

Meeting No. 1,219

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

Pages 1 - 264

August 18 - 19, 2021

Austin, Texas

MEETING NO. 1,219

WEDNESDAY, AUGUST 18, 2021.-- The members of the Board of Regents of The University of Texas System convened in Open Session on Wednesday, August 18, 2021, at 11:12 a.m. via Zoom conference, with the below meeting participation. This regular meeting of the Board was held via video conference call as authorized by Governor Abbott's Executive Order temporarily suspending certain provisions of the Texas Open Meetings Act, effective March 16, 2020.

ATTENDANCE.--

Present

Chairman Eltife

Vice Chairman Longoria

Vice Chairman Weaver

Regent Crain

Regent Hicks

Regent Jiles

Regent Perez

Regent Stedman

Regent Warren

Regent Nguyen, Student Regent, nonvoting

STANDING COMMITTEES.--The Board convened in Open Session for Standing Committee meetings from 10:00 a.m. – 11:10 a.m.

CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION AND WORKING LUNCH.--At 11:12 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.

Chairman Eltife called for a moment of silence to honor the life of Steve Lasher, beloved husband of Vice Chairman Janiece Longoria.

RECESS TO EXECUTIVE SESSION.--At 11:13 a.m., the Board recessed to Executive Session and working lunch, pursuant to *Texas Government Code* Sections 551.071 through 551.074, 551.076, and 551.089, to consider the matters listed on the Executive Session agenda.

RECONVENE THE BOARD IN OPEN SESSION FOR POSSIBLE ACTION.--Chairman Eltife reconvened the Board in Open Session at 12:23 p.m. to consider action on the following items.

U. T. Medical Branch - Galveston: Consideration, discussion, and appropriate action regarding recommendation of Faculty Hearing Tribunal concerning termination of Reuben Matalon, M.D., Ph.D., a tenured faculty member

Regent Crain made the following motion:

Based upon the evidentiary record from the faculty tribunal hearing regarding the termination of Reuben Matalon, M.D., a tenured faculty member at The University of Texas Medical Branch at Galveston, as provided to the Board, I move that the Board

1. accept the faculty tribunal's June 7, 2021 findings of material fact with regard to Dr. Matalon's conduct in their entirety;
2. accept the faculty tribunal's June 7, 2021 conclusions that:
 - (a) Dr. Matalon violated *Texas Administrative Code* Chapter 22, Section 190.8 and
 - (b) Dr. Matalon violated U.T.M.B.'s IHOP Policy 06.05.03 – Conflict of Interest; and
3. accept the conclusion of the tribunal that the greater weight of the credible evidence of Dr. Matalon's actions taken together constitute good cause for the termination of his tenured faculty appointment at U. T. Medical Branch - Galveston.

I further move that the Board determine that good cause exists to terminate Dr. Matalon's employment and vote to terminate him from the U. T. Medical Branch - Galveston faculty effective immediately.

I further move that counsel to the Board prepare in writing the reasons for the Board's actions regarding these findings, conclusions, and recommendation of termination and communicate them to Dr. Matalon and his counsel.

The motion was seconded by Chairman Eltife and carried unanimously.

- 1d. U. T. Health Science Center - Houston: Discussion and appropriate action regarding proposed compensation for Walter Richard Lowe, M.D., Edward T. Smith Professor and Chairman, Department of Orthopaedic Surgery, McGovern Medical School (Regents' Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees)

Regent Perez made the following motion:

I move that the U. T. System Board of Regents approve the proposed changes in compensation for Dr. Walter Richard Lowe under Agenda Item 1d, within the parameters outlined and recommended in Executive Session.

I further move that the Board find that this compensation change is in the best interest of U. T. Health Science Center - Houston, as well as U. T. System as required by state law.

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

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

Regent Warren made the following motion:

I move that the U. T. system Board of Regents authorize Chancellor Milliken, Vice Chancellor Safady, and the Presidents of U. T Dallas, U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, 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 Hicks and carried unanimously.

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

See related Item 2a for action taken in Open Session.

RECESS.--There being no further business, the meeting was recessed at 12:25 p.m. to convene the Board in Committee Meetings.

STANDING COMMITTEES.--The Board convened in Open Session for Standing Committee meetings from 12:45 p.m. – 1:41 p.m.

ADJOURNMENT.--There being no further business, the meeting was adjourned following Standing Committee meetings at 1:41 p.m. to reconvene on August 19, 2021.

THURSDAY, AUGUST 19, 2021.--The members of the Board of Regents of The University of Texas System convened in Open Session on Thursday, August 19, 2021, at 9:03 a.m. via Zoom conference, with the below meeting participation. This regular meeting of the Board was held via video conference call as authorized by Governor Abbott's Executive Order temporarily suspending certain provisions of the Texas Open Meetings Act, effective March 16, 2020.

ATTENDANCE.--

Present

Chairman Eltife
Vice Chairman Longoria
Vice Chairman Weaver
Regent Crain
Regent Hicks
Regent Jiles
Regent Perez
Regent Stedman
Regent Warren
Regent Nguyen, Student Regent, nonvoting

CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS.--At 9:03 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.

Chairman Eltife began the meeting by congratulating the U. T. Austin Rowing Team on its 2021 NCAA National Championship win and the U. T. Austin Women's Tennis Team on its third National Championship win in program history. He also noted that for the first time in school history, the University of Texas Longhorns has won the Learfield IMG College Directors' Cup as the most successful Division I athletic program for the 2020-21 school year.

AGENDA ITEMS

1. U. T. System Board of Regents: Introduction and Welcome to Regent Stuart W. Stedman and Student Regent Thuy Dan "Mimi" Nguyen

Chairman Eltife welcomed new Regent Stuart W. Stedman and the new Student Regent Thuy Dan "Mimi" Nguyen and presented them with the Board medallion. The 100th anniversary of the approval of the U. T. Seal was marked in 2005 and to commemorate that anniversary the Board commissioned a unique bronze rendition of the seal for the Board of Regents.

He stated that a bronze replica seal is given to each New Regent at the outset of their term of service in hopes that it will highlight the rich history of The University of Texas and be a reminder of the responsibilities associated with this public service.

2. 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:

Regent Jiles wishes to abstain on Consent Agenda Item 5, recommending his appointment to the UTIMCO Audit and Ethics Committee.

Regent Stedman will abstain on Consent Agenda Item 9, as it relates to the contract agreement with Wells Fargo Bank, due to financial interests.

Regents Jiles and Warren, and Vice Chairman Weaver will abstain on Consent Agenda Item 9, as it relates to the contract with JPMorgan Chase Bank, due to financial interests.

And Regent Jiles will abstain on Consent Agenda Item 50, regarding purchase of land from the Union Pacific Railroad Company.

Chairman Eltife also highlighted the following items:

- Items 15 and 61 include the Fiscal Year 2020 Post-Tenure Review reports.
- Item 36 requests authorization for U. T. Dallas to grant easements and enter into a ground lease with Dallas Area Rapid Transit for the construction of a rail station adjacent to the main campus. The perpetual rail crossing easement mentioned in the item may instead be a terminable rail crossing license.

In approving this item, the Board is asked to make a finding of public purpose as set forth in the item.

- Under Items 41, 42, and 43, U. T. El Paso requests approval for terms of employment agreements with current Athletics Director James Senter, new Head Men's Basketball Coach Joseph Golding, and current Head Women's Basketball Coach Kevin Baker.
- Item 53 requests approval of the terms of a new employment agreement with current U. T. San Antonio Vice President and Athletics Director Lisa Campos.
- Item 63 was considered by the Health Affairs Committee on Wednesday, August 18, 2021.

- And an additional item included in the meeting posting and in the Agenda Book on Page 299 requests authorization for U. T. Austin to purchase land and improvements located at 2021-2025 Guadalupe Street and 2001-2005 Whitis Avenue.

Vice Chairman Longoria moved approval on the Consent Agenda, which was seconded by Regent Crain. The Board then approved the Consent Agenda, which is set forth on Pages 177 - 264.

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 respective U. T. institution involved, as appropriate.

3. U. T. System: Annual Meeting with Officers of the U. T. System Faculty Advisory Council

The U. T. System Faculty Advisory Council was established in 1989 to facilitate the flow of ideas and information between and among the Board of Regents, the System Administration, and the institutions of the System. Council guidelines require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration. The Faculty Advisory Council consists of two faculty representatives from each U. T. System institution and meets quarterly. The Standing Committees of the Council are: Academic Affairs and Faculty Quality, Governance, and Health Affairs.

Council officers are:

Chair: Nikos Vasilakis, Ph.D., U. T. Medical Branch - Galveston, Professor

Chair-Elect: David Coursey, Ph.D., U. T. Arlington, Associate Professor

Past-Chair: Emily Bonner, Ph.D., U. T. San Antonio, Associate Professor

Secretary: Volker Quetschke, Ph.D., U. T. Rio Grande Valley, Professor

A video presentation from the Council reporting on work accomplished and goals for the next year was shown.

Chairman Eltife called on Ms. Beth Cusack, a member of the public who submitted a request to speak regarding campus protocols at U. T. institutions in response to the COVID-19 pandemic.

Chancellor Milliken commented on how the U. T. institutions have managed during the previous months and expressed confidence that institutional leadership would continue to respond in unique ways at each institution as local circumstances require.

Chairman Eltife thanked the U. T. System presidents, staff, and health care workers for the incredible work being done at the institutions. He added that as a state agency the U. T. System must follow the state guidelines, while at the same time asking our presidents to safeguard the safety of our employees, teachers, students, and patients.

STANDING COMMITTEE RECOMMENDATIONS AND REPORTS.--At 9:22 a.m., Chairman Eltife announced the Board would hear the reports and recommendations of the Standing Committees, which are set forth on Pages 8 - 135.

REPORT OF THE AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE
(Pages 8 - 27).--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 assigned for review by this Committee.

2. U. T. System: Discussion of Systemwide internal audit activities, including updates on the Systemwide Cancer Prevention and Research Institute of Texas (CPRIT) grants assurance work, the presidential travel, entertainment, and university residence maintenance expenses audit, and the Fiscal Year 2021 Annual Audit Plan status

This item was for consideration only by the Committee.

3. U. T. System: Approval of the U. T. Systemwide Annual Audit Plan for Fiscal Year 2022

The Board approved the following recommendation:

RECOMMENDATION

Chief Audit Executive Peppers will present the proposed Fiscal Year 2022 U. T. Systemwide Annual Audit Plan (Audit Plan) using the PowerPoint set forth on the following pages and will recommend its approval. Development of the Audit Plan is based on risk assessments performed at each institution. Implementation of the Audit Plan will be coordinated with the institutional auditors. The Audit Plan executive summary is set forth on the pages following the PowerPoint. Additionally, the detailed annual audit plans were provided to the Audit, Compliance, and Risk Management Committee members prior to the meeting.

BACKGROUND INFORMATION

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

U. T. Systemwide FY 2022 Annual Audit Plan

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

U. T. System Board of Regents Meeting
Audit, Compliance, and Risk Management Committee
August 2021



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Overall Audit Plan Process

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FY 2022 Annual Work Plans

- Internal audit work plans across the System:
 - 48% Assurance Engagements
 - 15% Advisory and Consulting Engagements
- Reserve hours to stay agile and responsive to management needs
- Diverse topics to maximize coverage of risk areas
- Commonality in high-risk area topics



Most Common Topics

Federal Relief Funds

- Review compliance with Coronavirus Aid, Relief, and Economic Security (CARES) Act: Higher Education Emergency Relief Fund (HEERF) expenditure and reporting requirements
- Ensure appropriate and allowable costs are claimed to allow for maximum cost recovery



Most Common Topics (cont.)



Foreign Influence

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



Most Common Topics (cont.)

Diversity, Equity, and Inclusion

- Assess practices and initiatives that support diversity, equity, and inclusion
- Evaluate related policies and guidance to promote diverse candidates for leadership positions and equal opportunity for all businesses to supply goods and services



Most Common Topics (cont.)

Accounts Payable / Disbursements

- Verify adequate processes and controls for payments, reimbursements, and procurement card use



Most Common Topics (cont.)

Medical Services Revenue Cycle

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



Other Common Topics

Account Reconciliation
Segregation of Duties

Construction

Contracting

COVID-19 Impact

Fixed Asset/
Capital Management

Payroll

Research Administration



Common Topics for Required Engagements

Procurement
Compliance

Annual
Financial
Report

Benefits
Proportionality

NCAA
Compliance

Various Grants



Most Common IT Topics



- Cybersecurity Protection and Incident Response
- Data Management and Data Governance
- Patching and Configuration Management
- Cloud/Third Party Security



Most Common IT Topics (cont.)

Disaster Recovery/
Business
Continuity

- Disaster Recovery & Business Continuity Plans
- Backup protection and storage capacity
- Decentralized IT preparedness
- Emergency management



Other Common IT Topics

Electronic
Health
Records (EPIC)

Research Data/
Intellectual
Property
Protection

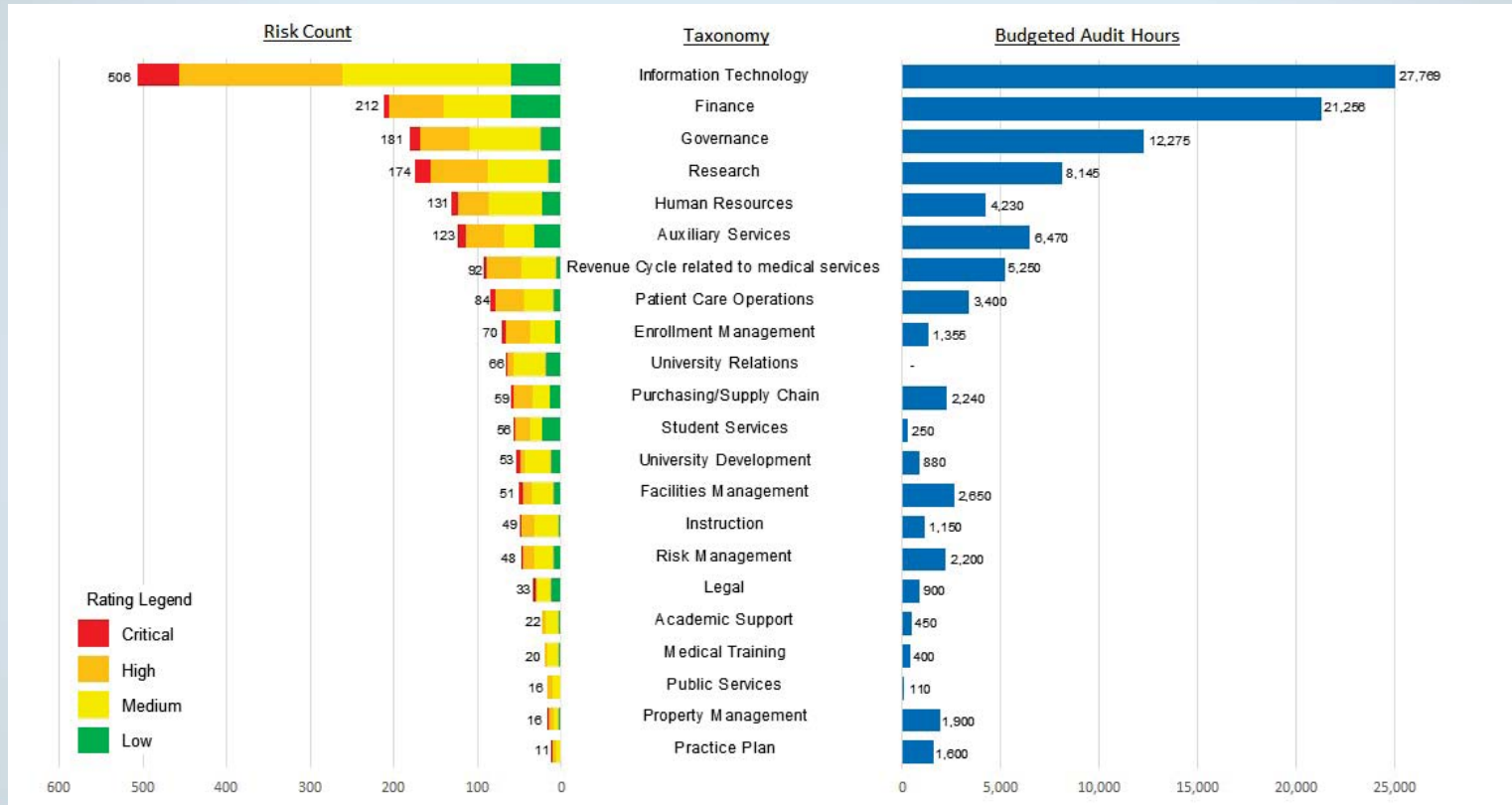
Decentralized
IT

Identity &
Access
Management

IT Asset
Management



Systemwide Risk Count vs. Audit Hours by Taxonomy



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



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The University of Texas System
Systemwide Internal Audit Program
Fiscal Year 2022 Annual Audit Plan Executive Summary

Systemwide Annual Audit Plan

The University of Texas (U. T.) Systemwide Fiscal Year (FY) 2022 Annual Audit Plan (Audit Plan) outlines the internal audit activities that will be performed by internal audit throughout the System in FY 2022. To provide consistency at the Systemwide level, the U. T. System Audit Office provided the institutional Chief Audit Executives (CAEs) with guidance in the spring of 2021 on the audit plan format, content, and development methodology, including the risk assessment process that supports the engagements selected to be on the individual audit plans, which were prepared in June and July 2021. The institutions’ management and internal audit committees, as well as the U. T. System Audit Office and the Offices of Academic and Health Affairs, provided direction, input, and feedback on the audit plans. After the review process, each institutional internal audit committee formally approved its audit plan. The FY 2022 Audit Plan, as summarized in the tables and graphs that follow, is formally presented to the U. T. System Board of Regents for consideration for approval at the August 2021 meeting.

The methodology for audit plan development is designed to focus on the organization’s strategic priorities and important objectives, identify related risks that could impede reaching them successfully, and develop engagements that provide validation that there are activities in place to mitigate the highest risks. Internal audit at each institution and System Administration conduct a risk assessment in which risks related to institutional priorities and objectives are identified and scored as Critical, High, Medium, or Low. The Risk Scoring Matrix illustrates how the risks for each objective are scored based on the Probability rating of the risk occurring in the current environment and the Impact rating to the institution if the risk is realized. As Information Technology (IT) risks are significant across the System, further focus is placed on IT risks through collaboration with IT and Information Security (IS) leadership to identify critical services and functions that could have a significant impact on business objectives. In addition, internal audit purposefully considered the impact of risks related to topics including federal relief funds, foreign influence, and diversity, equity, and inclusion.

Risk Scoring Matrix		Impact		
		High	Medium	Low
Probability	High	C	H	M
	Medium	H	M	L
	Low	M	L	L

The engagements selected to be on the FY 2022 Audit Plan are derived directly from the risk assessment results, primarily addressing Critical and High risks, and also include other required and recurring work, as required by policy, statute, contract, or an external entity. For the Critical and High risks that are not addressed by the engagements, risk mitigation activities are identified and presented as part of the audit plan. These may include active monitoring work performed by other risk functions, executive support in the area, past year audit coverage, or review by an external party.

The following table lists the FY 2022 Audit Plan total budgeted audit hours by institution. These hours include engagements conducted by approximately 106 internal audit professional FTEs and co-source resources who are experts in selected audit areas that work with internal audit on engagements. However, with potential changes in priorities and staffing resources that may occur during the fiscal year, institutions may request approval from their respective presidents and/or internal audit committees to adjust their budgeted hours or reallocate budgeted hours among engagements and projects.

Institution	Budgeted Audit Hours
U. T. Arlington	10,050
U. T. Austin	19,600
U. T. Dallas	12,332
U. T. El Paso	10,938
U. T. Permian Basin	4,360
U. T. Rio Grande Valley	9,805
U. T. San Antonio	8,880
U. T. Tyler	8,810
U. T. Southwestern Medical Center	19,900
U. T. Medical Branch - Galveston	13,583
U. T. Health Science Center - Houston	13,948
U. T. Health Science Center - San Antonio	11,068
U. T. M. D. Anderson Cancer Center	20,778
U. T. System Administration	15,205
Total Budgeted Audit Hours	179,257

The Audit Plan directs internal audit resources in three main sections: Engagements (Assurance Engagements, Advisory and Consulting Engagements, Investigations, and Follow-Up procedures); Development – Operations (ongoing operational activities); and Development – Initiatives and Education (developmental activities and continued education). Additionally, hours are set aside in a general reserve for unanticipated changes in resources and projects prompted by unexpected issues that may arise during the fiscal year. The table below depicts the percentage of budgeted audit hours allocated in these categories across the System.

Audit Plan Category	Budgeted Audit Hours	Percent
Assurance Engagements	73,054	41%
Advisory & Consulting Engagements	26,517	15%
Required Engagements	12,621	7%
Investigations	8,190	5%
Reserve	8,134	4%
Follow-Up	5,660	3%
Development – Operations	28,947	16%
Development – Initiatives & Education	16,134	9%
Total Budgeted Audit Hours	179,257	100%

Systemwide Risk Assessment

The approach for the Systemwide internal audit risk assessment is to start at the top with an awareness of key strategic priorities and operational objectives, discussion of those with a variety of stakeholders, and identification and assessment of the most relevant risks to develop the Audit Plan. The process is standardized by using common terms (Taxonomy) and criteria (Risk Scoring Matrix), enabling further analysis. As done in the past, an emphasis is placed on collaboration with other functions that assess, handle, or manage risk.

Approximately 2,000 risks were identified across the institutions and U. T. System Administration. The following areas had the highest numbers of total risks and the most Critical and High risks.

Academic Institutions:

- IT (see additional information on the following pages)
- Research – research administration; conflicts of interest; foreign influence/export controls
- Auxiliary Services – athletics; Title IX/campus security; student health
- Finance – financial reporting; federal relief funds; accounts payable/disbursements
- Enrollment management – student recruitment and admissions; scholarships/financial aid processes

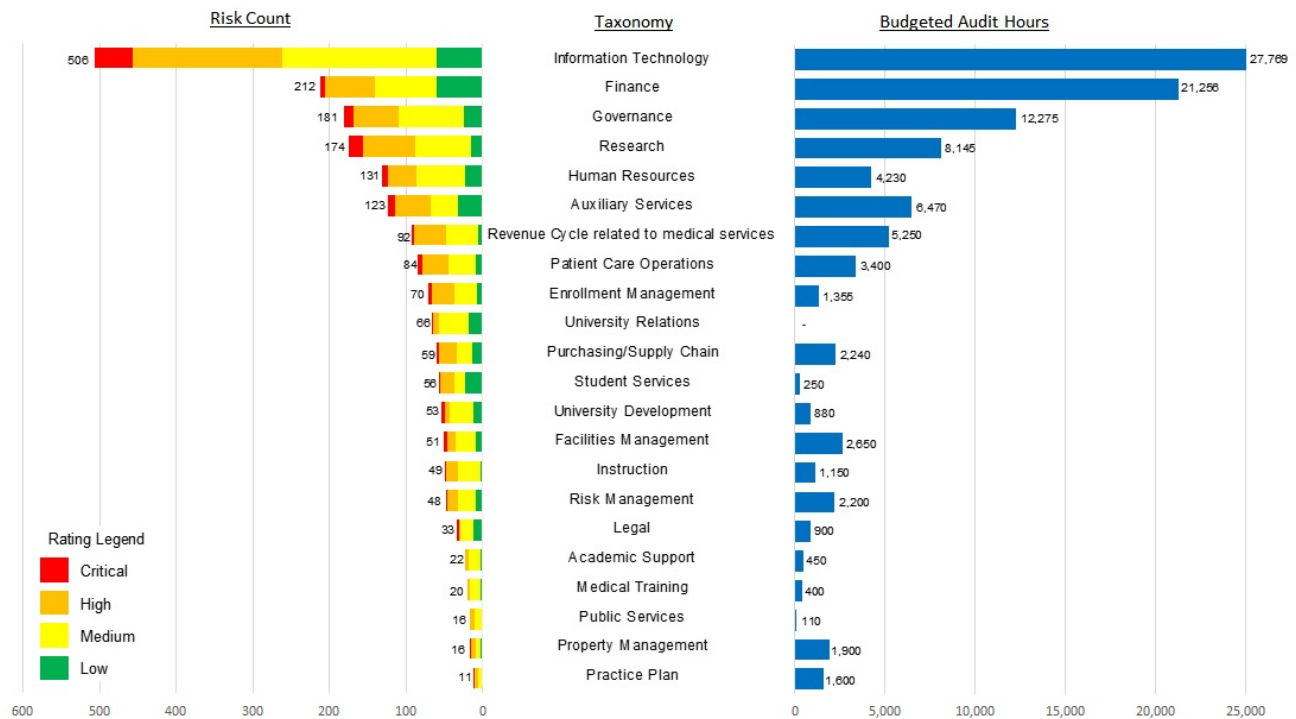
Health Institutions:

- IT (see additional information on the following pages)
- Governance – strategies to stay competitive; joint ventures; business continuity; compliance program
- Patient care – quality care; patient safety; pharmacy operations; credentialing
- Revenue cycle – registration/admission; charge capture/coding; billing; collection
- Research – research administration; foreign influence; compliance/misconduct; clinical trials

System Administration:

- IT – cybersecurity incident detection and response; third-party cloud services; data classification and IT asset management.
- Human Resources – employee programs, compensation plans, and diversity, equity, and inclusion activities to recruit, develop, and retain employees; succession planning; cross-training
- Governance – strategic and business continuity planning

The following graph depicts the Systemwide count of risks, broken down by Risk Score, in the 22 Taxonomy areas. This is compared against the allocation of budgeted hours for engagements.



NOTE: Total audit hours in the graph are less than total budgeted hours noted on the previous page because engagements not associated with a Taxonomy are excluded (e.g., Investigations, Reserve, Follow-Up, and Development hours).

