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Committee Meeting: 11/10/2011

Paul L. Foster, Chairman
Printice L. Gary, Vice Chairman
Alex M. Cranberg
Wallace L. Hall, Jr.
Brenda Pejovich

Board Meeting: 11/10/2011
 Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>3:15 p.m.</i> <i>Chairman Foster</i>		
1. U. T. System Board of Regents: Discussion and appropriate action related to approval of <i>Docket No. 148</i>	<i>3:15 p.m.</i> Discussion <i>Dr. Kelley</i>	Action	40
2. U. T. System: Key Financial Indicators Report	<i>3:20 p.m.</i> Report/Discussion <i>Dr. Kelley</i>	Not on Agenda	40
3. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the fiscal year and quarter ended August 31, 2011	<i>3:35 p.m.</i> Report/Discussion <i>Mr. Zimmerman</i>	Report	49
Adjourn	<i>3:45 p.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action related to approval of Docket No. 148**

RECOMMENDATION

It is recommended that *Docket No. 148* be approved. The Docket is behind the Docket tab.

It is also recommended that the Board confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to appropriate officials of the respective institution involved.

2. **U. T. System: Key Financial Indicators Report**

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on Pages 41 - 48. The report represents the consolidated and detailed operating results of the U. T. System institutions.

The Key Financial Indicators Report compares the Systemwide results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2007 through July 2011. Ratios requiring balance sheet data are provided for Fiscal Year 2006 through Fiscal Year 2010. Results for 2011 will be available at the February 2012 Board meeting.


















THE UNIVERSITY OF TEXAS SYSTEM



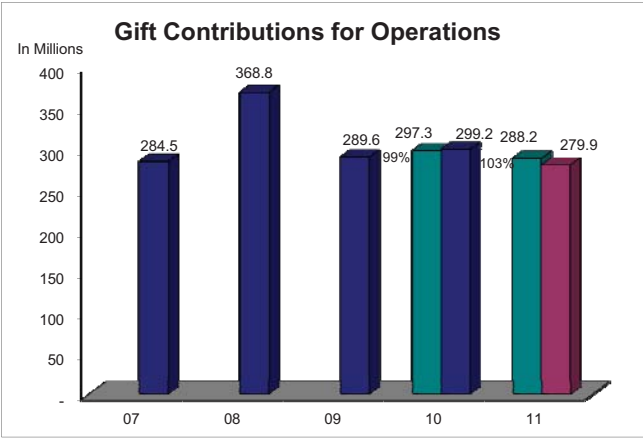
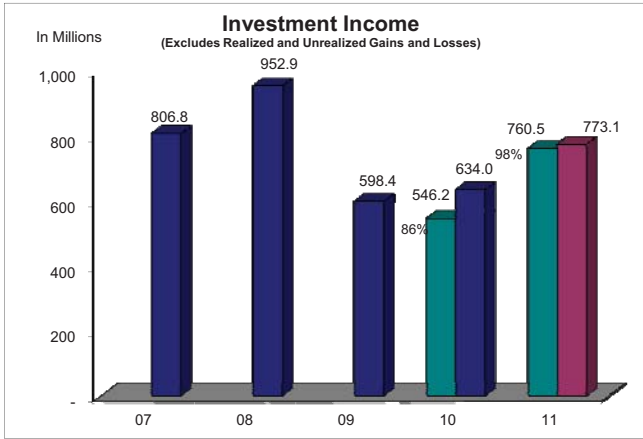
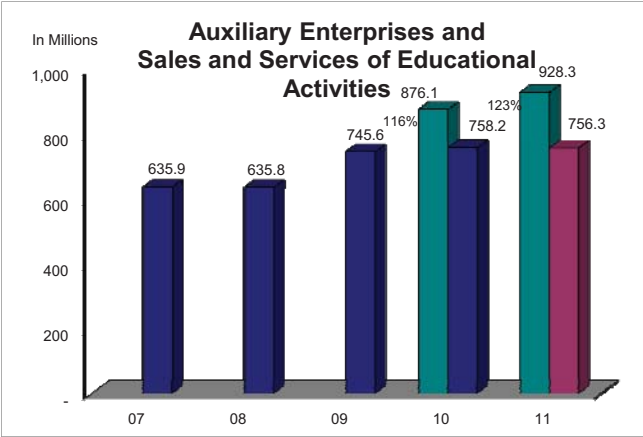
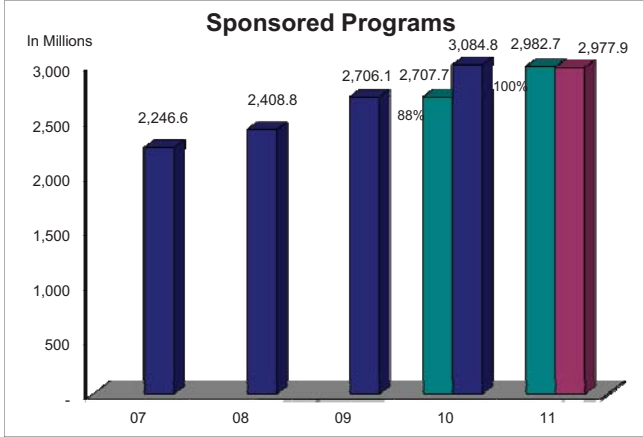
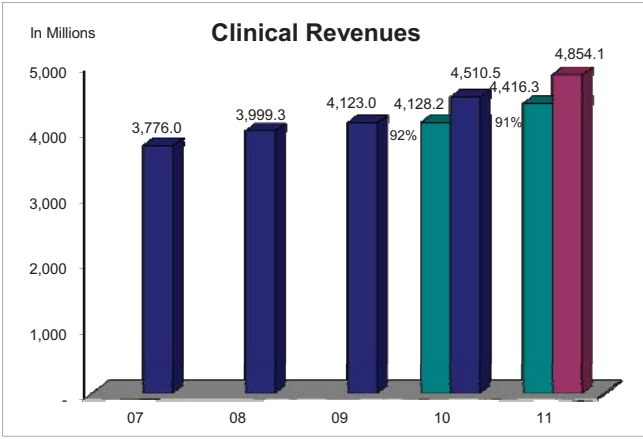
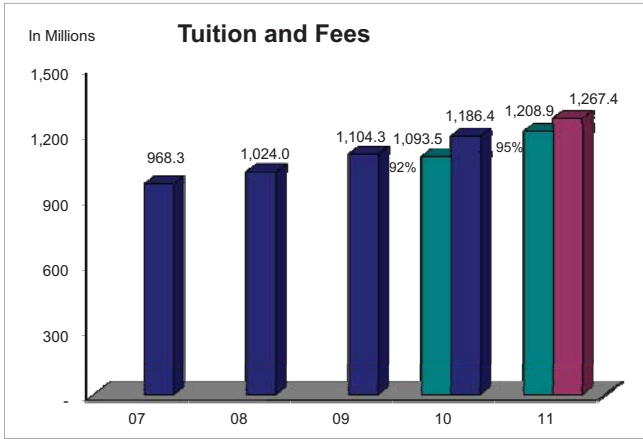
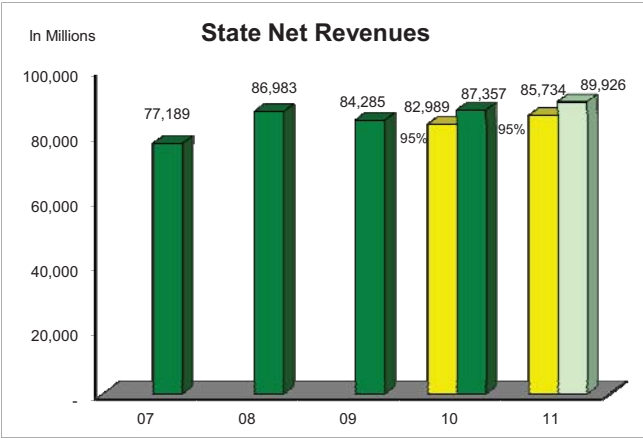
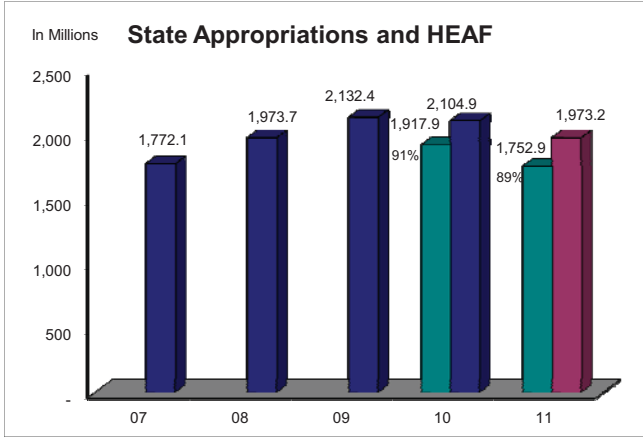
KEY FINANCIAL INDICATORS REPORT

