61. Request for Budget Change - U.T.M.D. Anderson Cancer Center: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by Dr. John M. Zerwas, in his roles as Chancellor *ad interim* and Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the FY 2026 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
Department of Radiation Oncology Lauren E. Colbert	Assistant Professor	Associate Professor (T)
Department of Epigenetics and Molecular Carcinogenesis Jean Gautier	Professor	Professor (T)
Department of Thoracic Head and Neck Medical Oncology Carl M. Gay	Assistant Professor	Associate Professor (T)
Department of Cancer Biology Yejing Ge	Assistant Professor	Associate Professor (T)
Department of Immunology Matthew M. Gubin	Assistant Professor	Associate Professor (T)
Department of Genetics Georgios Karras	Assistant Professor	Associate Professor (T)
Department of Surgical Oncology Emily Z. Keung Hop S. Tran Cao	Assistant Professor Associate Professor	Associate Professor (T) Associate Professor (T)
Department of Neurosurgery Betty Kim	Professor	Professor (T)
Department of Biostatistics Ruitao Lin Ryan Sun	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Department of Thoracic and Cardiovascular Surgery Research Yonathan Lissanu	Assistant Professor	Associate Professor (T)
Department of Gastrointestinal Radiation Oncology Ethan B. Ludmir	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Department of Genitourinary Medical Oncology Pavlos Msaouel	Assistant Professor	Associate Professor (T)
Department of Pediatrics - Patient Care Michael Roth	Professor	Professor (T)
Department of Radiation Physics - Patient Care Emil Schueler Jinzhong Yang	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Department of Symptom Research Andrew J. Shepherd	Assistant Professor	Associate Professor (T)
Department of Experimental Radiation Oncology Di Zhao	Assistant Professor	Associate Professor (T)
Department of Genitourinary Radiation Oncology Phuoc Tho Tran	New Hire	Professor (T)

62. Purchase - U.T.M.D. Anderson Cancer Center: Authorization to purchase approximately 45.5 net acres of unimproved land located in the northeast quadrant of State Highway 6 and State Highway 288 (west of the proposed Manvel Parkway), within a development known as Presidio at Manvel, in Manvel, Brazoria County, Texas, from Sonmar of Scottsdale, LLC, for future campus expansion

Description:	U.T.M.D. Anderson Cancer Center proposes to purchase approximately 45.5 net acres of unimproved land located in the northeast quadrant of State Highway 6 and State Highway 288 (west of the proposed Manvel Parkway), within a development known as Presidio at Manvel, in Manvel, Brazoria County, Texas, from Sonmar of Scottsdale, LLC, for future campus expansion. To the extent the Seller owns the mineral estate, it will convey such minerals at the closing. The exact area and acreage of the parcel is subject to a survey and agreement on a final concept plan for the property and the Presidio development.
Location and Access:	Purchase of the subject property will support U.T.M.D. Anderson Cancer Center's regional cancer care program, which currently covers the north, west, southwest and southeast areas of greater Houston, in the southerly direction. The institution searched the State Highway 288 corridor and ultimately selected the subject property, located approximately 15 miles from the Texas Medical Center and the institution's primary facilities in Houston, due to its location, visibility, access, expandability, nearby retail amenities, and physical dimensions. A portion of the property's perimeter is subject to a pipeline easement, which may require certain setbacks. The property will be used for diagnostic and clinical uses, or for future programmed development of campus expansion or other purposes related to the institution's mission.
Seller:	Sonmar of Scottsdale, LLC, a Nevada limited liability company, and/or related entities, successors, or assigns
Infrastructure:	The property is currently raw land, without roads or utilities, although the property abuts the SH-288 frontage road. The Seller will plat the Presidio development, including the property. The parties will construct certain roads, storm water detention facilities, and utilities to serve the property; a portion of sales proceeds may be set aside in an escrow account or a similar mechanism to ensure the construction of certain defined roadways, detention, and utility infrastructure.

The timing of Seller's construction of other infrastructure in the Presidio development may hinge on the future sale by Seller of nearby parcels to third parties.

The Seller will reserve or may require U.T.M.D. Anderson Cancer Center to grant easements to third parties and/or utilities, or for purposes of temporary construction. The parties will enter into a Site Development Agreement at the closing to address infrastructure matters as described above.

380 Agreement and  
Municipal Utility District:

The Presidio benefits from a so-called 380 Economic Development Agreement, whereby future sales taxes may be used to defray the cost of certain infrastructure. The subject property is also located in a municipal utility district. As part of the Site Development Agreement, the parties will agree on the extent of U.T.M.D. Anderson Cancer Center's obligations to construct or fund the construction of infrastructure, and reimbursement rights, if any.

Business Park:

The property is in the Presidio at Manvel development. This is a master-planned development which shall include restrictive covenants controlling uses and exterior building design. The property owner's association will own and manage the detention ponds, open areas, and other amenities in the common areas of the development. The Presidio at Manvel is planned to include retail, commercial, residential, and multifamily uses.

Use Restrictions:

The property is zoned to allow commercial uses. Seller and U.T.M.D. Anderson Cancer Center may agree to modify or supplement deed restrictions during due diligence.

Appraised Value:

Not to exceed fair market value as determined by an independent appraisal. The purchase price may be adjusted based on the actual area of the property, as further determined by survey; appraisal confidential pursuant to *Texas Education Code* Section 51.951.

## FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

63. Other Fiscal Matters - U.T. System Board of Regents: Approval of funding of space renovations for U.T. Dallas' Waterview Academic and Administrative Center; and resolution regarding parity debt

The Executive Vice Chancellor and Chief Operating Officer recommends approval of this item authorizing funding of \$20,000,000 from Revenue Financing System (RFS) Bond Proceeds for U.T. Dallas to remodel portions of the recently acquired approximately 5.25 acres of land improved with a vacant office building containing approximately 143,492 square feet of space with surface parking lot and a structured parking garage, located at 17787 Waterview Parkway, Dallas, Collin County, Texas, the acquisition of which was approved by the Board on November 21, 2024. The renovation will replace major HVAC, IT, and electrical components, improve energy efficiency, and bring the building and site into compliance with current building codes.

The debt is expected to be repaid with local designated funds. Annual debt service is estimated at \$1,113,000. The institution's Scorecard Rating of 2.3 at the fiscal year-end 2024 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. The institution therefore requests that the Board 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 fund all or a portion of 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 RFS 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;
- U.T. Dallas, which is a "Member" as such term is used in the RFS 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 parity debt in an aggregate amount of \$20,000,000; and
- this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.



# APPENDIX A

(Consent Agenda Item #6)

## **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.

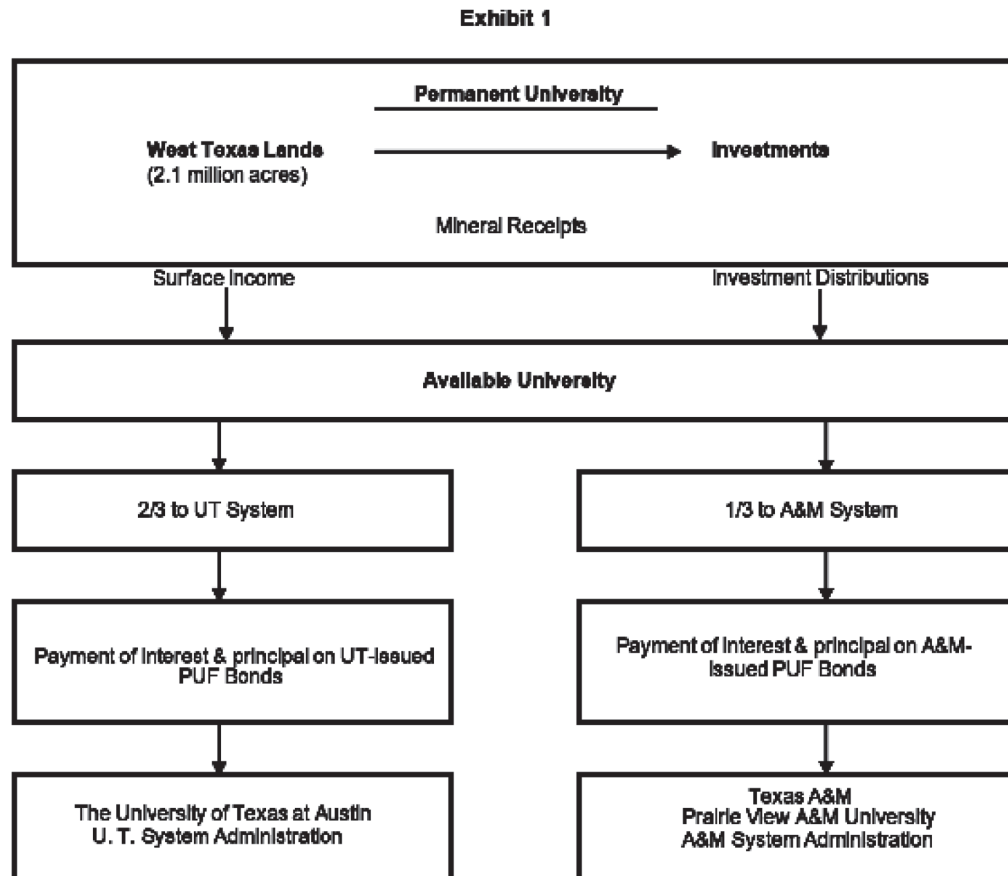
The expenditure of the AUF is subject to a prescribed order of priority:

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.

*Permanent University Fund Investment Policy Statement (continued)*

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.

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

*Permanent University Fund Investment Policy Statement (continued)*

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.

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 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 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 promptly report this situation to the UTIMCO Board Chair 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 Chair to waive immediate remedial action.

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~~ Public Equity benchmark listed in Exhibit A. 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). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as ~~Developed~~ Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

*Permanent University Fund Investment Policy Statement (continued)*

~~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). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Emerging Markets Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.~~

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 moderate market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, credit (loans, bonds, asset-backed securities, direct lending and distressed) 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, mortgage and asset-backed securities and ETFs. 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

*Permanent University Fund Investment Policy Statement (continued)*

principal securities may include bonds, notes, bills and ETFs. In addition, derivative 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 public equities, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, relative value, trend following, direct lending, specialty credit 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 ETFs and 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



*Permanent University Fund Investment Policy Statement (continued)*

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 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 Gross Total Return Index (RMSG) 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.

**Cross-Asset Strategies:**

Portable alpha strategies are investment strategies within and across regimes and generally involve the use of leverage. Such strategies are permitted in ~~the Developed Public Equity, Emerging Markets Public Equity and the Long Treasuries~~ all current Asset Classes other than Private Equity, Cash, Infrastructure, Natural Resources, private Real Estate, and Innovation and



*Permanent University Fund Investment Policy Statement (continued)*

Disruption, provided that such strategies target a combined market sensitivity ~~(defined by beta to the relevant substantially similar to the applicable Asset Class's 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.

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

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

**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.

*Permanent University Fund Investment Policy Statement (continued)*

- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or 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 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 ~~56~~56% 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

*Permanent University Fund Investment Policy Statement (continued)*

- 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 ~~2-23~~.

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.

### **Leverage**

The PUF can incur Leverage directly through derivatives and facilities such as repurchase agreements and reverse repurchase agreements, prime broker loans and other funding mechanisms (collectively "Leverage"). The Total Asset Class exposure, including these forms of Leverage, shall not exceed 110% of the net asset value of the PUF. Asset Class exposure will include applicable leverage and must remain within the policy limits provided in Exhibit A. Derivatives and other leverage facilities incurred by external managers operating under limited partnership agreements, through corporations, or through other limited liability entities are not included in any Asset Class exposure.

### **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

*Permanent University Fund Investment Policy Statement (continued)*

completed within seven business days but determination may be longer under certain circumstances.

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

### **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 the 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.

### **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 Chair of the UTIMCO Board with timelines for bringing the noncompliant activity within this Policy.

### **Securities Lending**

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.