Systemwide IT Risk Assessment Methodology

The IT risk assessment methodology consistently identifies the most significant IT risks for an effective IT audit plan. As part of this process, a uniform framework is used for defining IT areas (Domains) and functions (Processes), which provides a common language and organization for collaboration and comparison among U. T. institutions.

The common framework also facilitates the identification of cross-institution risks and trends. Cybersecurity Vulnerability Management and Incident Response was the most frequently identified Critical or High-risk area, with all 13 institutions and System Administration citing at least one Critical or High risk in this area. The most common Critical and High-risk areas identified during this year’s risk assessment are:

IT Process

of Institutions*

Cybersecurity Vulnerability Management and Incident Response	14
Data Stewardship/Ownership/Governance	13
Disaster Recovery/Business Continuity/Emergency Preparedness	10
Cloud/Third-Party Security Management	10
Server & Desktop Configuration Management	9
IT Asset Management	9
Identity and Access Management	8

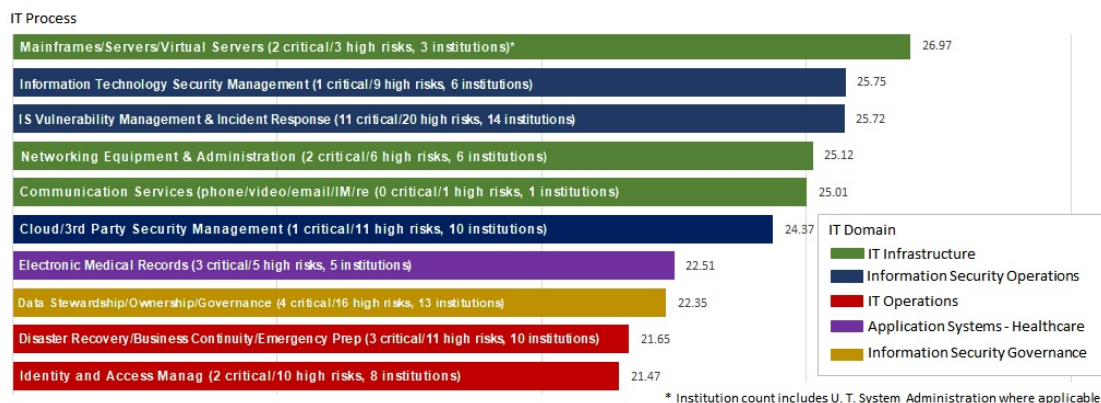
* Includes UT System Administration where applicable.

The top ten U. T. System IT risk areas based on number of Critical and High risks compared against the allocation of budgeted hours for engagements are displayed below:



The methodology also improves visibility into U. T. System risk through Calibrated Risk Scores (CRS), which are numeric values calculated based on risk ratings (Critical, High, Medium, Low) with weighting applied based on institution and Domain/Process factors. This results in the ability to prioritize the full inventory of IT risks, such that Critical and High risks are ranked by their significance to U. T. System as a whole, which can be used for internal audit resource allocation to ensure the risks of potential highest impact are considered in audit planning. The weighting of the CRS is based on institutional calibration factors (including multi-institution or Systemwide; academic or health; budget; research expenditures; faculty and staff headcounts; and enrollment) and process calibration (relative risk among processes -- e.g., cybersecurity incident response is weighted higher than IT project management).

The top ten U. T. System IT risk areas based on CRS of Critical and High risks are displayed below. Because the CRS is a calculated average, the number of risks in an area does not affect the CRS.



REPORT OF THE FINANCE AND PLANNING COMMITTEE (Pages 28 - 100).--
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: Financial Status Presentation and Monthly Financial Report

This item was for consideration only by the Committee.

3. U. T. System Board of Regents: Approval of annual distributions from the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Business Affairs in the recommendation that

- a. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0655 per unit to \$0.0667 per unit for Fiscal Year 2022 (effective with November 30, 2021 distribution);
- b. the distribution rate for the U. T. System Long Term Fund (LTF) be increased from \$0.3578 per unit to \$0.3642 per unit for Fiscal Year 2022 (effective with November 30, 2021 distribution); and
- c. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2022.

BACKGROUND INFORMATION

The spending policy objectives of the PHF and LTF are to:

- a. provide a predictable stable stream of distributions over time;
- b. ensure that the inflation-adjusted value of the distributions is maintained over the long term; and

- c. ensure that the inflation-adjusted value of the assets of the PHF and the LTF, as appropriate after distributions, is maintained over the long term.

The increase in the consumer price index for the prior three years as of November 30, 2020, was 1.80%. The recommended 1.80% increase in the PHF distribution rate of \$0.0655 to \$0.0667 per unit will increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 4.57%.

On November 14, 2019, the Board of Regents authorized a maximum 0.80% allocation (80 basis points) from the market value of the LTF to provide additional funding for development operations at U. T. institutions to substantially increase philanthropic revenue. The proposed LTF distribution rate of \$0.3642 per unit or 4.67% of the market value of the LTF plus the 0.80% development allocation will result in a total LTF spending rate of 5.47% of the prior 12-quarter average value of the LTF.

The distribution rate for the ITF was originally set at 3.0% per annum for Fiscal Year 2007 by the U. T. Board on May 11, 2006, and has continued at that rate for each succeeding fiscal year. The recommendation for Fiscal Year 2022 is to continue a distribution rate of 3.0%.

4. U. T. System Board of Regents: Equipment financing authorization for Fiscal Year 2022 and resolution regarding parity debt

The Board approved the following recommendation:

RECOMMENDATION

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

- a. approve an aggregate amount of \$227,834,000 of Revenue Financing System Equipment Financing for FY 2022 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 \$227,834,000 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 \$227,834,000 for equipment financing for Fiscal Year 2022. On August 20, 2020, the U. T. System Board of Regents approved a total of \$204,750,000 of equipment financing for Fiscal Year 2021. Through July 31, 2021, \$78,775,000 of equipment financing has been utilized for Fiscal Year 2021.

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 2022

Institution	\$ Amount of Request	Description of Expected Capital Equipment	Spendable Cash & Investments to Total Debt *	Unrestricted Cash & Investments to Total Debt *
U. T. Arlington	\$3,000,000	Thermal Energy Plant - Variable Frequency Drive and Boiler	3.1x	
U. T. Dallas	8,000,000	General purpose equipment supporting University's instruction, research & business operations	1.3x	
U. T. El Paso	400,000	Vehicle purchases	1.9x	
U. T. Rio Grande Valley	7,000,000	IT Infrastructure, network upgrades, and security-related equipment	6.0x	
U. T. San Antonio	4,420,000	Boiler equipment; furniture and equipment for athletic and academic buildings	2.0x	
U. T. Tyler	25,014,000	Clinical/Laboratory and IT equipment for the Health Science Center	0.7x	
U. T. Southwestern Medical Center	30,000,000	Information resources projects; clinical and hospital equipment		0.5x
U. T. Medical Branch - Galveston	40,000,000	Clinical, IT infrastructure, research-related, and facility-related equipment		0.8x
U. T. Health Science Center - Houston	10,000,000	Research and clinical equipment, implementation of electronic health record system		5.3x
U. T. Health Science Center - San Antonio	20,000,000	Clinical transformation and research related to primary care, cancer, longevity and aging studies		3.0x
U. T. M. D. Anderson Cancer Center	80,000,000	Medical, diagnostic, research, vehicles, information systems and technology in nature		7.3x
Total	\$227,834,000			

* Spendable Cash & Investments to Total Debt ratios and Unrestricted Cash & Investments to Total Debt ratios are based on 2020 Analysis of Financial Condition (Feb. 2021).

U. T. System Office of Finance, July 10, 2021

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

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

BACKGROUND INFORMATION

On August 20, 2020, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$750 million for Fiscal Year 2021. Adoption of this Resolution would provide \$750 million of authorization for similar purposes for Fiscal Year 2022. 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.

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

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

BACKGROUND INFORMATION

On August 20, 2020, the Board of Regents adopted the 35th Supplemental Resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$850 million. Adoption of this 36th Supplemental Resolution would provide authority to finance additional projects approved by the Board of Regents under the same provisions as the prior resolution.

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

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

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

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

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

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

The Board approved the following recommendation:

RECOMMENDATION

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

BACKGROUND INFORMATION

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

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

On August 20, 2020, the Board approved bond enhancement agreement resolutions for FY 2021. Approval of this item would authorize the execution of bond enhancement agreement transactions related to RFS and PUF debt in accordance with the U. T. System Interest Rate Swap Policy for FY 2022 and will ratify the existing U. T. System Interest Rate Swap Policy, set out on the following pages and included as Exhibit B to both resolutions, as required by *Texas Government Code* Section 1371.056. The determination to utilize bond enhancement agreements will be made based on market conditions at the time of pricing the related debt issuance. The Chancellor and the Chairman of the Board's Finance and Planning Committee will be informed in advance of any proposed transactions to be undertaken pursuant to the resolutions.

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

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 or the London Interbank Offered Rate (LIBOR).
- Sec. 10 Tax Risk. Tax risk is the risk that tax laws will change, resulting in a change in the marginal tax rates on swaps and their underlying assets. Tax risk is present in all tax-exempt debt issuances. The U. T. System Office of Finance will continually monitor and evaluate tax risk.
- Sec. 11 Interest Rate Risk. Interest rate risk is the risk that costs associated with variable rate exposure increase as a result of changes in market interest rates. Additional interest rate risk can be created by entering into certain types of swaps. The U. T. System Office of Finance will incorporate the impact of each swap on the overall debt portfolio.
- Sec. 12 Reporting.
- 12.1 The U. T. System Office of Finance staff will report to the Board within 30 days of completion of any swap transaction.

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

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

3. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

4. Relevant Federal and State Statutes

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

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

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

5. Relevant System Policies, Procedures, and Forms

None

6. Who Should Know

Administrators

7. System Administration Office(s) Responsible for Rule

Office of Business Affairs

8. Dates Approved or Amended

Editorial amendment to Number 3 made July 24, 2012

Editorial amendments made June 30, 2011

August 23, 2007

December 10, 2004

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu

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

The Board approved the following recommendation:

RECOMMENDATION

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

- a. Permanent University Fund (PUF)
- b. General Endowment Fund (GEF)
- c. Intermediate Term Fund (ITF)
- d. Permanent Health Fund (PHF)
- e. Long Term Fund (LTF)

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

BACKGROUND INFORMATION

The Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO requires that UTIMCO review the current Investment Policies for each Fund at least annually. The review includes long-term investment return expectations and expected risk levels, strategic asset allocation targets and ranges, expected returns for each 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 PUF and ITF Investment Policy Statements are included in the materials with the proposed tracked changes. The proposed changes to the PUF and ITF, which will also be made in the GEF Investment Policy Statement, include (1) collapsing U.S. Public Equity, Non-U.S. Public Equity, and Global Developed Public Equity into a new comprehensive category: Developed Public Equity; (2) adding Long Term Treasuries as a new, separate asset class; (3) amends the definition of cash to

reference and conform to the definition of cash in the Liquidity Policy; (4) clarifies Commodities asset class to include “any other instruments defined by regulators as a commodity”; and (5) collapses Public Real Estate into a comprehensive Real Estate asset class.

Exhibits A to the PUF and ITF are also included with proposed tracked changes to reflect updates to the strategic asset allocation framework and set forth revised Asset Class targets and ranges. The proposed changes to Exhibit A of the PUF will also be made to Exhibit A of the GEF Investment Policy Statement and Exhibits B to the PHF and LTF Investment Policy Statements.

The effective date for these amended Investment Policy Statements is September 1, 2021.

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

THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND INVESTMENT POLICY STATEMENT

Purpose

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

PUF Organization

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

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

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

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

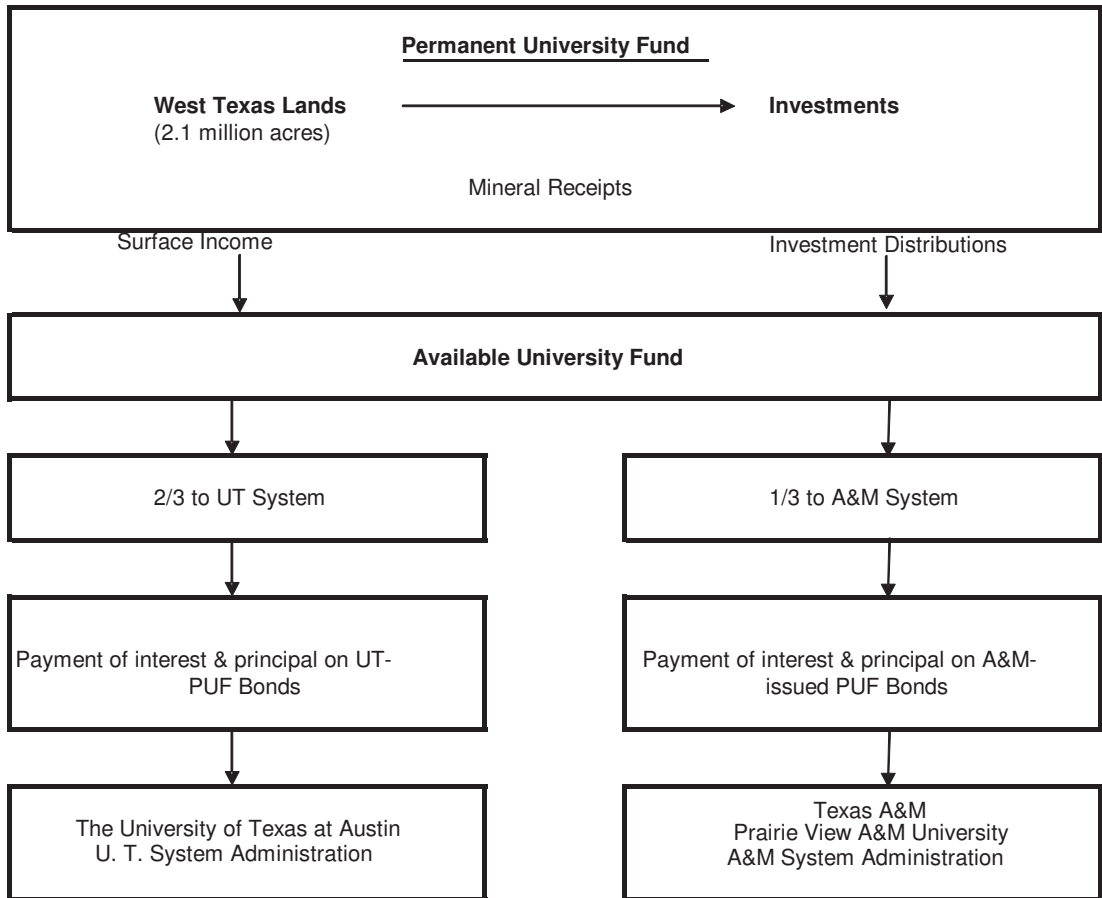
UTIMCO ~~09/01/2020~~09/01/2021

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:

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

Permanent University Fund Investment Policy Statement (continued)

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.

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

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

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

PUF Administration

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

PUF Investment Objectives

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

Investments must be prudently diversified, and within the approved Policy Downside Volatility Bounds, as defined in Exhibit A, and measured at least monthly by

Permanent University Fund Investment Policy Statement (continued)

UTIMCO's risk model. Liquidity of the PUF will be governed by the Liquidity Policy, overseen by the Risk Committee of the UTIMCO Board.

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

Asset Class Allocation and Policy

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

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

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:

~~U.S. Public Equity – U.S. Public Equity invests primarily in the equity securities of companies domiciled in the U.S. These securities are traded in public markets (on an exchange, over the counter, pursuant to SEC Rule 144a, 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. U.S. Public Equity includes common stocks, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).~~

~~Non-U.S. Developed Public Equity – Non-U.S. Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (other than including the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an~~

Permanent University Fund Investment Policy Statement (continued)

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. ~~Non-U.S.~~ 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).

~~Global Developed Public Equity – Global Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries that are part of the MSCI World Index; however, the asset allocation between U.S. and non-U.S. may be variable over time. Global Developed Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).~~

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

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

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

Stable Value:

Permanent University Fund Investment Policy Statement (continued)

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

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

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 U.S. Developed Public Equity, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, trend following, senior secured lending and global macro.

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

Real Return:

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

Commodities – Commodities investments represent ownership of ~~bulk physical 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.

Permanent University Fund Investment Policy Statement (continued)

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

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

~~Public Real Estate – Public Real Estate investments may be public, made principally in companies that are part of the FTSE/EPRA NAREIT Developed MSCI US REIT (RMZ) Index and that own or manage equity or debt interests in portfolios of real estate or Public Real assets. These securities are traded 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. 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). investments may also be private. Private Real Estate – Private Real Estate 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 real asset or a real estate focused company. Private Real Estate investments are acquired by purchasing physical real assets, physical real estate or publicly traded or privately issued securities including, but not limited to: common or preferred stock, secured or subordinated debt, mortgage related investments, master limited partnerships (“MLPs”) and real estate investment trusts (“REITs”). Some Private Real Estate investments may have transfer restrictions and may not be as liquid as publicly-traded securities. Private 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~~

Permanent University Fund Investment Policy Statement (continued)

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.

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

Performance Measurement

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

Investment Guidelines

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

Investment guidelines include the following:

General

- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief

Permanent University Fund Investment Policy Statement (continued)

Investment Officer prior to investment of PUF assets in such investments.

- No securities may be purchased or held which would jeopardize the PUF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- The PUF's investments in warrants shall not exceed more than 5% of the PUF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The PUF may utilize derivatives only in accordance with the Derivative Investment Policy. The aggregate prorated annual premium of Derivative Investments utilized to reduce exposure to an Asset Class or hedge against risk shall not exceed 75 basis points of PUF value.

Investment Grade and Credit-Related Fixed Income

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

Public Real Estate, and Public Equity

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

Stable Value

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

PUF Distributions

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

- provide a predictable, stable stream of distributions over time;

Permanent University Fund Investment Policy Statement (continued)

- ensure that the inflation adjusted value of distributions is maintained over the long term; and
- ensure that the inflation adjusted value of PUF assets after distributions is maintained over rolling 10-year periods.

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

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

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

PUF Accounting

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

Valuation of Assets

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

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

Permanent University Fund Investment Policy Statement (continued)

Compliance

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

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.

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

UTIMCO ~~09/01/2020~~09/01/2021

Permanent University Fund Investment Policy Statement (continued)

The effective date of this Policy shall be September 1, ~~2020~~2021.

**EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2020**

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾⁽³⁾	Max v Target ⁽¹⁾	Benchmark
Global Equity:				
U.S. Public Equity	-5.0%	7.0%	+5.0%	MSCI US with Net Dividends
Non-U.S. Developed Public Equity	-5.0%	3.8%	+5.0%	MSCI EAFE and Canada with Net Dividends
Global Developed Public Equity	-5.0%	10.0/23.6%	+5.0%	MSCI World Index with Net Dividends
Total Developed Public Equity	-5.0%	20.8%	+5.0%	
Emerging Markets Public Equity	-5.0%	7.2/0%	+5.0%	MSCI Emerging Markets Index with Net Dividends
Total Public Equity	-5.0%	28.0/30.6%	+5.0%	
Directional Hedge Funds	-5.0%	9.2/5%	+5.0%	HFRI Fund of Funds Composite
Private Equity ⁽³⁾	12.8%/14.2%	22.8%/24.2%	32.8%/34.2%	Blended Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	-7.0%	60.0/61.3%	+7.0%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	6.7/4.5%	+5.0%	Bloomberg Barclays Global Aggregate Index - Hedged
Long Treasuries	-5.0%	2.2%	+5.0%	Bloomberg US Treasury Long Index
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Barclays Capital Global High Yield Index
Total Fixed Income	-5.0%	6.7%	+5.0%	
Cash	-5.0%	1.0%	+5.0%	3 month T-Bills
Stable Value Hedge Funds	-5.0%	9.5/2%	+5.0%	HFRI Fund of Funds Conservative
Total Stable Value	-10.0%	17.2/16.9%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	1.7/2.0%	+5.0%	Bloomberg Barclays 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 ⁽³⁾	1.1/0.0%	6.1/4.5%	11.1/9.5%	Cambridge Natural Resources
Infrastructure ⁽³⁾	0.0%	3.3/3.0%	8.3/8.0%	Cambridge Infrastructure
Public Real Estate	-5.0%	0.0%	+5.0%	FTSE EPRA/NAREIT Developed Index Net TRUSD
Private Real Estate ⁽³⁾	2.9/2.3%	7.9/7.3%	12.9/12.3%	Blended MSCI US REIT Index (RMZ) and Cambridge Total Real Estate
Total Real Return	-6.0%	19.0/16.8%	+6.0%	
Strategic Partnerships	-5.0%	3.8/5.0%	+5.0%	Blended Bloomberg Barclays Global Aggregate Index - Hedged, Bloomberg US Treasury Long Index, MSCI US with Net Dividends, MSCI EAFE and Canada World Index with Net Dividends, and MSCI Emerging Markets Index with Net Dividends
Total All Asset Classes		100.0%		

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

POLICY/TARGET RETURN/RISKS ⁽²⁾	
Expected 10-Year Annual Real Return (Benchmark Policy Portfolio Beta)	4.33/2.2%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	4.57%
One Year Downside Volatility	10.94/9.35%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

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

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

(3) The Adjusted Target weight of each of Private Equity, Private-Real Estate, Natural Resources and Infrastructure, will be set each month as the average ending actual weight of the combined PUF and GEF from the prior month. Any difference in the calculated Private Equity, Private-Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using other asset classes with 52% of such difference applied to U.S. Public Equity, 28% to Non-U.S. 80% Developed Public Equity, and 20% to Investment-Grade Blend of Total Fixed Income components.

[Secretary's Note: UTIMCO made an editorial amendment to footnote 3 in December 2020 and that editorial amendment was inadvertently omitted from the policy statements included in the agenda materials for the August 18-19, 2021 Meeting of the Board. These minutes include the correct version.]

THE UNIVERSITY OF TEXAS SYSTEM INTERMEDIATE TERM FUND INVESTMENT POLICY STATEMENT

Purpose

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

ITF Organization

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

ITF Management

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

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

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

Intermediate Term Fund Investment Policy Statement (continued)

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

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

ITF Administration

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

Funds Eligible to Purchase ITF Units

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

ITF Investment Objectives

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

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

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

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

Intermediate Term Fund Investment Policy Statement (continued)

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

Asset Class Allocation and Policy

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

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

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:

~~U.S. Public Equity – U.S. Public Equity invests primarily in the equity securities of companies domiciled in the U.S. These securities are traded in public markets (on an exchange, over the counter, pursuant to SEC Rule 144a, 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. U.S. Public Equity includes common stocks, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).~~

~~Non-U.S. Developed Public Equity – Non-U.S. Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (other than including the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but~~

Intermediate Term Fund Investment Policy Statement (continued)

expected to become public or otherwise freely marketable within three years after the initial investment. ~~Non-U.S.~~ 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).

~~Global Developed Public Equity – Global Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries that are part of the MSCI World Index; however, the asset allocation between U.S. and non-U.S. may be variable over time. Global Developed Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).~~

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

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

Stable Value:

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

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

Intermediate Term Fund Investment Policy Statement (continued)

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 U.S. Developed Public Equity, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, trend following, senior secured lending and global macro.

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

Real Return:

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

Commodities – Commodities investments represent ownership of ~~bulk physical 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 ~~FTSE/EPRA NAREIT Developed~~ MSCI US REIT (RMZ) Index and that own or manage equity or debt interests in portfolios of real estate or real assets. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Public Real Estate includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).

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

Intermediate Term Fund Investment Policy Statement (continued)

Performance Measurement

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

Investment Guidelines

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

General

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

Investment Grade Fixed Income

Intermediate Term Fund Investment Policy Statement (continued)

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

Stable Value

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

ITF Accounting

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

Valuation of ITF Assets

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

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

Compliance

Intermediate Term Fund Investment Policy Statement (continued)

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

ITF Distributions

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

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

Purchase and Redemption of ITF Units

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

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

Intermediate Term Fund Investment Policy Statement (continued)

Securities Lending

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

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

Investor Responsibility

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

Amendment of Policy Statement

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

Effective Date

The effective date of this Policy shall be ~~March~~September 1, ~~2020~~2021.

EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE ~~MARCH~~ SEPTEMBER 1, 2020 ~~2021~~

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾	Max v Target ⁽¹⁾	Benchmark
Global Equity:				
U.S. Public Equity	-5.0%	3.1%	+5.0%	MSCI U.S. with Net Dividends
Non-U.S. Developed Public Equity	-5.0%	1.9%	+5.0%	MSCI EAFE and Canada with Net Dividends
Global Developed Public Equity	-5.0%	4.210.8%	+5.0%	MSCI World Index with Net Dividends
<i>Total Developed Public Equity</i>	-5.0%	9.2%	+5.0%	
Emerging Markets Public Equity	-5.0%	3.83.2%	+5.0%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	-5.0%	13.014.0%	+5.0%	
Directional Hedge Funds	-5.0%	43.038.0%	+5.0%	HFRI Fund of Funds Composite
Total Global Equity	-7.0%	56.052.0%	+7.0%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	35.016.0%	+5.0%	Bloomberg Barelays -Global Aggregate Index - Hedged
<u>Long Treasuries</u>	-5.0%	4.0%	+5.0%	<u>Bloomberg US Treasury: Long Index</u>
<i>Total Fixed Income</i>	-5.0%	20.0%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	3 month Tbills
Stable Value Hedge Funds	-5.0%	7.016.0%	+5.0%	HFRI Fund of Funds Conservative
Total Stable Value	-10.0%	44.038.0%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	0.05.0%	+5.0%	Bloomberg Barelays -Global Inflation-Linked: U.S. TIPS Index
Gold	-5.0%	0.0%	+5.0%	Gold Spot Price (XAU)
Commodities	-5.0%	0.02.5%	+5.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	-5.0%	0.02.5%	+5.0%	
Public Real Estate	-5.0%	0.02.5%	+5.0%	FTSE-EPRA/NAREIT Developed Net TRI <u>USDMSCI US REIT (RMZ) Index</u>
Total Real Return	-6.0%	0.010.0%	+6.0%	
Total All Asset Classes		100.0%		

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

POLICY/TARGET RETURN/RISKS ⁽²⁾	
Expected 10-Year Annual Real Return (Benchmark <u>Policy Portfolio Beta</u>)	2.380.12%
<u>Expected 10-Year Annual Real Return (Policy Portfolio Total Return)</u>	3.812.51%
One Year Downside Volatility	4.47%
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

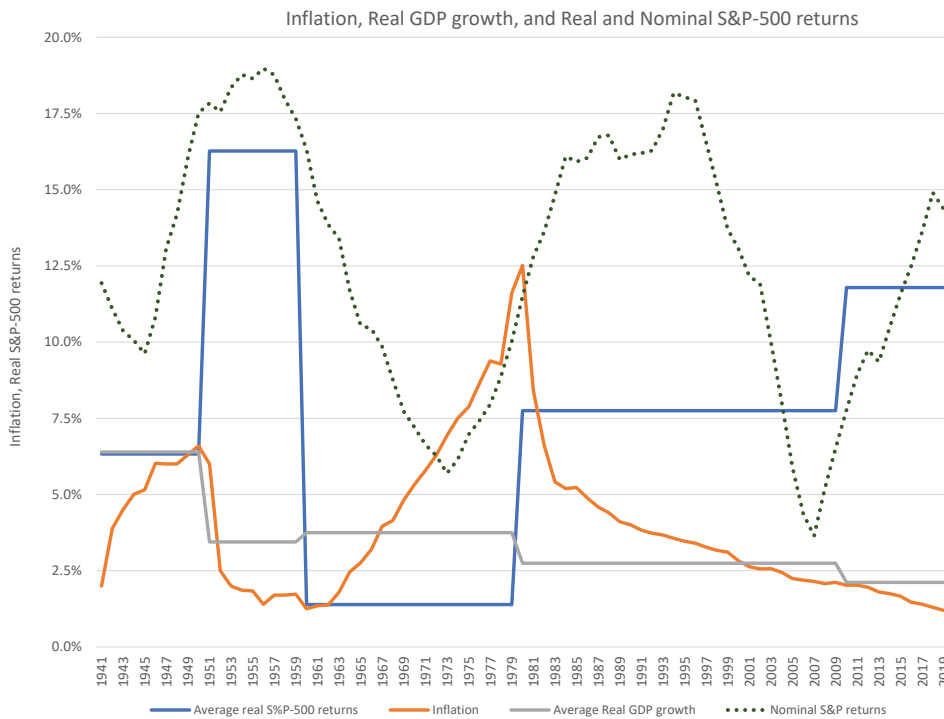


Strategic Asset Allocation

Mr. Britt Harris, CEO, Chief Investment Officer and President
Mr. Rich Hall, Deputy Chief Investment Officer
Ms. Joan Moeller, Chief Operations Officer

U. T. System Board of Regents Meeting
Finance and Planning Committee
August 2021

Interim Strategic Asset Allocation Review: End of an Era?



	1979-1982	2020
Discount Rate	20%	0.0%
Inflation Rate	14%	2.4%
10-Year Treasury	10.3%	1.6%
S&P 500	102	4200
P/E Shiller	8.7X	34.5X
Debt/GDP	31%	129%
Fed Balance Sheet	\$0.2T	\$8.0T
US Deficit/GDP	-1%	-19%

Capital Market Assumptions: Overshoot



Asset Class	2018 Exp Return	Actual Return ¹	Difference	Projected
Endowment Return	7.5	12.8	5.3	6.8
Endowment Volatility ²	11.0	8.5	-2.5	12.0
Endowment Sharpe	0.4	1.3	0.9	0.5
ITF Return	5.3	9.5	4.2	4.8
ITF Volatility ²	6.8	8.1	1.3	6.1
ITF Sharpe	0.5	1.0	0.5	0.6

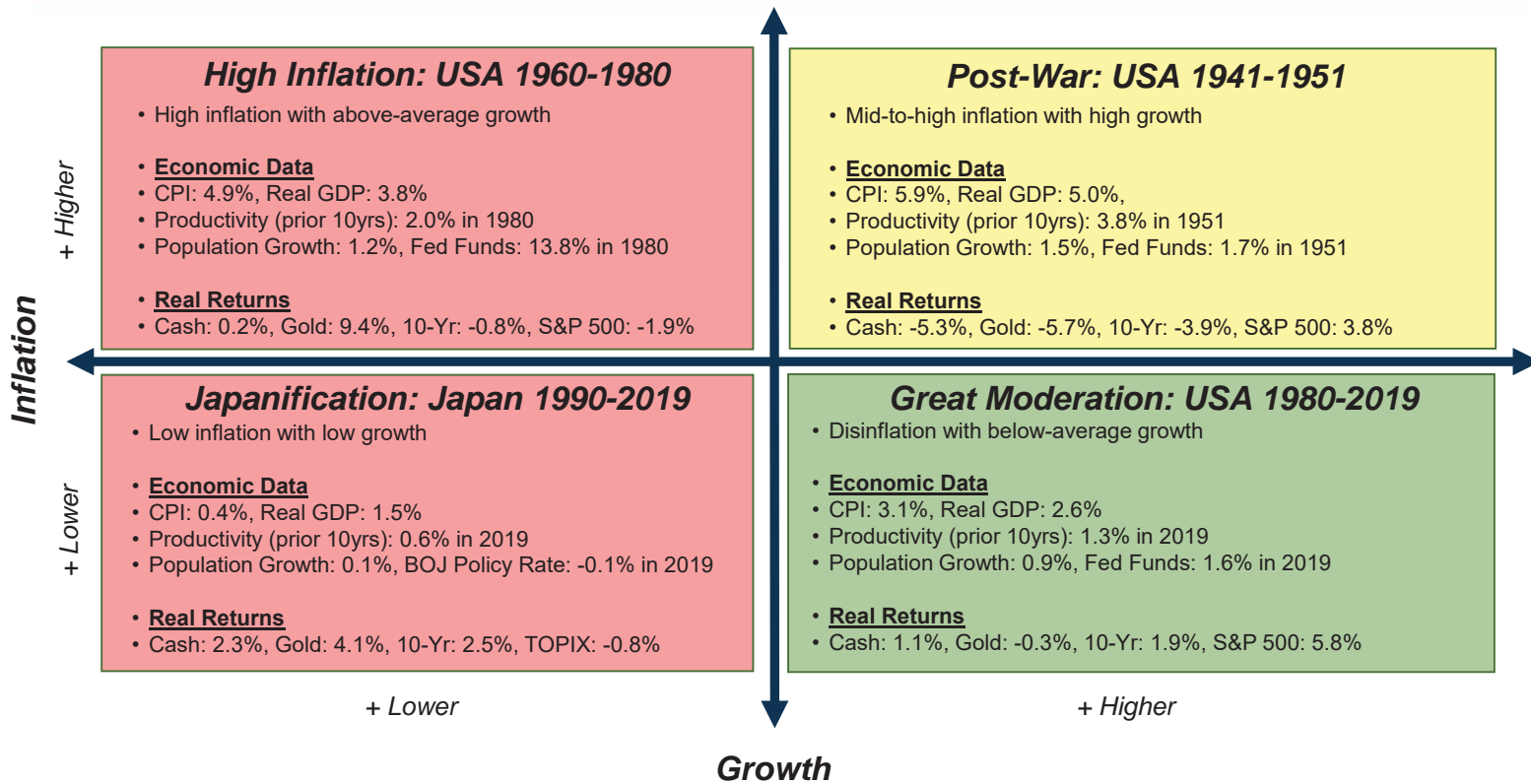
Asset Class	2018 Exp Return	Actual Return ¹	Difference	Projected
US Public Equity	6.3	17.0	10.7	4.9
Non US Developed Public Equity	6.4	8.5	2.1	5.8
Emerging Markets Public Equity	8.0	12.0	4.0	7.3
Directional Hedge Funds	1.9	6.7	4.8	1.5
Private Equity	8.6	23.7	15.1	8.1
Total Fixed Income	2.6	4.8	2.2	1.2
Cash	1.6	1.4	(0.2)	1.1
Stable Value Hedge Funds	1.6	5.6	4.0	1.1
Private Real Estate	6.5	5.3	(1.2)	6.1
Natural Resources	8.6	(8.9)	(17.5)	6.3
Infrastructure	8.6	11.0	2.4	7.0
TIPS	2.6	6.2	3.6	1.5

¹ Annualized returns through 4/30/21 from inception of current SAA targets (9/1/2018)

² Realized volatility is lower than theoretical volatility in endowments due to smoothed nature of private returns.



Four Potential Paths Forward



SAA Summary Recommendations: Endowments



Across Regimes	Stable Value	Global Equity	Real Return
Current	18%	63%	19%
Proposed	16%	65%	19%
Change	-2%	2%	0%

Key Change

- 1) Shift Investment Grade Bonds to Long Treasuries to generate a higher return & provide better diversification
- 2) Total returns & Sharpe ratio unchanged

Within Regimes

Global Equity	Public Developed Equity	Emerging Equity	Directional Hedge Funds	Private Equity	Total
Current	25.0%	8.0%	5.0%	25.0%	63.0%
Proposed	27.0%	8.0%	5.0%	25.0%	65.0%
Change	2.0%	0.0%	0.0%	0.0%	2.0%

Stable Value	Inv. Grade Bonds	Long Term Treasuries	Cash	Stable Value Hedge Funds	Total
Current	7.0%	0.0%	1.0%	10.0%	18.0%
Proposed	0.0%	5.0%	1.0%	10.0%	16.0%
Change	-7.0%	5.0%	0.0%	0.0%	-2.0%

Real Return	Real Estate	Natural Resources	Infrastructure	TIPS	Commodities	Total
Current	10.0%	3.0%	6.0%	0.0%	0.0%	19.0%
Proposed	9.0%	3.0%	5.0%	2.0%	0.0%	19.0%
Change	-1.0%	0.0%	-1.0%	2.0%	0.0%	0.0%

Benchmarks (Endowments)

- 1) Collapse MSCI United States Index and MSCI Europe, Australasia and Far East ("EAFE") Index into MSCI World Index
- 2) Add Long Treasury Index
- 3) Add MSCI US Real Estate Investment Trust ("REIT") Index and create blended public/private Real Estate Index

Total Expected Return	Beta	Alpha	Total	Sharpe
Current	5.4%	1.4%	6.8%	0.5
New	5.4%	1.3%	6.8%	0.5
Change	0.0%	-0.1%	0.0%	0.0

SAA Summary Recommendations: ITF



Across Regimes	Stable Value	Global Equity	Real Return
Current	56%	44%	0%
Proposed	50%	40%	10%
Change	-6%	-4%	10%

Key Changes

- 1) New Real Return portfolio to improve diversification
- 2) Move Investment Grade Bonds to Long Treasuries & Stable Value Hedge Funds to improve return & diversification
- 3) Total exp. returns +0.6% with same Sharpe ratio

Within Regimes	Public Developed Equity	Emerging Equity	Directional Hedge Funds	Private Equity	Total
Current	9.2%	3.8%	43.0%	0.0%	56.0%
Proposed	11.5%	3.5%	35.0%	0.0%	50.0%
Change	2.3%	-0.3%	-8.0%	0.0%	-6.0%

Stable Value	Inv. Grade Bonds	Long Term Treasuries	Cash	Stable Value Hedge Funds	Total
Current	35.0%	0.0%	2.0%	7.0%	44.0%
Proposed	6.0%	7.0%	2.0%	25.0%	40.0%
Change	-29.0%	7.0%	0.0%	18.0%	-4.0%

Real Return	Public REITS	TIPS	Commodities	Total
Current	0.0%	0.0%	0.0%	0.0%
Proposed	2.5%	5.0%	2.5%	10.0%
Change	2.5%	5.0%	2.5%	10.0%

Benchmarks (ITF)

- 1) Combine US + EAFE into MSCI World Index
- 2) Add Long Treasury Index
- 3) Add MSCI US REIT Index
- 4) Add Bloomberg Commodities Index
- 5) Add TIPS Index

Total Expected Return	Beta	Alpha	Total	Sharpe
Current	1.9%	2.3%	4.2%	0.6
New	2.2%	2.6%	4.8%	0.6
Change	0.3%	0.3%	0.6%	0.0

Appendix



Fixed Income: Zero Lower Bound



Future Super-Factors



Conventional				Technology		
	Extreme			1980	2021	
	1980s	2010s	Future			
Inflation	5.1%	1.8%	2.3%	Conventional	Quantum	
Labor Force Growth	1.7%	1.4%	0.4%	HP PC	AI/Robots	
Productivity	1.4%	0.9%	1.4%	Physical	Mental	
GDP - Real	3.1%	2.3%	1.8%	(End)	Start	
Demographics	Boomer	Millennial	Mill/GenZ			
Climate Change				Capitalism		
		Projected Costs (2020-2050)			Shareholder	Stakeholder
Without Transition	\$300 Trillion					
With Transition	\$100-150 Trillion					
China: Cooperation vs Competition				Ownership		
	1980	2021	2035	Fragmented	Concentrated	
GDP						
USA	\$2.9T	\$22.1T	\$38.0T			
China	\$0.2T	\$15.7T	\$41.0T			
Relative Size (\$)	-\$2.7T	-\$6.4	+\$3.0T			
Relative Size (%)	-93%	-29%	+8%			
Proj. Real GDP Growth						
USA GDP	1.8%					
China GDP	4.0%					
Pandemic Effect				\$Fiscal Stimulus		
USA	\$4.2T			% of GDP		
China	\$1.2T			20%		
				8%		
Government						
USA	Democratic					
China	Autocratic					





Contribution Analysis: Endowments & ITF

Endowments						
	Proposed	Contribution Analysis				
	Weights	Beta	Alpha	Total Return	Risk	Liquidity*
Global Developed	27.0%	25.8%	13.4%	23.3%	31.4%	(-43.7%)
US Large Cap	-	-	-	-	-	-
EAFE	-	-	-	-	-	-
Emerging	8.0%	10.7%	8.9%	10.4%	12.6%	(-13.0%)
Directional Hedge Funds	5.0%	1.4%	15.3%	4.1%	2.3%	6.7%
Private Equity	25.0%	37.2%	17.6%	33.3%	36.3%	(-9.5%)
Total Global Equity	65.0%	75.1%	55.3%	71.2%	82.6%	(-59.5%)
Global Aggregate Bonds	-	-	-	-	-	-
Long Treasuries	5.0%	2.1%	0.4%	1.8%	(-2.0%)	57.0%
Cash	1.0%	0.2%	-	0.2%	0.0%	9.9%
Stable Value Hedge Funds	10.0%	2.0%	28.2%	7.2%	4.4%	14.1%
Total Stable Value	16.0%	4.3%	28.6%	9.2%	2.4%	81.0%
Real Estate	9.0%	10.1%	10.0%	10.1%	8.3%	(-3.0%)
Natural Resources	3.0%	3.5%	2.2%	3.2%	3.6%	(-1.0%)
Infrastructure	5.0%	6.4%	3.7%	5.9%	2.9%	(-1.7%)
TIPS	2.0%	0.6%	0.1%	0.5%	0.1%	6.7%
Commodities	-	-	-	-	-	-
Total Real Return	19.0%	20.5%	16.1%	19.7%	15.0%	1.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	-

Portfolio Expectations		Change	
Beta Returns	5.4%	0.3%	
Alpha Returns	1.3%	(-0.2%)	
Total Returns	6.8%	0.2%	
Total Risk	12.0%	0.4%	
Sharpe Ratio	0.48	0.01	

ITF						
	Proposed	Contribution Analysis				
	Weights	Beta	Alpha	Total Return	Risk	
Global Developed	11.5%	23.9%	2.6%	12.3%	21.6%	
US Large Cap	-	-	-	-	-	-
EAFE	-	-	-	-	-	-
Emerging	3.5%	16.7%	2.9%	9.2%	15.2%	
Directional Hedge Funds	35.0%	23.5%	55.9%	41.1%	35.1%	
Total Global Equity	50.0%	64.1%	61.4%	62.6%	71.9%	
Global Aggregate Bonds	6.0%	3.3%	0.9%	2.0%	(-0.5%)	
Long Treasuries	7.0%	7.4%	0.3%	3.5%	(-2.6%)	
Cash	2.0%	1.0%	-	0.5%	0.0%	
Stable Value Hedge Funds	25.0%	12.6%	36.7%	25.7%	23.0%	
Total Stable Value	40.0%	24.2%	37.9%	31.7%	20.0%	
Public REITs	2.5%	5.6%	0.5%	2.8%	2.4%	
TIPS	5.0%	3.4%	0.2%	1.7%	1.5%	
Commodities	2.5%	2.6%	-	1.2%	4.3%	
Total Real Return	10.0%	11.7%	0.7%	5.7%	8.1%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	

Portfolio Expectations		Change	
Beta Returns	2.2%	0.3%	
Alpha Returns	2.6%	0.3%	
Total Returns	4.8%	0.6%	
Total Risk	6.1%	1.2%	
Sharpe Ratio	0.60	(0.04)	

*Liquidity needs required to rebalance, make distributions, and meet net capital calls in market stress periods. Does not sum to zero due to distributions out of the Endowment and additional rebalancing to replenish bonds and cash.

Orange asset classes include policy changes: Global Developed replacing US and Non-US Public Equity, Long Treasuries benchmarked to Bloomberg US Treasury: Long Index, Real Estate benchmarked to blended MSCI US REIT Index (RMZ) and Cambridge Total Real Estate.



Risk of Regime Change High

Could this...



be transitioning into this?



Average Probability	21.25%	15.00%	41.25%	22.50%	Probability Weighted Portfolio
Asset Class	Rising Growth / Rising Inflation	Falling Growth / Falling Inflation	Rising Growth / Falling Inflation	Falling Growth / Rising Inflation	
US Public Equity	11.5%	7.9%	20.4%	4.6%	13.1%
Non-US Public Equity	15.6%	5.4%	26.6%	3.2%	15.8%
Total EM Public Equity	11.4%	3.9%	12.8%	4.3%	9.3%
Directional Hedge Funds	1.3%	4.8%	1.1%	5.5%	2.7%
Total Private Equity	16.1%	14.2%	17.8%	10.0%	15.2%
Private Credit	0.7%	6.4%	4.7%	2.1%	3.5%
Total Global Equity	56.5%	42.6%	83.5%	29.8%	59.5%
Global Aggregate Bonds	1.4%	3.9%	1.4%	2.3%	2.0%
Long US Treasuries	-	15.8%	2.7%	3.4%	4.3%
Chinese Nominals	-	8.4%	-	-	1.3%
Australian Nominals	-	3.7%	-	-	0.6%
Cash	0.5%	0.5%	0.3%	0.5%	0.4%
Stable Value Hedge Funds	9.0%	11.9%	7.4%	14.3%	9.9%
Total Stable Value	10.9%	45.4%	11.8%	20.5%	18.6%
Private Real Estate	11.5%	3.7%	3.2%	8.1%	6.2%
Natural Resources	3.8%	1.0%	0.5%	1.5%	1.5%
Infrastructure	3.1%	1.0%	1.0%	4.2%	2.2%
Commodities	13.8%	-	-	-	2.9%
Gold	-	-	-	10.0%	2.3%
TIPS	0.5%	2.9%	-	15.7%	4.1%
Non-US IL's	-	3.4%	-	10.2%	2.8%
Total Real Return	32.6%	12.0%	4.8%	49.7%	21.9%
<i>Total Privates</i>	35.1%	26.3%	27.3%	26.0%	28.5%
<i>Total Alternatives</i>	45.4%	44.2%	35.8%	45.7%	41.3%
Median External Expected Returns	6.8%	4.5%	7.2%	4.6%	5.5%
Median External Expected Volatility	14.3%	8.1%	16.2%	7.4%	10.9%
Median External Expected Sharpe	0.42	0.46	0.40	0.51	0.43

9. U. T. System Board of Regents: Approval of the Annual Budget for Fiscal Year 2022, 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 and the Executive Vice Chancellor for Business Affairs concur in the recommendation of The University of Texas/Texas A&M Investment Management Company (UTIMCO) Board of Directors that the U. T. System Board of Regents approve the proposed Annual Budget for the year ending August 31, 2022, 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 \$60.6 million (9.0% increase over FY 2021 budget) for UTIMCO services and \$8.1 million (11.8% increase from FY 2021 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 was approved by the UTIMCO Board on June 29, 2021.

The 9.0% increase in UTIMCO services is due primarily to the increase in headcount, promotions, market adjustments, and normal raises. Additionally, there is an increase in data and subscriptions costs driven by a shift to more subscription-based information technology arrangements, which in turn results in capital expenditure savings and a reduction of the proposed capital expenditures budget to \$100,000.

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 \$6 million of cash reserves be distributed back to the U. T. System funds 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.



FY 2022 Budget

Mr. Britt Harris, CEO, Chief Investment Officer and President

Mr. Rich Hall, Deputy Chief Investment Officer

Ms. Joan Moeller, Chief Operations Officer

U. T. System Board of Regents Meeting

Finance and Planning Committee

August 2021

Strategic Plan, Budget & Compensation Frameworks



Strategic Plan

- **Manage to five-year strategic plan which forecasts returns, Assets Under Management (AUM), staffing and budget**
- Updated and reviewed periodically by UTIMCO Board of Directors

Budget

- **Budget and staffing follows strategic plan if returns and AUM are in line forecast**
- Budget and staffing are revised if returns or AUM are below projections (e.g. paused hiring, senior promotions, and raises for FY21 after COVID shock)
- **Current budget equates to 11 basis points of AUM, which is 40% below peers**

Compensation

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



FY22 Summary Budget vs. Strategic Plan

	FY 2022			FY 2022 Budget Proposed v FY22 Projected in Strategic Plan	
	Budget	% of Total Budget	Projected in Strategic Plan	\$	%
UTIMCO Personnel Costs:					
Salaries	20,552,099	30%	20,595,510	(43,411)	-0.2%
Performance Compensation	18,981,580	28%	19,325,805	(344,225)	-1.8%
Benefits & Taxes	6,064,557	9%	5,598,964	465,593	8.3%
Total UTIMCO Personnel Costs	\$ 45,598,236	66%	\$ 45,520,279	\$ 77,957	0.2%
Other UTIMCO Costs:					
Data & Subscriptions	4,706,004	7%	4,452,263	253,741	5.7%
Travel	1,108,004	2%	1,324,317	(216,313)	-16.3%
Lease	3,322,198	5%	3,315,000	7,198	0.2%
Depreciation	2,100,000	3%	2,100,000	-	0.0%
Other Costs	3,796,632	6%	4,293,559	(496,927)	-11.6%
Total Other UTIMCO Costs:	\$ 15,032,838	22%	\$ 15,485,139	\$ (452,301)	-2.9%
Total UTIMCO Services Costs:	\$ 60,631,074	88%	\$ 61,005,418	\$ (374,344)	-0.6%
Bps of AUM	9.62		9.68		
Direct Fund Costs:					
Custodian Fees	4,278,000	6%	4,400,000	(122,000)	-2.8%
Other	3,780,631	6%	3,127,385	653,246	20.9%
Total Direct Fund Costs	\$ 8,058,631	12%	\$ 7,527,385	\$ 531,246	7.1%
Grand Total UTIMCO Budget:	\$ 68,689,705		\$ 68,532,803	\$ 156,902	0.2%
Bps of AUM	10.90		10.88		
AUM projected (\$ billion)	\$63		\$63		
UTIMCO Headcount	122		122		

Proposed budget of \$68.7 million is **aligned with strategic plan**

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

Due to strong returns, AUM of **\$63 billion is well ahead of the projected AUM that was expected in 2021**

Note: Detail on FY 2022 Budget vs. FY 2021 budget and the current five-year strategic plan has been provided in the appendix



Annual Fee and Allocation Schedule

UTIMCO Management Fee and Direct Budgeted Investment Expenses Annual Fee and Allocation Schedule For the fiscal year ending August 31, 2022

<u>Proposed Budget</u>	<u>Fund Name</u>						Separate Funds	Debt Proceeds	Total
	PUF	PHF	LTF	GEF	ITF	STF			
<u>Market Value 4/30/21 (\$ millions)</u>	29,388			19,493	10,045	2,587	245	64	61,822
<u>UTIMCO Management Fee</u>									
Dollars	30,238,367			20,057,046	10,335,661				60,631,074
Basis Points	10.3			10.3	10.3				9.8
<u>Direct Expenses to the Fund, excluding UT System Direct Expenses to the Fund</u>									
Dollars	3,943,643	25,272	28,272	2,672,543	1,388,901				8,058,631
Basis Points	1.3	0.2	0.0	1.4	1.4				1.3