JULY 2011

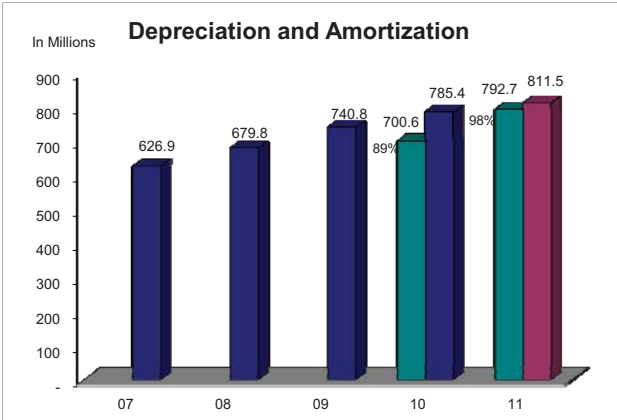
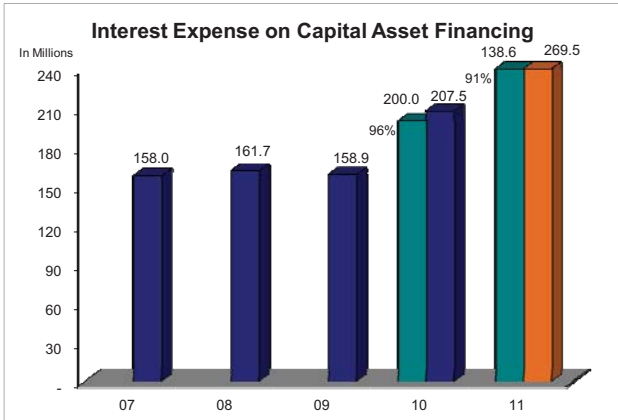
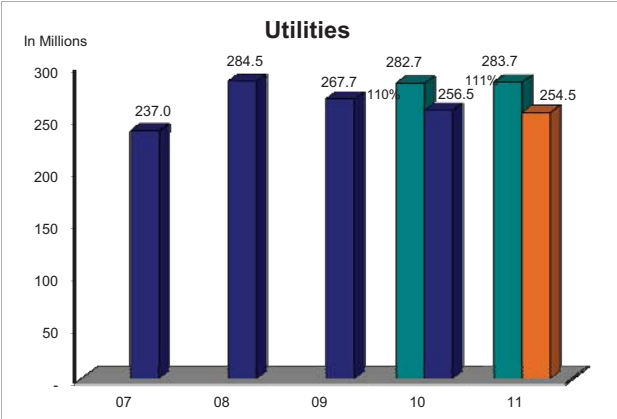
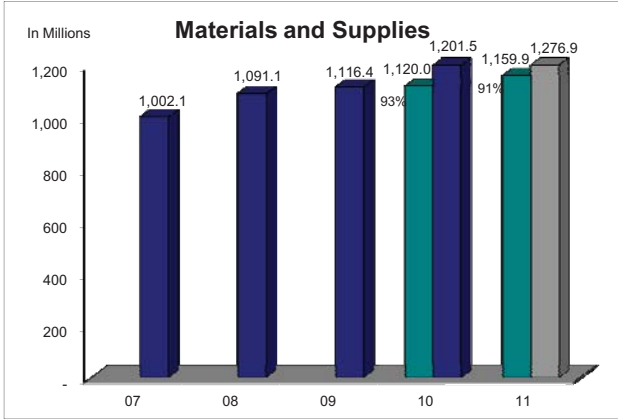
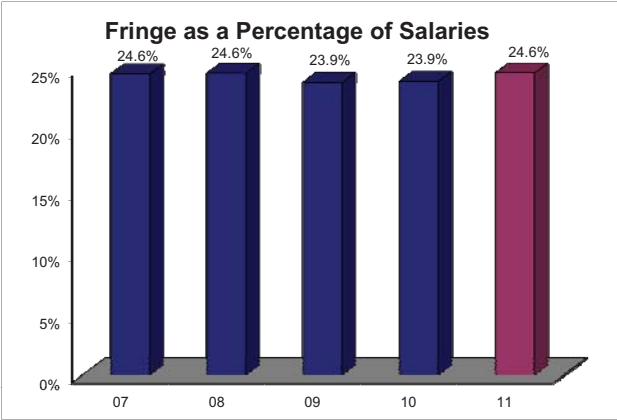
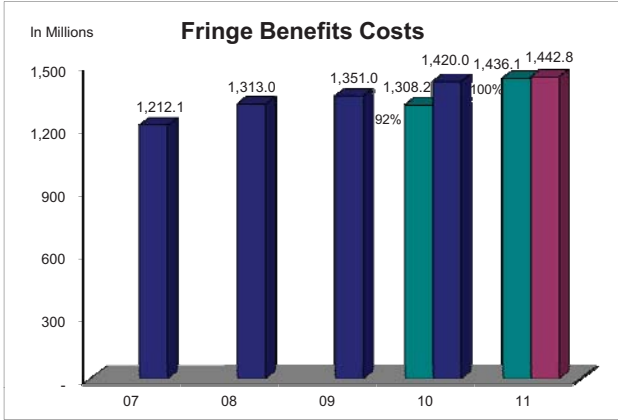
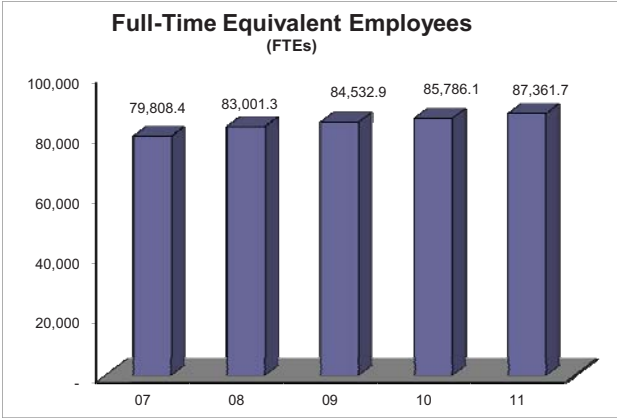
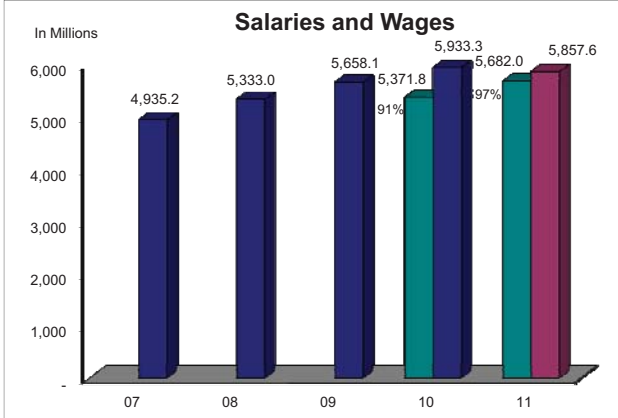
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	Actual Annual Amounts (SOURCE: Annual Financial Reports)
	Adjustment to Actual Annual Amounts to exclude the Increase in Net OPEB Obligation (SOURCE: Annual Financial Reports)
	Budget amounts (SOURCE: Operating Budget Summary)
	Projected Amounts based on the average change of the previous three years of data
	Monthly Financial Report Year-to-Date Amounts
	Annual State Net Revenue Collections (SOURCE: Texas Revenue History by Source and Texas Net Revenue by Source, State Comptroller's Office)
	Year-to-Date State Net Revenue Collections (SOURCE: State Comptroller's Office)
	Estimated State Revenue Collections (SOURCE: Biennial Revenue Estimate, State Comptroller's Office)
	Annual and Quarterly Average of FTEs (SOURCE: State Auditor's Office Quarterly FTE Report)
	Year-to-Date Margin (SOURCE: Monthly Financial Report)
	Projected Amounts based on Monthly Financial Report
	Year-to-Date Margin (SOURCE: Monthly Financial Report)
	Target Normalized Rates
	Aaa Median (SOURCE: Moody's)
	A2 Median (SOURCE: Moody's)
	Good Facilities Condition Index (Below 5%)
	Fair Facilities Condition Index (5% - 10%)