*Permanent University Fund Investment Policy Statement (continued)*

**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 ~~January~~September 1, 2025.

**EXHIBIT A**  
**ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE JANUARY SEPTEMBER 1, 2025**

Asset Class	Min v Target <sup>(1)</sup>	Target <sup>(2)(3)</sup>	Max v Target <sup>(1)</sup>	Benchmark
<b>Global Equity:</b>				
Developed Public Equity <sup>(4)</sup>	-5.0%	20% 23.4%	+15.0%	MSCI World Index with Net Dividends MSCI ACWI Ex-China Ex-Hong Kong Net Total Return USD
Emerging Markets Public Equity	-5.0%	6.4%	+5.0%	Blended 50% MSCI Emerging Markets with China All Shares and 50% MSCI Emerging Markets ex-China (both net total return)
Total Public Equity	-5.0%	26.4%	+15.0%	
Directional Hedge Funds	-5.0%	6.0% 7.0%	+5.0%	HFRI Fund of Funds Composite
Private Equity <sup>(3)</sup>	17.5% -10.0%	27.5% 28.8%	37.5% +10.0%	Blended Median Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
<b>Total Global Equity</b>	-7.0%	59.9% 59.2%	+15%	
<b>Stable Value:</b>				
Investment Grade Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Global Aggregate Index x-CNY - Hedged
Long Treasuries	-5.0%	5.1%	+5.0%	Bloomberg US Treasury: Long Index
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index
Total Fixed Income	-5.0%	5.1%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	10.5% 12.0%	+5.0%	HFRI Fund of Funds Conservative
<b>Total Stable Value</b>	-10.0%	17.6% 19.1%	+6.0%	
<b>Real Return:</b>				
Inflation Linked Bonds	-5.0%	0.0%	+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
Total Commodities	-5.0%	0.0%	+5.0%	
Natural Resources <sup>(3)</sup>	0% -5.0%	3.3% 2.5%	8% +5.0%	Blended Median Cambridge PE Energy and Upstream & Royalty (ex Mining), PE Energy (Mining) and Timber
Infrastructure <sup>(3)</sup>	0.0% -5.0%	4.5% 5.5%	10% +5.0%	Median Cambridge Infrastructure
Real Estate <sup>(3)</sup>	6% -5.0%	9.7% 9.2%	15% +5.0%	Blended MSCI US REIT Gross Total Return Index (RMSG) and Median Cambridge Total Real Estate
<b>Total Real Return</b>	-6.0%	17.5% 17.2%	+6.0%	
<b>Strategic Partnerships</b>	-5.0%	6.0% 4.5%	+5.0%	Blended MSCI ACWI Ex-China Ex-Hong Kong Net Total Return USD, Bloomberg US Treasury: Long Index, MSCI World Index with Net Dividends, MSCI Emerging Markets ex-China Index with Net Dividends, and HFRI Macro
<b>Innovation &amp; Disruption</b>	0% -5.0%	0.0%	5.0% +5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
<b>Total All Asset Classes</b>		100.0%	110.0%	

POLICY/TARGET RETURN/RISKS <sup>(2)</sup>	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	5.19% 4.89%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	6.43% 6.25%
One Year Downside Volatility	8.24% 8.38%
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 The "+" or "-" will be vs the original target, with the exception of Public Equity, where the "+" and "-" will be vs the Adjusted 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. The "Min" and "Max" in these Asset Classes will be relative to the original Target. 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 100% Developed Public Equity.

(4) All public equity benchmarks are net total return unless stated otherwise.

# APPENDIX B

(Consent Agenda Item #6)

## **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 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 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 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.



*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’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.

**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 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 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

*General Endowment Fund Investment Policy Statement (continued)*

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.

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 promptly report this situation to the UTIMCO Board Chair 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 Chair to waive immediate remedial action.

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~~ Public Equity benchmark listed in Exhibit A. 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). Active extension strategies involve the use of leverage and include offsetting long and short

*General Endowment Fund Investment Policy Statement (continued)*

exposures, often targeting 100% net long exposure. Active extension strategies may be classified as ~~Developed~~-Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

~~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). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Emerging Markets Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.~~

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 moderate market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, credit (loans, bonds, asset-backed securities, direct lending and distressed) 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, mortgage and asset-backed

*General Endowment Fund Investment Policy Statement (continued)*

securities and ETFs. 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, bills and ETFs. In addition, derivative 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 public equities, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, relative value, trend following, direct lending, specialty credit 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 ETFs and 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

*General Endowment Fund Investment Policy Statement (continued)*

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 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 Gross Total Return Index (RMSG) 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.

*General Endowment Fund Investment Policy Statement (continued)*

**Cross-Asset Strategies:**

Portable alpha strategies are investment strategies within and across regimes and generally involve the use of leverage. Such strategies are permitted in ~~the Developed Public Equity, Emerging Markets Public Equity and the Long Treasuries~~ all current Asset Classes other than Private Equity, Cash, Infrastructure, Natural Resources, private Real Estate, and Innovation and Disruption, provided that such strategies target a combined market sensitivity ~~(defined by beta to the relevant~~ substantially similar to the applicable Asset Class's 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.

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

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

**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.

*General Endowment Fund Investment Policy Statement (continued)*

- 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 in the Delegation of Authority Policy, the Derivative Investment Policy or 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 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 ~~56~~56% 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~~.



*General Endowment Fund Investment Policy Statement (continued)*

### **Leverage**

The GEF can incur Leverage directly through derivatives and facilities such as repurchase agreements and reverse repurchase agreements, prime broker loans and other funding mechanisms (collectively “Leverage”). The Total Asset Class exposure, including these forms of Leverage, shall not exceed 110% of the net asset value of the GEF. Asset Class exposure will include applicable leverage and must remain within the policy limits provided in Exhibit A. Derivatives and other leverage facilities incurred by external managers operating under limited partnership agreements, through corporations, or through other limited liability entities are not included in any Asset Class exposure.

### **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 end close shall normally be completed within seven business days but determination may be longer under certain circumstances.

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.

### **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



*General Endowment Fund Investment Policy Statement (continued)*

UTIMCO and will comprise a blend of Asset Class indices weighted to reflect the 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.

### **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 Chair of the UTIMCO Board with timelines for bringing the noncompliant 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 ~~January~~September 1, 2025.

**EXHIBIT A**  
**ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE JANUARY SEPTEMBER 1, 2025**

Asset Class	Min v Target <sup>(1)</sup>	Target <sup>(2)(3)</sup>	Max v Target <sup>(1)</sup>	Benchmark
<b>Global Equity:</b>				
Developed Public Equity <sup>(4)</sup>	-5.0%	20% 23.4%	+15.0%	MSCI World Index with Net Dividends MSCI ACWI Ex-China Ex-Hong Kong Net Total Return USD
Emerging Markets Public Equity	-5.0%	6.4%	+5.0%	Blended 50% MSCI Emerging Markets with China All Shares and 50% MSCI Emerging Markets ex-China (both net total return)
Total Public Equity	-5.0%	26.4%	+15.0%	
Directional Hedge Funds	-5.0%	6.0% 7.0%	+5.0%	HFRI Fund of Funds Composite
Private Equity <sup>(3)</sup>	17.5% -10.0%	27.5% 28.8%	37.5% +10.0%	Blended Median Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
<b>Total Global Equity</b>	-7.0%	59.9% 59.2%	+15%	
<b>Stable Value:</b>				
Investment Grade Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Global Aggregate Index x-CNY - Hedged
Long Treasuries	-5.0%	5.1%	+5.0%	Bloomberg US Treasury: Long Index
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index
Total Fixed Income	-5.0%	5.1%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	10.5% 12.0%	+5.0%	HFRI Fund of Funds Conservative
<b>Total Stable Value</b>	-10.0%	17.6% 19.1%	+6.0%	
<b>Real Return:</b>				
Inflation Linked Bonds	-5.0%	0.0%	+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
Total Commodities	-5.0%	0.0%	+5.0%	
Natural Resources <sup>(3)</sup>	0% -5.0%	3.3% 2.5%	8% +5.0%	Blended Median Cambridge PE Energy and Upstream & Royalty (ex Mining), PE Energy (Mining) and Timber
Infrastructure <sup>(3)</sup>	0.0% -5.0%	4.5% 5.5%	10% +5.0%	Median Cambridge Infrastructure
Real Estate <sup>(3)</sup>	6% -5.0%	9.7% 9.2%	15% +5.0%	Blended MSCI US REIT Gross Total Return Index (RMSG) and Median Cambridge Total Real Estate
<b>Total Real Return</b>	-6.0%	17.5% 17.2%	+6.0%	
<b>Strategic Partnerships</b>	-5.0%	6.0% 4.5%	+5.0%	Blended MSCI ACWI Ex-China Ex-Hong Kong Net Total Return USD, Bloomberg US Treasury: Long Index, MSCI World Index with Net Dividends, MSCI Emerging Markets ex-China Index with Net Dividends, and HFRI Macro
<b>Innovation &amp; Disruption</b>	0% -5.0%	0.0%	5.0% +5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
<b>Total All Asset Classes</b>		100.0%	110.0%	

POLICY/TARGET RETURN/RISKS <sup>(2)</sup>	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	5.19% 4.89%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	6.43% 6.25%
One Year Downside Volatility	8.24% 8.38%
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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 The "+" or "-" will be vs the original target, with the exception of Public Equity, where the "+" and "-" will be vs the Adjusted 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. The "Min" and "Max" in these Asset Classes will be relative to the original Target. 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 100% Developed Public Equity.

(4) All public equity benchmarks are net total return unless stated otherwise.

# APPENDIX C

(Consent Agenda Item #6)

## **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 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 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 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 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 conformity

*Intermediate Term Fund Investment Policy Statement (continued)*

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 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 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 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 promptly report this situation to the UTIMCO Board Chair 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 Chair to waive remedial action.

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 the U.S.)~~ that are part of the ~~MSCI World~~ Public Equity index ~~listed in Exhibit A~~. 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, depository receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as ~~Developed~~ Public Equity, provided that these

*Intermediate Term Fund Investment Policy Statement (continued)*

strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

~~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). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Emerging Markets Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.~~

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 moderate market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, credit (loans, bonds, asset-backed securities, direct lending and distressed) 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, mortgage and asset-backed securities and ETFs. 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, bills and ETFs. 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 little to no market sensitivity, as defined by beta to public equities, and have an



*Intermediate Term Fund Investment Policy Statement (continued)*

absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, relative value, trend following, direct lending, specialty credit 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 ETFs and 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 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).

**Cross-Asset Strategies:**

Portable alpha strategies are investment strategies within and across regimes and generally involve the use of leverage. Such strategies are permitted in ~~the Developed Public Equity, Emerging Markets Public Equity and the Long Treasuries~~ all current Asset Classes ~~other than Cash~~, provided that such strategies 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.

*Intermediate Term Fund Investment Policy Statement (continued)*

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

**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 in the Delegation of Authority Policy, the Derivative Investment Policy or 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.

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~~.

*Intermediate Term Fund Investment Policy Statement (continued)*

- Not more than ~~56~~56% 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~~.

**Leverage**

The ITF can incur Leverage directly through derivatives and facilities such as repurchase agreements and reverse repurchase agreements, prime broker loans and other funding mechanisms (collectively “Leverage”). The Total Asset Class exposure, including these forms of Leverage, shall not exceed 105% of the net asset value of the ITF. Asset Class exposure will include applicable leverage and must remain within the policy limits provided in Exhibit A. Derivatives and other leverage facilities incurred by external managers operating under limited partnership agreements, through corporations, or through other limited liability entities are not included in any Asset Class exposure.

**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. Valuation of ITF assets shall be based on the books and records of the custodian for the valuation date. 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.

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.

*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 and 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 weighted to reflect the ITF'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.

## **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 Chair 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.

*Intermediate Term Fund Investment Policy Statement (continued)*

### **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.

### **Securities Lending**

The ITF 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 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 this Policy Statement as it deems necessary or advisable.

*Intermediate Term Fund Investment Policy Statement (continued)*

**Effective Date**

The effective date of this Policy shall be ~~January~~September 1, 2025.