Appendix





FY22 Budget vs. FY 2021 Budget

	FY 2021	FY 2022			FY 2022 Budget Proposed v FY 2021 Budget	
	Budget	Budget	% of Total Budget	Projected in Strategic Plan	\$	%
UTIMCO Personnel Costs:						
Salaries	18,774,406	20,552,099	30%	20,595,510	1,777,693	9.5%
Performance Compensation	17,650,561	18,981,580	28%	19,325,805	1,331,019	7.5%
Benefits & Taxes (3)	5,485,510	6,064,557	9%	5,598,964	579,047	10.6%
Total UTIMCO Personnel Costs (1) (2)	\$ 41,910,477	\$ 45,598,236	66%	\$ 45,520,279	\$ 3,687,759	8.8%
Other UTIMCO Costs:						
Data & Subscriptions (4)	4,153,165	4,706,004	7%	4,452,263	552,839	13.3%
Travel	954,702	1,108,004	2%	1,324,317	153,302	16.1%
Lease	3,222,992	3,322,198	5%	3,315,000	99,206	3.1%
Depreciation	1,900,000	2,100,000	3%	2,100,000	200,000	10.5%
Other Costs (5)	3,468,875	3,796,632	6%	4,293,559	327,757	9.4%
Total Other UTIMCO Costs:	\$ 13,699,734	\$ 15,032,838	22%	\$ 15,485,139	\$ 1,333,104	9.7%
Total UTIMCO Services Costs:	\$ 55,610,211	\$ 60,631,074	88%	\$ 61,005,418	\$ 5,020,863	9.0%
Bps of AUM	11.59	9.62		9.68		
Direct Fund Costs:						
Custodian Fees	4,201,000	4,278,000	6%	4,400,000	77,000	1.8%
Other (6)	3,007,101	3,780,631	6%	3,127,385	773,530	25.7%
Total Direct Fund Costs	\$ 7,208,101	\$ 8,058,631	12%	\$ 7,527,385	\$ 850,530	11.8%
Grand Total UTIMCO Budget:	\$ 62,818,312	\$ 68,689,705		\$ 68,532,803	\$ 5,871,393	9.3%
Bps of AUM	13.09	10.90		10.88		
AUM projected (\$ billion)	\$48	\$63		\$63		
UTIMCO Headcount	115	122		122		

Notes

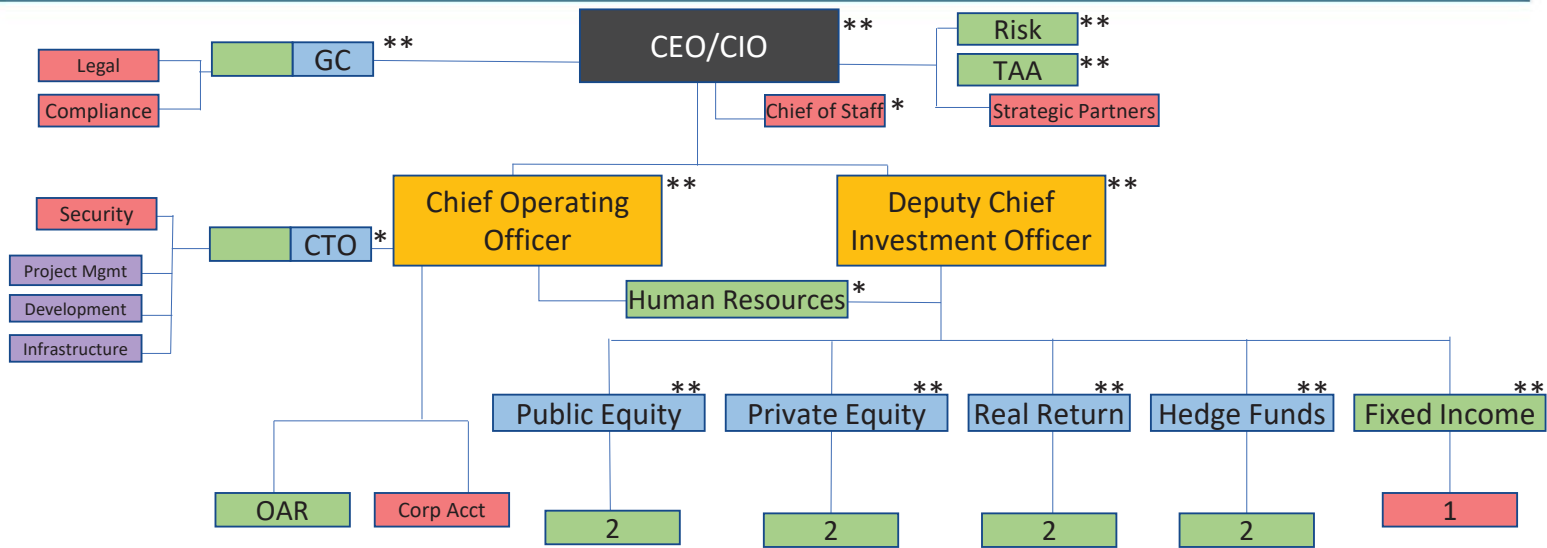
- (1) FY22 Budgeted Personnel Costs are slightly less but closely aligned with the Revised Strategic Plan.
- (2) FY22 Budgeted Personnel Costs increased from the FY21 Budget due to the increases in headcount (8 FTE), promotions, market adjustments, and normal raises.
- (3) FY22 Budgeted Benefits and Taxes are higher compared to the Strategic Plan because the Employee Leadership Development costs are included in "Benefits & Taxes" in the budgets but in "Other Costs" in the Strategic Plan (\$426k in FY21 and \$318k in FY22).
- (4) The FY22 increase in Data & Subscriptions is driven by a shift to more Subscription-based Information Technology Arrangements (SBITAs). Consequently, costs for capitalized fixed assets (servers and software) will be substantially less going forward as well as the maintenance costs associated with the servers and software.
- (5) Other costs include: Hiring, Recruiting & Relocation (\$436k); Consulting Services for IT (\$1.98 mil); IT Service Agreements (\$308k)
- (6) Other Direct Costs include: Barra Risk System (\$726k), Fund Auditors (\$878k), Legal Fees (\$715k), Tax Consultants (\$155k), Background Searches (\$304k), Performance Attribution Costs-MSCI (\$140k), Consultants (\$308k)

5-Year Strategic Plan – 2021 Update



	Approved Budget	Approved Budget	Approved Budget	UTIMCO Projected Budget				
	2019	2020	2021	2022	2023	2024	2025	2026
UTIMCO Personnel Costs:								
Base Salary	15,876,073	17,889,310	18,774,406	20,595,510	23,130,143	24,821,485	26,327,368	27,997,169
		13%	5%	10%	12%	7%	6%	6%
Performance Comp	12,907,738	15,592,053	17,650,560	19,325,805	22,202,057	24,160,649	25,851,133	27,677,327
		21%	13%	9%	15%	9%	7%	7%
Benefits and Taxes	3,884,425	4,736,765	5,060,218	5,598,964	6,357,841	6,869,744	7,318,035	7,655,243
Total UTIMCO Personnel Costs	\$ 32,668,236	\$ 38,218,128	\$ 41,485,184	\$ 45,520,280	\$ 51,690,041	\$ 55,851,879	\$ 59,496,536	\$ 63,329,739
<i>Y-O-Y Increase (%)</i>		17%	9%	10%	14%	8%	7%	6%
<i>Total UTIMCO FTE</i>	98	114	115	122	130	133	135	135
Other UTIMCO Costs:								
Data & Subscriptions	3,209,125	3,647,004	4,088,161	4,452,263	4,921,496	5,136,253	5,452,682	5,589,000
Travel & Meetings	1,242,016	1,333,956	1,015,722	1,324,317	1,446,436	1,516,811	1,578,111	1,617,564
Lease	2,630,324	2,663,724	3,222,992	3,315,000	3,316,000	3,317,000	3,312,000	3,307,000
Depreciation	1,600,000	1,675,000	1,900,000	2,100,000	2,100,000	2,050,000	2,000,000	1,750,000
Other Costs	2,439,310	2,330,884	3,898,152	4,293,559	3,122,648	3,037,215	3,007,270	2,952,827
- Contract Svcs & Maint	900,296	954,801	2,652,612	3,080,000	1,850,000	1,850,000	1,750,000	1,750,000
- Hiring, Relo, Mercer Comp	543,000	474,000	375,600	350,000	380,000	275,000	325,000	250,000
- Legal	215,004	215,004	125,004	100,000	110,000	110,000	110,000	110,000
- Other / Miscellaneous	781,010	687,079	744,936	763,559	782,648	802,215	822,270	842,827
Total Other UTIMCO Costs	11,120,775	11,650,568	14,125,027	15,485,139	14,906,581	15,057,278	15,350,063	15,216,390
Total UTIMCO COSTS	\$ 43,789,011	\$ 49,868,696	\$ 55,610,211	\$ 61,005,419	\$ 66,596,622	\$ 70,909,157	\$ 74,846,599	\$ 78,546,129
<i>Y-O-Y Increase (%)</i>		14%	12%	10%	9%	6%	6%	5%
<i>Bps of AUM</i>	9.80	9.15	9.47	9.68	10.04	10.13	10.17	10.28
Fund Costs								
Custodian Fees	8,947,724	4,100,000	4,200,000	4,400,000	4,600,000	4,800,000	4,800,000	4,800,000
Other	2,577,450	3,001,269	3,008,101	3,127,385	3,252,480	3,382,580	3,517,883	3,658,598
Total Fund Costs	\$ 11,525,174	\$ 7,101,269	\$ 7,208,101	\$ 7,527,385	\$ 7,852,480	\$ 8,182,580	\$ 8,317,883	\$ 8,458,598
<i>Y-O-Y Increase (%)</i>		-38%	2%	4%	4%	4%	2%	2%
<i>Bps of AUM</i>	2.45	1.30	1.23	1.19	1.18	1.17	1.13	1.11
Grand Total UTIMCO Budget	\$ 55,314,185	\$ 56,969,965	\$ 62,818,312	\$ 68,532,804	\$ 74,449,102	\$ 79,091,737	\$ 83,164,482	\$ 87,004,727
<i>Y-O-Y Increase (%)</i>		3%	10%	9%	9%	6%	5%	5%
<i>Bps of AUM</i>	12.25	10.45	10.70	10.88	11.23	11.30	11.30	11.39
Projected AUM (\$B)	\$47	\$55	\$59	\$63	\$66	\$70	\$74	\$76

UTIMCO Target Organization



	Color 1	CEO/Chief Investment Officer
	Color 2	Chief Operating Officer, Deputy Chief Investment Officer
Senior Managing Director	Color 3	General Counsel (GC), Chief Technology Officer (CTO), Public Equity, Private Equity, Real Return, Hedge Funds
Managing Director	Color 4	Investment Compliance; Risk; Tactical Asset Allocation (TAA); Human Resources; Fixed Income; Operations, Accounting & Reporting (OAR); Public Equity 2; Private Equity 2; Real Return; Hedge Funds 2
Senior Director	Color 5	Strategic Partners, Corporate Accounting, Corporate Legal, Compliance, Security, Fixed Income, Chief of Staff
Director	Color 6	Project Management, Development, Infrastructure

* Denotes Leadership Team
 ** Denotes Leadership Team & Investment Committee

UTIMCO Compensation Plan Detail



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

Fiscal Year 2022

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

The University of Texas System Office of Finance

Presented by:

**Terry Hull – Associate Vice Chancellor for Finance
Allen Hah – Assistant Vice Chancellor for Finance**

July 16, 2021

Based on UTIMCO Board approval on June 29, 2021

Fiscal Year 2022
Review of UTIMCO Services Budget and
Other Direct Costs to Funds Budget
(Excluding External Investment Manager Fees)

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Executive Summary

This report reviews the UTIMCO Services Budget and other budgeted investment management expenses (“Direct Costs to Funds”) for fiscal year 2022 that the UTIMCO Board approved on June 29, 2021 and the U. T. System Board of Regents will consider at its August 18-19, 2021 meeting. The “UTIMCO Services Budget” includes corporate expenses paid directly by UTIMCO, and the “Direct Costs to Funds” budget includes costs related to custody, consulting, risk measurement, and legal and audit costs related to funds. The proposed budget for FY22 is:

	FY22 (\$ millions)
UTIMCO Services Budget	60.6
Direct Costs to Funds Budget	8.1
Total Budgeted Costs	<u>\$ 68.7</u>

The Total Budgeted Costs exclude external manager fees that are paid by the funds and netted from asset values as well as external investment manager fees paid directly by UTIMCO. The total investment costs for UTIMCO managed funds, comprising Investment Manager Fees paid directly and fees netted against asset values, are reviewed in a separate report.

Highlights:

- **COVID-19 global pandemic:** Growth in the UTIMCO budget for FY22 largely reflects the implementation of a five-year strategic growth plan that was approved in June 2019. Although growth plans were delayed in FY21 as a result of the COVID-19 pandemic, UTIMCO revised its original plan as markets recovered such that the FY22 budget approximates the original plan in total although UTIMCO is ahead on Assets Under Management (“AUM”) and lower on headcount.
- **Total Forecast Costs for FY21:** Total costs for FY21 are forecast at \$61.1 million, which is 2.8% lower than what was budgeted. The decrease is due primarily to significantly reduced travel expenses, staff vacancies, and savings in the contract services relative to budget for a business continuity/disaster recovery project.
- **Total Budgeted Costs for FY22:** The FY22 budget is \$68.7 million, a 9.4% increase from FY21:
 - **The UTIMCO Services Budget:** The FY22 budget includes \$60.6 million for the “operating” budget of UTIMCO, a 9.0% increase from the FY21 budget. The increase is due primarily to the addition of employees as a part of the strategic plan that was adopted in FY19 and the adoption of Subscription-Based Information Technology (SBIT), which essentially shifts capital costs to operating expenses.
 - **The Total Direct Costs to Funds Budget:** The FY22 budget of \$8.1 million for direct fund costs is 12.5% higher than the FY21 budget due primarily to increased legal expenses.
- **UTIMCO Reserves:** There is \$6 million in reserves available to be distributed at fiscal year-end 2021 as the reserve balances are above the levels needed to cover appropriate levels of the budget and capital expenditures.
- **UTIMCO Costs Compared to Peers:** UTIMCO’s total costs as a percentage of AUM are forecast to be 10bps in FY21. While total costs have been increasing, UTIMCO has conducted benchmarking studies showing that total costs as a percentage of AUM remain below industry averages and are favorable compared to peers.

Budget Analysis and Trends

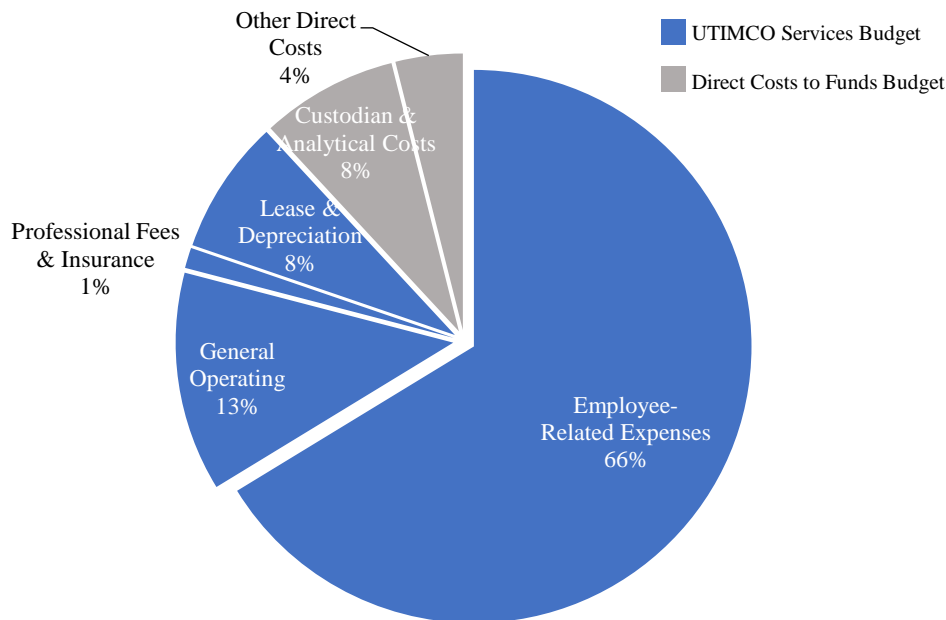
UTIMCO proposes Total Budgeted Costs for FY22 of \$68.7 million. Table 1 shows the Total Budgeted Costs (Direct Costs to Funds and UTIMCO Services Budget) as a percent of average AUM for FY22 and the Total Actual and Forecast Costs as a percent of average AUM from FY17 to FY21.

Table 1: Total Actual Costs Trend FY17-FY21 and Total Budgeted Costs FY22
(\$ millions)

	FY17	FY18	FY19	FY20	Forecast FY21	Budget FY22
Average Total AUM¹	39,063	43,173	46,400	49,906	58,322	65,895
% Change in AUM	8%	11%	7%	8%	17%	13%
Direct Costs to Funds	8.4	10.6	7.5	6.6	7.5	8.1
% Change in Direct Costs to Funds	2.2%	27.1%	-29.0%	-12.1%	12.4%	8.1%
Direct Costs to Funds % of AUM	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%
UTIMCO Services	33.2	36.1	41.8	47.3	53.6	60.6
% Change in UTIMCO Services	23.6%	8.7%	15.8%	13.2%	13.3%	13.1%
UTIMCO Services % of AUM	0.08%	0.08%	0.09%	0.09%	0.09%	0.09%
Total Costs	41.6	46.7	49.3	53.9	61.1	68.7
% Change in Total Costs	18.6%	12.4%	5.6%	9.3%	13.2%	12.5%
Total Costs % of AUM	0.11%	0.11%	0.11%	0.11%	0.10%	0.10%

¹ FY21 and FY22 Average Total AUM assumes projected balances based on moderate returns, projected West Texas Land and gift income, and projected distributions.

FY22 Total Budgeted Costs \$68.7 million



The UTIMCO Services Budget (blue shade in the pie chart above) represents 88% of the total budget, with employee-related expenses being the largest component at 75% of the Services Budget. Direct Costs to Funds include Custodian & Analytical Costs (8%) and Other Direct Costs (4%).

Management fees and performance fees paid to external investment managers, which are either paid directly by UTIMCO or netted against asset values by the external managers, are not included in these amounts. UTIMCO retains external managers for approximately 90% of the AUM, with UTIMCO staff directly managing approximately 10% of assets as well as an internal derivatives portfolio.

Table 2 compares the Total Budgeted Costs for FY21 and FY22. Refer to Exhibits A and B at the end of this memo for a detailed budget comparison for FY21-FY22 and actual trend history for FY17-FY21.

Table 2: FY21 Forecast and FY22 Budget Overview

(\$ millions)

	FY21 Forecast				FY22 Budget			
	\$ Budget	\$ Projected	\$ Change vs FY21 Budget	% Change vs FY21 Budget	\$ Budget	\$ Change vs FY21 Projected	% Change vs FY21 Projected	% Change vs FY21 Budget
UTIMCO Services	55.6	53.6	-2.0	-3.6%	60.6	7.0	13.1%	9.0%
Direct Costs to Funds	7.2	7.5	0.3	3.5%	8.1	0.7	8.7%	12.5%
Total Budgeted Costs	62.8	61.1	-1.7	-2.8%	68.7	7.7	12.6%	9.4%

UTIMCO Services Budget

In 2019, UTIMCO conducted a comprehensive review of relevant peer and industry benchmarks to determine appropriate resource levels needed to maintain strong fiduciary stewardship of U. T. and Texas A&M assets. These findings provided the basis for a long-term strategic plan (“2019 Strategic Plan”) that was supported by UTIMCO’s Board of Directors on July 27, 2019, and the U. T. System Board of Regents approved the FY20 budget as presented at the August 2019 Board meeting. The plan called for increased resources because of expected growth in AUM, complexity, succession planning, and oversight responsibilities, and it was expected that the plan would result in an increase of 33 employees by FY24.

The original plan was to reach 127 employees by the end of FY22. The outbreak of the 2019 Novel Coronavirus Disease (“COVID-19”) pandemic significantly affected travel, commerce, and financial markets globally, which caused UTIMCO to diverge from the 2019 Strategic Plan in FY21 by pausing hiring, promotions and raises. The current proposed budget for FY22 reflects a revised plan that largely returns to the originally planned levels as markets have quickly recovered and the reopening of the economy is underway.

For FY22, total personnel-related expenses including employee benefits account for 75% of the UTIMCO Services Budget (or 67% of Total Budgeted Costs). Trends in staffing and total compensation in relation to assets under management are shown in Table 3. Highlights from these tables include:

- Salaries are increasing by 12.7% and Performance Compensation is increasing by 5.1% for FY22 as a result of hiring additional employees, promotions, and base salary raises.

- Despite the additional staffing, elevated returns on investment funds over the last year are expected to result in an increase in AUM per employee in FY21 and FY22 compared to the prior five-year period.
- Total Compensation has grown by 14.4% annually from FY17 to FY21 primarily because of increased headcount and promotions. Total Compensation for FY22 is budgeted at 8.9% over FY21 projected levels, which would equate to a 13.3% growth rate on an average annual basis over a five-year period.
- Since FY17, Total Compensation per employee has increased 5.4% (annualized) from \$256k to \$316k forecast in FY21 and is budgeted to be at \$324k in FY22.

Table 3: UTIMCO Compensation and Headcount FY17-FY22 (excluding benefits)

	FY17	FY18	FY19	FY20	Forecast FY21	% Change Since FY17 (annual)	Budget FY22	% Change From FY21
Employees (as of year end)	83	94	95	110	115	8.5%	122	6.1%
Average Total AUM (\$ millions)	39,063	43,173	46,400	49,906	58,322	10.5%	65,895	13.0%
Average AUM/Employee (\$ millions)	471	459	488	454	507	1.9%	540	6.5%
Salaries (\$ millions)	10.9	13.7	16.2	17.0	18.2	13.7%	20.6	12.7%
Performance Compensation (\$ millions)	10.3	10.4	11.3	15.2	18.1	15.1%	19.0	5.1%
Total Compensation (\$ millions)	21.2	24.1	27.5	32.2	36.3	14.4%	39.5	8.9%
Total Compensation per Employee (\$)	255,552	256,204	289,541	292,288	315,690	5.4%	324,047	2.6%
Perf. Comp. as % of Salaries	94%	76%	69%	89%	99%		92%	
Perf. Comp. as % of Total Compensation	49%	43%	41%	47%	50%		48%	

Lease and Depreciation Expenses: Lease expenses are budgeted to increase 3.7% compared to FY21 forecasted amounts due primarily to the implementation of new accounting rules (GASB 87), which eliminates amortizing tenant improvements (deferred rent credit) and is used instead to reduce the beginning lease asset that is depreciated. The new accounting treatment is expected to result in a slight decrease in lease expenses over time as the interest expense portion declines, but higher operating lease expenses are expected to offset that. Lease expenses have increased in recent years due to the build-out of additional space in the UT System building to accommodate the growth from the 2019 Strategic Plan that was completed in late 2020. Table 4 shows the lease expense trends from FY17-FY22.

Table 4: UTIMCO Lease Expenses FY17-FY22

	Actual				Forecast	Budget
	FY17	FY18	FY19	FY20	FY21	FY22
Property Lease	\$1,136,800	\$1,762,827	\$2,047,589	\$2,230,214	\$2,595,464	\$2,137,569
Operating Lease	860,630	523,826	475,606	582,545	699,171	720,146
Parking Expenses	169,335	197,847	214,830	219,266	245,175	262,575
Lease Interest Expense	-	-	-	-	-	201,907
Other Expenses	14,150	4,716	-	-	-	-
Amortization (Deferred Rent Credit)	(108,267)	(208,054)	(263,864)	(287,791)	(335,643)	-
Total Lease Expenses (net)	\$2,072,648	\$2,281,162	\$2,474,161	\$2,744,234	\$3,204,167	\$3,322,197

Depreciation Expense is budgeted to increase 11% to \$2.1 million compared to the FY21 forecasted amount of \$1.9 million due to the buildout of expanded lease space, furniture, and new equipment to support additional employees.

Other General Operating Expenses, Professional Fees, and Insurance (non-employee): Office expenses, insurance, travel, professional fees, contract services and maintenance costs fall in this category and are forecast to be \$6.6 million in FY21, which is \$1.8 million or 21% lower than the FY21 budget of \$8.4 million. The decrease is due primarily to lower travel and meeting expenses as a result of the global pandemic, savings in the contract services for the business continuity / disaster recovery project and reduced maintenance costs. Subscriptions are expected to increase substantially in FY22 by \$553k over FY21 Budget due to the shift to SBIT.

A cybersecurity audit conducted by an outside consultant recommended several projects in FY21 and FY22 to implement “Best Practices” in various development and infrastructure projects. The FY21 projects are related to the design of the information security program and business continuity / disaster recovery system enhancements. The FY22 projects will enhance security controls and will define and implement a data classification strategy. As a result, Contract Services is budgeted to increase \$414k in FY22, with the increase partially offset by a \$181k reduction in costs related to maintenance agreements. The increase in Contract Services is expected to be “one-time” in nature and is expected to result in future savings due to the removal of temporary expenses and other redundancies.

Direct Costs to Funds

Direct Costs to Funds for FY22 are budgeted at \$8.1 million, a 11.8% increase from the FY21 budget. This is primarily due to increased legal fees. UTIMCO’s General Counsel is adding new outside counsel to accommodate the higher number and level of complexity of deals being executed. UTIMCO plans to utilize internal counsel for all corporate legal matters and to shift more of the investment transaction related legal matters to outside counsel.

UTIMCO Capital Expenditures

The trend for Capital Expenditures for FY17-FY22 is summarized in Table 5 below. Capital expenditures in FY21 were primarily for the build-out of newly leased space to accommodate new hires associated with the strategic plan and for ongoing technology upgrades. UTIMCO expects to have savings over time due to the shift to SBIT for technology needs.