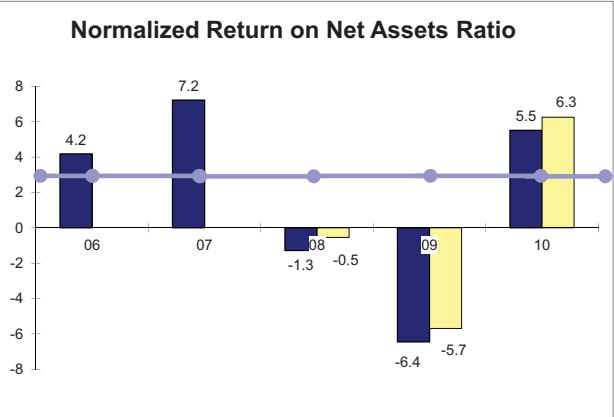
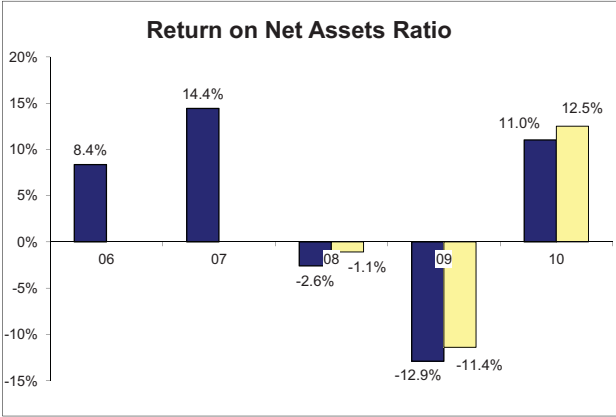
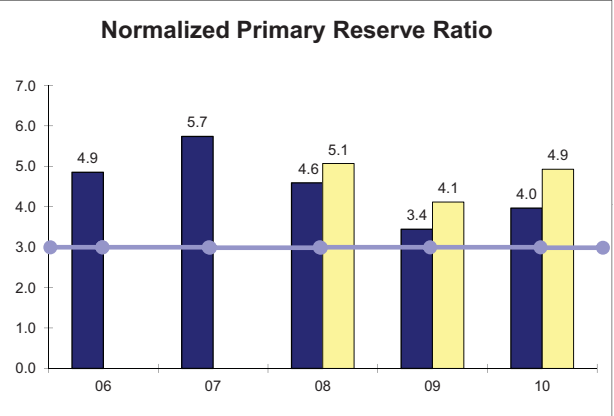
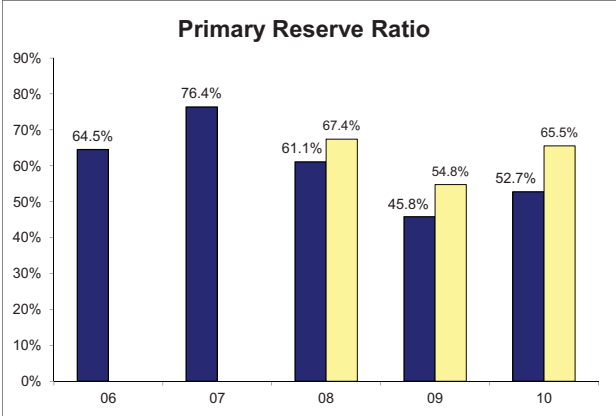
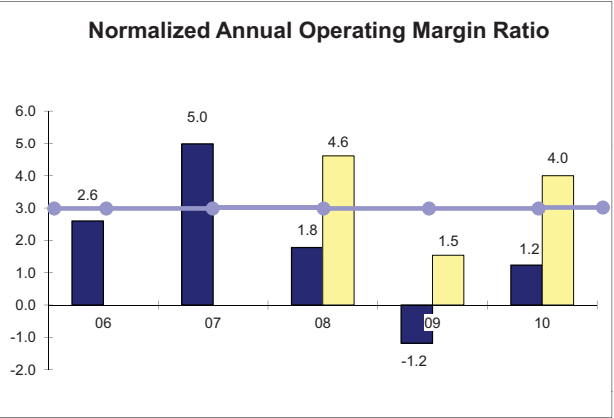
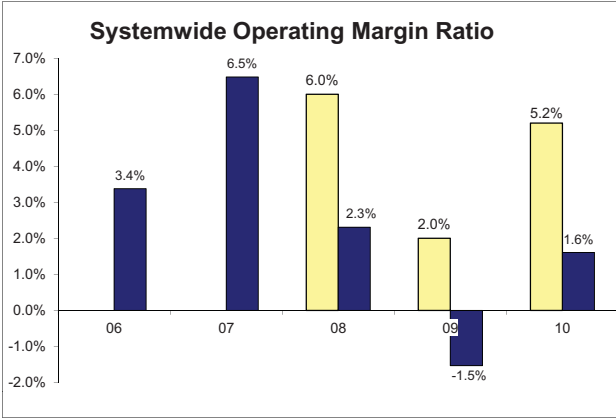
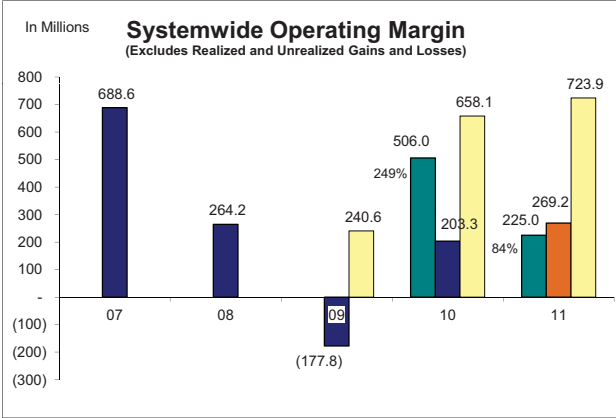
**KEY INDICATORS OF REVENUES
ACTUAL 2007 THROUGH 2010
PROJECTED 2011
YEAR-TO-DATE 2010 AND 2011 FROM JULY MONTHLY FINANCIAL REPORT**