**EXHIBIT A**  
**ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE ~~JANUARY~~ SEPTEMBER 1, 2025**

Asset Class	Min v Target <sup>(1)</sup>	Target <sup>(2)</sup>	Max v Target <sup>(1)</sup>	Benchmark
<b>Global Equity:</b>				
<del>Developed Public Equity<sup>(3)</sup></del>	-5.0%	<del>11.5%</del> 15.0%	+10.0%	<del>MSCI World Index with Net Dividends</del> MSCI ACWI Ex-China Ex-Hong Kong Net Total Return USD
<del>Emerging Markets Public Equity</del>	<del>-5.0%</del>	<del>3.5%</del>	<del>+5.0%</del>	<del>Blended 50% MSCI Emerging Markets with China All Shares and 50% MSCI Emerging Markets ex-China (both net total return)</del>
<del>Total Public Equity</del>	<del>-5.0%</del>	<del>15.0%</del>	<del>+10.0%</del>	
Directional Hedge Funds	-5.0%	35.0%	+5.0%	HFRI Fund of Funds Composite
<b>Total Global Equity</b>	-7.0%	50.0%	+10.0%	
<b>Stable Value:</b>				
Investment Grade Fixed Income	-5.0%	6.0%	+5.0%	Bloomberg Global Aggregate Index x-CNY - Hedged
Long Treasuries	-5.0%	7.0%	+5.0%	Bloomberg US Treasury: Long Index
Total Fixed Income	-5.0%	13.0%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	3 month T-bills
Stable Value Hedge Funds	-5.0%	25.0%	+5.0%	HFRI Fund of Funds Conservative
<b>Total Stable Value</b>	-10.0%	40.0%	+6.0%	
<b>Real Return:</b>				
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
Total Commodities	-5.0%	2.5%	+5.0%	
Public Real Estate	-5.0%	2.5%	+5.0%	MSCI US REIT Gross Total Return Index (RMSG)
<b>Total Real Return</b>	-6.0%	10.0%	+6.0%	
<b>Total All Asset Classes</b>		100.0%	105.0%	

<b>POLICY/TARGET RETURN/RISKS<sup>(2)</sup></b>	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	<del>2.3%</del> 2.24%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	<del>4.3%</del> 4.51%
One Year Downside Volatility	<del>3.8%</del> 3.74%
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.

(3) All public equity benchmarks are net total return unless stated otherwise.

# APPENDIX D

(Consent Agenda Item #6)



## **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 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 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 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

*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 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 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 - Cash 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.

**Investment Guidelines**

The LTF must be invested at all times in strict compliance with applicable law. Investment guidelines for the 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.

Generally, pursuant to the Uniform Prudent Management of Institutional Funds Act, Chapter 163, *Texas Property Code*, as amended, 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.

*Long Term Fund Investment Policy Statement (continued)*

### **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)*

## **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 LTF, 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.

## **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 Chair of the UTIMCO Board with timelines for bringing the noncompliant activity within this Policy.

In the event that actual Cash positions move outside the range indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will promptly report this situation to the UTIMCO Board Chair and take steps to rebalance Cash 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 interests of the LTF asset values could warrant requesting approval of the UTIMCO Board Chair to waive immediate remedial action

## **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 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

*Long Term Fund Investment Policy Statement (continued)*

required prior to the quarterly valuation date. If the aggregate amount of redemptions requested on any redemption date is equal to or greater than 2.5% 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 timeframe 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.

**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 this Policy Statement as it deems necessary or advisable.

**Effective Date**

The effective date of this Policy shall be ~~January~~September 1, 2025.

*Long Term Fund Investment Policy Statement (continued)*

**EXHIBIT A**

**LTF ASSET ALLOCATION**

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

	<b>Neutral Allocation</b>	<b>Range</b>	<b>Benchmark Return</b>
GEF Commingled Fund	100.0%	95% - 100%	Endowment Policy Portfolio
Cash	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 JANUARY SEPTEMBER 1, 2025**

Asset Class	Min v Target <sup>(1)</sup>	Target <sup>(2)(3)</sup>	Max v Target <sup>(1)</sup>	Benchmark
<b>Global Equity:</b>				
Developed Public Equity <sup>(4)</sup>	-5.0%	20% 23.4%	+15.0%	MSCI World Index with Net Dividends MSCI ACWI Ex-China Ex-Hong Kong Net Total Return USD
Emerging Markets Public Equity	-5.0%	6.4%	+5.0%	Blended 50% MSCI Emerging Markets with China All Shares and 50% MSCI Emerging Markets ex-China (both net total return)
Total Public Equity	-5.0%	26.4%	+15.0%	
Directional Hedge Funds	-5.0%	6.0% 7.0%	+5.0%	HFRI Fund of Funds Composite
Private Equity <sup>(3)</sup>	17.5% -10.0%	27.5% 28.8%	37.5% +10.0%	Blended Median Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
<b>Total Global Equity</b>	-7.0%	59.9% 59.2%	+15%	
<b>Stable Value:</b>				
Investment Grade Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Global Aggregate Index x-CNY - Hedged
Long Treasuries	-5.0%	5.1%	+5.0%	Bloomberg US Treasury: Long Index
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index
Total Fixed Income	-5.0%	5.1%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	10.5% 12.0%	+5.0%	HFRI Fund of Funds Conservative
<b>Total Stable Value</b>	-10.0%	17.6% 19.1%	+6.0%	
<b>Real Return:</b>				
Inflation Linked Bonds	-5.0%	0.0%	+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
Total Commodities	-5.0%	0.0%	+5.0%	
Natural Resources <sup>(3)</sup>	0% -5.0%	3.3% 2.5%	8% +5.0%	Blended Median Cambridge PE Energy and Upstream & Royalty (ex Mining), PE Energy (Mining) and Timber
Infrastructure <sup>(3)</sup>	0.0% -5.0%	4.5% 5.5%	10% +5.0%	Median Cambridge Infrastructure
Real Estate <sup>(3)</sup>	6% -5.0%	9.7% 9.2%	15% +5.0%	Blended MSCI US REIT Gross Total Return Index (RMSG) and Median Cambridge Total Real Estate
<b>Total Real Return</b>	-6.0%	17.5% 17.2%	+6.0%	
<b>Strategic Partnerships</b>	-5.0%	6.0% 4.5%	+5.0%	Blended MSCI ACWI Ex-China Ex-Hong Kong Net Total Return USD, Bloomberg US Treasury: Long Index, MSCI World Index with Net Dividends, MSCI Emerging Markets ex-China Index with Net Dividends, and HFRI Macro
<b>Innovation &amp; Disruption</b>	0% -5.0%	0.0%	5.0% +5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
<b>Total All Asset Classes</b>		100.0%	110.0%	

POLICY/TARGET RETURN/RISKS <sup>(2)</sup>	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	5.19% 4.89%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	6.43% 6.25%
One Year Downside Volatility	8.24% 8.38%
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 The "-" or "+" will be vs the original target, with the exception of Public Equity, where the "-" and "+" will be vs the Adjusted 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. The "Min" and "Max" in these Asset Classes will be relative to the original Target. 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 100% Developed Public Equity.

(4) All public equity benchmarks are net total return unless stated otherwise.



# APPENDIX E

(Consent Agenda Item #6)

## **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 fund 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 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 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 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 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 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 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 - Cash 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.

*Permanent Health Fund Investment Policy Statement (continued)*

### **Investment Guidelines**

The PHF must be invested at all times in strict compliance with applicable law. Investment guidelines for the 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.

### **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

*Permanent Health Fund Investment Policy Statement (continued)*

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.

### **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.

### **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 Chair of the UTIMCO Board with timelines for bringing the noncompliant activity within this Policy.

In the event that actual Cash positions move outside the range indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will promptly report this situation to the UTIMCO Board Chair and take steps to rebalance Cash 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 interests of the PHF asset values could warrant requesting approval of the UTIMCO Board Chair to waive immediate remedial action.

### **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.

*Permanent Health Fund Investment Policy Statement (continued)*

Each fund 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 timeframe 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 this Policy Statement as it deems necessary or advisable.

**Effective Date**

The effective date of this Policy shall be ~~January~~September 1, 2025.

*Permanent Health Fund Investment Policy Statement (continued)*

**EXHIBIT A**

**PHF ASSET ALLOCATION**

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

	<b>Neutral Allocation</b>	<b>Range</b>	<b>Benchmark Return</b>
GEF Commingled Fund	100.0%	95% - 100%	Endowment Policy Portfolio
Cash	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 JANUARY SEPTEMBER 1, 2025**

Asset Class	Min v Target <sup>(1)</sup>	Target <sup>(2)(3)</sup>	Max v Target <sup>(1)</sup>	Benchmark
<b>Global Equity:</b>				
Developed Public Equity <sup>(4)</sup>	-5.0%	20% 23.4%	+15.0%	MSCI World Index with Net Dividends MSCI ACWI Ex-China Ex-Hong Kong Net Total Return USD
Emerging Markets Public Equity	-5.0%	6.4%	+5.0%	Blended 50% MSCI Emerging Markets with China All Shares and 50% MSCI Emerging Markets ex-China (both net total return)
Total Public Equity	-5.0%	26.4%	+15.0%	
Directional Hedge Funds	-5.0%	6.0% 7.0%	+5.0%	HFRI Fund of Funds Composite
Private Equity <sup>(3)</sup>	17.5% -10.0%	27.5% 28.8%	37.5% +10.0%	Blended Median Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
<b>Total Global Equity</b>	-7.0%	59.9% 59.2%	+15%	
<b>Stable Value:</b>				
Investment Grade Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Global Aggregate Index x-CNY - Hedged
Long Treasuries	-5.0%	5.1%	+5.0%	Bloomberg US Treasury: Long Index
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index
Total Fixed Income	-5.0%	5.1%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	10.5% 12.0%	+5.0%	HFRI Fund of Funds Conservative
<b>Total Stable Value</b>	-10.0%	17.6% 19.1%	+6.0%	
<b>Real Return:</b>				
Inflation Linked Bonds	-5.0%	0.0%	+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
Total Commodities	-5.0%	0.0%	+5.0%	
Natural Resources <sup>(3)</sup>	0% -5.0%	3.3% 2.5%	8% +5.0%	Blended Median Cambridge PE Energy and Upstream & Royalty (ex Mining), PE Energy (Mining) and Timber
Infrastructure <sup>(3)</sup>	0.0% -5.0%	4.5% 5.5%	10% +5.0%	Median Cambridge Infrastructure
Real Estate <sup>(3)</sup>	6% -5.0%	9.7% 9.2%	15% +5.0%	Blended MSCI US REIT Gross Total Return Index (RMSG) and Median Cambridge Total Real Estate
<b>Total Real Return</b>	-6.0%	17.5% 17.2%	+6.0%	
<b>Strategic Partnerships</b>	-5.0%	6.0% 4.5%	+5.0%	Blended MSCI ACWI Ex-China Ex-Hong Kong Net Total Return USD, Bloomberg US Treasury: Long Index, MSCI World Index with Net Dividends, MSCI Emerging Markets ex-China Index with Net Dividends, and HFRI Macro
<b>Innovation &amp; Disruption</b>	0% -5.0%	0.0%	5.0% +5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
<b>Total All Asset Classes</b>		100.0%	110.0%	

POLICY/TARGET RETURN/RISKS <sup>(2)</sup>	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	5.19% 4.89%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	6.43% 6.25%
One Year Downside Volatility	8.24% 8.38%
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 The "-" or "+" will be vs the original target, with the exception of Public Equity, where the "-" and "+" will be vs the Adjusted 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. The "Min" and "Max" in these Asset Classes will be relative to the original Target. 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 100% Developed Public Equity.

(4) All public equity benchmarks are net total return unless stated otherwise.