Table 5: UTIMCO Capital Expenditures FY17-FY22

	Actual				Forecast FY21	Budget FY22
	FY17	FY18	FY19	FY20		
Ongoing: Technology and Software Upgrades	\$56,488	\$17,758	\$115,487	\$200,000	\$119,000	\$30,000
Ongoing: Office Equipment and Fixtures	5,374	77,585	-	113,000	89,000	105,000
Expansion: Technology Initiatives / Video Conferencing	-	1,238,149	-	-	-	-
Expansion: Leasehold Buildout (net of TI allowance)	-	6,498,972	-	-	2,352,000	-
Expansion: Furniture and Fixtures	-	2,669,179	65,573	-	423,000	-
Total Capital Expenditures (net)	\$61,862	\$10,501,643	\$181,060	\$313,000	\$2,983,000	\$135,000

EXHIBIT A

Total Budgeted Costs FY21-FY22

	FY21		Change from FY21 Budget		FY22		Change from FY21 Forecast		Change from FY21 Budget	
	Budget	Forecast	\$	%	Budget	\$	%	%	%	
UTIMCO Services										
Salaries	18,774,406	18,240,504	-533,902	-2.8%	20,552,099	2,311,595	12.7%	9.5%		
Performance Compensation + Earnings	17,650,560	18,063,891	413,331	2.3%	18,981,580	917,689	5.1%	7.5%		
Total Compensation	36,424,966	36,304,395	-120,571	-0.3%	39,533,679	3,229,284	8.9%	8.5%		
Total Payroll taxes	1,756,264	2,050,442	294,179	16.8%	2,107,447	57,004	2.8%	20.0%		
403(b) Contributions	1,417,359	1,328,877	-88,482	-6.2%	1,533,929	205,052	15.4%	8.2%		
Insurance, Cell Phone, Learning	1,714,096	1,706,414	-7,682	-0.4%	1,921,150	214,737	12.6%	12.1%		
Employee Benefits	3,131,454	3,035,290	-96,164	-3.1%	3,455,079	419,788	13.8%	10.3%		
Recruiting and Relocation Expenses	100,000	78,564	-21,436	-21.4%	130,000	51,436	65.5%	30.0%		
Employee Education	630,036	380,641	-249,395	-39.6%	538,632	157,991	41.5%	-14.5%		
Other Employee Related Expenses	730,036	459,205	-270,831	-37.1%	668,632	209,427	45.6%	-8.4%		
Total Employee Related Expenses	42,042,720	41,849,333	-193,387	-0.5%	45,764,836	3,915,503	9.4%	8.9%		
On-Line Data & Subscriptions	4,153,165	3,974,720	-178,445	-4.3%	4,706,004	731,284	18.4%	13.3%		
Contract Services & Maintenance	2,227,320	1,344,918	-882,402	-39.6%	2,461,212	1,116,294	83.0%	10.5%		
Travel & Meetings, Including BOD	1,015,722	85,506	-930,216	-91.6%	1,177,024	1,091,518	1276.5%	15.9%		
Phone and Telecommunications	55,488	30,734	-24,754	-44.6%	2,964	-27,770	-90.4%	-94.7%		
Computer & Office Supplies	60,360	37,707	-22,653	-37.5%	65,856	28,149	74.7%	9.1%		
Other Office Expenses	181,536	165,146	-16,390	-9.0%	206,796	41,650	25.2%	13.9%		
Total Office Expense	297,384	233,587	-63,797	-21.5%	275,616	42,029	18.0%	-7.3%		
Total Lease Expense	3,222,992	3,204,167	-18,825	-0.6%	3,322,198	118,031	3.7%	3.1%		
Board, Comp., & Hiring Consultants	305,600	412,300	106,700	34.9%	336,000	-76,300	-18.5%	9.9%		
Legal Expenses	125,004	267,067	142,063	113.6%	150,000	-117,067	-43.8%	20.0%		
Accounting fees	104,604	106,105	1,501	1.4%	104,856	-1,249	-1.2%	0.2%		
Total Professional Fees	535,208	785,472	250,264	46.8%	590,856	-194,616	-24.8%	10.4%		
Total Insurance	215,700	218,124	2,424	1.1%	233,328	15,204	7.0%	8.2%		
Depreciation of Equipment	1,900,000	1,900,000	0	0.0%	2,100,000	200,000	10.5%	10.5%		
Total Non-Employee Related Expenses	13,567,491	11,746,494	-1,820,996	-13.4%	14,866,238	3,119,743	26.6%	9.6%		
Total UTIMCO Services	55,610,211	53,595,827	-2,014,384	-3.6%	60,631,074	7,035,247	13.1%	9.0%		
Direct Costs to Funds										
Custodian Fees and Other Direct Costs	4,201,000	4,150,892	-50,108	-1.2%	4,278,000	127,108	3.1%	1.8%		
Analytical Tools	159,135	154,500	-4,635	-2.9%	154,500	0	0.0%	-2.9%		
Risk Measurement	998,500	1,286,353	287,853	28.8%	1,065,225	-221,128	-17.2%	6.7%		
Custodian and Analytical Costs	5,358,635	5,591,745	233,110	4.4%	5,497,725	-94,020	-1.7%	2.6%		
Consultant Fees	307,500	307,500	0	0.0%	307,500	0	0.0%	0.0%		
Auditing	846,516	787,140	-59,376	-7.0%	908,156	121,016	15.4%	7.3%		
Legal Fees	225,000	396,215	171,215	76.1%	715,000	318,785	80.5%	217.8%		
Background Searches & Other	470,450	375,307	-95,143	-20.2%	630,250	254,943	67.9%	34.0%		
Other Direct Costs Total	1,849,466	1,866,162	16,696	0.9%	2,560,906	694,744	37.2%	38.5%		
Total Direct Costs to Funds	7,208,101	7,457,907	249,806	3.5%	8,058,631	600,724	8.1%	11.8%		
Total Budgeted Costs	62,818,312	61,053,734	-1,764,578	-2.8%	68,689,705	7,635,971	12.5%	9.3%		

EXHIBIT B**Total Actual Costs FY17-FY21 and FY22 Budget**

	FY17	FY18	FY19	FY20	FY21	FY22
	Actual	Actual	Actual	Actual	Forecast	Budget
UTIMCO Services						
Salaries	10,919,643	13,667,683	16,235,197	16,966,760	18,240,504	20,552,099
Performance Compensation + Earnings	10,291,209	10,415,478	11,271,195	15,184,901	18,063,891	18,981,580
Total Compensation	21,210,852	24,083,161	27,506,392	32,151,661	36,304,395	39,533,679
Total Payroll taxes	843,661	955,790	1,455,958	1,387,881	2,050,442	2,107,447
403(b) Contributions	749,882	941,512	1,112,464	1,200,281	1,328,877	1,533,929
Insurance & Cell Phone	1,126,193	1,234,563	1,369,599	1,525,319	1,706,414	1,921,150
Employee Benefits	1,876,075	2,176,075	2,482,063	2,725,600	3,035,290	3,455,079
Recruiting and Relocation Expenses	161,814	181,230	81,607	146,509	78,564	130,000
Employee Education	82,904	90,110	112,955	72,321	356,136	502,032
Other Employee-Related Expenses	244,718	271,340	194,562	218,829	434,701	632,032
Total Employee Related Expenses	24,175,306	27,486,366	31,638,975	36,483,972	41,824,829	45,728,236
On-Line Data & Subscriptions	1,935,118	2,688,550	3,246,582	3,606,892	3,974,720	4,706,004
Contract Services & Maintenance	425,494	813,342	748,427	862,160	1,344,918	2,461,212
Travel & Meetings, Including BOD	688,498	792,548	946,860	583,265	85,506	1,177,024
Phone and Telecommunications	40,540	46,616	41,428	44,331	30,734	2,964
Computer & Office Supplies	60,836	165,639	75,955	44,192	37,707	65,856
Other Office Expenses	147,974	149,779	152,749	193,206	189,650	243,396
Total Office Expense	249,349	362,034	270,132	281,729	258,091	312,216
Total Lease Expense	2,072,648	2,281,161	2,474,161	2,744,234	3,204,167	3,322,198
Board, Compensation, & Hiring Consultants	762,181	328,063	350,898	600,516	412,300	336,000
Legal Expenses	188,846	75,414	176,226	171,519	267,067	150,000
Accounting fees	56,950	58,910	63,420	101,590	106,105	104,856
Total Professional Fees	1,007,977	462,386	590,544	873,625	785,472	590,856
Total Insurance	187,348	195,114	202,752	208,714	218,124	233,328
Depreciation of Equipment	2,453,498	1,015,435	1,669,890	1,646,105	1,900,000	2,100,000
Total Non-Employee Related Expenses	9,019,930	8,610,569	10,149,348	10,806,723	11,770,998	14,902,838
Total UTIMCO Services	33,195,236	36,096,935	41,788,323	47,290,695	53,595,827	60,631,074
Direct Costs to Funds						
Custodian Fees and Other Direct Costs	6,221,234	8,501,722	4,868,268	4,047,237	4,150,892	4,278,000
Analytical Tools	399,568	0	0	154,500	154,500	154,500
Risk Measurement	286,501	297,499	292,000	654,340	1,286,353	1,065,225
Custodian and Analytical Costs	6,907,303	8,799,221	5,160,268	4,856,077	5,591,745	5,497,725
Consultant Fees	320,000	470,000	481,496	297,500	307,500	307,500
Auditing	770,000	790,000	811,750	828,919	787,140	908,156
Legal Fees	83,715	152,895	304,048	188,455	396,215	715,000
Background Searches & Other	287,165	425,515	792,168	494,394	375,307	630,250
Other Direct Costs Total	1,460,880	1,838,410	2,389,462	1,809,268	1,866,162	2,560,906
Total Direct Costs to Funds	8,368,183	10,637,631	7,549,730	6,665,345	7,457,907	8,058,631
Total Budgeted Costs	41,563,419	46,734,566	49,338,053	53,956,040	61,053,734	68,689,705

EXHIBIT C

UTIMCO Reserve Analysis for August 31, 2021

<u>Projected Cash Reserves at August 31, 2021</u>		
Cash		\$ 33,500,000
Prepaid Expenses		1,200,000
Less: Accounts Payable (Includes incentive compensation & earnings payable)		(15,500,000)
Projected Cash Reserves at August 31, 2021		<u>\$ 19,200,000</u>
FY22 Proposed Operating Budget	60,631,074	
Applicable Percentage	25%	15,157,768
Capital Budget Expenditures		135,000
Depreciation Expense		(2,100,000)
Required Cash Reserves at August 31, 2021		<u>\$ 13,192,768</u>
Balance Available for Distribution		\$ 6,007,232
Recommended Distribution		\$ 6,000,000

10. U. T. System Board of Regents: The University of Texas/Texas A&M Investment Management Company (UTIMCO) Update

This item was for consideration only by the Committee.

11. U. T. System: Approval of a Master Services Agreement and Related Statements of Work with Vizient, Inc.

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor and the Executive Vice Chancellor for Health Affairs concur in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve the U. T. System Master Services Agreement and related Statements of Work with Vizient, Inc.

BACKGROUND INFORMATION

The University of Texas System institutions rely heavily on external group purchasing organizations (GPOs) for resources and expertise to meet the institutions' needs for purchased goods and services. The use of GPOs achieves overall business efficiency by reducing procurement processing time and limiting the need to add procurement and contracting staff to manage the competitive procurement process. This achieves procurement cost savings that support the core missions of the institutions. It is essential for the largest U. T. System health institutions (U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston and U. T. M. D. Anderson Cancer Center) to use a single, primary national healthcare GPO. This enables them to leverage their combined buying power to realize even deeper pricing discounts for medical and surgical supplies and pharmaceuticals than they could achieve with separate healthcare GPOs, and enables usage of common tools for identifying cost savings opportunities. Currently, annual aggregated spend by U. T. institutions through the incumbent GPO is \$1.93 billion.

GPO Spend July 2019 through June 2020 by Category and by U. T. System Institution			
Manufacturer Spend	\$ 803,433,222	U. T. Southwestern Medical Center	\$ 362,758,030
Medical/surgical Distributer Spend	\$ 124,420,448	U. T. Medical Branch - Galveston	\$ 172,577,813
Pharmacy Wholesaler Spend	\$ 926,321,021	U. T. M. D. Anderson Cancer Center	\$ 1,318,838,848
Miscellaneous, Non-acute and Academic	\$ <u>71,300,713</u>	Other U. T. System Institutions	\$ <u>71,300,713</u>
	\$ 1,925,475,404		\$ 1,925,475,404

U. T. System's Supply Chain Alliance (Alliance) facilitated a request for proposal (RFP) for national healthcare GPO services. Vizient, Inc. (Vizient), the largest national healthcare GPO, responded with significant financial benefits and robust technology tools that will improve patient outcomes and lower costs to UTSWMC, UTMB, and UTMDACC.

Vizient's CEO also has agreed to leverage Vizient's existing community contracting program to help certified, diverse (minority, women, veteran, etc.) suppliers connect with local hospitals. The U. T. System Office of Historically Underutilized Businesses (HUBs), and all the institutional HUB offices, will work with Vizient to identify, recruit, and grow new Texas HUB suppliers across U. T. System.

REPORT OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 101 - 122).-- 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.

- 2a. U. T. Arlington: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science in Nursing - Neonatal Nurse Practitioner degree program

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Science in Nursing - Neonatal Nurse Practitioner degree programs at U. T. Arlington as described on the following pages.

BACKGROUND INFORMATION

U. T. Arlington requests approval to make changes to the admission criteria with an addition of a separate, more descriptive, experience requirement for neonatal nurse practitioner (NNP) applicants.

Graduate nursing programs are accredited by the Commission on Collegiate Nursing Education (CCNE). According to CCNE, programs should follow the recommendation of their national specialty organizations for Nurse Practitioners (NP) population-specific education. In 2017, the National Association of Neonatal Nurses/National Association of Neonatal Nurse Practitioners reaffirmed the need for NNP students to have two years of nursing experience in the neonatal intensive care unit (NICU) within the past five years. Other NNP programs have a similar experience requirement including those at Emory University, Duke University, Vanderbilt University, and U. T. Medical Branch - Galveston.

Students with recent bedside nursing experience in a Level III or IV NICU (highest level of neonatal care) are more likely to be successful in the program and on the NNP certification exam after graduation. Preceptors also require this experience prior to accepting students for clinical preceptorships. Without the requisite experience, students will not be able to secure a preceptor for the 600 hours in a Level III or IV NICU, which is required for certification and ultimately Advanced

Practice Registered Nurse (APRN) licensure. Under the proposed changes, only students with the required experience will be admitted to the program to ensure readiness for clinical experiences.

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<ul style="list-style-type: none"> GPA on last 60 hours of Undergraduate Program (BSN) (as calculated by Graduate Admissions of UTA) – 3.0. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> GRE two highest GRE scores will be used in admission process – Not required. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> TSE (Test of Spoken English) or TOEFL (Test of English as a Foreign Language) or IELTS (International English Language Testing System) – TSE: Score of 40 or higher or TOEFL: Minimum of 550 on paper-based test, 213 on computer-based test, or 79 on the internet-based test and achieve the following minimum scores on subtests: Writing, 22; Speaking, 21; Reading, 20; and Listening, 16 or IELTS minimum score of 7.0. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Clinical Experience – For all high-acuity MSN NP Programs, (Acute Care Pediatrics, Neonatal and Adult Gerontology Acute Care), two years clinical experience as an RN in an acute care setting within the previous five (5) years is required. (Evaluated by the Associate Dean and/or designee.) 	<ul style="list-style-type: none"> Clinical Experience – For all high-acuity MSN NP Programs, (Acute Care Pediatrics, Neonatal and Adult Gerontology Acute Care), two years clinical experience as an RN in an acute care setting within the previous five (5) years is required. <u>For the Neonatal NP Program, two (2) years full time clinical experience as an RN in a Level III or IV NICU within the previous five (5) years and current employment (minimum of one shift per week) in a Level III or IV NICU.</u> (Evaluated by the Associate Dean and/or designee.)

<ul style="list-style-type: none"> • Current and unencumbered RN License from Texas, a compact state, or other state board of nursing – Evaluated by Associate Dean or designee. 	<ul style="list-style-type: none"> • No change
<ul style="list-style-type: none"> • Neonatal Resuscitation Program (NRP) – Required only for the Neonatal Nurse Practitioner Program. 	<ul style="list-style-type: none"> • No change
<ul style="list-style-type: none"> • BSN from ACEN or CCNE Accredited Program – Evaluated by Associate Dean or designee. 	<ul style="list-style-type: none"> • No change
<ul style="list-style-type: none"> • Undergraduate Level Statistics – Minimum grade of “C”. 	<ul style="list-style-type: none"> • No change
<ul style="list-style-type: none"> • Cardiopulmonary Resuscitation – Required for all. 	<ul style="list-style-type: none"> • No change
Current Conditional Admission Criteria	Proposed Conditional Admission Criteria
<ul style="list-style-type: none"> • GPA on last 60 hours of Undergraduate Program (BSN) (as calculated by Graduate Admissions of UTA) – 2.8 – 2.99. 	<ul style="list-style-type: none"> • No change
<ul style="list-style-type: none"> • GRE Two highest GRE scores will be used in admission process – Verbal: 430 or 149 or Quantitative: 430 or 141 or Analytical Writing: 3.5, Analytical: 430. 	<ul style="list-style-type: none"> • No change

2b. U. T. Dallas: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science in Biotechnology, Master of Science in Molecular and Cell Biology, Master of Science in Bioinformatics and Computational Biology, and Doctor of Philosophy in Molecular and Cell Biology degree programs

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Science in Biotechnology, Master of Science in Molecular and Cell Biology, Master of Science in Bioinformatics and Computational Biology, and Doctor of Philosophy in Molecular and Cell Biology degree programs at U. T. Dallas as described below.

BACKGROUND INFORMATION

U. T. Dallas requests approval to remove the Graduate Record Examination (GRE) requirement for admission to the Master of Science in Biotechnology, Master of Science in Molecular and Cell Biology, Master of Science in Bioinformatics and Computational Biology, and Doctor of Philosophy in Molecular and Cell Biology degree programs. Institutional analyses suggest that the GRE is not a predictor of student success in these graduate programs. Furthermore, a review of graduate programs in biological sciences at U. T. Dallas's seven aspirational peers show that six out of the seven do not require submission of GRE scores.

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<ul style="list-style-type: none"> M.S. in Biotechnology: The student should have a good background in calculus, general physics, organic chemistry, biochemistry, and general biology, including genetics and cell biology. Entering students not having this background may be required to take some additional coursework in their first year or in the summer immediately preceding entry. Students intending to do research in computational biology should have some background in mathematics and in programming. Admission is competitive. A minimum GRE score of 295 (verbal plus quantitative) with a minimum of 147 for the verbal component is required. Average test scores for admitted students vary from year to year. 	<ul style="list-style-type: none"> M.S. in Biotechnology: The student should have a good background in calculus, general physics, organic chemistry, biochemistry, and general biology, including genetics and cell biology. Entering students not having this background may be required to take some additional coursework in their first year or in the summer immediately preceding entry. Students intending to do research in computational biology should have some background in mathematics and in programming. Admission is competitive. A minimum GRE score of 295 (verbal plus quantitative) with a minimum of 147 for the verbal component is required. Average test scores for admitted students vary from year to year.

<ul style="list-style-type: none"> • M.S. in Molecular and Cell Biology: The student should have a good background in calculus, general physics, organic chemistry, biochemistry, and general biology, including genetics and cell biology. Entering students not having this background may be required to take some additional coursework in their first year or in the summer immediately preceding entry. Students intending to do research in computational biology should have some background in mathematics and in programming. Admission is competitive. A minimum GRE score of 295 (verbal plus quantitative) with a minimum of 147 for the verbal component is required. Average test scores for admitted students vary from year to year. 	<ul style="list-style-type: none"> • M.S. in Molecular and Cell Biology: The student should have a good background in calculus, general physics, organic chemistry, biochemistry, and general biology, including genetics and cell biology. Entering students not having this background may be required to take some additional coursework in their first year or in the summer immediately preceding entry. Students intending to do research in computational biology should have some background in mathematics and in programming. Admission is competitive. A minimum GRE score of 295 (verbal plus quantitative) with a minimum of 147 for the verbal component is required. Average test scores for admitted students vary from year to year.
<ul style="list-style-type: none"> • M.S. in Bioinformatics and Computational Biology: The student should have a good background in calculus, general physics, organic chemistry, biochemistry, and general biology, including genetics and cell biology. Entering students not having this background may be required to take some additional coursework in their first year or in the summer immediately preceding entry. Students intending to do research in computational biology should have some background in mathematics and in programming. Admission is competitive. A minimum GRE score of 295 (verbal plus quantitative) with a minimum of 147 for the verbal component is required. Average test scores for admitted students vary from year to year. 	<ul style="list-style-type: none"> • M.S. in Bioinformatics and Computational Biology: The student should have a good background in calculus, general physics, organic chemistry, biochemistry, and general biology, including genetics and cell biology. Entering students not having this background may be required to take some additional coursework in their first year or in the summer immediately preceding entry. Students intending to do research in computational biology should have some background in mathematics and in programming. Admission is competitive. A minimum GRE score of 295 (verbal plus quantitative) with a minimum of 147 for the verbal component is required. Average test scores for admitted students vary from year to year.

<ul style="list-style-type: none">• Ph.D. in Molecular and Cell Biology: The student should have a good background in calculus, general physics, organic chemistry, biochemistry, and general biology, including genetics and cell biology. Entering students not having this background may be required to take some additional coursework in their first year or in the summer immediately preceding entry. Students intending to do research in computational biology should have some background in mathematics and in programming. Admission is competitive. A minimum GRE score of 295 (verbal plus quantitative) with a minimum of 147 for the verbal component is required. Average test scores for admitted students vary from year to year. The actual scores required for admission are higher, especially for PhD applicants.	<ul style="list-style-type: none">• Ph.D. in Molecular and Cell Biology: The student should have a good background in calculus, general physics, organic chemistry, biochemistry, and general biology, including genetics and cell biology. Entering students not having this background may be required to take some additional coursework in their first year or in the summer immediately preceding entry. Students intending to do research in computational biology should have some background in mathematics and in programming. Admission is competitive. A minimum GRE score of 295 (verbal plus quantitative) with a minimum of 147 for the verbal component is required. Average test scores for admitted students vary from year to year. The actual scores required for admission are higher, especially for PhD applicants.
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2c. U. T. Permian Basin: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science in Geosciences degree program

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Science in Geosciences degree program at U. T. Permian Basin as described below.

BACKGROUND INFORMATION

U. T. Permian Basin requests approval to remove the Graduate Record Examination (GRE) requirement for admission to the Master of Science in Geosciences degree program. U. T. Permian Basin found the GRE was not a good predictor of success and that the references were more indicative of what the student knows and how ambitious they will be to complete the program.

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<ul style="list-style-type: none"> Bachelor’s degree in geosciences or closely related field from an accredited college or university. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> GPA of 3.0 or better for all undergraduate work, no exceptions. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> One-page statement of interests in graduate education in the geosciences and related interdisciplinary fields. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Two letters of recommendation from the applicant’s most recent academic advisor, professor, or current supervisor at their place of employment. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> GRE scores 	<ul style="list-style-type: none"> GRE scores

Current Conditional (Probationary) Admission Criteria	Proposed Conditional (Probationary) Admission Criteria
<ul style="list-style-type: none"> Bachelor’s degree in geosciences or related fields from an accredited college or university. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> GPA of 2.75 or better for all undergraduate work. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> One-page statement of interests in graduate education in the geosciences and related interdisciplinary fields. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Two letters of recommendation, one letter from the applicant’s most recent academic advisor, and one letter from the applicant’s supervisor at their current place of employment. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> At least one year of work experience in the geosciences or the related interdisciplinary field they are interested in pursuing. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> In rare circumstances, an applicant with GPA below 2.75 may be considered if they have substantial work experience (three or more years) in the geosciences or the related interdisciplinary field they are interested in pursuing. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> GRE scores 	<ul style="list-style-type: none"> GRE scores

2d. U. T. Permian Basin: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science in Computer Science degree program

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Science in Computer Science degree program at U. T. Permian Basin as described on the following pages.

BACKGROUND INFORMATION

U. T. Permian Basin requests approval to propose new changes to the Master of Science in Computer Science degree program. The changes are as follows.

For unconditional admission:

- Eliminate submission of Graduate Records Examination (GRE) scores,
- Add the submission of a 500-word Personal Statement and,
- Add the submission of a resume to include the contact information of three references.

For conditional admission:

- Add a list of math and computer science courses that must be completed with a grade of B or better,
- Eliminate submission of GRE scores (GRE Scores, although no longer required, can still be used to support an application for conditional admission),
- Change the Minimum GPA from a range of 2.75-3.0 to a range of 2.5-2.99,
- Add the submission of a 500-word Personal Statement and,
- Add the submission of a resume to include the contact information of three references.

Institutions of higher education are moving away from requiring the GRE scores for graduate admission. Initial institutional analyses suggest a weak correlation between the GRE and student success. Studies elsewhere recommend alternative potential indicators of student success, including the submission of Personal Statement.