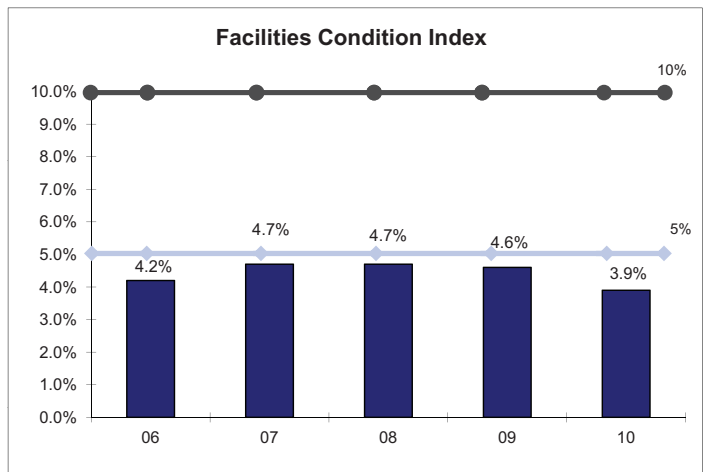
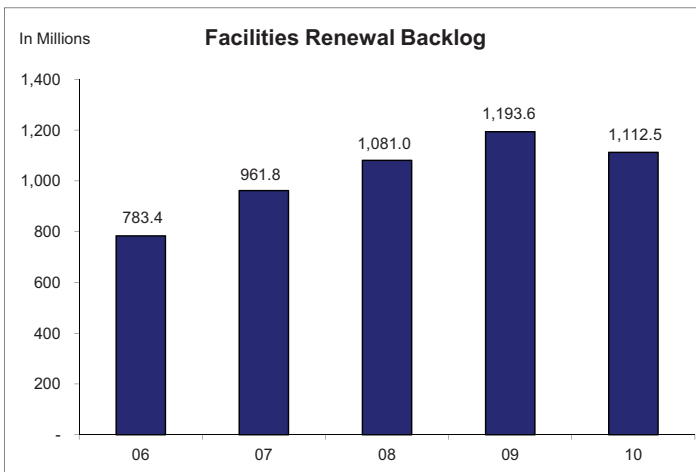
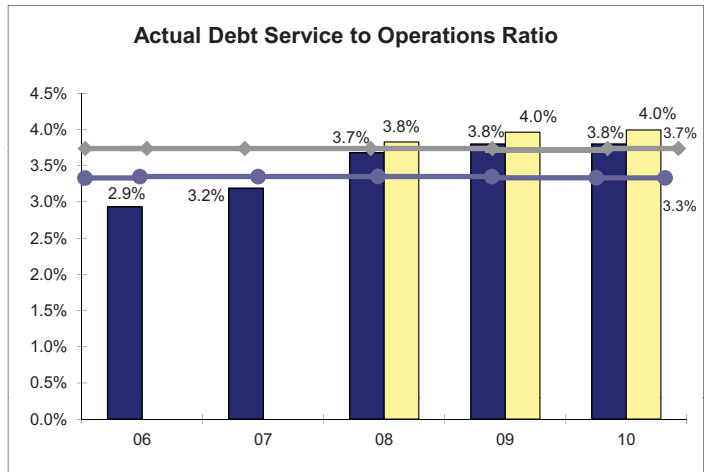
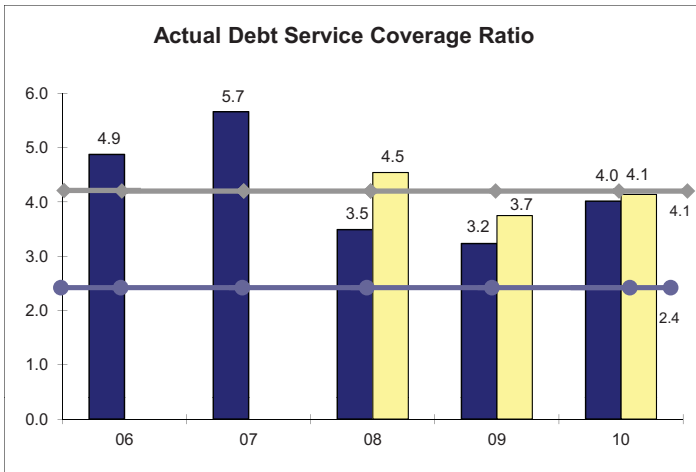
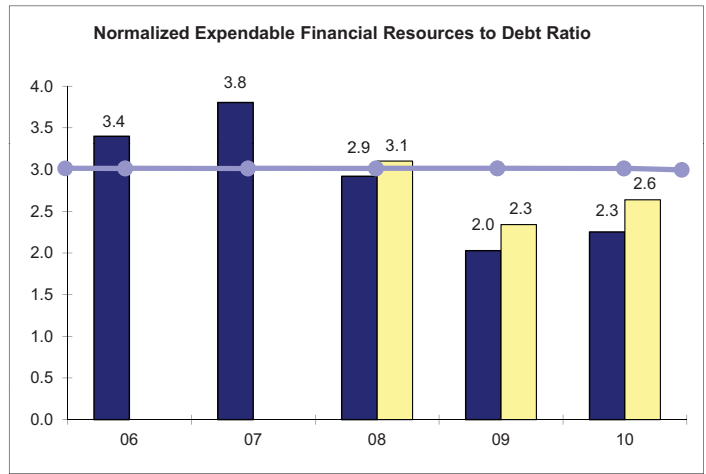
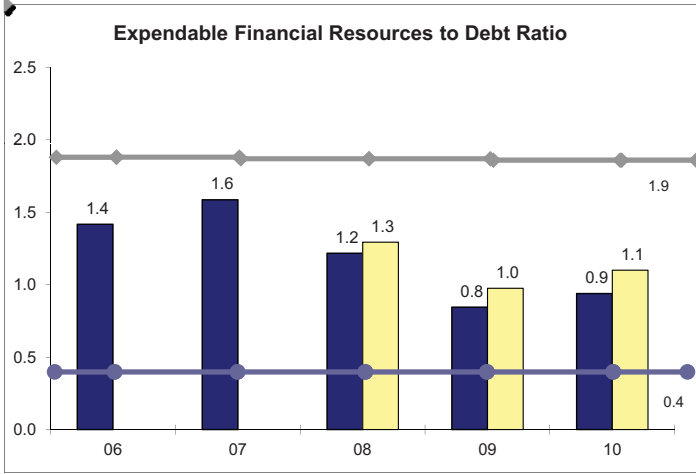
KEY INDICATORS OF EXPENSES
ACTUAL 2007 THROUGH 2010
PROJECTED 2011
YEAR-TO-DATE 2010 AND 2011 FROM JULY MONTHLY FINANCIAL REPORT