# APPENDIX F

(Consent Agenda Item #7)



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

## UTIMCO COMPENSATION PROGRAM

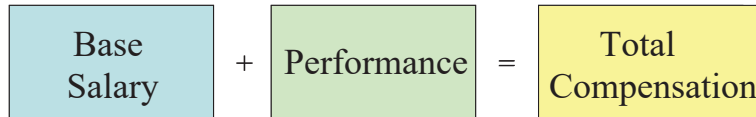
**Amended and Restated**  
**Effective July 1, 202~~5~~<sup>4</sup>**

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## 1. COMPENSATION PROGRAM STRUCTURE AND EFFECTIVE DATE

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



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

**Effective Date:** Except as provided in Section 7.9, this document, with an “Effective Date” of July 1, 202~~5~~<sup>4</sup>, supersedes the UTIMCO Compensation Program that was effective July 1, 202~~4~~<sup>0</sup>.

## 2. COMPENSATION PROGRAM OBJECTIVES

UTIMCO’s Compensation Program serves a number of objectives:

- To attract and retain key investment and operations employees of outstanding competence and ability.
- To encourage key investment employees to develop a strong commitment to the performance of the assets for which UTIMCO has been delegated investment responsibility.
- To motivate key investment employees to focus on maximizing real, long-term returns for all funds managed by UTIMCO while assuming appropriate levels of risk.
- To facilitate teamwork so that members of UTIMCO operate as a cohesive group.

### 3. TOTAL COMPENSATION PROGRAM PHILOSOPHY<sup>1</sup>

UTIMCO aspires to attract and retain high caliber employees from nationally recognized peer institutions and the investment management community in general. UTIMCO strives to provide a total compensation program that is competitive nationally, with the elements of compensation evaluated relative to comparably sized university endowments, foundations, and for-profit investment management firms with a similar investment philosophy (e.g., externally managed funds).

UTIMCO's total Compensation Program is positioned against the competitive market as follows:

- Base salaries are targeted at the market median (e.g., 50th percentile).
- Target total compensation (salary plus target Award Opportunity) is positioned at the market median.
- Maximum total compensation (salary plus maximum Award Opportunity) is targeted at the market 75th percentile if individual performance is outstanding.

Although base salaries, as well as target and maximum total compensation, have a targeted positioning relative to market, an individual employee's actual total compensation may vary from the targeted positioning based on the individual's experience, education, knowledge, skills, and performance as well as UTIMCO's investment performance as described in this document. Except as provided in Sections 5.8 and 5.9 for purposes of determining the length of historical performance, base salaries and Award Opportunities (as well as the actual Performance Awards) are not determined based on seniority at UTIMCO.

### 4. BASE SALARY ADMINISTRATION

#### 4.1. *Salary Structure*

- (a) Base salaries are administered through a Salary Structure as set forth in this Section 4.1. Each employment position has its own salary range, with the midpoint set approximately equal to the market median base salary for employment positions with similar job content and level of responsibility.
- (b) The salary range midpoints will be determined by the Compensation Committee based on consultation with an outside compensation consultant and with UTIMCO management. Salary range midpoints for key management, investment, and operations positions will be updated at least every three years based on a salary benchmarking study conducted by a qualified compensation consultant selected by the Compensation Committee. In years in which the Compensation Committee does not commission a formal salary survey, the

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<sup>1</sup> This explanation of UTIMCO's "Total Compensation Program Philosophy" is not intended to modify any of the substantive provisions of this document.

base salary midpoints may be adjusted at the Compensation Committee's discretion based on expected annual salary structure adjustments as reported in one or more published compensation planning surveys.

#### ***4.2. Salary Adjustments***

- (a) The base salary of the CEO is determined by the Board. The base salary of the Chief Compliance Officer ("CCO") will be determined by the Compensation Committee based on the joint recommendation of the Audit and Ethics Committee and the CEO and the base salaries of the other key investment and operations employees are determined by the Compensation Committee. Base salaries will be set within the salary range for each employment position. An individual's base salary within the range may be higher or lower than the salary range midpoint based on his or her level of experience, education, knowledge, skills, and performance. On an exception basis, the Board may set individual base salaries outside of the salary range if an individual either substantially exceeds or does not meet all of the market criteria for a particular position.
- (b) Individuals may receive an annual adjustment (increase or decrease) of their base salaries at the discretion of the Compensation Committee or, in the case of the CEO, at the discretion of the Board. Base salary adjustments, if any, will be determined based on each individual employee's experience, education, knowledge, skills, and performance; provided that, in the case of the CCO, any such adjustment shall be based on the joint recommendation of the Audit and Ethics Committee and the CEO. Employees are not guaranteed an annual salary increase.

### **5. PERFORMANCE PLAN**

#### ***5.1. Purpose of the Performance Plan***

The purpose of the Performance Plan is to provide annual Performance Awards to eligible Participants based on specific objective criteria relative to UTIMCO's and each Participant's performance. The primary objectives of the Performance Plan are outlined in Section 2.

#### ***5.2. Performance Period***

- (a) For purposes of the Performance Plan, the "Performance Period" begins on July 1 of each year and ends the following June 30.
- (b) Except as otherwise provided under Sections 5.8 and 5.9, performance for each year in the historical performance period will be measured between July 1 and the following June 30 of the applicable year for gauging achievement of the Quantitative Performance Standard.

### **5.3. *Eligibility and Participation***

- (a) As further described in (b), each employee of UTIMCO who holds an “Eligible Position” will be a “Participant” in the Performance Plan for a Performance Period. “Eligible Positions” for a Performance Period include senior management, investment employees, and other key positions as designated by the CEO and approved by the Board as Eligible Positions for that Performance Period. An employment position that is an Eligible Position in one Performance Period is not automatically an Eligible Position in any subsequent Performance Period. The Board in its discretion may also designate the employment position of a newly hired or promoted employee as an “Eligible Position” during a Performance Period. A list of Eligible Positions for each Performance Period is set forth in Table 1. Table 1 will be revised and attached each Performance Period when necessary to set forth the Eligible Positions for that Performance Period.
- (b) An employee in an Eligible Position will become a Participant on the later of (i) the date he or she is employed in an Eligible Position or (ii) the first day of the Performance Period if the employee is employed on that date. The preceding notwithstanding, an employee may not commence participation in the Performance Plan and first become a Participant during the last six months of any Performance Period.
- (c) An employee will cease to be a Participant in the Performance Plan on the earliest to occur of: (i) the date such employee is no longer employed in an Eligible Position; (ii) the date immediately following the last day of such employee’s employment with UTIMCO due to a Termination of employment for any reason (including Voluntary Termination and Involuntary Termination, death, and Disability); (iii) the date of termination of the Performance Plan; (iv) the date such employee commences a leave of absence; or (v) the date such employee begins participation in any other UTIMCO performance program.
- (d) Except as provided in Sections 5.10(b) and (c), only individuals who are Participants on the last day of a Performance Period are eligible to receive Performance Awards under the Performance Plan for that Performance Period.

### **5.4. *Performance Standards***

- (a) There are two categories of Performance Standards:
  - (1) Quantitative Performance (measured as described in Section 5.8(a))
  - (2) Qualitative Performance (measured as described in Section 5.8(b))

Except for the CEO and CCO, Qualitative Performance Standards will be defined jointly by each Participant and his or her supervisor, subject to approval by the CEO. If the position of the CCO is determined to be an Eligible Position, the Qualitative Performance Standards of the employee holding the



position of CCO will be determined jointly by the Chairman of the Audit and Ethics Committee and the CEO. References to the CCO hereafter assume that the position of CCO has been determined to be an Eligible Position and the employee holding the position of CCO has been determined to be a Participant in the Performance Incentive Plan for the Performance Period. If the position of CCO has not been determined to be an Eligible Position for the Performance Period the provisions hereafter specific to the CCO have no force and effect.

- (b) The CEO's Performance Standards will be determined and approved by the Board.
- (c) Each Performance Standard for each Eligible Position is assigned a weight for the Performance Period. The Chairman of the Audit and Ethics Committee and the CEO will jointly recommend to the Compensation Committee the weightings of the Performance Standards for the CCO. The weightings for each Eligible Position are set forth in Table 1. Table 1 will be revised and attached each Performance Period when necessary to set forth the weightings for the Eligible Positions for that Performance Period as soon as administratively practicable after such weightings are approved by the Compensation Committee for such Performance Period. The weightings for the Performance Standards for each Performance Period are subject to approval by the Board.

#### ***5.5. Award Opportunity Levels and Performance Awards***

- (a) Each Eligible Position is assigned an "Award Opportunity" for each Performance Standard for the Participants in that Eligible Position and each Award Opportunity is expressed as a percentage of base salary earned during the Performance Period. The Award Opportunities include a threshold and maximum award for achieving commensurate levels of performance of the respective Performance Standard.
- (b) Award Opportunities for each Performance Period are set forth in Table 1. Table 1 will be revised and attached each Performance Period when necessary to set forth the Award Opportunities for that Performance Period as soon as administratively practicable after approval of the Award Opportunities by the Board for such Performance Period.
- (c) Actual "Performance Awards" are the amounts that are actually awarded to Participants for the respective Performance Period. Actual Performance Awards will range from zero (if a Participant performs at or below threshold on all Performance Standards) to the maximum Award Opportunity (if a Participant performs at or above maximum on all Performance Standards) depending on performance relative to objectives. Awards are capped at maximum levels regardless of whether a Participant exceeds the stated maximum Performance Standards.

- (d) Following the end of each Performance Period, the Compensation Committee will review the actual performance of each Participant against the Performance Standards of the respective Participant and determine the Participant's level of achievement of his or her Performance Standards. The Compensation Committee may seek and rely on the independent confirmation of the level of Performance Standard achievement from an external investment consultant to evaluate Entity Performance, Asset Class Performance, and Peer Group Performance. The CEO will submit a written report to the Compensation Committee, which documents the Participant's performance relative to the Participant's Performance Standards set at the beginning of the Performance Period, and upon which the Compensation Committee may rely in evaluating the Participant's performance. The Audit and Ethics Committee and the CEO will jointly determine the CCO's level of achievement relative to the CCO's Performance Standards. The Board will determine the CEO's level of achievement relative to the CEO's Performance Standards.
- (e) Performance Awards will be calculated for each Participant based on the percentage achieved of each Performance Standard, taking into account the weightings for the Participant's Quantitative Performance and Qualitative Performance Standards and each Participant's Award Opportunity. The methodology for calculating Award Opportunities and Performance Awards is presented on Appendix A. Performance Awards will be interpolated in a linear fashion between threshold and maximum.
- (f) Within 180 days following the end of a Performance Period, and after review by the external auditor, the Compensation Committee will review all Performance Award calculations, and make any changes it deems appropriate. The Compensation Committee will submit its recommendations to the Board for approval. Subject to the provisions of Section 7.1, the Board will approve Performance Awards.
- (g) Following the approval of a Performance Award by the Board, each Participant will be notified as to the amount, if any, of his or her Performance Award as well as the terms, provisions, conditions, and limitations of the Nonvested Deferred Award portion of such Performance Award.

#### ***5.6. Form and Timing of Payouts of Performance Awards***

Except as provided in Sections 5.11, 5.12, and 5.13, approved Performance Awards will be paid as follows:

- (a) Subject to the Applicable Deferral Percentage of an Eligible Position as documented in Table 1, the Performance Award will be paid to the Participant ("Paid Performance Award") within 180 days of the completion of the Performance Period on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which the Performance Period ends, and

- (b) An amount of the Performance Award for an Eligible Position equal to the Applicable Deferral Percentage set forth on Table 1 will be treated as a “Nonvested Deferred Award” subject to the terms of Section 5.7 and paid in accordance with that Section. Table 1 will be revised and attached, as necessary, for each Performance Period to set forth any Applicable Deferral Percentage for each Eligible Position as soon as administratively practicable after approval of the deferral percentages by the Board for such Performance Period.