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<ul style="list-style-type: none"> Bachelor’s degree from an accredited college or university. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> GPA of 3.0 or better in the last 60 credit hours. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> GRE: Verbal Reasoning: Minimum 145 or better. Quantitative Reasoning: Minimum 148 or better. Analytical Writing: Minimum 3 or better. 	<ul style="list-style-type: none"> GRE: Verbal Reasoning: Minimum 145 or better. Quantitative Reasoning: Minimum 148 or better. Analytical Writing: Minimum 3 or better. <u>A 500-word Personal Statement, which describes your computer-related experience/skills, and what you wish to accomplish in the program.</u> <u>Criteria for assessing a personal statement:</u> <ul style="list-style-type: none"> <u>Reasons for decision to study in the computer science field</u> <u>How engaged with computer science</u> <u>Aspirations and goals for the future</u> <u>Programming skills based on computer-related experience</u>
	<ul style="list-style-type: none"> <u>Resume with contact information for three references</u>

<p style="text-align: center;">Current Conditional (Probationary) Admission Criteria</p>	<p style="text-align: center;">Proposed Conditional (Probationary) Admission Criteria</p>
<ul style="list-style-type: none"> • Bachelor’s Degree from an accredited college or university. 	<ul style="list-style-type: none"> • Bachelor’s degree from an accredited college or university. <u>If an applicant’s degree is not a computer science or a related field (e.g., cyber security, data science, information technology, software engineering, etc.), the student may be admitted conditionally with the requirement that any course in the following list not already completed be completed with a grade of B or better before beginning the actual degree program.</u> <ul style="list-style-type: none"> ▪ <u>COSC 1430, 2430 – CS 1 and 2, with programming experience in Java</u> ▪ <u>COSC 3310 Digital Computer Organization</u> ▪ <u>COSC 3312 Discrete Mathematics</u> ▪ <u>COSC 3315 Information Systems</u> ▪ <u>COSC 3420 Data Structures</u> ▪ <u>MATH 2413, 2414 Calculus and Analytic Geometry 1, 2</u>
<ul style="list-style-type: none"> • GPA below in 3.0 - 2.75 in the last 60 credit hours – or – Minimum 3.0 cumulative undergraduate GPA in all Computer Science and Mathematics classes. 	<ul style="list-style-type: none"> • GPA <u>below in 3.0 - 2.75 falls in 2.5 - 2.99</u> in the last 60 credit hours —or— <u>Minimum 3.0 cumulative undergraduate GPA in all Computer Science and Mathematics classes.</u>

<ul style="list-style-type: none"> • GRE: <ol style="list-style-type: none"> 1. Verbal Reasoning: Minimum 145 or better 2. Quantitative Reasoning: Minimum 148 or better 3. Analytical Writing: Minimum 3 or better 	<ul style="list-style-type: none"> • GRE: <ol style="list-style-type: none"> 1. Verbal Reasoning: Minimum 145 or better 2. Quantitative Reasoning: Minimum 148 or better 3. Analytical Writing: Minimum 3 or better <p><u>A 500-word Personal Statement, which describes your computer-related experience/skills, and what you wish to accomplish in the program.</u></p> <p><u>Criteria for assessing a personal statement:</u></p> <ul style="list-style-type: none"> ▪ <u>Reasons for decision to study in the computer science field</u> ▪ <u>How engaged with the computer science</u> ▪ <u>Aspirations and goals for the future</u> ▪ <u>Programming skills based on computer-related experience</u>
	<ul style="list-style-type: none"> • <u>Resume with contact information for three references</u>
<ul style="list-style-type: none"> • Other Evidence: <ol style="list-style-type: none"> 1. 3.0 or better GPA in all computer science and math courses 	<ul style="list-style-type: none"> • Other Evidence: <ol style="list-style-type: none"> 1. 3.0 or better GPA in all computer science and math courses 1. <u>GRE: Verbal: Minimum 145 or better</u> 2. <u>GRE: Quantitative: Minimum 148 or better</u> 3. <u>GRE: Writing: Minimum 3 or better</u>

2e. U. T. Permian Basin: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Arts in Psychology degree program

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Arts in Psychology degree program at U. T. Permian Basin as described below.

BACKGROUND INFORMATION

U. T. Permian Basin requests approval to change graduate admission criteria as follows:

- Calculating the Grade Point Average (GPA) based on all undergraduate work for the Bachelor's degree, not only the last 60 hours.
- Including guidelines on what to include in the statement of interest.
- Revising unconditional admission criteria to include a statement of interest, letters of recommendation, and a writing sample in place of the Graduate Record Exam (GRE) test scores.
- Revising conditional or provisional admission criteria to include a statement of interest, letters of recommendation, a writing sample, and either Area Concentration Achievement Test (ACAT) scores or GRE scores.

Institutions of higher education are moving away from requiring the GRE scores for graduate admission. Initial institutional analysis suggests a weak correlation between the GRE and student success. Studies elsewhere recommend alternative potential indicators of student success, including the submission of a writing sample.

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<ul style="list-style-type: none"> • Bachelor's degree in psychology or closely related field from an accredited college or university. 	<ul style="list-style-type: none"> • No change
<ul style="list-style-type: none"> • All necessary course pre-requisites. 	<ul style="list-style-type: none"> • No change
<ul style="list-style-type: none"> • Three letters of recommendation (two must be from professors). 	<ul style="list-style-type: none"> • No change

<ul style="list-style-type: none"> GPA of 3.0 or better in the last 60 credit hours. 	<ul style="list-style-type: none"> GPA of 3.0 or better in the last 60 credit hours <u>for all hours of undergraduate work.</u>
<ul style="list-style-type: none"> Statement of intent (this should be no longer than two typed pages and explain reasons for applying to the psychology program). 	<ul style="list-style-type: none"> Statement of intent (this should be no longer than two typed pages and explain reasons for applying to the psychology program). <u>A statement of interest in graduate education in psychology which includes a statement of the concentration one is interested in (Experimental or Clinical), the interest in the program, and the advisor he or she wishes to work with among graduate faculty.</u> <u>Letters of recommendation.</u>
<ul style="list-style-type: none"> GRE scores at average percentile or better. 	<ul style="list-style-type: none"> GRE scores at average percentile or better. <u>A writing sample with preference for research proposals, theses, or literature reviews written recently as an undergraduate student. If no recent undergraduate work has been done, candidates may write an essay regarding their educational journey to the master's degree.</u>
<ul style="list-style-type: none"> Entrance score (ES): 1600 or above: $ES = (GPA \times 200) + [(GRE \text{ Verbal} + GRE \text{ Quantitative}) \times 3.44]$. 	<ul style="list-style-type: none"> No change
<p>Current Conditional (Probationary) Admission Criteria</p>	<p>Proposed Conditional (Probationary) Admission Criteria</p>
<ul style="list-style-type: none"> Bachelor's degree in psychology or closely related field from an accredited college or university. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> All necessary course pre-requisites. 	<ul style="list-style-type: none"> No change

<ul style="list-style-type: none"> • Three letters of recommendation (two must be from professors). 	<ul style="list-style-type: none"> • No change
<ul style="list-style-type: none"> • Other evidence: A written explanation describing extenuating circumstances that contributed to low GPA. Personal Interview (telephone or face-to-face). 	<ul style="list-style-type: none"> • No change
<ul style="list-style-type: none"> • GPA below 3.0 – 2.5 in the last 60 credit hours. 	<ul style="list-style-type: none"> • GPA below 3.0 – 2.5 in the last 60 credit hours <u>or better for all hours of undergraduate work.</u>
<ul style="list-style-type: none"> • Statement of intent (this should be no longer than two typed pages and explain reasons for applying to the psychology program). 	<ul style="list-style-type: none"> • Statement of intent (this should be no longer than two typed pages and explain reasons for applying to the psychology program). • <u>A statement of interest in graduate education in psychology which includes a statement of the concentration one is interested in (Experimental or Clinical), the interest in the program, and the advisor he or she wishes to work with among graduate faculty.</u> • <u>Letters of recommendation.</u>
<ul style="list-style-type: none"> • GRE scores at average percentile or better. 	<ul style="list-style-type: none"> • GRE scores at average percentile or better. • <u>A writing sample with preference for research proposals, theses, or literature reviews written recently as an undergraduate student. If no recent undergraduate work has been done, candidates may write an essay regarding their educational journey to the master’s degree.</u>

<ul style="list-style-type: none"> Entrance score (ES): below 1600 but is above 1400: $ES = (GPA \times 200) + [(GRE \text{ Verbal} + GRE \text{ Quantitative}) \times 3.44]$. 	<ul style="list-style-type: none"> Entrance score (ES): below 1600 but is above 1400: $ES = (GPA \times 200) + [(GRE \text{ Verbal} + GRE \text{ Quantitative}) \times 3.44]$. <u>One of the following: A GRE test score, or scores from Psychology ACAT test.</u>
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2f. U. T. Tyler: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science and Doctor of Philosophy in Clinical Psychology degree programs

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Science and Doctor of Philosophy in Clinical Psychology degree programs at U. T. Tyler as described below.

U. T. Tyler requests approval to remove the Graduate Record Examination (GRE) requirement for admission to the Master of Science and Doctor of Philosophy in Clinical Psychology degree programs. The GRE requirement is no longer seen as a good predictor of success in graduate studies and a potential barrier to diversity and inclusion in higher education. U. T. Tyler will continue to have admission standards that incorporate at least two predictive measures. These measures include undergraduate grades, previous graduate study grades (if applicable), and professional recommendation letters and ratings.

In addition, applicants will be asked to provide a curriculum vitae, which other clinical psychology programs have begun to require as well.

Current Admission Criteria	Proposed Admission Criteria
1. Hold a bachelor’s degree from a regionally accredited institution.	1. No change
2. Submit official transcripts from all institutions attended.	2. No change
3. Submit official Graduate Record Examination (GRE) scores obtained within the last five years	3. Submit official Graduate Record Examination (GRE) scores obtained within the last five years

4. Submit a Department Information Sheet which includes a Statement of Purpose.	4. <u>3.</u> Submit a Department Information Sheet which includes a Statement of Purpose.
5. Submit three (3) Evaluations of Academic Potential forms.	5. <u>4.</u> Submit three (3) Evaluations of Academic Potential forms.
6. Complete the background check.	6. <u>5.</u> Complete the background check.
7. If proof of English proficiency is required, the program has the following requirements: a. The minimum TOEFL or IELTS scores are 560 on the paper and pencil test, 220 on the computer-based test, or 87 on the internet-based test (TOEFL/IBT), or overall band score of 7.0 (IELTS) with 6.5 or greater in each subsection. TOEFL and IELTS test scores are valid for only two years.	7. <u>6.</u> If proof of English proficiency is required, the program has the following requirements: a. The minimum TOEFL or IELTS scores are 560 on the paper and pencil test, 220 on the computer-based test, or 87 on the internet-based test (TOEFL/IBT), or overall band score of 7.0 (IELTS) with 6.5 or greater in each subsection. TOEFL and IELTS test scores are valid for only two years.
	<u>7. Submission of a curriculum vitae, which provides an opportunity for students to outline previous education, research, and life experiences.</u>

Current Admission Criteria	Proposed Admission Criteria
1. A bachelor's degree from a regionally accredited institution. (Applicants with a master's degree in Psychology or a related field may apply as well.	1. No change.
2. Minimum 3.0 overall GPA.	2. No change.

<p>3. Adequate preparation in Psychology. Successful applicants will have 12 or more credits in Psychology including coursework in Statistics, Research Methods, History and Systems of Psychology, and Abnormal Psychology. If students do not have these classes, they will be required to complete them during their program.</p>	<p>3. No change.</p>
<p>4. Submission of satisfactory Graduate Record Examination (GRE) scores taken within the last five years.</p>	<p>4. Submission of satisfactory Graduate Record Examination (GRE) scores taken within the last five years.</p>
<p>5. Submit a statement of purpose.</p>	<p>5.4. Submit a statement of purpose.</p>
<p>6. Three academic letters of reference.</p>	<p>6.5. Three academic letters of reference.</p>
<p>7. If proof of English proficiency is required, the program has the following requirements:</p> <p>a. The minimum TOEFL or IELTS scores are 560 on the paper and pencil test, 220 on the computer-based test, or 87 on the internet-based test (TOEFL/IBT), or overall band score of 7.0 (IELTS) with 6.5 or greater in each subsection. TOEFL and IELTS test scores are valid for only two years.</p>	<p>7.6. If proof of English proficiency is required, the program has the following requirements:</p> <p>a. The minimum TOEFL or IELTS scores are 560 on the paper and pencil test, 220 on the computer-based test, or 87 on the internet-based test (TOEFL/IBT), or overall band score of 7.0 (IELTS) with 6.5 or greater in each subsection. TOEFL and IELTS test scores are valid for only two years.</p>
	<p><u>7. Submission of a curriculum vitae, which provides an opportunity for students to outline previous education, research, and life experiences.</u></p>

3. U. T. San Antonio: Approval to establish a Doctor of Philosophy in Molecular Microbiology and Immunology degree program

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that authorization, pursuant to Regent's *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Doctor of Philosophy in Molecular Microbiology and Immunology degree program at U. T. San Antonio; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

U. T. San Antonio proposes the establishment of a Doctor of Philosophy (Ph.D.) degree program in Molecular Microbiology and Immunology. The program is a collaborative educational and research effort built on the existing strengths in areas of molecular microbiology and immunology at U. T. San Antonio, Texas Biomedical Research Institute, and the U. S. Army Institute of Surgical Research at San Antonio Military Medical Center. The program is designed to prepare graduates with advanced knowledge in molecular microbiology and immunology to develop research and educational skills to support the economic growth of San Antonio and the State of Texas.

The degree requirements are dependent on the academic levels of the students. Students with a B.S. in Microbiology or a related discipline are required to complete a total of 76 Semester Credit Hours (SCH) including 15 SCH of required courses, while those with a master's degree are required to complete a total of 67 SCH including 6 SCH of required courses. All accepted applicants will be expected to maintain a Minimum Grade Point Average (GPA) of 3.0 for the entire program. Upon completion of required coursework and written and oral qualifying exams, students will be required to complete a research dissertation project. The research project is designed to be equivalent to 2 or 3 peer-reviewed publications in standard journals in the student's field of specialization.

Need and Student Demand

The 60x30TX strategic higher education plan adopted by the Texas Higher Education Coordination Board, calls for 60% of Texans in the age group of 25 to 34 to hold a degree or certificate, which includes graduate degrees in life sciences that fall within a high demand category of programs. The Texas Workforce Commission predicts there will be a 18.1% increase in employment of microbiologists from 2014-2024, as well as a 20% increase in employment for food scientists & technologists, an 18.9% increase in jobs for soil and plant scientists, a 20.7% increase in medical scientists, and a 19.4% increase in life scientists. In addition, job opportunities for medical and research immunologists are projected to grow by 11.4% between 2016-2026. Moreover, from 2004 to 2018, there was a significant increase (32.13%) nationally in the number of employment positions for microbiologists with annual increases of 5.36% each year.

In 2018, the total number of job postings in the United States requiring Ph.D.'s in areas of microbiology and immunology was 56,530, according to the Labor Insight Jobs (Burning Glass Technologies). The San Antonio/New Braunfels Metro Statistical area ranked 23rd in the nation with a higher demand than average for these jobs and placed third in the State of Texas after Dallas-Fort Worth-Arlington and Houston-The Woodlands-Sugar Land Metro Areas in the high-demand employment category.

The number of doctoral degrees in biological sciences, including microbiology, awarded in the United States increased from 69,941 in 2004 to 79,146 in 2016. According to the U.S. Bureau of Labor Statistics, Texas ranked third in the nation for the highest employment level in microbiology and in positions requiring doctoral degrees in this field.

Currently, only U. T. Austin and Texas A&M University offer Ph.D. degree programs in microbiology in Texas, with a combined total of 20 students graduating each year. No major public or private university in San Antonio, the 7th largest city in the U.S., offers this doctoral program. Additionally, this doctoral program at U. T. San Antonio—a Hispanic-Serving Institution—is projected to increase the number of highly trained graduates to fill an unmet need to expand the diversity of the Science, Technology, Engineering, and Math (STEM) workforce.

The projected number of students in the program during the first year will be 7, growing to 45 by the fifth year. An average of one or two students are projected to be lost to attrition per year. The projections are based on the number of students who have either completed or are currently pursuing their dissertation projects in laboratories focused on microbiology and immunology, but that are enrolled in other related doctoral degree programs. The projected number of students is also predicted on the extramural funding levels of core and support faculty.

Program Quality

The molecular microbiology and immunology Ph.D. program will be supported by 18 current core faculty members with a primary research emphasis in a broad range of research topics at the cutting-edge of microbiology and immunology. Areas of research include identification of biomarkers of infection and inflammation; development of novel antibacterial, antifungal, and antimalarial drugs; validation of vaccines to safeguard against fungal infections and bioterror agents; prevention and treatment of vector-borne diseases; deployment of a broad array of postgenomic tools to address unmet needs in infectious diseases; and enhancement of human, animal, and plant host-responses against infectious agents. All 18 core faculty members have significant research productivity reflected by numerous publications in top-tier journals with an impact factor comparable to faculty members at universities with similar doctoral programs.

Collectively, these efforts have established the South Texas Center for Emerging Infectious Diseases (STCEID), the most successful research center at U. T. San Antonio with both the physical infrastructure and the required expertise in many subdisciplines of microbiology and immunology. In the past ten years, the Center has secured more than \$40 million in extramural funding with average annual research expenditures over \$3 million per year. Support faculty with significant funding from the Texas Biomedical Research Institute and the U.S. Army Institute of Surgical Research (Department of Defense) also increase the range of dissertation research topics available for doctoral students to pursue.

Revenue and Expenses*:

Expenses	5-Year Total
<i>Graduate Students</i>	
Teaching Assistants Salaries & Benefits	\$ 750,000
Graduate Research Assistants Salaries & Benefits	\$1,900,000
Student Scholarships	\$ 570,000
<i>Staff & Administration</i>	
Staff Salaries & Benefits	\$ 93,750
Program Administration	\$ 75,000
<i>Other Expenses</i>	
Supplies and Educational Materials	\$ 50,000
Total Expenses	\$3,438,750

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$ 750,000
Tuition and Fees	\$ 633,809
<i>From Institutional Funds</i>	
Reallocation of Existing Resources	\$ 925,000
<i>From Grant Funds</i>	
Extramural Federal Support	\$1,900,000
<i>From Other Revenue Sources</i>	
Other support for graduate studies	\$ 500,000
Total Revenue	\$4,708,809

*This table represents the incremental funding model for revenue and expenses, after accounting for existing faculty annual salaries and benefits (\$13,347,619).

Coordinating Board Criteria

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

4. U. T. Rio Grande Valley: Report on the Long Range Financial Plan for The University of Texas Rio Grande Valley

This item was for consideration only by the Committee.

REPORT OF THE HEALTH AFFAIRS COMMITTEE (Pages 123 - 129).-- 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 concurs in the recommendation of The University of Texas System Professional Medical Liability Benefit Plan (Plan) Management Committee, chaired by the Vice Chancellor and General Counsel, and comprised of the Chair, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, and the Executive Vice Chancellor for Business Affairs, after consultation with Milliman, Inc., actuary for the Plan, that:

- a. overall premium rates remain unchanged; and
- b. \$6 million in premiums be returned to the participating U. T. System institutions based on a methodology that considers each institution's losses.

The proposed distribution of \$6 million is set forth on the following pages as Exhibit 1.

BACKGROUND INFORMATION

With the implementation of tort reform in 2003, the Plan Management Committee (Committee) has consistently recommended significant reductions in total Plan assets to bring the reserve levels to those generally accepted by the industry. The Committee continues balancing Plan revenue from premiums charged and investment income with adequate capitalization from which to pay Plan claims, reserves for future claims, and administrative expenses. As part of this effort, Plan premiums were significantly reduced for several years immediately following tort reform adoption, and since 2007, the premium rates have either been reduced or unchanged. However, Plan premiums are adjusted annually for institutional loss experience.

For the coming year, the Committee recommends maintaining overall premiums at the current rates. Based on Plan investment income and efficient management of claims, the Committee recommends a return to the contributing institutions of \$6 million so that excessive reserves are not maintained. The combination of unchanged rates along with this distribution should still allow for adequate capitalization of the Plan.

The methodology for distribution of \$6 million to participating institutions considers the proportion of each institution's payment into the Plan as well as each institution's loss experience. Thus, those institutions with higher claims receive lower distributions.

Since there are remaining funds previously designated for U. T. efforts in patient safety enhancement through collaborative projects, as identified by the Executive Vice Chancellor for Health Affairs, no additional such funds are recommended for such purposes for this fiscal year.

Exhibit 1
The University of Texas System Professional Medical Liability Benefit Plan
Proposed Distribution of Plan Returns
 FY 2021

<i>Institution</i>	Premium Paid	Claims Expense	Net Contribution Amount	Rebate based on Net Contribution
	2019-2021 (3 year)	2019-2021 (3 year)	3 Yr (Premium - Expenses)	FY 2021
UT Arlington	8,205	-	8,205	2,182
UT Austin	627,460	197,711	429,749	114,311
UT Dallas	5,849	1,246	4,603	1,224
UT El Paso	948	-	948	252
UT Rio Grande Valley	1,188,321	75,232	1,113,089	296,075
UT San Antonio	4,818	-	4,818	1,282
UTSWMC	7,595,600	3,357,630	4,237,970	1,127,274
UTMB	4,694,434	3,208,089	1,486,345	395,359
UTHSCH ¹	11,642,423	2,904,701	8,737,722	2,324,179
UTHSCSA	5,261,477	1,692,837	3,568,640	949,236
UTMDACC	3,830,566	1,484,875	2,345,691	623,939
UTHSCT	668,068	48,931	619,137	164,687
Subtotal	\$ 35,528,169	\$ 12,971,252	\$ 22,556,917	\$ 6,000,000

¹ UTHSCH Premium includes premium collected from the Med Foundation in FY 2019.

TOTAL DISTRIBUTION FY 2021

\$ 6,000,000

TOTAL DISTRIBUTION FY 2019-2021

\$ 18,000,000

3. U. T. System: Discussion and appropriate action to establish, maintain, and administer the Texas Epidemic Public Health Institute at The University of Texas Health Science Center at Houston

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs with the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for Governmental Relations, and the Vice Chancellor and General Counsel that the U. T. System Board of Regents

- a. establish, maintain, and administer the Texas Epidemic Public Health Institute at U. T. Health Science Center - Houston, under the direction of the U. T. System Board of Regents and the Chancellor through the institutional president; and
- b. delegate authority to the institution president to execute all documents, instruments, and other agreements, following review and approval by the Chancellor, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for Governmental Relations, and the Vice Chancellor and General Counsel, and to take all further actions necessary or advisable to carry out the purpose and intent of the foregoing actions.

BACKGROUND INFORMATION

The 87th Texas Legislature, through bipartisan legislation, approved the establishment of the Texas Epidemic Public Health Institute (TEPHI) at U. T. Health Science Center - Houston, for the protection of public health in the State of Texas. Pursuant to Texas Senate Bill 1780, TEPHI will establish and maintain a public health reserve network of public health professionals, community health workers, state and local public health agencies, health care organizations, universities throughout the state, and other relevant entities and persons for the purpose of coordinating efforts to protect public health in the state, and support pandemic and epidemic disaster preparedness and response components of the state emergency management plan.

TEPHI will:

- operate as a separate Texas state agency in affiliation with U. T. Health Science Center - Houston's School of Public Health.

- launch a statewide learning network to provide high-quality training opportunities for Texas public health professionals and community health workers to increase the capacity of local and state health departments to effectively respond to, recover from, and build community resilience related to infectious disease threats and emergencies.
- build an infrastructure to recruit, train, and ready for deployment of 3,500 adults throughout Texas to serve in the public health reserve.
- create and house an analytics core providing guidance to public health leadership and communities on how to identify, prevent, monitor, and/or respond to outbreaks of selected infectious diseases in Texas.
- serve as a coordinating center to assure that all pandemic-related data and stewarding agencies are following the F.A.I.R. principles, which states that data must be Findable, Accessible, Interoperable, and Reusable.
- create and maintain an accurate inventory of pandemic-related data resources, create a network of pandemic-related data scientists, and convene an annual meeting of data resources and analytics to promote networking and sharing of best practices.
- commit to serving the vulnerable, underserved, and rural populations through prevention, health literacy, and pandemic response.
- work with businesses and professional organizations to prepare for business disruption and protect the safety and well-being of employees, especially in essential services and food supply chains.
- inventory and convene severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) testing laboratories to create a manual of procedure of best practices and identify shared areas of needed improvement across the state.

The Legislature may meet at a future date to appropriate funds specifically for the TEPHI. If the Legislature does not appropriate funds for TEPHI, the Board of Regents may, but is not required to, implement the provisions of Texas Senate Bill 1780 using other money available to the Board of Regents for that purpose. TEPHI may also accept gifts, grants, and donations from any source to support its purposes.

4. U. T. System: Discussion and appropriate action to a) establish, name, and operate a multi-institution center in Laredo, Texas, under the direction of the University of Texas System Board of Regents; b) assign management of the center to the Chancellor; c) allocate and authorize the expenditure of approximately \$7.2 million of appropriated funds for costs; and d) delegate authority to the Chancellor to execute related documents and take other necessary action

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs with the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for Governmental Relations, the Vice Chancellor and General Counsel, and the institutional president that the U. T. System Board of Regents

- a. establish, name, and operate a multi-institution health center in Laredo, Texas, under the direction of the U. T. System Board of Regents;
- b. assign management of the center to the Chancellor;
- c. allocate and authorize the expenditure of approximately \$7.2 million of appropriated funds for costs; and
- d. delegate authority to the Chancellor to execute related documents and take other necessary action.

BACKGROUND INFORMATION

The 87th Texas Legislature approved the establishment and operation of a multi-institution center in the city of Laredo, Texas, by the U. T. System Board of Regents, to host educational activities, conduct and facilitate research, and engage in community outreach. Pursuant to Texas Senate Bill 884, U. T. institutions may use the center in accordance with its primary purpose to provide undergraduate and graduate medical and dental education, including residency training programs, and other levels of health education work in collaboration with any public institution of higher education considered appropriate by the U. T. System Board of Regents. The Board may assign responsibility for management of the center to a U. T. institution.

The Legislature may appropriate funds specifically for the center. Appropriated funds may be used to maintain, operate, and conduct health education programs and other related work at the multi-institution center in Laredo. Operating costs of the center will be paid from available funds from any public or private entity. U. T. System Board of Regents may accept public and private offers of land in Laredo, Texas, to construct a center, and public or private funds necessary to construct an

administrative building. The Board may also accept and administer gifts and grants from any public or private person or entity for the use and benefit of the center, including accepting and administering gifts and grants of land and physical facilities.

REPORT OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
(Pages 130 - 135).--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. San Antonio: Classroom Upgrades - 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

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Classroom Upgrades project at The University of Texas at San Antonio; approve a total project cost of \$20,000,000 to be funded with Designated Funds and Grants; and approve the appropriation of funds as may be required.

BACKGROUND INFORMATION

Previous Action

On June 30, 2021, the Chancellor approved this project for Definition Phase.

Project Description

The proposed project will update multiple classrooms in 14 buildings with new technology, heating, ventilation, and air conditioning (HVAC) systems, lighting, furniture, flooring, and paint. HVAC infrastructure is needed in older classrooms to provide adequate air changes to help address and minimize airborne infection. These renovations are associated with significant changes to the delivery of instruction due to the coronavirus. The pandemic has created a fundamental shift in the need for flexible instruction and innovative use of technology in the classroom.