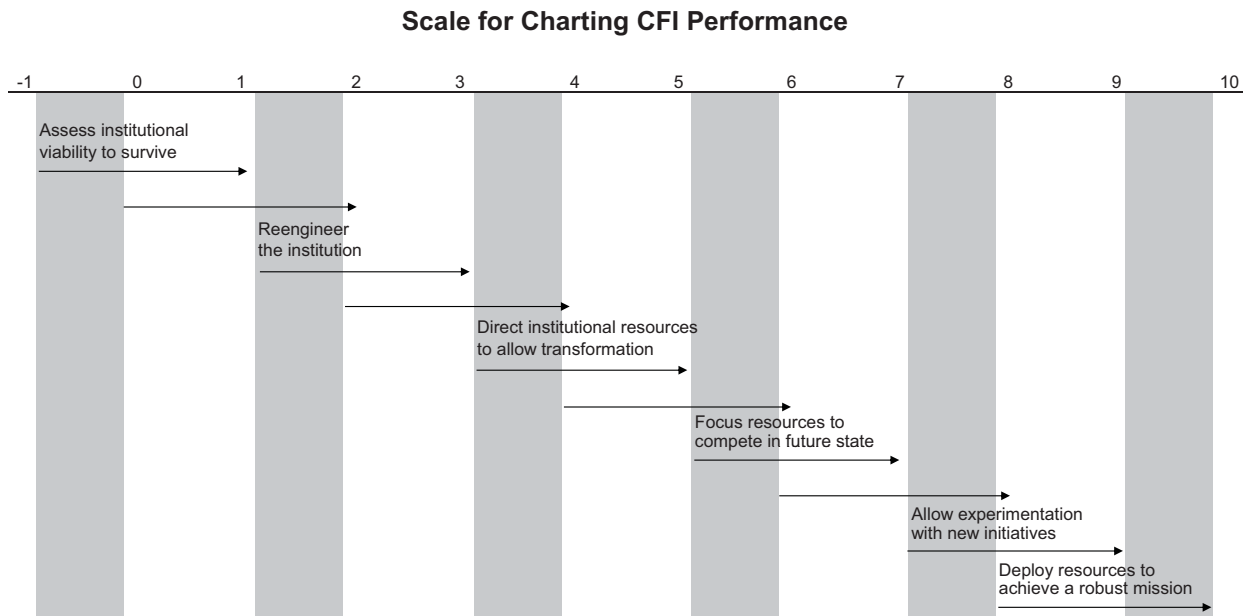
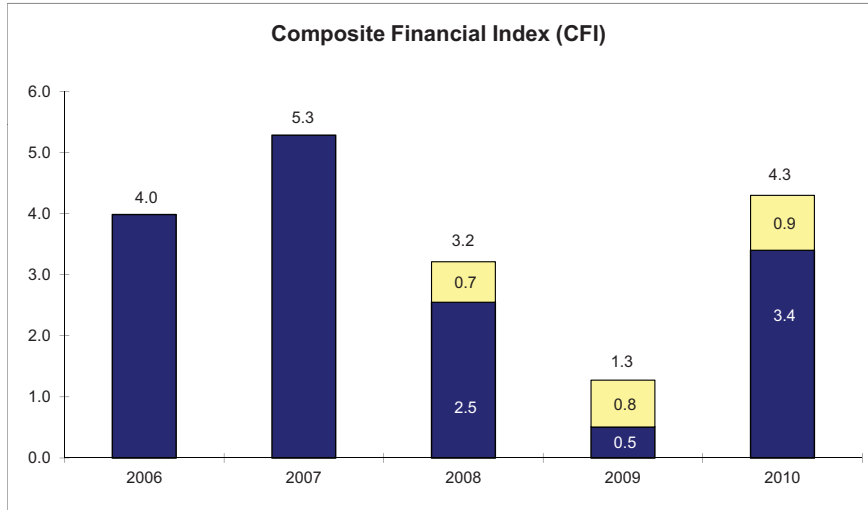
KEY INDICATORS OF RESERVES
ACTUAL 2006 THROUGH 2010
PROJECTED 2011
YEAR-TO-DATE 2010 AND 2011 FROM JULY MONTHLY FINANCIAL REPORT



KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2006 THROUGH 2010

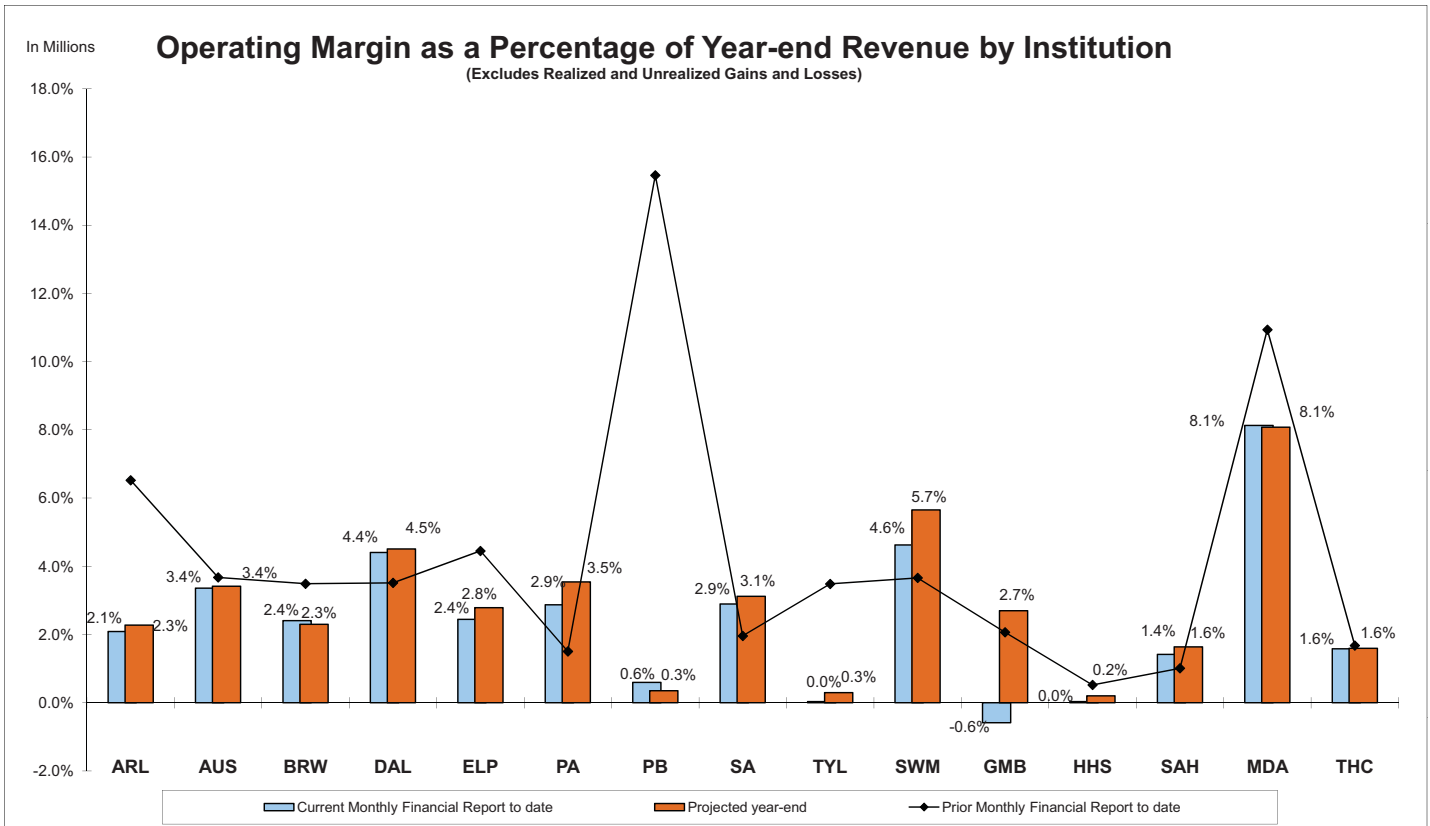
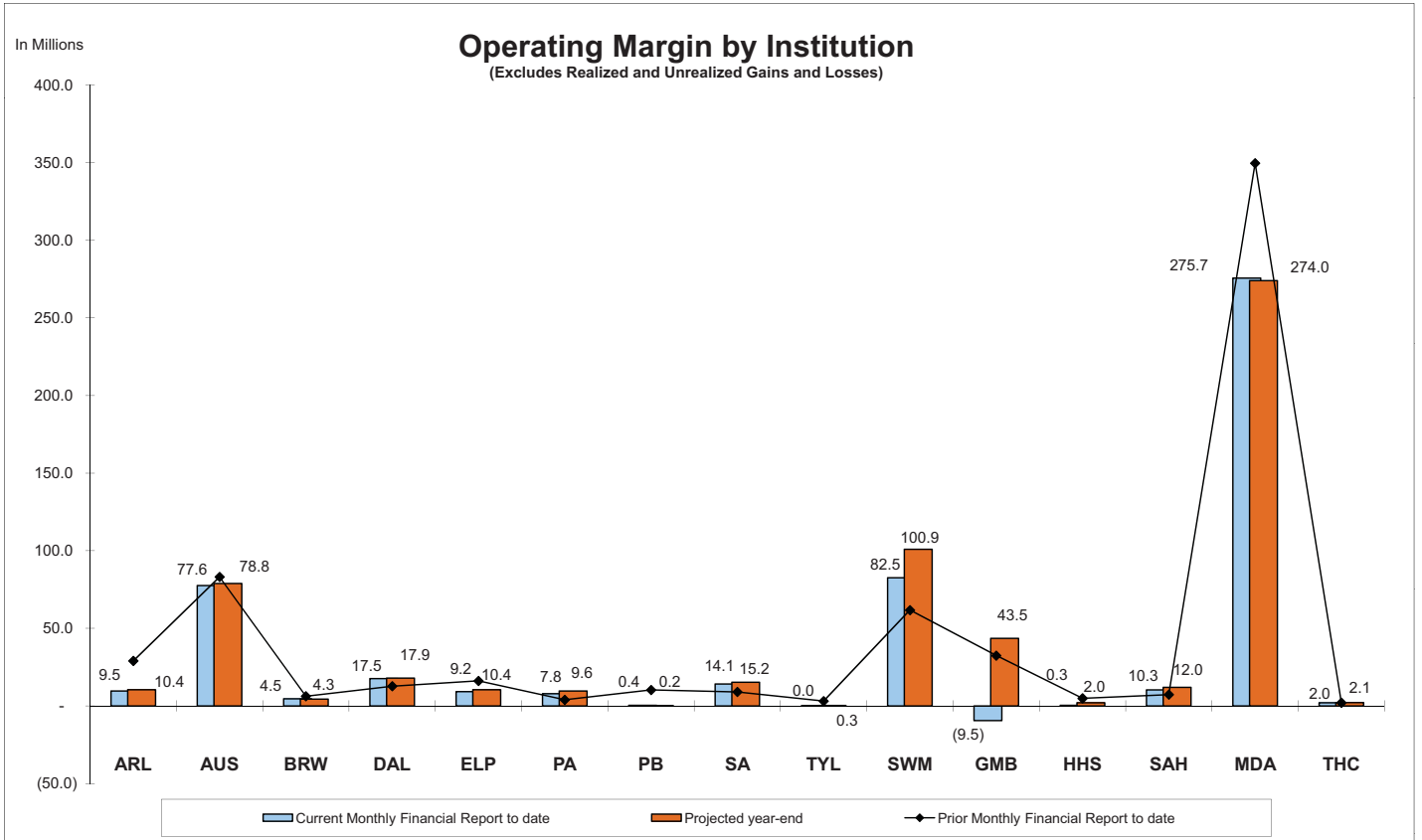