#### ***5.7. Nonvested Deferred Awards***

- (a) For each Performance Period, a hypothetical account on UTIMCO’s books (“Nonvested Deferred Award Account”) will be established for each Participant. As of the date that the corresponding Paid Performance Award is paid to the Participant, each Participant’s Nonvested Deferred Award for a Performance Period will be credited to his or her Nonvested Deferred Award Account established for that Performance Period; provided, however, that, in the case of any Participant whose Nonvested Deferred Award has been forfeited pursuant to Section 5.10(a) or Section 5.13 on the date such Nonvested Deferred Award would be so credited to his or her Nonvested Deferred Award Account, such Nonvested Deferred Award will not be credited to such Participant’s Nonvested Deferred Award Account. The Nonvested Deferred Award Accounts will be credited (or debited) monthly with an amount equal to the net investment returns of the Total Endowment Assets (“Net Returns”) for the month multiplied by the balance of the respective Participant’s Nonvested Deferred Award Account(s) as of the last day of the month. When the Nonvested Deferred Award is initially credited to the Nonvested Deferred Award Account, the Nonvested Deferred Award Account will be credited (or debited) with Net Returns for the month of the initial credit of a Nonvested Deferred Award, but the Net Returns will be prorated to reflect the number of days of the month during which the amounts were credited to the Nonvested Deferred Award Account. Participants are not entitled to their Nonvested Deferred Award Accounts unless and until they become vested in those accounts in accordance with Section 5.7(b).
- (b) Unless a Participant’s Nonvested Deferred Award has been forfeited pursuant to Section 5.10(a) or Section 5.13, such Participant will become vested in, and entitled to payment of, his or her Nonvested Deferred Award Account for each respective Performance Period according to the following schedule:
  - (1) On the first anniversary of the last day of the Performance Period for which the Nonvested Deferred Award was earned, one half of the amount then credited to the Participant’s Nonvested Deferred Award Account for that Performance Period will be vested and paid to the Participant.
  - (2) On the second anniversary of the end of the Performance Period for which the Nonvested Deferred Award was earned, the remaining amount

then credited to the Participant's Nonvested Deferred Award Account for that Performance Period will be vested and paid to the Participant.

- (3) Nonvested Deferred Award Accounts payable under the above paragraphs of this Section 5.7(b) will be paid on a date selected in the discretion of UTIMCO after the applicable portion of any such Nonvested Deferred Award Account becomes vested and in no event later than the last day of the calendar year in which the applicable portion of such Nonvested Deferred Award Account becomes vested.

#### **5.8. Performance Measurement Standards**

- (a) Quantitative Performance is comprised of two categories: (i) performance measured against predetermined benchmarks and applicable excess return targets ("Benchmark Performance"), and (ii) performance measured against a predetermined Peer Group ("Peer Group Performance"). Due to the delay in availability of final performance data for private assets, calculation and payment of Performance Awards will be delayed until after such time that performance measurement for these investment areas are available.
  - (1) Benchmark Performance is comprised of Entity Performance and Asset Class Performance:
    - a. Entity Performance will be measured based on three-year historical performance.
    - b. For the Performance Periods beginning on or after July 1, 2024, subject to the phase-in calculation as described in Section 5.9(a), Entity Performance for purposes of the Performance Plan is determined based on the performance of the TEA and ITF relative to the Asset Classes' Benchmarks and Performance Standards in Table 2.
      - i. The performance of the TEA is measured by calculating each Asset Class Performance (as determined by section 5.8(a)(1)(c)) and weighing such calculated performance by the asset class's average NAV in proportion to the total average NAV of the TEA. The weighted contribution of each asset class's performance (measured as a positive or negative percentage of the maximum level) is summed to determine the level of attainment of the maximum TEA award for each Eligible Position in Table 1. Threshold level is 0% and the maximum level is 100% for the TEA performance for the Performance Period (with interpolation for levels of attainment between threshold and maximum).
      - ii. The performance of the ITF is measured by calculating each Asset Class Performance (as determined by section 5.8(a)(1)(c)) and weighing such calculated performance by the

asset class's average NAV in proportion to the total average NAV of the ITF. The weighted contribution of each asset class's performance (measured as a positive or negative percentage of the maximum level) is summed to determine the level of attainment of the maximum ITF award for each Eligible Position in Table 1. Threshold level is 0% and the maximum level is 100% for the ITF performance for the Performance Period (with interpolation for levels of attainment between threshold and maximum).

- iii. Performance of the TEA and ITF is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the TEA and ITF.
- c. Asset Class Performance is the performance of specific asset classes within the TEA and the ITF (such as U.S. public equity, private equity, etc.). Except as provided in Section 5.9, Asset Class Performance will be measured relative to the appropriate benchmark based on three-year historical performance. When calculating the performance of a subset of asset class pursuant to Section 5.9, the appropriate benchmark for such subset shall be determined based on the applicable components of the blended benchmark for such asset class based on three-year historical performance (except as otherwise provided in Sections 5.9(c) and (d)), adjusted in proportion to the applicable subset(s) of the asset class being measured and excluding any inapplicable subset(s). Performance standards for each asset class will vary depending on the ability to outperform the respective benchmark. Subject to Section 5.9(b), the benchmarks for each asset class, as well as threshold and maximum performance standards applicable to the three-year historical period, culminating with the current Performance Period, are set forth on Table 2. Table 2 will be revised and attached, as necessary, for subsequent Performance Periods to reflect new benchmarks, as well as threshold and maximum performance standards, applicable to the three-year historical period, culminating with the subsequent Performance Period, in which event, such revised Table 2 will be attached as soon as administratively practicable after the change in such benchmarks and standards necessitating such change are set.

(2) Peer Group Performance:

- a. The Peer Group will be as defined in Section 8.24.
- b. Peer Group performance will be measured based on the TEA's performance relative to the Peer Group.
- c. Peer Group performance will be measured based on one-year and three-year historical performance. One-year and three-year historical

performance will each account for 50% of the Peer Group performance measurement and are counted independently of each other. For example, if the Peer Group performance on a one-year basis meets or exceeds the maximum performance standards identified in Table 2, but the Peer Group performance on a three-year basis does not meet or exceed the minimum threshold performance standards identified in Table 2, then applicable Participants would have achieved a combined total of 50% for the Peer Group component of the Performance Standards (calculated as (i) 50% for the one-year performance (100% achievement multiplied by 50% weight of one-year performance), plus (ii) 0% for the three-year performance (0% achievement multiplied by the 50% weight of the three-year performance), equaling a combined total of 50%).

- d. Cambridge Associates will determine the performance of the Peer Group annually for the Performance Period. Cambridge Associates will calculate ~~the Median-a Return and 25<sup>th</sup> Percentile Return~~ ~~rank for the performance of the TEA relative to of~~ the Peer Group, ~~with the 1<sup>st</sup> percentile representing the highest rank and the 100<sup>th</sup> percentile representing the lowest rank.~~

(b) Qualitative Performance

- (1) The level of a Participant's Qualitative Performance will be measured by the CEO (in the case of the CCO, jointly by the Audit and Ethics Committee and the CEO), subject to approval by the Compensation Committee, based on the level of attainment (below threshold, threshold or maximum) of the Participant's Qualitative Performance Standards for the Performance Period. In the case of the CEO, the level of the CEO's Qualitative Performance will be measured by the Compensation Committee subject to review and approval by the Board.
- (2) The Qualitative Performance Standard will be measured systematically as part of each Participant's annual performance appraisal process aimed at evaluating, using predetermined standard criteria established before the beginning of each Performance Period, each Participant's adherence to UTIMCO's cultural values, and may include multi-rater feedback regarding a variety of contributions and behaviors needed for organizational success such as interpersonal relationship skills, accountability, effective teamwork, etc.
- (3) For purposes of determining the level of attainment of each Participant's Qualitative Performance Standard for the Performance Period, the Participant will receive 0% (threshold level) if he or she fails to complete any of his or her Qualitative Performance Standards for that Performance Period and the maximum level if he or she successfully completes 100% of his or her Qualitative Performance



Standards for that Performance Period (with interpolation for levels of attainment between threshold and maximum).

**5.9. *Modifications of Measurement Period for Measuring Entity and Asset Class Performance***

- (a) For the Performance Period ending June 30, 2025, two years (July 1, 2022 through June 30, 2024) of the Entity Performance is determined based on the performance of the TEA and the ITF as provided by the terms the of Performance Plan then in effect for such years (i.e., the applicable provisions of the UTIMCO Compensation Program, Amended and Restated effective July 1, 2020, including any applicable tables), which performance is proportionately combined with the remaining one year (July 1, 2024 through June 30, 2025) of Entity Performance as determined under current Section 5.8(a)(1)(b). Similarly, for the Performance Period ending June 30, 2026, one year (July 1, 2023 through June 30, 2024) of the Entity Performance is determined based on the performance of the TEA and the ITF as provided by the terms of the Performance Plan then in effect for such year (i.e., the applicable provisions of the UTIMCO Compensation Program, Amended and Restated effective July 1, 2020, including any applicable tables), which performance is proportionately combined with the remaining two years (July 1, 2024 through June 30, 2026) of Entity Performance as determined under current Section 5.8(a)(1)(b).
- (b) For the Performance Period ending June 30, 2025, two years (July 1, 2022 through June 30, 2024) of the Asset Class Performance is determined based on the benchmarks and performance standards as provided by the terms the Performance Plan then in effect for such years (i.e., the applicable provisions of the UTIMCO Compensation Program, Amended and Restated effective July 1, 2020, including any applicable tables), and the remaining one year (July 1, 2024 through June 30, 2025) of the Asset Class Performance is determined based on the benchmarks and performance standards set forth in current Table 2. For the Performance Period ending June 30, 2026, one year (July 1, 2023 through June 30, 2024) of the Asset Class Performance is determined based on the benchmarks and performance standards as provided by the terms of the Performance Plan then in effect for such year (i.e., the applicable provisions of the UTIMCO Compensation Program, Amended and Restated effective July 1, 2020, including any applicable tables), and the remaining two years (July 1, 2024 through June 30, 2026) of the Asset Class Performance is determined based on the benchmarks and performance standards set forth in the then-current Table 2.
- (c) For purposes of measuring Quantitative Performance, the three-year historical performance cycle will not be utilized for any specific asset class (or subset of an asset class) until that asset class (or subset of that asset class) has three years of historical performance as part of the Performance Plan and, until that time, the actual years (full and partial) of historical performance of that asset class

(or subset of that asset class) while part of the Performance Plan will be used as the measurement period.

- (d) For purposes of measuring Quantitative Performance of an asset class (or subset of an asset class) that is removed from the Performance Plan prior to completion of the then in-progress three-year historical performance cycle, the three-year historical performance cycle will not be utilized for that removed asset class (or subset of an asset class), but instead the actual number of full months that the removed asset class was part of the Performance Plan during the then in-progress three-year historical performance cycle will be used as the measurement period.
- (e) For purposes of measuring Asset Class Performance for a particular Participant of an asset class (or subset of an asset class) that is added to the Participant's responsibility during the then in-progress three-year historical performance cycle, the full three-year historical performance cycle will be utilized for that added asset class (or subset of an asset class). For purposes of measuring Asset Class Performance for a particular Participant of an asset class (or subset of an asset class) that is removed from the Participant's responsibility during the then in-progress three-year historical performance cycle, no portion of the three-year historical performance cycle will be utilized for that removed asset class (or subset of an asset class). This Section 5.9(e) shall be applied in accordance with UTIMCO's internal records reflecting when an asset class (or a subset of an asset class) has been added to or removed from a Participant's responsibility.

#### ***5.10. Termination Provisions***

- (a) Except as otherwise provided in this Section 5.10, any Participant who ceases to be a Participant (either because of Termination of employment with UTIMCO or for any other reason stated in Section 5.3(c)) prior to the end of a Performance Period will not be eligible to receive payment of any Performance Award for that or any subsequent Performance Periods. In addition, a Participant will forfeit any Nonvested Deferred Awards at such Participant's Voluntary Termination or Involuntary Termination for Cause. Further, upon Involuntary Termination for reasons other than Cause, the amount in the Nonvested Deferred Award Accounts of such terminated individual will vest immediately and be paid on a date selected by UTIMCO and in no event later than the last day of the calendar year in which such Termination occurs.
- (b) If a Participant ceases to be a Participant in the Performance Plan under Section 5.3(c) prior to the end of a Performance Period because his or her employment position is no longer an Eligible Position (but such employee continues to be employed with UTIMCO), such Participant's Performance Award for the current Performance Period, if any, will be calculated on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or, if applicable, coinciding with the date the Participant ceases to be in an Eligible Position, and such individual will not be



entitled to any Performance Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Awards of such individual continue to vest and be paid subject to the provisions of Section 5.7(b).