UTSA currently has 131 buildings on four campuses. Most classrooms have not been updated to current technology, furniture, and finishes since they were built. This project will support student academic success, enhance student life, improve retention and graduation rates, and increase enrollment. Enrollment is forecasted to grow from 32,792 students in 2018 to 45,000, in 2028.

This proposed Repair and Rehabilitation 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 President for approval at a later date. Pursuant to a Memorandum of Understanding effective September 1, 2019, U. T. San Antonio has delegated authority of institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas at San Antonio
Classroom Upgrades**

Project Information

Project Number	401-1354
CIP Project Type	Repair and Rehabilitation
Facility Type	Classroom, General
Management Type	Institutional Management
Institution’s Project Advocates	Veronica Mendez, Chief Financial Officer and Senior Vice President for Business Affairs Kimberly Espy, Provost and Senior Vice President for Academic Affairs
Project Delivery Method	Competitive Sealed Proposals
Gross Square Feet (GSF)	67,856

Project Funding

Designated Funds	<u>Proposed</u> \$10,000,000
Grants	<u>10,000,000</u>
Total Project Cost	\$20,000,000

Project Cost Detail

	Cost
Building Cost	\$ 5,317,905
Fixed Equipment	10,990,948
Site Development	-
Furniture and Moveable Equipment	1,252,791
Institutionally Managed Work	118,220
Architectural/Design Services	429,948
Project Management	755,865
CIP Support Services	200,000
Insurance	-
Other Professional Fees	-
Project Contingency	934,323
Other Costs	-
Total Project Cost	\$20,000,000

The University of Texas at San Antonio
Classroom Upgrades
(continued)

Project Planning

Definition Phase Completed	Yes
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

Project Milestones

Definition Phase Approval	June 2021
Addition to CIP	August 2021
Design Development Approval	November 2021
Construction Notice to Proceed	April 2022
Substantial Completion	July 2022

3. U. T. Health Science Center - San Antonio: Medical Office Building at Park West - Amendment of the current Capital Improvement Program to increase total project cost; approval to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendation for the Medical Office Building at Park West project at The University of Texas Health Science Center at San Antonio as follows:

- a. amend the current Capital Improvement Program (CIP) to increase the total project cost from \$61,100,000 to \$65,900,000;
- b. revise funding sources to include Designated Funds;
- c. approve design development plans;
- d. appropriate funds and authorize expenditure of \$65,900,000 with funding of \$61,100,000 from Revenue Financing System (RFS) Bond Proceeds and \$4,800,000 from Designated Funds from cash reserves; and

- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and U. T. Health Science Center - San Antonio, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$61,100,000.

BACKGROUND INFORMATION

Debt Service

The \$61,100,000 in RFS debt will be repaid from Clinical Revenues. Annual debt service on the \$61,100,000 in RFS debt is expected to be \$3.4 million. The institution's Scorecard Rating of 5.7 at fiscal year-end 2020 is below the maximum threshold of 6.0 and demonstrates that the institution has the financial capacity to satisfy its direct obligations related to parity debt.

Previous Actions

On February 17, 2021, the Chancellor approved this project for Definition Phase. On May 6, 2021, the project was included in the CIP with a total project cost of \$61,100,000 with funding from RFS Bond Proceeds.

Project Description

Scheduled to be located in one of the fastest growing areas in San Antonio, the Medical Office Building (MOB) at Park West will serve as a community-based campus, co-locating a nearly full continuum of services for multiple conditions well positioned for value-based care. The MOB will have exam rooms, procedure rooms, and advanced imaging to support clinical providers that include primary care, orthopedics, sports medicine, radiology, ophthalmology, otolaryngology, gynecology, and gastroenterology. The facility will also include an ambulatory surgery center to meet the increasing demand in outpatient surgeries and help grow and diversify U. T. Health Science Center at San Antonio's (UTHSCSA) revenue streams.

The proposed increase in cost will support the additional scope from a 4-story, 83,000 GSF facility to a 5-story, 108,125 GSF facility with 29% shell space. The shell space is planned to allow for expansion to meet future required program and clinical needs. The project will also include surface parking for 340 spaces for

patients and staff. UTHSCSA's main campus clinic is projected to reach capacity in the next five years. San Antonio is experiencing significant growth in population, mainly to the suburbs where patients are searching for convenient access to low-acuity and intermediate care.

Medical equipment will be procured outside of this project at an estimated cost of \$10,500,000.

Pursuant to a Memorandum of Understanding effective July 1, 2019, U. T. Health Science Center - San Antonio has delegated authority of institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas Health Science Center at San Antonio
Medical Office Building at Park West**

Project Information

Project Number	402-1345
CIP Project Type	New Construction
Facility Type	Healthcare Facility, Clinic
Management Type	Institutional Management
Institution’s Project Advocate	James D. Kazen, Executive Vice President Facility Planning and Operations
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	108,125 GSF
Shell Space (GSF)	31,000 GSF

Project Funding

	<u>Current</u>	<u>Proposed</u>
Revenue Financing System Bond Proceeds ¹	\$61,100,000	\$61,100,000
Designated Funds	<u>0</u>	<u>4,800,000</u>
Total Project Cost	\$61,100,000	\$65,900,000

¹RFS to be repaid by Clinical Revenues

Project Cost Detail

Building Cost	\$46,235,444
Fixed Equipment	110,000
Site Development	4,069,743
Furniture and Moveable Equipment	1,750,000
Institutionally Managed Work	1,833,000
Architectural/Design Services	4,250,000
Project Management Fees	1,977,000
CIP Support Fee	500,000
Insurance	1,125,000
Other Professional Fees	165,000
Project Contingency	2,409,000
Other Costs	<u>1,475,813</u>
Total Project Cost	\$65,900,000

**The University of Texas Health Science Center at San Antonio
 Medical Office Building at Park West**
 (continued)

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

Medical Office Building at Park West (with 29% Shell Space)	\$428
Medical Office Building at Park West (Estimated Total Finish-Out)	\$490
Texas Higher Education Coordinating Board Average for Healthcare Facility, Clinic	\$624

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$331	\$420	\$486
Other National Projects	\$329	\$404	\$708

Investment Metric

- Realize 300 daily patient visits by 2025
- Realize 4,000 ambulatory surgery center cases by 2025

Project Planning

Definition Phase Completed	Yes
Owner’s Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

Project Milestones

Definition Phase Approval	February 2021
Addition to CIP	May 2021
Design Development Approval	August 2021
Construction Notice to Proceed	November 2021
Substantial Completion	October 2023

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 30 years
- Building Systems: 25 years
- Interior Construction: 20 years

APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS AND REPORTS.--
At 9:26 a.m., the Board voted and unanimously approved the Standing Committee recommendations.

AGENDA ITEMS (continued)

4. U. T. System Board of Regents: Discussion and appropriate action regarding University Lands and University Lands Advisory Board (ULAB), including potential Board appointment

Chairman Eltife commented briefly regarding the value added by the University Lands Advisory Board (ULAB). He then recommended appointment of Mr. Dee Kelly of Fort Worth, Texas to the ULAB. The recommendation was seconded by Vice Chairman Longoria and passed unanimously.

BACKGROUND INFORMATION

On March 19, 2018, the Board of Regents approved changes to the membership structure for the ULAB, which were effective immediately, as follows:

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

At least two of the members appointed by the U. T. System Board and at least one of the members appointed by the A&M System Board must be current Regents, with the ULAB Chairman to be named by the U. T. System Board. In addition, at least three of the members appointed by the U. T. System Board and at least two of the members appointed by the A&M System Board must have industry experience.

8. U. T. System Board of Regents: Discussion and appropriate action regarding enacting proposed Regents' *Rules and Regulations*, Rule 30204 (Family Leave Pool)

Chairman Eltife noted that an additional item posted with the Secretary of State seeks approval of enactment of Regents' Rule 30204 to implement new state law.

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor and the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel concur in the recommendation of the General Counsel to the Board that Regents' *Rules and Regulations*, Rule 30204, Family Leave Pool, be enacted as set forth on the following pages.

BACKGROUND INFORMATION

The 87th Legislature enacted an amendment to Texas Government Code Chapter 661 by adding Subchapter A-1, which requires the establishment of an employee family leave pool program for each state agency. The program would allow employees to voluntarily transfer earned sick or vacation leave to a family leave pool. Employees are eligible to use such time if they have exhausted their own leave and have a qualifying event such as birth of a child, placement of a foster care child or adoption of a child, caring for a seriously ill family member or the employee, including for pandemic-related illnesses, or an extenuating circumstance created by an ongoing pandemic including caretaking obligations due to school closures.

Newly enacted Texas Government Code 661.022(c) requires the Board to adopt rules and prescribe procedures relating to the operation of the pool. The proposed Regents' Rule 30204 satisfies this requirement and sets forth the operational requirements prescribed by the statute and delegates administration of the U.T. System Administration pool to the Chancellor, or designee, and of the institutions' pools to their respective presidents, or designees, as is done in Regents' Rule 30203 regarding the analogous Sick Leave Pool.

This new legislation will require minimal administrative costs to support the management of this new pool. The proposed amendments have also been provided to the representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

1. Title

Family Leave Pool

2. Rule and Regulation

Sec. 1 Introduction. Pursuant to *Texas Government Code* Section 661.022, the Board of Regents is required to establish a program to allow a University of Texas System employee to voluntarily transfer previously earned sick or vacation leave to a family leave pool and is required to adopt rules and prescribe procedures relating to the operation of the pool. All institutions of the U. T. System shall establish and maintain a family leave pool except for those institutions which are exempt under *Texas Education Code* [Section 51.961](#), due to the adoption of a comprehensive leave policy.

The purpose of the state employee family leave program is to:

- (1) provide eligible employees more flexibility in:
 - (A) bonding with and caring for children during a child's first year following birth, adoption, or foster placement; and
 - (B) caring for a seriously ill family member or the employee, including pandemic-related illnesses or complications caused by a pandemic; and
- (2) allow employees to apply for leave time under the family leave pool.

Sec. 2 Family Leave Pool Administrator. The Chancellor, or his or her designee, shall administer the U.T. System Administration family leave pool.

The president, or his or her designee, shall administer the family leave pool at each U. T. institution.

Each designated administrator shall adopt forms and procedures appropriate for administration of this Rule.

Sec. 3 Family Leave Pool. Each family leave pool shall consist of the sick and vacation leave voluntarily contributed by employees.

- 3.1 Contributions. Contributions to each pool must be in units of eight (8) hours. Employees are permitted to contribute an unlimited number of hours to a family leave pool.

A retiring employee has the option to contribute accrued sick or vacation leave hours to a family leave pool as well as designate accrued sick or vacation leave to be used for retirement credit. A retiring employee has discretion to designate the amount of accrued leave to be used for each purpose.

- 3.2 Crediting of Family Leave. Each pool administrator shall credit the family leave pool with the amount of time contributed by an employee and shall direct the appropriate office to deduct a corresponding amount from that employee's earned sick or vacation leave as if the employee had used the time for personal purposes.

- 3.3 Non-designation of Use. Sick or vacation leave contributed to a pool may not be designated for the use of a particular person.

Sec. 4 Withdrawal of Leave.

- 4.1 Eligibility. An employee is eligible to use time contributed to a family leave pool if the employee has exhausted the employee's eligible compensatory, discretionary, sick, and vacation leave because of:

- (1) the birth of a child;
- (2) the placement of a foster child or adoption of a child under 18 years of age;
- (3) the placement of any person 18 years of age or older requiring guardianship;
- (4) a serious illness to an immediate family member or the employee, including a pandemic-related illness;
- (5) an extenuating circumstance created by an ongoing pandemic, including providing essential care to a family member; or
- (6) a previous donation of time to the pool.

If a pool administrator determines an employee is eligible, the administrator shall approve the transfer of time from the pool to the employee and credit the time to the employee.

4.2 Applications for Withdrawal of Leave.

An employee may apply to a pool administrator for permission to withdraw time from the family leave pool. Applications must be submitted on the form prescribed by the pool administrator.

Each pool administrator will consider applications in the order in which they are received and will approve or deny an application as soon as practicable after receipt.

4.3 Required Documentation.

An employee who applies to use time to care for another person under 4.1(1)-(3) must submit and be listed on the other person's birth certificate, birth facts, or adoption or foster paperwork for a child under 18 years of age, including being listed as the mother, father, adoptive parent, foster parent, or partner of the child's mother, adoptive parent, or foster parent or must provide documentation that the employee is the guardian of a person who is 18 years of age or older and requiring guardianship.

If an employee is seeking permission to withdraw time because of a serious illness, including a pandemic-related illness, of an immediate family member or the employee and does not qualify for or has exhausted time available in the sick leave pool, the employee must provide the pool administrator with a written statement from the licensed practitioner who is treating the employee or the employee's immediate family member.

If an employee is seeking permission to withdraw time because of an extenuating circumstance created by an ongoing pandemic, including providing essential care to a family member, the employee must provide any applicable documentation, including an essential

caregiver designation, proof of closure of a school or daycare, or other appropriate documentation.

- 4.4 Amount Assigned. In determining the amount of family leave to be assigned to an eligible employee from a pool, the pool administrator shall take into consideration the information contained in the employee's application, the number of applications then pending, and the amount of family leave available in the pool.

The decision of the administrator regarding withdrawals from the family leave pool shall be final.

In no event shall the family leave allocated to an eligible employee from the pool exceed ninety (90) days or one-third (1/3) of the family leave pool balance, whichever is less.

Upon approval of an employee's application, the pool administrator shall notify the appropriate institution office of the amount of family leave to be assigned to the employee.

- 4.5 Equal Treatment. The employee may use family leave assigned from the pool in the same manner as sick leave earned by the employee and shall be treated for all purposes as if the employee were absent on earned sick leave.
- 4.6 Deceased Employees. The estate of a deceased employee shall not be entitled to payment for unused sick leave assigned from a pool.

3. Definitions

Employee - an eligible employee of the U. T. System or any of the institutions. An eligible employee is defined as employed for at least 20 hours per week for a period of at least four and one-half months, and not employed in a position for which student status is required as a condition of the employment.

4. Relevant Federal and State Statutes

Texas Government Code, Section 661.022 – State Employee Family Leave Pool

Texas Education Code [Section 51.961](#) – Leave Provisions for Employees

5. Relevant System Policies, Procedures, and Forms

Regents' Rules and Regulations, [Rule 30203](#) – Sick Leave Pool

6. Who Should Know

Employees

7. System Administration Office(s) Responsible for Rule

Office of Talent and Innovation

8. Dates Approved or Amended

August 19, 2021

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu

RECESS TO EXECUTIVE SESSION.--At 9:29 a.m. the Board recessed to Executive Session, pursuant to *Texas Government Code* Sections 551.071 through 551.074, 551.076, 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 ITEM.--Chairman Eltife reconvened the Board in Open Session at 11:23 a.m. to consider action on the following items.

- 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 including interim presidents); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (such as Chancellor, General Counsel to the Board, and Chief Audit Executive); U. T. System and institutional employees, and related personnel aspects of the operating budget for Fiscal Year 2022

See related Open Session Agenda Items 5 and 6 for action taken in Open Session.

- 1b. 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

See related Open Session Agenda Items 5 and 6 for action taken in Open Session.

- 3c. U. T. System Board of Regents: Discussion regarding legal issues associated with proposed U. T. System budget

See related Open Session Agenda Items 5 and 6 for action taken in Open Session.

- 3d. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action concerning legal issues regarding entering into a strategic manufacturing relationship for gene and cell therapy cGMP manufacturing for clinical development, commercial supply, and other mission related issues with National Resilience, Inc., and finding of public purpose

See related Item 5b for Open Session action.

- 5a. U. T. Austin: Discussion and appropriate action to enter into a ground lease and related agreements with The 2033 Higher Education Development Foundation, who will enter into a development contract with ACC SC Development LLC or a related entity, for Graduate Student Housing consisting of approximately 784 beds located in UT Austin's East Campus area, located between Comal Street, East 21st Street, Leona Street, and south of Manor Road, and authorization to purchase the leasehold and the Graduate Student Housing improvements following completion

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. Austin:

- a. authorize entering into a ground lease and related agreements with The 2033 Higher Education Development Foundation, who will enter into a development contract with ACC SC Development LLC or a related entity for Graduate Student Housing consisting of approximately 784 beds located in U. T. Austin's East Campus area, between Comal Street, East 21st Street, Leona Street, and south of Manor Road, on terms and in accordance with parameters outlined in Executive Session;
- b. authorize U. T. Austin to purchase the leasehold and the Graduate Student Housing improvements following completion to be financed with Revenue Financing System debt, on terms in accordance with the parameters outlined in Executive Session, and make a finding that the U. T. System and U. T. Austin possess the financial capacity required under Section 5 of the Amended and Restated Master Resolution establishing the Revenue Financing System relating to the issuance of parity debt on behalf of U. T. Austin in an aggregate amount not to exceed the acquisition price, and this action satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations*; and
- c. delegate authority to the Executive Vice Chancellor for Business Affairs, following review and approval by President Hartzell, the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel, to execute all documents, instruments, and other agreements and to take all further actions deemed necessary to enter into the ground lease and related agreements and to purchase the leasehold and improvements following completion.

The Board is also asked to make a finding that

1. this ground lease and related agreements support the public mission of and serves a public purpose appropriate to the function of U. T. Austin;
2. pursuant to the lease agreement, U. T. Austin will have sufficient safeguards in place to ensure the public purpose will continue to be met on an ongoing basis; and

3. the transaction will result in adequate consideration and benefits to U. T. Austin and the State of Texas.

The motion was seconded by Regent Crain and carried unanimously.

- 5b. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding the sublease of cGMP facility space located at 2130 West Holcombe Boulevard, Houston, Harris County, Texas, to a to-be-formed joint venture between U. T. M. D. Anderson Cancer Center and National Resilience, Inc. for the manufacture of cell therapy products and other mission-related uses, and finding of public purpose

Regent Hicks made the following motion:

I move that the U. T. System Board of Regents take the following actions on behalf of U. T. M. D. Anderson Cancer Center:

- a. authorize M. D. Anderson to enter into a strategic manufacturing relationship for gene and cell therapy cGMP manufacturing for all phases of clinical development, commercial supply, and other mission related issues with National Resilience, Inc.;
- b. authorize investment in and ownership of units representing a membership interest in a to-be-formed joint venture, which will be a limited liability company, with the understanding that Resilience will contribute cash, software, and certain know-how to the joint venture;
- c. approve M. D. Anderson's contribution to the joint venture of (1) a sublease to the cell therapy development and manufacturing lab space facility located at 2130 W. Holcombe Boulevard in Houston, (2) certain contracts, and (3) equipment and other assets acquired from Bellicum Pharmaceuticals, Inc. in April 2020 (together with all improvements since that time);
- d. approve terminating employment of approximately sixty non-tenured M. D. Anderson employees currently working at the Facility in order for the to-be-formed LLC to rehire those employees directly;
- e. authorize M. D. Anderson to enter into a master services agreement with the to-be-formed LLC under which M. D. Anderson will be able to utilize the Facility's services, subject to Facility capacity and other conditions;
- f. designate two individuals, initially Drs. Ferran Prat and Giulio Draetta, to serve as two of the five members of the Board of Managers of the joint venture; and

- g. delegate authority to the President of M. D. Anderson to execute all documents, instruments, and other agreements and to take all further actions deemed necessary to carry out the purpose and intent of the foregoing actions, following review and approval by the Chancellor, Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel.

The Board is also asked to make a finding that

1. this transaction and M. D. Anderson's engagement in the to-be-formed joint venture support the public mission of and serve public purposes appropriate to the functions of M. D. Anderson;
2. M. D. Anderson retains sufficient control over the joint venture to ensure the public purpose will continue to be met on an ongoing basis; and
3. the transaction and M. D. Anderson's ongoing participation in the joint venture will result in adequate consideration and benefits to M. D. Anderson and the State of Texas.

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

AGENDA ITEMS (continued)

5. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2022, 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, and Internal Lending Program funds and Available University Fund for Regents' Outstanding Teaching Awards

Chancellor Milliken and Executive Vice Chancellor Kelley made brief remarks introducing Assistant Vice Chancellor Horton for a presentation on the budget for Fiscal Year 2022 using the PowerPoint on Pages 149 - 169.

Vice Chairman Longoria made the following motion:

I move approval of the U. T. System Operating Budgets for Fiscal Year 2022, 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 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 for Fiscal Year 2022 also includes the appropriation of

1. \$35 million of Permanent University Fund Bond Proceeds directly to U. T. System institutions to fund Library, Equipment, Repair and Rehabilitation projects;
2. \$35 million of Permanent University Fund Bond Proceeds for the Science and Technology Acquisition and Retention program, also known as the Faculty STARs program, to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty with authority delegated to the Chancellor or his designee to transfer funding from Faculty STARs to the Rising STARs program; and
3. \$325,000 from the Internal Lending Program and \$50,000 from Available University Fund reserves for Regents' Outstanding Teaching Awards for Fiscal Year 2021.

I further move that all subsequent budget actions be governed by the Budget Rules and Procedures approved May 6, 2021, 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 2022, 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 Hicks and carried unanimously.

RECOMMENDATION

Chancellor Milliken, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the presidents of the U. T. System institutions, recommends that the nonpersonnel aspects of the U. T. System Operating Budgets for Fiscal Year 2022, 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, be approved.

It is further recommended 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. Executive Vice Chancellor Scott Kelley will present the following recommended items:

- Fiscal Year 2022 Operating Budget
- Fiscal Year 2022 Library, Equipment, Repair and Rehabilitation (LERR) Budget
- Fiscal Year 2022 Faculty Science and Technology Acquisition and Retention (STARs) program

- Fiscal Year 2021 Regents' Outstanding Teaching Awards (ROTA)

It is requested that Permanent University Fund (PUF) Bond Proceeds in the amount of \$35 million be appropriated directly to the institutions to fund LERR Projects for Fiscal Year 2022.

It is also requested that \$35 million of PUF Bond Proceeds be appropriated to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty through the Faculty STARs program. Through a competitive proposal process determined by U. T. System Administration, funds will be distributed for the purpose of recruiting or retaining top researchers. It is also requested that the Chancellor be authorized to transfer or delegate authority to transfer Faculty STARs funding to the Rising STARs program to take advantage of recruitment and retention opportunities presented by the institutions.

It is further requested that funding be approved for ROTA for Fiscal Year 2021 in the amount of \$325,000 from the Internal Lending Program (ILP) and \$50,000 from Available University Fund reserves.

BACKGROUND INFORMATION

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>.

The appropriation of PUF Bond Proceeds will be presented in the Fiscal Year 2022 LERR Budget and is subject to the budget rules and expenditure guidelines adopted therein. The allocation of LERR funds to the U. T. institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff. The allocation of PUF Bond Proceeds for Faculty STARs are also subject to the LERR budget rules, and expenditure guidelines. Additionally, PUF Bond Proceeds appropriated as indicated above to LERR and Faculty STARs 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.

Executive Vice Chancellor Scott Kelley has determined that for the distribution of ILP for ROTA based on Board approval of this item, revenues generated through the ILP will exceed amounts needed to maintain a sufficient interest rate buffer to meet principal and interest due on external debt and to provide necessary liquidity.