KEY INDICATORS OF FINANCIAL HEALTH 2006 THROUGH 2010



KEY INDICATORS OF RESERVES

YEAR-TO-DATE 2010 AND 2011 FROM JULY MONTHLY FINANCIAL REPORT PROJECTED 2011 YEAR-END MARGIN



3. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the fiscal year and quarter ended August 31, 2011**

REPORT

The August 31, 2011 UTIMCO Performance Summary Report is attached on Page 50.

The Investment Reports for the fiscal year and quarter ended August 31, 2011, are set forth on Pages 51 - 54.

Item I on Page 51 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the fiscal year was 14.62% versus its composite benchmark return of 12.00%. The PUF's net asset value increased by \$1,963 million since the beginning of the year to \$12,688 million. The increase was due to \$896 million PUF Land receipts, net investment return of \$1,573 million, less the annual distribution to the Available University Fund (AUF) of \$506 million.

Item II on Page 52 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the fiscal year was 14.74% versus its composite benchmark return of 12.00%. The GEF's net asset value increased by \$1,014 million during the fiscal year to \$7,049 million.

Item III on Page 53 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the fiscal year was 11.39% versus its composite benchmark return of 9.06%. The net asset value increased during the fiscal year to \$4,662 million due to net investment return of \$485 million, net contributions of \$160 million, less distributions of \$139 million.

All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on Page 54 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, decreased by \$122 million to \$2,175 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$75 million versus \$75 million at the beginning of the period; equities: \$46 million versus \$52 million at the beginning of the period; and other investments: \$5 million versus \$1 million at the beginning of the period.

UTIMCO Performance Summary

August 31, 2011

		Periods Ended August 31, 2011									
		(Returns for Periods Longer Than One Year are Annualized)									
		Net Asset Value 8/31/2011 (in Millions)		Short Term		Year to Date		Historic Returns			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs		
ENDOWMENT FUNDS											
Permanent University Fund		\$12,688	(2.33%)	(2.70%)	14.62%	3.83%	14.62%	4.08%	4.68%	7.05%	
General Endowment Fund			(2.32)	(2.67)	14.74	3.90	14.74	4.02	4.80	7.23	
Permanent Health Fund		993	(2.31)	(2.68)	14.76	3.96	14.76	3.97	4.73	7.14	
Long Term Fund		6,057	(2.31)	(2.68)	14.77	3.97	14.77	3.97	4.73	7.16	
Separately Invested Funds		128	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Total Endowment Funds		19,866									
OPERATING FUNDS											
Debt Proceeds Fund		816	0.01	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Short Term Fund		1,356	0.01	0.04	0.22	0.12	0.22	0.55	2.18	2.26	
Intermediate Term Fund		4,662	(2.20)	(2.25)	11.39	2.16	11.39	4.76	N/A	N/A	
Total Operating Funds		6,834									
Total Investments		\$26,700									
VALUE ADDED (Percent)											
Permanent University Fund			0.84%	0.84%	2.62%	2.45%	2.62%	3.08%	2.62%	2.14%	
General Endowment Fund			0.85	0.87	2.74	2.52	2.74	3.02	2.74	2.32	
Debt Proceeds Fund			(0.01)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Short Term Fund			(0.01)	0.02	0.07	0.02	0.07	0.23	0.35	0.20	
Intermediate Term Fund			0.31	0.60	2.33	1.58	2.33	2.50	N/A	N/A	
VALUE ADDED (\$ IN MILLIONS)											
Permanent University Fund			\$108	\$109	\$290	\$296	\$290	\$1,082	\$1,502	\$2,383	
General Endowment Fund			62	64	171	173	171	597	878	1400	
Intermediate Term Fund			15	29	99	74	99	323	538	N/A	
Total Value Added		\$	185	\$ 202	\$ 560	\$ 543	\$ 560	\$ 2,002	\$ 2,918	\$ 3,783	