- (c) If a Participant ceases to be a Participant in the Performance Plan under Section 5.3(c) prior to the end of a Performance Period because his or her employment with UTIMCO terminates due to death or Disability, the Participant's Performance Award for the Performance Period in which Termination occurs, in lieu of any other Performance Award under the Performance Plan, will be calculated on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or, if applicable, coinciding with the date of the Participant's death or Disability, and such individual will not be entitled to any Performance Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Award Accounts of such terminated individual will vest immediately and be paid on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which such termination occurs. Payments under this provision will be made to the estate or designated beneficiaries of the deceased Participant or to the disabled Participant, as applicable.
- (d) If a Participant ceases to be a Participant in the Performance Plan under Section 5.3(c) prior to the end of a Performance Period because he or she commences a leave of absence, such Participant's Performance Award for the current Performance Period, if any, will be calculated on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or coinciding with the date the Participant commences such leave of absence, and such individual will not be entitled to any Performance Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Awards of such individual continue to vest and be paid subject to the provisions of Section 5.7(b).
- (e) In the case of any Participant who ceases to be a Participant in the Performance Plan prior to the end of Performance Period and is entitled to a Performance Award or a prorated Performance Award under this Section 5.10, such Performance Award will be calculated at the time and in the manner provided in Section 5.5 and Appendix A and paid in accordance with Section 5.6 and will not be calculated or paid prior to such time.

#### ***5.11. Eligibility for Retirement***

A participant is eligible for retirement on the last day of the month in which the sum of the Participant's age and years of service, including months of age and months of service credit, equals or exceeds the number 75.

In the case of any Participant who is eligible for retirement, any Performance Incentive Award to which the Participant becomes entitled, as well as any remaining Nonvested Deferred Award, will vest immediately and be includible in the Participant's gross income for Federal income tax purposes in the calendar year in which vesting occurs without regard to when payment is made to the Participant. The vested Performance Incentive Award and any remaining Nonvested Deferred Award will be paid to the participant on a date selected by UTIMCO and in no event later than the last day of the calendar year unless the Participant has agreed to a Voluntary Deferral of all or a portion of his Performance Incentive Award that would otherwise have been deferred had the Participant not been eligible for retirement ("Amount Voluntarily Deferred"). If the Participant has agreed to a Voluntary Deferral of such amount of his Performance Incentive Award,

- (a) the Amount Voluntarily Deferred (1) will be credited to a hypothetical account established in the Participant's name on UTIMCO's books ("Amount Voluntarily Deferred Account") and (2) will be credited (or debited) monthly with an amount equal to the Net Returns for the month multiplied by the balance in the Participant's Amount Voluntarily Deferred Account as of the last day of the month, provided that when the Amount Voluntarily Deferred is initially credited to the Participant's Amount Voluntarily Deferred Account, the Participant's Amount Voluntarily Deferred Account will be credited (or debited) with Net Returns for the month of the initial credit, but the Net Returns will be prorated to reflect the number of days of the month during which the amounts were credited to the Participant's Amount Voluntarily Deferred Account;
- (b) except as provided in clause (c) below, the amount credited to the Participant's Amount Voluntarily Deferred Account shall be paid to the Participant only on the following dates and in the following amounts:
  - (1) On the first anniversary of the last day of the Performance Period for which the Amount Voluntarily Deferred was earned, one half of the amount then credited to the Participant's Amount Voluntarily Deferred Account for that Performance Period will be paid to the Participant;
  - (2) On the second anniversary of the end of the Performance Period for which the Amount Voluntarily Deferred was earned, the remaining amount then credited to the Participant's Amount Voluntarily Deferred Account for that Performance Period will be paid to the Participant;
  - (3) Amount Voluntarily Deferred Accounts payable under the above paragraphs of this Section 5.11(b) will be paid on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which the applicable portion of such Amount Voluntarily Deferred Account becomes due and payable; and
- (c) any net credits or debits to the Participant's Amount Voluntarily Deferred Account pursuant to clause (a)(2) above will be includible in the Participant's

gross income and taxable to the Participant as ordinary income for Federal income tax purposes, and will be subject to Federal employment taxes and wage withholding during the year in which such amounts are paid pursuant to clauses (a) or (b) above.

#### ***5.12. Extraordinary Circumstances***

Notwithstanding anything in this Plan to the contrary, the timing and amount of Performance Awards of each Participant holding an Eligible Position listed on Table 3 (each, an “Affected Participant”), are subject to automatic adjustment as follows:

- (a) If the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Awards are being determined are negative at the end of such Performance Period, (i) an amount otherwise equal to the Paid Performance Award attributable to such Performance Period for each Affected Participant will be treated as an “Extraordinary Nonvested Deferral Award” for such Affected Participant that is subject to forfeiture in the same manner and for the same reasons as Nonvested Deferral Awards pursuant to Section 5.10(a), (ii) a separate hypothetical account for such Affected Participant will be established on UTIMCO’s books (“Extraordinary Nonvested Deferral Award Account”), which will be (1) credited with such Affected Participant’s Extraordinary Nonvested Deferral Award and (2) credited (or debited) monthly with Net Returns of the Total Endowment Assets on the same dates and in the same manner as applies to Nonvested Deferral Award Accounts pursuant to Section 5.7(a), and (iii) unless such Affected Participant’s Extraordinary Nonvested Deferral Award has been forfeited pursuant to Section 5.10(a) or Section 5.13, such Affected Participant will become vested in, and entitled to payment of, the amount of his or her Extraordinary Nonvested Deferral Award Account on the first anniversary of the last day of such Performance Period; provided that upon the death, Disability or Involuntary Termination of an Affected Participant for reasons other than Cause, the amount in the Extraordinary Nonvested Deferral Award Account of such Affected Participant will vest immediately and be paid (to the Affected Participant or, in the case of death, to the estate or designated beneficiaries of the deceased Affected Participant) on a date selected by UTIMCO and in no event later than the last day of the calendar year in which such Termination occurs; provided, further, that nothing in this clause (a) shall affect the vesting and payment of Nonvested Deferral Awards to any Affected Participant nor shall it affect the vesting and payment of Performance Awards to a Participant that has satisfied the requirements for Eligibility for Retirement;
- (b) Table 3 will be revised and attached, as necessary, for each Performance Period to identify the Eligible Positions whose Performance Awards are subject to automatic adjustment as to timing and amount pursuant to clause (a) above as soon as administratively practicable after approval by the Board.

### **5.13. *Recovery of Performance Awards***

Notwithstanding anything in this Plan to the contrary, if the Board (in its sole discretion, but acting in good faith) determines (a) that a Participant has engaged in willful misconduct that materially disrupts, damages, impairs or interferes with the business, reputation or employee relations of UTIMCO or The University of Texas System, such Participant will not be entitled to any Performance Awards for the Performance Periods during which the Board determines such misconduct occurred, or (b) that a Participant has engaged in fraudulent misconduct that caused or contributed to a restatement of the investment results upon which such Participant's Performance Awards were determined by knowingly falsifying any financial or other certification, knowingly providing false information relied upon by others in a financial or other certification, or engaging in other fraudulent activity, or knowingly failing to report any such fraudulent misconduct by others in accordance with UTIMCO's Employee Handbook, such Participant will not be entitled to any Performance Awards for the Performance Periods for which investment results were so restated. To the extent a Participant has been awarded Performance Awards to which he or she is not entitled as a result of clause (a) or (b) above, Performance Awards shall be recovered by UTIMCO pursuant to the following remedies in the order listed: first, such Participant's Nonvested Deferred Awards and Extraordinary Nonvested Deferred Awards will be automatically forfeited; second, any Paid Performance Award not then paid to such Participant will be withheld and automatically forfeited; and third, such Participant must return to UTIMCO the remaining excess amount. Recovery of Performance Awards to which a Participant is not entitled pursuant to this Section 5.13 does not constitute a settlement of other claims that UTIMCO may have against such Participant, including as a result of the conduct giving rise to such recovery. Further, the remedies set forth above are in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.

## **6. COMPENSATION PROGRAM AUTHORITY AND RESPONSIBILITY**

### **6.1. *Board as Plan Administrator***

Except as otherwise specifically provided in this Compensation Program with respect to powers, duties, and obligations of the Compensation Committee, the Compensation Program will be administered by the Board.

### **6.2. *Powers of Board***

The Board has all powers specifically vested herein and all powers necessary or advisable to administer the Compensation Program as it determines in its discretion, including, without limitation, the authority to:

- (1) Establish the conditions for the determination and payment of compensation by establishing the provisions of the Performance Plan.

- (2) Determine the Eligible Positions in the Performance Plan.
- (3) Delegate to any other person, committee, or entity any of its ministerial powers and/or duties under the Compensation Program as long as any such delegation is in writing and complies with the UTIMCO Bylaws.

## **7. COMPENSATION PROGRAM INTERPRETATION**

### **7.1. Board Discretion**

- (a) Consistent with the provisions of the Compensation Program, the Board has the discretion to interpret the Compensation Program and may from time to time adopt such rules and regulations that it may deem advisable to carry out the Compensation Program. All decisions made by the Board in selecting the Participants approved to receive Performance Awards, including the amount thereof, and in construing the provisions of the Compensation Program, including without limitation the terms of any Performance Awards, are final and binding on all Participants.
- (b) Notwithstanding any provision of the Compensation Program to the contrary and subject to the requirement that the approval of Performance Awards that will result in an increase of 5% or more in the maximum Award Opportunity calculated using the methodology set out on Appendix A must have the prior approval of the U. T. System Board of Regents, the Board has the discretion and authority to make changes in the terms of the Compensation Program in determining a Participant's eligibility for, or amount of, a Performance Award for any Performance Period whenever it considers that circumstances have occurred during the Performance Period so as to make such changes appropriate in the opinion of the Board, provided, however, that any such change will not deprive or eliminate an award of a Participant after it has become vested and that such circumstances are recorded in the minutes of a meeting of the Board.

### **7.2. Duration, Amendment, and Termination**

The Board has the right in its discretion to amend the Compensation Program or any portion thereof from time to time, to suspend it for a specified period, or to terminate it entirely or any portion thereof. However, if the Performance Plan is suspended or terminated during a Performance Period, Participants will receive a prorated Performance Award based on performance achieved and base salary earned through the Performance Measurement Date immediately preceding such suspension or termination. The Compensation Program will be in effect until suspension or termination by the Board; provided, however, that if the Board so determines at the time of any suspension or termination of the Performance Plan, Nonvested Deferred Awards credited to Participants' Nonvested Deferred Award Account(s) as of the effective date of such suspension or termination will continue to be administered under the terms of the Performance Plan after any suspension or termination, except

as the Board otherwise determines in its discretion at the time of such suspension or termination.

**7.3. *Recordkeeping and Reporting***

- (a) All records for the Compensation Program will be maintained by the Senior Managing Director and Chief Operating Officer. Relative performance data and calculations will be reviewed by UTIMCO's external auditor before Performance Awards are finalized and approved by the Board.
- (b) UTIMCO will provide all Participants with a comprehensive report of the current value of their respective Nonvested Deferred Award and Extraordinary Nonvested Deferred Award Account balances, including a complete vesting status of those balances, on at least a quarterly basis.

**7.4. *Continued Employment***

Nothing in the adoption of the Compensation Program or the awarding of Performance Awards will confer on any employee the right to continued employment with UTIMCO or affect in any way the right of UTIMCO to terminate his or her employment at any time.

**7.5. *Non-transferability of Awards***

Except for the rights of the estate or designated beneficiaries of Participants to receive payments, as set forth herein, Performance Awards under the Performance Plan, including both the Paid Performance Award portion and the Nonvested Deferred Award portion, are non-assignable and non-transferable and are not subject to anticipation, adjustment, alienation, encumbrance, garnishment, attachment, or levy of any kind. The preceding notwithstanding, the Compensation Program will pay any portion of a Performance Award that is or becomes vested in accordance with an order that meets the requirements of a "qualified domestic relations order" as set forth in Section 414(p) of the *Internal Revenue Code* and Section 206(d) of ERISA.