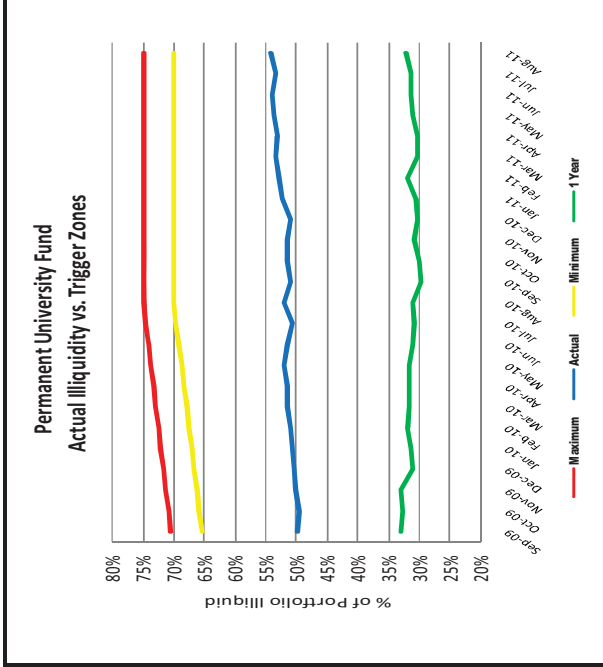
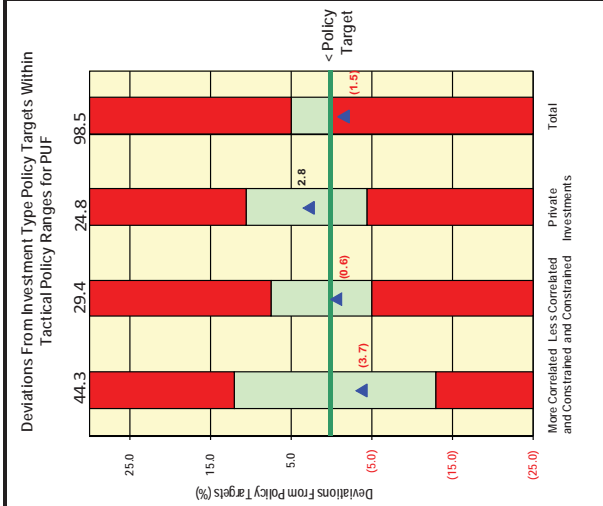
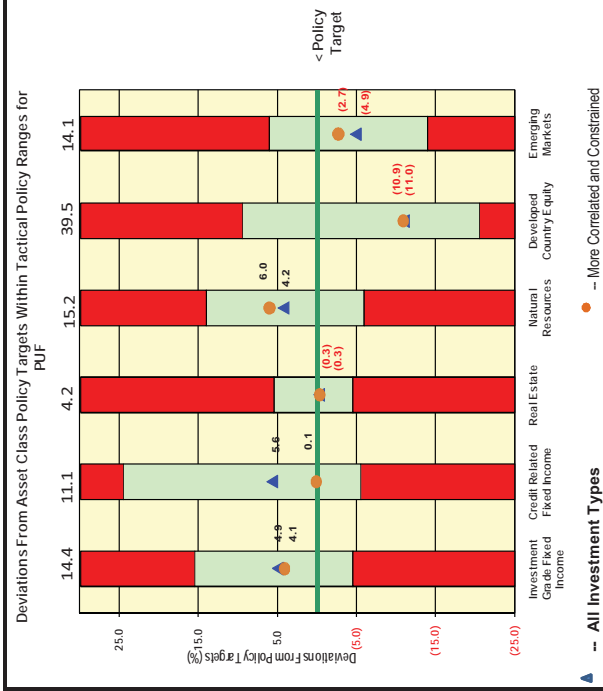
Footnotes available upon request.

I. PERMANENT UNIVERSITY FUND Investment Reports for Periods Ended August 31, 2011

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
	Fiscal Year Ended August 31, 2010	Quarter Ended August 31, 2011	Fiscal Year Ended August 31, 2011
Beginning Net Assets (\$ millions)	\$ 9,674	\$ 12,908	\$ 10,725
PUF Lands Receipts	338	133	896
Investment Return (Net of Expenses)	1,229	(353)	1,573
Distributions to AUF	(516)	-	(506)
Ending Net Assets	\$ 10,725	\$ 12,688	\$ 12,688

	Fiscal Year to Date			
	Returns	Value Added		
	Portfolio	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:				
Investment Grade	3.90%	-0.33%	-0.41%	-0.74%
Credit-Related	20.13%	-0.04%	0.00%	-0.04%
Real Estate	8.82%	-0.04%	-0.15%	-0.19%
Natural Resources	35.23%	0.89%	0.57%	1.46%
Developed Country	15.16%	-0.12%	0.12%	0.00%
Emerging Markets	9.23%	0.01%	-0.02%	-0.01%
Total More Correlated and Constrained	14.89%	0.37%	0.11%	0.48%
Less Correlated and Constrained				
Private Investments	7.47%	0.17%	1.27%	1.44%
Total	23.26%	-0.33%	1.03%	0.70%
	14.62%	0.21%	2.41%	2.62%



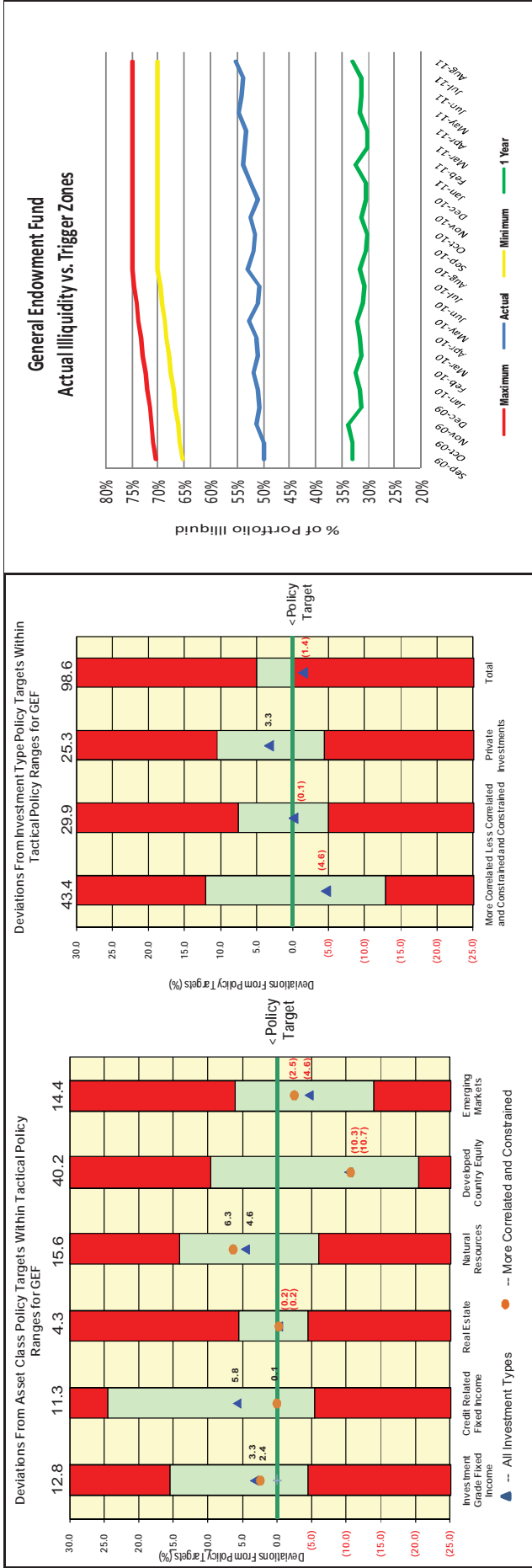
▲ -- All Investment Types ● -- More Correlated and Constrained

UTIMCO 9/26/2011

II. GENERAL ENDOWMENT FUND
Investment Reports for Periods Ended August 31, 2011
 Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
	Fiscal Year Ended August 31, 2010	Quarter Ended August 31, 2011	Fiscal Year Ended August 31, 2011
Beginning Net Assets (\$ millions)	\$ 5,359	\$ 7,291	\$ 6,035
Contributions	285	42	432
Withdrawals	(11)	(5)	(12)
Distributions	(298)	(84)	(327)
Investment Return (Net of Expenses)	700	(195)	921
Ending Net Assets	\$ 6,035	\$ 7,049	\$ 7,049

	Returns		Fiscal Year to Date	
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection
More Correlated and Constrained:				
Investment Grade	4.85%	8.96%	-0.36%	-0.35%
Credit-Related	20.22%	9.22%	-0.03%	0.00%
Real Estate	8.72%	15.49%	-0.06%	-0.16%
Natural Resources	35.46%	25.12%	0.90%	0.60%
Developed Country	15.47%	14.46%	-0.19%	0.19%
Emerging Markets	9.32%	9.07%	0.00%	-0.02%
Total More Correlated and Constrained	15.13%	13.75%	0.26%	0.26%
Less Correlated and Constrained	7.47%	3.03%	0.18%	1.32%
Private Investments	23.26%	19.97%	-0.31%	1.03%
Total	14.74%	12.00%	0.13%	2.61%
				2.74%