**7.6. *Unfunded Liability***

- (a) Neither the establishment of the Compensation Program, the award of any Performance Awards, nor the creation of Nonvested Deferred Awards Accounts will be deemed to create a trust. The Compensation Program will constitute an unfunded, unsecured liability of UTIMCO to make payments in accordance with the provisions of the Compensation Program. Any amounts set aside by UTIMCO to assist it in the payment of Performance Awards or other benefits under the Compensation Program, including without limitation, amounts set aside to pay for Nonvested Deferred Awards, will be the assets of UTIMCO, and no Participant will have any security or other interest in any assets of UTIMCO or the U. T. System Board of Regents by reason of the Compensation Program.

- (b) Nothing contained in the Compensation Program will be deemed to give any Participant, or any personal representative or beneficiary, any interest or title to any specific property of UTIMCO or any right against UTIMCO other than as set forth in the Compensation Program.

**7.7. *Compliance with State and Federal Law***

No portion of the Compensation Program will be effective at any time when such portion violates an applicable state or federal law, regulation, or governmental order or directive.

**7.8. *Federal, State, and Local Tax and Other Deductions***

All Performance Awards under the Compensation Program will be subject to any deductions (1) for tax and withholding required by federal, state, or local law at the time such tax and withholding is due (irrespective of whether such Performance Award is deferred and not payable at such time) and (2) for any and all amounts owed by the Participant to UTIMCO at the time of payment of the Performance Award. UTIMCO will not be obligated to advise an employee of the existence of the tax or the amount that UTIMCO will be required to withhold.

**7.9. *Prior Plan***

- (a) Except as provided in the following paragraphs of this Section 7.9 or as expressly provided in Section 5.8 and Section 5.9, this Compensation Program supersedes any prior version of the Compensation Program (“Prior Plan”).
- (b) All nonvested deferred awards under a Prior Plan will retain the vesting schedule in effect under the Prior Plan at the time such awards were allocated to the respective Participant’s account. In all other respects, as of the Effective Date, those nonvested deferred amounts will (1) be credited or debited with the Net Returns over the remaining deferral period in accordance with Section 5.7(a), and (2) be subject to the terms and conditions for Nonvested Deferred Awards under the Performance Plan as set forth in this restated document.



## 8. DEFINITION OF TERMS

- 8.1. **Affected Participant** is defined in Section 5.12.
- 8.2. **Applicable Deferral Percentage** means, as to each Eligible Position, the percentage set forth opposite such Eligible Position under the heading “Percentage of Award Deferred” on Table 1.
- 8.3. **Asset Class Performance** is the performance of specific asset classes within the Total Endowment Assets and the Intermediate Term Fund (such as U.S. public equity, private equity, etc.).
- 8.4. **Award Opportunity** is defined in Section 5.5(a).
- 8.5. **Board** is the UTIMCO Board of Directors.
- 8.6. **Cause** means, as to any employee, that such employee has committed (as determined by UTIMCO in its sole discretion) any of the following: (1) a violation of any securities law or any other law, rule or regulation; (2) willful conduct that reflects negatively on the public image of UTIMCO or the U. T. System; or (3) a breach of UTIMCO’s Code of Ethics.
- 8.7. **Compensation Committee** is the Compensation Committee of the UTIMCO Board of Directors.
- 8.8. **Compensation Program** is defined in Section 1.
- 8.9. **Disability** means a condition whereby a Participant either (i) is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that is expected either to result in death or to last for a continuous period of not less than 12 months or (ii) is, by reason of a medically determinable physical or mental impairment that is expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under a disability plan maintained or contributed to by UTIMCO for the benefit of eligible employees.
- 8.10. **Effective Date** is defined in Section 1.
- 8.11. **Eligible for Retirement** is defined in Section 5.11.
- 8.12. **Eligible Position** is defined in Section 5.3(a).
- 8.13. **Entity Performance** represents the performance of the Total Endowment Assets and the Intermediate Term Fund (based on the measurement standards set forth in Section 5.8(a)).
- 8.14. **Extraordinary Nonvested Deferral Award** is defined in Section 5.12.
- 8.15. **Extraordinary Nonvested Deferral Award Account** is defined in Section 5.12.



- 8.16. Intermediate Term Fund or ITF** is The University of Texas System (“U. T. System”) Intermediate Term Fund established by the U. T. System Board of Regents as a pooled fund for the collective investment of operating funds and other intermediate and long-term funds held by the U. T. System institutions and U. T. System Administration. Performance of the Intermediate Term Fund is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the Intermediate Term Fund.
- 8.17. Involuntary Termination** means, as to any person the Termination of such person’s employment with UTIMCO wholly initiated by UTIMCO and not due to such person’s implicit or explicit request, at a time when such person is otherwise willing and able to continue to perform services for UTIMCO.
- 8.18. Net Asset Value (“NAV”)** is the value of the TEA or ITF or an individual asset class’s net value of its investments less its liabilities.
- 8.19. Net Returns** is the investment performance return of the Total Endowment Assets, net of fees. Net of fees factors in all administrative and other fees for managing the Total Endowment Assets. The net investment return will be calculated as follows:
- $$\frac{\text{Permanent University Fund Beginning Net Asset Value}}{\text{Total Endowment Beginning Net Asset Value}} \times \text{Permanent University Fund Net Investment Return}$$
- Plus
- $$\frac{\text{General Endowment Fund Beginning Net Asset Value}}{\text{Total Endowment Beginning Net Asset Value}} \times \text{General Endowment Fund Net Investment Return}$$
- 8.20. Nonvested Deferred Award** is defined in Section 5.6(b).
- 8.21. Nonvested Deferred Award Account** is defined in Section 5.7(a).
- 8.22. Paid Performance Award** is defined in Section 5.6(a).
- 8.23. Participant** is defined in Section 5.3(a).
- 8.24. Peer Group** is a peer group of endowment funds that is comprised of the top 20 largest endowment funds by market value, as of the last day of the Performance Period as determined by Cambridge Associates; provided, however, that the Total Endowment Assets are excluded from the Peer Group and further provided, that if Cambridge Associates is unable to obtain peer performance for a top 20 largest endowment fund(s) by October 31<sup>st</sup> following the end of the Performance Period, that endowment fund(s) shall be excluded from the Peer Group for the Performance Period.
- 8.25. Performance Standards** are defined in Section 5.4.
- 8.26. Performance Award** is the component of a Participant’s total compensation that is based on specific performance standards and awarded as current income or deferred at the end of a Performance Period in accordance with Section 5 and Appendix A.
- 8.27. Performance Plan** is as defined in Section 1 and described more fully in Section 5.

- 8.28. Performance Measurement Date** is the close of the last business day of the month.
- 8.29. Performance Period** is defined in Section 5.2.
- 8.30. Prior Plan** is defined in Section 7.9.
- 8.31. Salary Structure** is described in Section 4.1.
- 8.32. Termination** means, as to any person, a complete severance of the relationship of employer and employee between UTIMCO and such person.
- 8.33. Total Endowment Assets or TEA** means the combination of the Permanent University Fund and the General Endowment Fund, but does not include any other endowment funds monitored by UTIMCO such as the Separately Invested Fund. Performance of the Total Endowment Assets is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the Total Endowment Assets.
- 8.34. Voluntary Terminations** means, as to any person, the Termination of such person's employment with UTIMCO not resulting from an Involuntary Termination or by reason of Death or disability.

*Performance Incentive Award Methodology*

**Appendix A**

**Performance Award Methodology  
(for Performance Periods beginning on or after July 1, 2025<sup>4</sup>)**

**I. Determine “Award Opportunities” for Each Participant<sup>2</sup>**

- Step 1. Identify the weights to be allocated to each of the two Performance Standards for each Participant’s Eligible Position. The weights vary for each Eligible Position and are set forth in Table 1 for the applicable Performance Period. The total of the weights ascribed to the two Performance Standards (Quantitative and Qualitative) must add up to 100% for each Participant. For example, Table 1 may reflect for a Performance Period for the Managing Director – Investments (“MD”) that the weight allocated to the Quantitative Performance Standard is 75%, and the weight allocated to the Qualitative Performance Standard is 25%.
- Step 2. Identify the weights to be allocated to the various components of Quantitative Performance for each Participant’s Eligible Position as set forth on Table 1: Benchmark Performance, i.e., Entity and Asset Class Performance, and Peer Performance. Entity Performance consists of both TEA and ITF Performance. For example, Table 1 may reflect for a Performance Period for the MD that the weight allocated to the TEA Performance is 33.6%, the weight allocated to ITF Performance is 8.4%, the weight allocated to Asset Class Performance is 18.0%, and the weight allocated to Peer Performance is 15.0%.
- Step 3. Identify the percentage of base salary for the Participant’s Eligible Position that determines the Performance Award for achievement of the Threshold and Maximum levels of the Performance Standards. The percentages vary for each Eligible Position and are set forth in Table 1 for the applicable Performance Period. For example, Table 1 may show that for a Performance Period the applicable percentages for determining the Performance Award for the MD are 0% of his or her base salary for achievement of Threshold level performance of both Performance Standards and 325% of his or her base salary for achievement of Maximum level performance of both Performance Standards.
- Step 4. Calculate the dollar amount of the potential Threshold and Maximum awards (the “Award Opportunities”) for each Participant by multiplying the Participant’s base salary for the Performance Period by the applicable percentage (from Step #2 above). For example, assuming the MD has a base salary of \$400,000 for a Performance Period, based on the assumed percentages set forth in Step #2 above, the MD will be eligible for a total

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<sup>2</sup> These Award Opportunities represent amounts that each Participant will be awarded if he or she achieves his or her Performance Standards at varying levels and are calculated at the beginning of each Performance Period or, if later, the date such Participant commences participation in the Performance Plan.

award of \$0 if he or she achieves Threshold level performance of both Performance Standards and \$1,300,000 (325% of his or her base salary) if he or she achieves Maximum level performance of both Performance Standards.

- Step 5. Because a Participant may achieve different levels of performance for the various components of the different Performance Standards and be eligible for different levels of awards for that achievement (e.g., he or she may achieve Threshold performance in the TEA Performance Standard and be eligible to receive a Threshold award for that Standard and achieve Maximum performance in the Qualitative Performance Standard and be eligible to receive a Maximum award for that Performance Standard), it is necessary to determine the Award Opportunity of the Threshold and Maximum award for each of the various components of the Performance Standards. This is done by multiplying the dollar amount of the Threshold and Maximum awards for the performance of the various components of the Performance Standards calculated in Step #3 above for the Participant by the weight allocated for that Participant to the particular component of the Performance Standard.
- Step 6. After Steps #4 and #5 above are performed for each of the two levels of performance for each of the components of the Performance Standards, there will be up to 12 different Award Opportunities for each Participant. For example, for the MD (based on an assumed base salary of \$400,000, the assumed weights for the Performance Standards set forth in Step #1 above, and the assumed percentages of base salary for the awards set forth in Step #2 above), the 12 different Award Opportunities for achievement of the Performance Standards for the Performance Period are as follows:

**Award Opportunities for MD-Investments  
(based on assumed base salary of \$400,000)**

<b>Performance Standard</b>	<b>Weight</b>	<b>Threshold Level Award</b>	<b>Maximum Level Award</b>
Entity (TEA v. TEA Policy Portfolio Return)	33.6%	\$0	\$436,800
Entity (ITF v. ITF Policy Portfolio Return)	8.4%	\$0	\$109,200
Asset Class	18.0%	\$0	\$234,000
Peer Group – One <u>Y</u> year Performance	7.5%	\$0	\$97,500
Peer Group – Three- <u>Y</u> year Performance	7.5%	\$0	\$97,500
Qualitative	25.0%	\$0	\$325,000
Total	100%	\$0 (0% of salary)	\$1,300,000 (325% of salary)

## II. Calculate Performance Award for Each Participant

- Step 7. Identify the achievement percentiles or achieved basis points that divide the Threshold and Maximum levels for each Performance Standard. These divisions for the level of achievement of the Asset Class and Peer Group components of the Quantitative Performance Standard are set forth in Table 2 for the applicable Performance Period. The level of achievement (i.e., Threshold or Maximum) for the TEA and ITF Entity Performance is based on the proportional weighted contribution of each Asset Class's performance achievement relative to the Performance Standards set forth in Table 2, measured as a percentage. The measurement for the level of achievement (i.e., Threshold or Maximum) for the Qualitative Performance Standard is initially determined each Performance Period by the CEO, (in the case of the CCO, jointly by the Audit and Ethics Committee and the CEO), and then is approved (or adjusted) by the Compensation Committee as it deems appropriate in its discretion. The Compensation Committee will determine the CEO's level of achievement relative to the CEO's Performance Standards and make its recommendation to the Board, which is then approved (or adjusted) by the Board as it deems appropriate in its discretion.
- Step 8. Determine the percentile or basis points achieved for each component of the Performance Standards for each Participant using the standards set forth in Sections 5.5 and 5.8 of the Compensation Program, as modified in Section 5.9.
- Step 9. Calculate the amount of each Participant's award attributable to each component of the Performance Standards by identifying the Award Opportunity amount for each component of the Performance Standards (e.g., as assumed and set forth for the MD in the table in Step #6 above) commensurate with the Participant's level of achievement for that component of the Performance Standard (determined in Steps #7 and #8 above). An award for achievement ~~percentiles~~—in between the stated Threshold and Maximum levels is determined by linear interpolation.

For example, to calculate the Participant's award attributable to TEA Entity Performance, the level of achievement is 0% for threshold and 100% for maximum as determined in accordance with Section 5.8 of the Plan. If the level of achievement of TEA Performance is 75%, the Maximum Award is calculated by multiplying the Maximum Award Level of the MD of \$436,800 by the level achieved of 75% to determine the actual award earned of \$327,600 (\$436,800 x 0.75). If the level of achievement exceeds 100%, the maximum award in the table in Step #6 above is earned for TEA Performance in the amount of \$436,800.

For example, to calculate the Participant's award attributable to Asset Class Performance, if +120 bps of the Asset Class benchmark portion of the Asset Class Hedge Funds portion of the Asset Class Performance Standard has been achieved, that +120 bps is between the Threshold (+0 bps) and the

Maximum (+250 bps) levels, so to determine the amount of the award attributable to +120 bps of achievement of the Asset Class Hedge Funds benchmark of the Asset Class Performance Standard, perform the following steps: (i) divide 120 (the attained level of achievement) by 250 (the Maximum level) to determine the percentage actually achieved ( $120/250 = 0.48$ ); and (ii) multiply the percentage of achievement in the preceding Step (i) by the Maximum Award Level of the MD of \$234,000 as assumed in the above table in Step 6 to calculate the actual award earned of \$112,320 ( $\$234,000 \times 0.48$ ) for the Asset Class Performance Standard.

For example, to calculate the Participant's award attributable to Peer Group - Three-year Performance, if the TEA's Three-Year Net Return is 2.29%, and the Peer Group - Three-Year Median Return is 1.94% and the Peer Group - Three-Year 25th Percentile Return is 2.92%, the level of achievement of the Peer Group - Three-Year Performance is determined by performing the following steps: (i) subtract the Peer Group - Three-Year Median Return from the TEA's Three-Year Net Return ( $2.29\% - 1.94\% = .35\%$ ); (ii) subtract the Peer Group - Three-Year Median Return from the Peer Group - Three-Year 25th Percentile Return ( $2.92\% - 1.94\% = .98\%$ ); (iii) divide .35% determined in the preceding step (i) by .98% determined in the preceding step (ii) ( $.35\%/.98\% = 35.71\%$ ) to calculate the level achieved of 35.71%; and (iv) multiply the Maximum Award Level of \$97,500 by the level achieved of 35.71% to calculate the actual award earned of \$34,817.25 ( $\$97,500 \times 35.71\%$ ) for the Peer Group - Three-Year Performance Standard.

- Step 10. No award is given for an achievement percentile at or below Threshold, and no award above the Maximum award is given for an achievement percentile above the Maximum level.
- Step 11. Subject to any applicable adjustment in Step #12 below, add the awards determined in Step #9 above for each component of the Performance Standards (as modified by Step #10) together to determine the total amount of the Participant's Performance Award for the Performance Period.
- Step 12. In the case of any Participant who becomes a Participant in the Performance Plan after the first day of the applicable Performance Period but within the first six months, such Participant's Performance Award will be prorated to reflect the actual portion of the Performance Period in which he or she was a Participant. In the case of a Participant who ceases to be a Participant prior to the end of a Performance Period, his or her entitlement to any Performance Award is determined under Section 5.10 and, in the case of such entitlement, such Participant's Performance Award, if any, will be prorated and adjusted as provided in Section 5.10.

**TABLE 1**

**Eligible Positions, Award Opportunities, Weightings, and Percentage of  
Award Deferred for each Eligible Position  
(For Performance Periods beginning on or after July 1, 2024)**

Eligible Position	Award Opportunity (% of Base Salary)		Weighting		Quantitative Weightings				Percentage of Award Deferred
					Benchmark Performance			Peer Group	
					Entity				
	Threshold	Maximum	Quantitative	Qualitative	TEA	ITF	Asset Class	Peer Group	
<i>Investment Professionals</i>									
CEO, Chief Investment Officer & President	0%	450%	75%	25%	48.0%	12.0%	0.0%	15.0%	50%
Chief Investment Officer	0%	450%	75%	25%	48.0%	12.0%	0.0%	15.0%	50%
Deputy Chief Investment Officer	0%	450%	75%	25%	48.0%	12.0%	0.0%	15.0%	50%
Senior Managing Director - Investments	0%	375%	75%	25%	33.6%	8.4%	18.0%	15.0%	45%
Managing Director - Investments	0%	325%	75%	25%	33.6%	8.4%	18.0%	15.0%	40%
Managing Director - Risk	0%	250%	75%	25%	48.0%	12.0%	0.0%	15.0%	40%
Senior Director - Investments	0%	200%	70%	30%	31.4%	7.8%	16.8%	14.0%	35%
Senior Director - Risk/TAA/COS	0%	200%	70%	30%	44.8%	11.2%	0.0%	14.0%	35%
Director - Investments	0%	185%	65%	35%	29.1%	7.3%	15.6%	13.0%	30%
Director - Risk/TAA/COS	0%	185%	65%	35%	41.6%	10.4%	0.0%	13.0%	30%
Associate Director - Investments	0%	155%	55%	45%	24.6%	6.2%	13.2%	11.0%	20%
Associate Director - Risk/TAA/COS	0%	155%	55%	45%	35.2%	8.8%	0.0%	11.0%	20%
Associate - Investments	0%	145%	35%	65%	15.7%	3.9%	8.4%	7.0%	15%
Associate - Risk/TAA/COS	0%	145%	35%	65%	22.4%	5.6%	0.0%	7.0%	15%
Senior Analyst - Investments	0%	125%	25%	75%	11.2%	2.8%	6.0%	5.0%	0%
Senior Analyst - Risk/TAA/COS	0%	125%	25%	75%	16.0%	4.0%	0.0%	5.0%	0%
Analyst - Investments	0%	75%	25%	75%	11.2%	2.8%	6.0%	5.0%	0%
Analyst - Risk/TAA	0%	75%	25%	75%	16.0%	4.0%	0.0%	5.0%	0%
<i>Support and Control Professionals</i>									
Chief Operating Officer	0%	200%	35%	65%	22.4%	5.6%	0.0%	7.0%	40%
General Counsel and Chief Compliance Officer	0%	140%	35%	65%	22.4%	5.6%	0.0%	7.0%	30%
Chief Technology Officer	0%	125%	35%	65%	22.4%	5.6%	0.0%	7.0%	30%
Chief Human Resources Officer	0%	125%	35%	65%	22.4%	5.6%	0.0%	7.0%	30%
Managing Director	0%	125%	35%	65%	22.4%	5.6%	0.0%	7.0%	30%
Senior Director	0%	80%	35%	65%	22.4%	5.6%	0.0%	7.0%	25%
Director	0%	70%	35%	65%	22.4%	5.6%	0.0%	7.0%	25%

**TABLE 2**

**Benchmarks for Entity and Asset Class and  
Threshold and Maximum Performance Standards  
(For Performance Periods beginning on or after July 1, 202~~5~~<sup>4</sup>)**

Entity and Asset Class	Benchmark	Performance Standards (2)	
		Threshold	Maximum
Entity: Peer Group (Total Endowment Funds)	Peer Group	50th %ile	25th %ile
Public Equity	(1)	+0 bps	+100 bps
Hedge Funds	(1)	+0 bps	+250 bps
Private Equity (excluding Emerging Markets)	(1)	+0 bps	+1,000 bps
Private Equity Emerging Markets	(1)	+0 bps	+250 bps
Investment Grade Fixed Income	(1)	+0 bps	+50 bps
Long Treasuries	(1)	+0 bps	+30 bps
Natural Resources	(1)	+0 bps	+250 bps
Real Estate and Infrastructure	(1)	+0 bps	+800 bps
Strategic Partnerships	(1)	+0 bps	+100 bps
(1) Benchmark will be based on the appropriate benchmark in the respective Investment Policy Statement(s) in effect during each Performance Period.			
(2) Any Asset Class that is not listed in the Table but appears in the respective Investment Policy Statement(s) shall have maximum Performance Standards of 0 bps and shall be counted in proportion to its average weight for purposes of Entity Performance in the TEA and ITF.			

Entity and Asset Class	Benchmark	Performance Standards <del>(3) (4)</del>	
		Threshold	Maximum
Entity: Peer Group (Total Endowment <del>Assets Funds</del> )	Peer Group <del>(1)</del>	<del>Median Return</del> <del>50th %ile</del>	25th %ile <del>Return</del>
Public Equity	<del>(2) (4)</del>	+0 bps	+100 bps
Hedge Funds	<del>(2) (4)</del>	+0 bps	+250 bps
Private Equity (excluding Emerging Markets)	<del>(2) (4)</del>	+0 bps	+1,000 bps
Private Equity Emerging Markets	<del>(2) (4)</del>	+0 bps	<del>+1,000</del> <del>+250 bps</del>
Investment Grade Fixed Income	<del>(2) (4)</del>	+0 bps	+50 bps
Long Treasuries	<del>(2) (4)</del>	+0 bps	+30 bps
Natural Resources	<del>(2) (4)</del>	+0 bps	<del>+1,000</del> <del>+250 bps</del>
Real Estate and Infrastructure	<del>(2) (4)</del>	+0 bps	+800 bps
Strategic Partnerships	<del>(2) (4)</del>	+0 bps	+100 bps
<del>(1) The Median Return and 25th %ile Return are derived by the returns earned by the Peer Group.</del>			
<del>(2) (4)</del> Benchmark will be based on the appropriate benchmark in the respective Investment Policy Statement(s) in effect during each Performance Period.			
<del>(3) (4)</del> Any Asset Class that is not listed in the Table but appears in the respective Investment Policy Statement(s) shall have maximum Performance Standards of 0 bps and shall be counted in proportion to its average weight for purposes of Entity Performance in the TEA and ITF.			



**TABLE 3**

**Eligible Positions of Affected Participants  
(For Performance Periods beginning on or after July 1, 2024)**

<b>Eligible Positions of Affected Participants</b>
<p><i>Investment Professionals</i></p> <p>CEO, Chief Investment Officer &amp; President Chief Investment Officer Deputy Chief Investment Officer Senior Managing Director Managing Director Senior Director Director Associate Director</p> <p><i>Support and Control Professionals</i></p> <p>Chief Operating Officer General Counsel and Chief Compliance Officer Chief Technology Officer Chief Human Resources Officer Managing Director Senior Director Director</p>