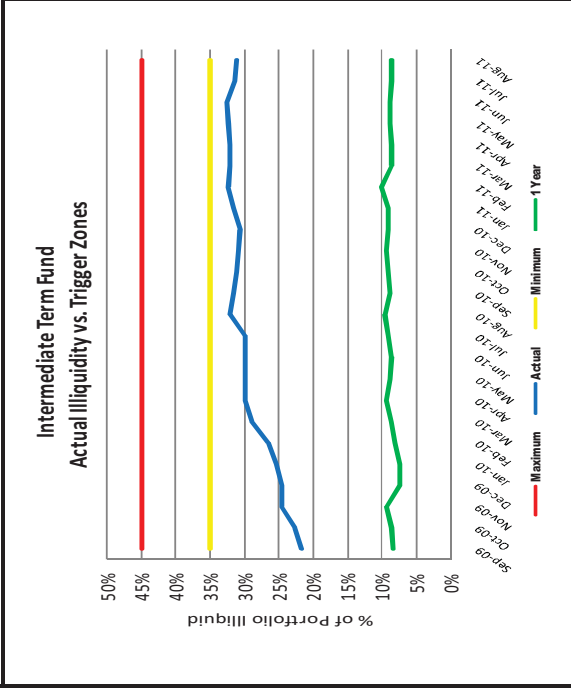
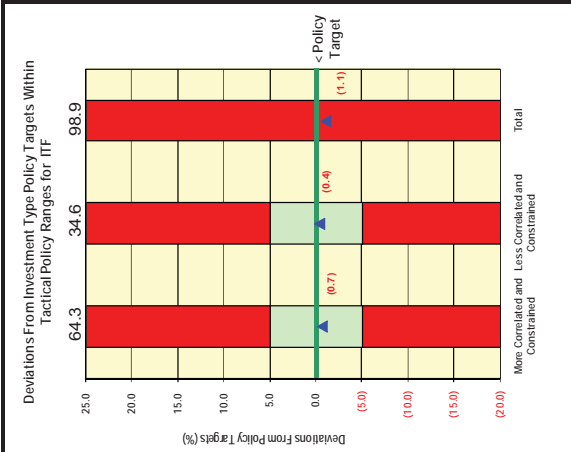
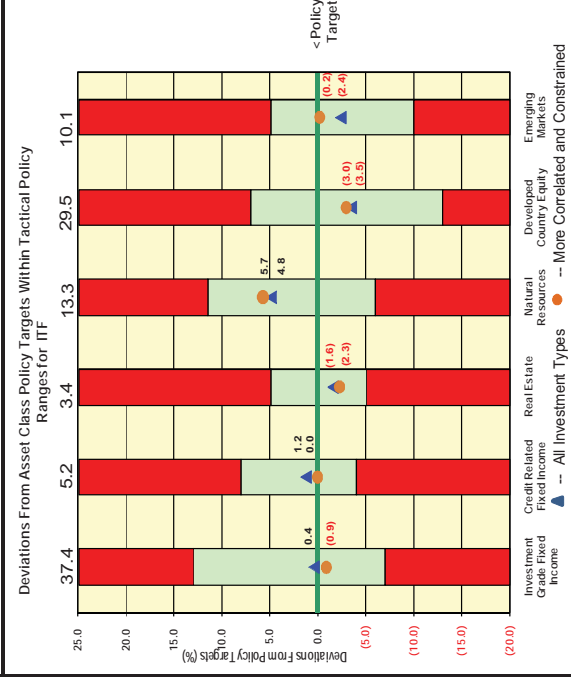


III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended August 31, 2011

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
	Fiscal Year Ended August 31, 2010	Quarter Ended August 31, 2011	Fiscal Year Ended August 31, 2011
(\$ millions)			
Beginning Net Assets	\$ 3,572	\$ 4,855	\$ 4,156
Contributions	409	45	328
Withdrawals	(112)	(95)	(168)
Distributions	(119)	(36)	(139)
Investment Return (Net of Expenses)	406	(107)	485
Ending Net Assets	\$ 4,156	\$ 4,662	\$ 4,662

	Fiscal Year to Date				
	Returns	Value Added			
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	8.10%	8.96%	-0.10%	-0.33%	-0.43%
Credit-Related	18.13%	9.22%	0.00%	0.00%	0.00%
Real Estate	9.62%	15.49%	0.10%	-0.39%	-0.29%
Natural Resources	33.90%	25.12%	0.67%	0.56%	1.23%
Developed Country	15.42%	14.46%	0.13%	0.08%	0.21%
Emerging Markets	9.01%	9.07%	-0.03%	-0.03%	-0.06%
Total More Correlated and Constrained	13.49%	12.42%	0.77%	-0.11%	0.66%
Less Correlated and Constrained					
Private Investments	7.49%	3.03%	0.29%	1.38%	1.67%
Total	11.39%	9.06%	1.06%	1.27%	2.33%



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at August 31, 2011
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)																	
	FUND TYPE																	
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND (SHORT TERM FUND))				TOTAL	
BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	
Cash & Equivalents:																		
Beginning value 05/31/11	-	2,094	2,094	27,344	27,344	1,407	1,407	16,905	16,905	47,750	47,750	2,249,358	2,249,358	2,297,108	2,297,108	(121,931)	(121,931)	
Increase/(Decrease)	-	520	520	16,393	16,393	5	5	(11,967)	(11,967)	4,951	4,951	(126,882)	(126,882)	(121,931)	(121,931)	-	-	
Ending value 08/31/11	-	2,614	2,614	43,737	43,737	1,412	1,412	4,938	4,938	52,701	52,701	2,122,476	2,122,476	2,175,177	2,175,177	-	-	
Debt Securities:																		
Beginning value 05/31/11	-	101	101	11,600	12,500	11,931	12,439	51	51	23,683	25,091	49,841	49,831	73,524	74,922	(58)	(58)	
Increase/(Decrease)	-	-	-	88	207	(95)	(77)	(51)	(51)	(58)	79	-	(48)	31	31	-	-	
Ending value 08/31/11	-	101	101	11,688	12,707	11,836	12,362	-	-	23,625	25,170	49,841	49,783	73,466	74,953	-	-	
Equity Securities:																		
Beginning value 05/31/11	147	2,963	243	30,500	35,482	12,733	13,597	-	-	43,623	52,260	-	-	43,623	52,260	(737)	(6,717)	
Increase/(Decrease)	-	(244)	189	(926)	(5,327)	-	(1,336)	-	-	(737)	(6,717)	-	-	(737)	(6,717)	-	-	
Ending value 08/31/11	147	2,719	432	29,574	30,155	12,733	12,261	-	-	42,886	45,543	-	-	42,886	45,543	-	-	
Other:																		
Beginning value 05/31/11	-	-	217	397	397	431	156	660	660	1,705	1,430	-	-	1,705	1,430	-	-	
Increase/(Decrease)	-	-	3,236	(386)	(386)	(12)	(17)	529	529	3,367	3,362	-	-	3,367	3,362	-	-	
Ending value 08/31/11	-	-	3,453	11	11	419	139	1,189	1,189	5,072	4,792	-	-	5,072	4,792	-	-	
Total Assets:																		
Beginning value 05/31/11	147	2,963	2,655	69,841	75,723	26,502	27,599	17,616	17,616	116,761	126,531	2,299,199	2,299,189	2,415,960	2,425,720	(119,359)	(125,255)	
Increase/(Decrease)	-	(244)	3,945	15,169	10,887	(102)	(1,425)	(11,489)	(11,489)	7,523	1,675	(126,882)	(126,882)	(119,359)	(125,255)	-	-	
Ending value 08/31/11	147	2,719	6,600	85,010	86,610	26,400	26,174	6,127	6,127	124,284	128,206	2,172,317	2,172,259	2,296,601	2,300,465	-	-	

Details of individual assets by account furnished upon request.