The University of Texas System

Fiscal Year 2022 Operating Budget

U. T. System Board of Regents' Meeting
August 2021



U. T. System compared to Texas University Systems

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

	FY 2021 Budget (in billions)	Faculty & Staff FTEs (in thousands)	Student FTEs (in thousands)	GME Residents
UT System	\$21.8	111	244	4,775
TAMU System	\$6.2	30	152	1,249
Texas Tech System	\$2.2	14	56	782
UH System	\$1.8	10	76	-
Texas State System	\$1.5	10	78	-
UNT System	\$1.1	8	47	473

Minutes - 150

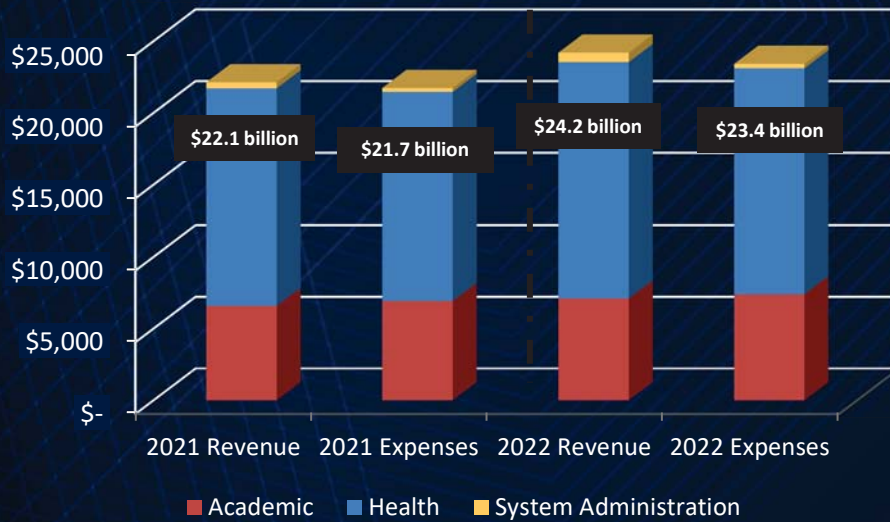


Introduction to the FY 2022 Annual Operating Budget

- The Fiscal Year 2022 Budget:
 - Serves more students, provides more care, and does more research
 - Reflects the recovery of the patient care enterprise post-COVID-19 pandemic
 - Provides merit based compensation adjustments for most faculty and staff
 - Maintains a leaner U. T. System Administration
- The Budget request is presented in five sections:
 - Systemwide
 - System Administration
 - LERR
 - STARs
 - Additional Allocations

Budget Highlights

Total Budgeted Revenue and Expenses FY 2021 and FY 2022



Budgeted Revenue

FY 2022 - \$24.2 billion
 \$2.1 billion more than FY 2021
 9.3% more than FY 2021

Major Drivers (in millions)

- Sales and Services of Hospital and Clinics - \$794
- State Appropriations- \$186
- Sponsored Programs - \$816

Budgeted Expenses

FY 2022 - \$23.4 billion
 \$1.7 billion more than FY 2021
 7.6% more than FY 2021

Major Drivers (in millions)

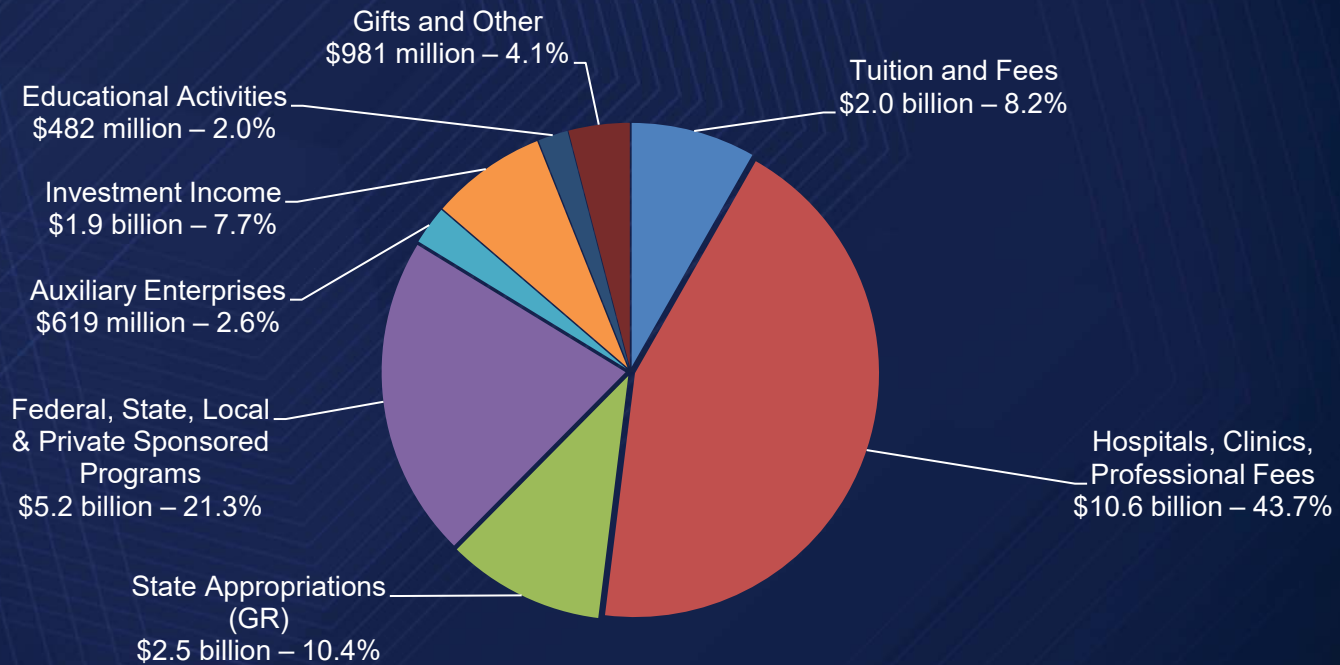
- Personnel Costs - \$866
- Operations and Maintenance, and Travel - \$487
- Depreciation and Amortization - \$193

Minutes - 152

FY 2022 Budgeted Revenue

(Academic/Health Institutions and System Administration)

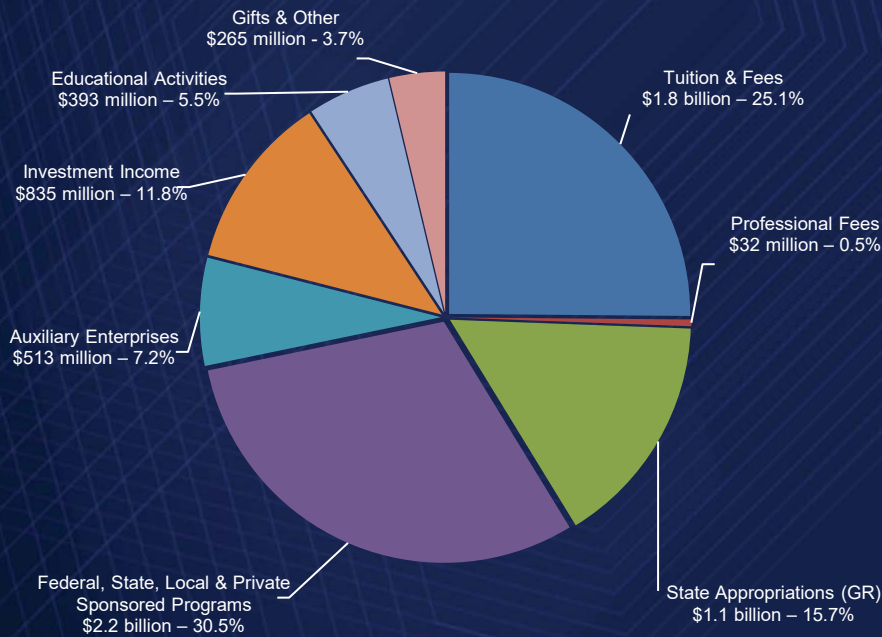
FY 2022 Budgeted Revenue: \$24.2 Billion



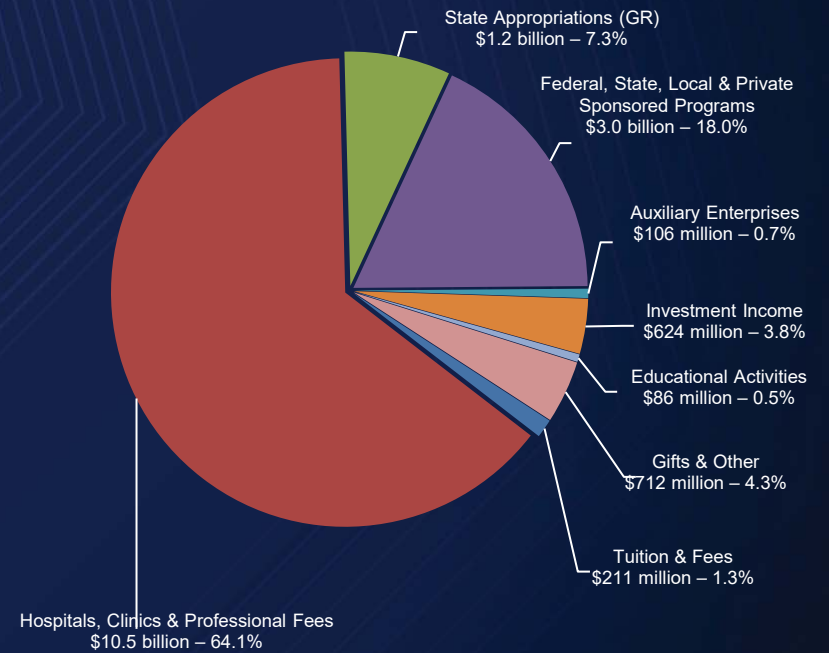
Minutes - 153

FY 2022 Budgeted Revenue

Academic Institutions - \$7.1 billion



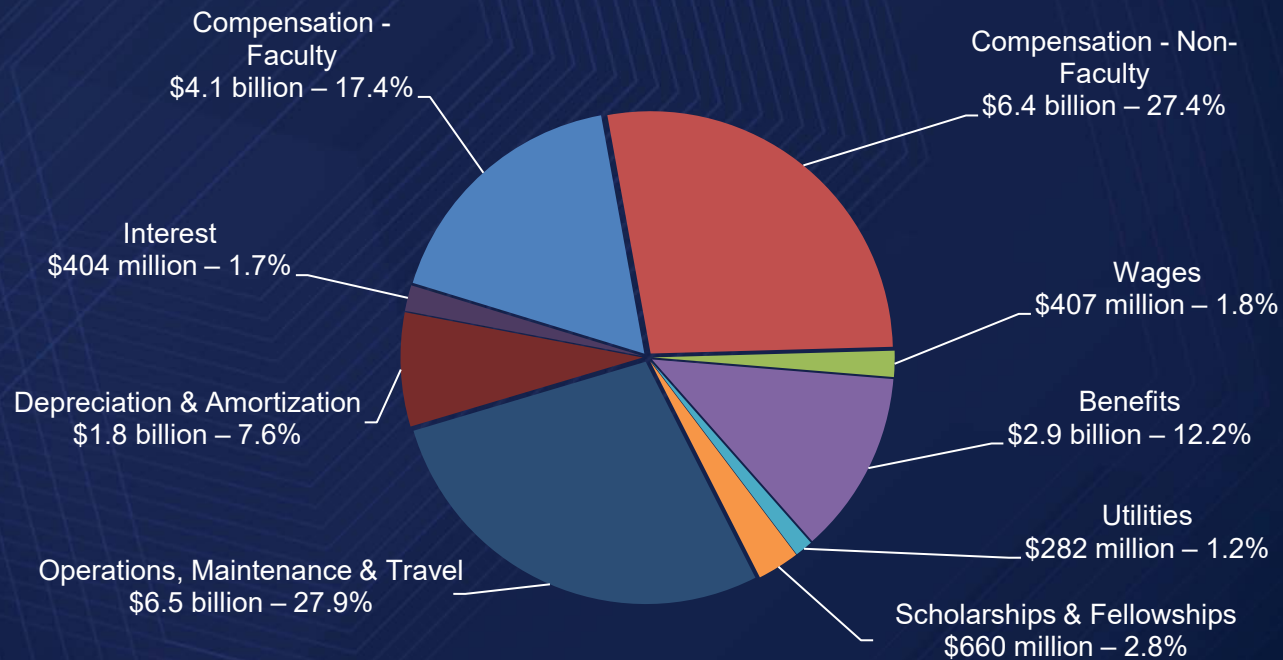
Health Institutions - \$16.4 billion



FY 2022 Budgeted Expenses-Natural Classification

(Academic/Health Institutions and System Administration)

FY 2022 Budgeted Expenses: \$23.4 Billion

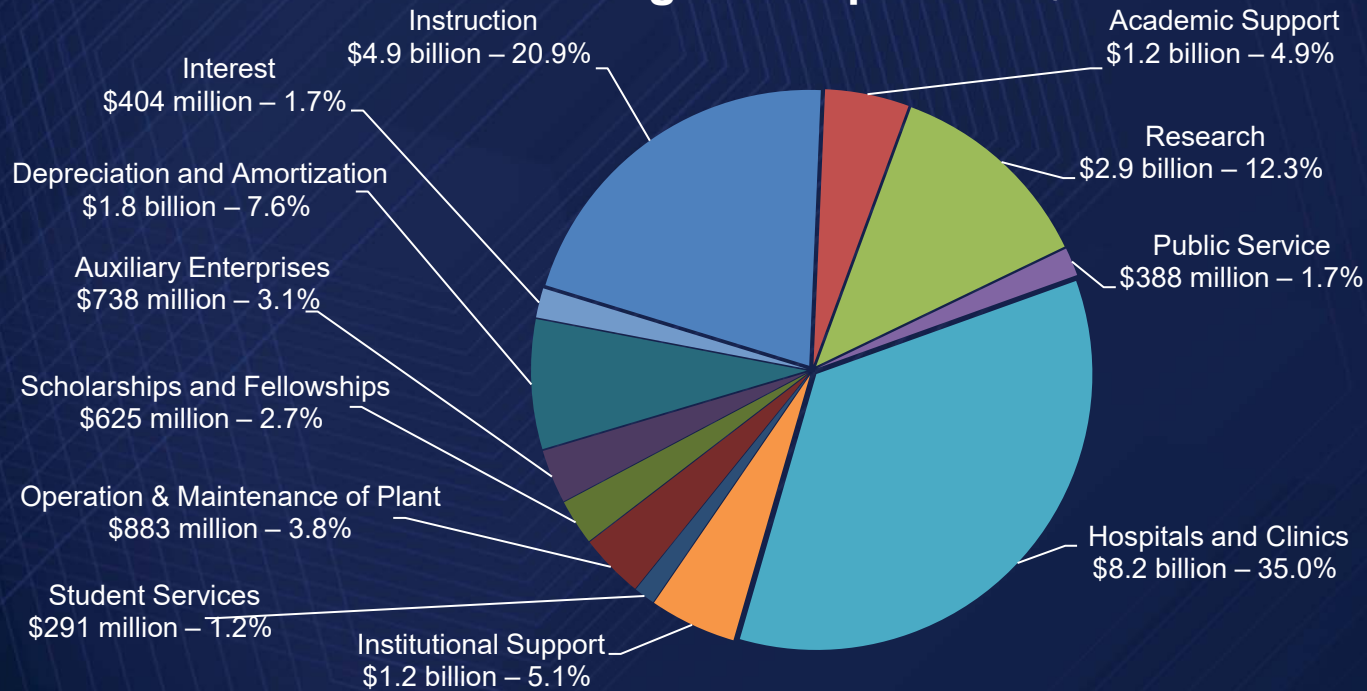


Minutes - 155

FY 2022 Budgeted Expenses-Functional Classification

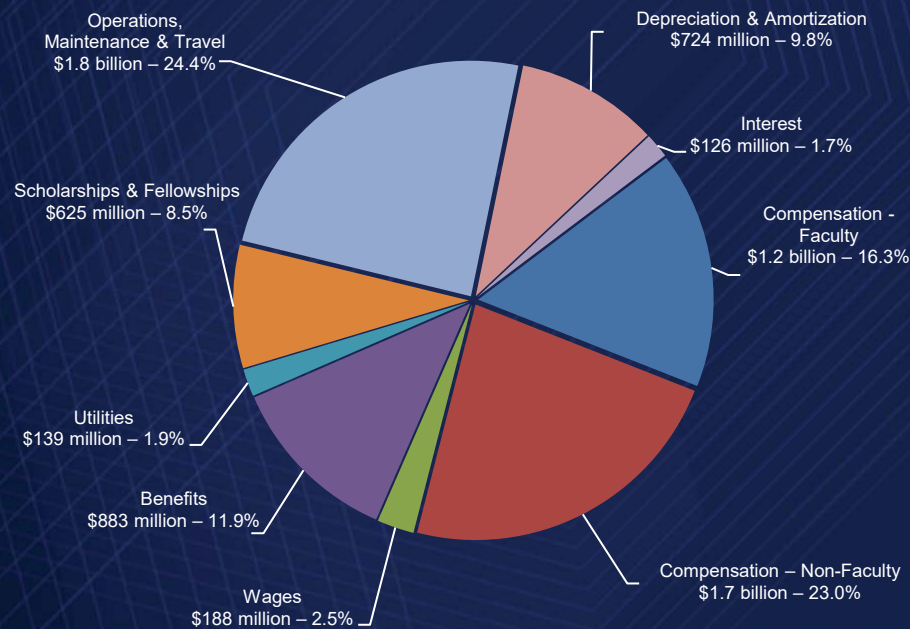
(Academic/Health Institutions and System Administration)

FY 2022 Budgeted Expenses: \$23.4 Billion

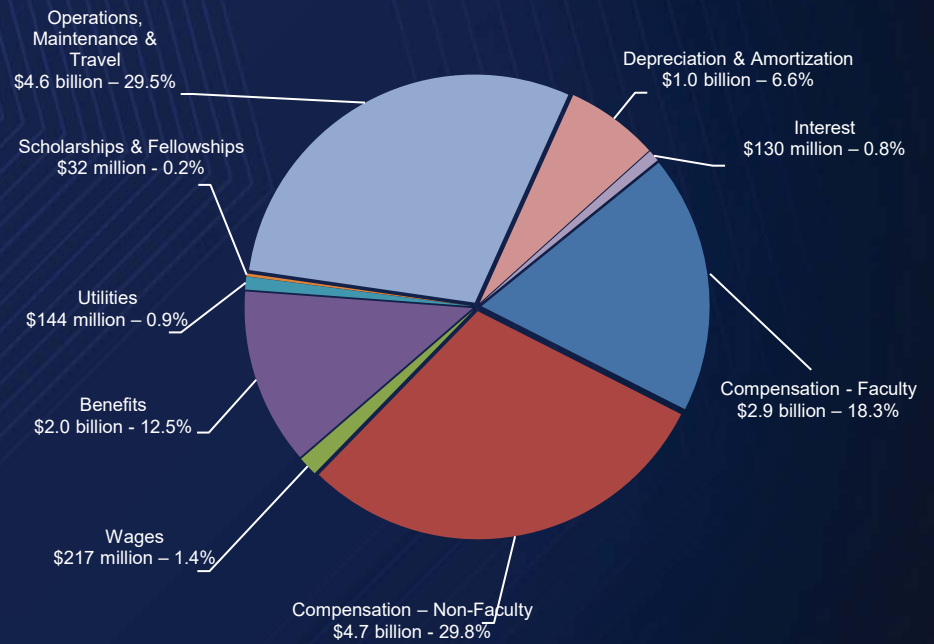


FY 2022 Budgeted Expenses

Academic Institutions - \$7.4 billion



Health Institutions - \$15.7 billion



Minutes - 157

FY 2021-2022 Budget – U. T. System Academic Institutions

(\$ millions)

	FY 2021 Revenue	FY 2021 Expenses	FY 2021 Margin	FY 2022 Revenue	FY 2022 Expenses	FY 2022 Margin
U. T. Arlington	\$ 742.3	\$ 759.1	\$ (16.8)	\$ 752.0	\$ 760.8	\$ (8.7)
U. T. Austin	3,200.6	3,417.2	(216.7)	3,396.2	3,578.5	(182.3)
U. T. Dallas	689.3	730.1	(40.8)	764.8	779.8	(15.0)
U. T. El Paso	460.6	483.5	(22.9)	534.2	558.2	(24.0)
U. T. Permian Basin	80.3	97.0	(16.7)	102.9	118.0	(15.1)
U. T. Rio Grande Valley	576.8	629.6	(52.8)	665.9	691.6	(25.7)
U. T. San Antonio	581.5	623.8	(42.3)	724.4	731.4	(7.0)
U. T. Tyler	149.5	167.0	(17.5)	161.4	178.3	(16.9)
Total	\$ 6,480.8	\$ 6,907.2	\$ (426.4)	\$ 7,101.8	\$ 7,396.7	\$ (294.8)

Minutes - 158



U. T. Austin Available University Fund Commitments

- Liberty Institute – U. T. Austin will match a commitment from Governor Abbott, Lt. Governor Patrick, Speaker Phelan, and the Texas Legislature of \$3,000,000 in each year of the next biennium from its FY 2022 and FY 2023 allocations to support the Liberty Institute. An additional match is expected from private philanthropy.
- Technology Commercialization – U. T. Austin will commit \$25,000,000 from its FY 2022 allocation for campus investments to technology and innovation commercialization.

FY 2021-2022 Budget – U. T. System Health Institutions

(\$ millions)

	FY 2021 Revenue	FY 2021 Expenses	FY 2021 Margin	FY 2022 Revenue	FY 2021 Expenses	FY 2022 Margin
U. T. Southwestern Medical Center	\$ 3,673.2	\$ 3,655.1	\$ 18.1	\$ 4,091.0	\$ 4,059.5	\$ 31.5
U. T. Medical Branch - Galveston	2,361.1	2,374.6	(13.4)	2,537.7	2,546.1	(8.4)
U. T. Health Science Center - Houston	1,863.7	1,876.1	(12.5)	2,010.8	2,000.7	10.2
U. T. Health Science Center - San Antonio	971.4	1,000.3	(28.9)	1,081.2	1,095.8	(14.5)
U. T. M. D. Anderson Cancer Center	5,855.4	5,319.9	535.5	6,360.7	5,653.1	707.7
U. T. Tyler - Health Science Center	314.9	315.6	(0.7)	365.4	363.6	1.7
Total	\$ 15,039.7	\$ 14,541.6	\$ 498.1	\$ 16,446.8	\$ 15,718.7	\$ 728.1

Minutes - 160



U. T. System Administration: Budget and FTE Summary

	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
	Budget	FTEs	Budget	FTEs	Budget	FTEs	Budget	FTEs	Budget	FTEs
U. T. System Administration (AUF)	\$ 59.2	274.4	\$ 57.7	264.8	\$ 52.3	228.2	\$ 50.5	218.4	\$ 51.8	222.3
Direct Campus Support (AUF)	42.3	103.0	42.6	114.0	42.6	113.0	41.5	4.0	41.5	4.0
Other Operations (AUF Reserves)	34.1	48.0	2.5	3.5	0.5	–	0.3	–	0.1	–
Service Departments and Other Non-AUF*	<u>73.4</u>	<u>292.1</u>	<u>70.8</u>	<u>291.7</u>	<u>61.4</u>	<u>225.4</u>	<u>59.9</u>	<u>217.5</u>	<u>58.4</u>	<u>220.8</u>
TOTAL – U. T. System Administration and Campus Support**	\$209.0	717.5	\$173.6	674.0	\$156.8	566.6	\$152.2	439.9	\$151.8	447.1

* The University Lands FTE count does not include the 1/3 supporting Texas A&M University.

** Budget does not include PUF or TRB Debt Interest (All Campuses) or Depreciation (Net of Capital Outlay). Also excluded are Lone Star Stroke, Children’s Mental Health, Laredo MIC, self-insurance funds, federal Medicare-related reimbursements, UTSB debt service, and certain Systemwide software licenses centrally negotiated and reimbursed by the campuses.



U. T. System Administration: Budget Summary

➤ While direct campus support has remained relatively steady, System Administration budgets in other areas have been reduced significantly

	FY 2018 Budget	FY 2019 Budget	FY 2020 Budget	FY 2021 Budget	FY 2022 Budget	FY 21-22 Change	5-Year Change
U. T. System Administration (AUF)	\$59.2	\$57.7	\$52.3	\$50.5	\$51.8	2.5%	(12.5%)
Direct Campus Support (AUF)	\$42.3	\$42.6	\$42.6	\$41.5	\$41.5	0.0%	(2.0%)
Other Operations Funded with AUF Reserves	\$34.1	\$2.5	\$0.5	\$0.3	\$0.1	(83.3%)	(99.9%)
Service Departments and Other Non-AUF*	<u>\$73.4</u>	<u>\$70.8</u>	<u>\$61.4</u>	<u>\$59.9</u>	<u>\$58.4</u>	<u>(2.4%)</u>	<u>(20.3%)</u>
TOTAL – U. T. System Administration and Campus Support**	\$209.0	\$173.6	\$156.8	\$152.2	\$151.8M	(0.3%)	(27.4%)

* The University Lands FTE count does not include the 1/3 supporting Texas A&M University.

** Budget does not include PUF Debt or TRB Interest (All Campuses) or Depreciation (Net of Capital Outlay). Also excluded are Lone Star Stroke, TX Children’s Mental Health, Laredo MIC, self-insurance funds, federal Medicare-related reimbursements, U. T. System Building debt service, and certain Systemwide software licenses centrally negotiated and reimbursed by the campuses.



U. T. System Administration: FTE Count Summary

	FY 2018 FTEs	FY 2019 FTEs	FY 2020 FTEs	FY 2021 FTEs	FY 2022 FTEs	FY 21-22 Change	5-Year Change
U. T. System Administration (AUF)	274.4	264.8	228.2	218.4	222.3	1.8%	(19.0%)
Direct Campus Support (AUF)	103.0	114.0	113.0	4.0	4.0	0.0%	(96.1%)
Other Operations (AUF Reserves)	48.0	3.5	0.0	0.0	0.0	0.0%	(100.0%)
Service Departments and Other Non-AUF*	<u>292.1</u>	<u>291.7</u>	<u>225.4</u>	<u>217.5</u>	<u>220.8</u>	<u>1.5%</u>	<u>(24.4%)</u>
TOTAL: U. T. System Administration and Campus Support**	717.5	674.0	566.6	439.9	447.1	1.6%	(37.7%)

* The University Lands FTE count does not include the 1/3 supporting Texas A&M University.

** Budget does not include PUF or TRB Debt Interest (All Campuses) or Depreciation (Net of Capital Outlay). Also excluded are Lone Star Stroke, TX Children's Mental Health (1.5 FTEs), Laredo MIC, self-insurance funds, federal Medicare-related reimbursements, U. T. System Building debt service and certain Systemwide software licenses centrally negotiated and reimbursed by the campuses.



U. T. Systemwide Operations Budget Summary

	FY 2021	FTEs	FY 2022 Proposed	FTEs	\$ Increase (Decrease)	% Change
U. T. System Administration and Direct Campus Support - Operations	\$ 152,211,236	439.9	\$ 151,780,783	447.1	\$ (430,453)	(0.3%)
Lone Star Stroke/TX Child Mental Health Care Consortium/Laredo MIC (GR funded programs)	2,525,000	1.3	6,714,008	1.5	4,189,008	165.9%
Systemwide Software Licenses*	23,162,121	–	24,798,909	–	1,636,788	7.1%
EGWP Medicare Part D (federally funded)**	36,950,000	–	29,832,046	–	(7,117,954)	(19.3%)
UTSB Debt Interest	1,012,479	–	823,393	–	(189,086)	(18.7%)
Tuition Revenue Bond Interest (all campuses)	50,153,512	--	42,870,863	--	(7,282,649)	(14.5%)
PUF Debt Interest (all campuses)	110,004,914	–	105,753,501	–	(4,251,413)	(3.9%)
Depreciation***	<u>13,705,345</u>	<u>–</u>	<u>13,661,607</u>	<u>–</u>	<u>(43,738)</u>	<u>0.3%</u>
U. T. Systemwide Operations Budget****	\$ 398,724,607	441.2	\$ 376,235,110	448.6	\$ (13,489,497)	(3.5%)

* Includes systemwide software licenses such as those for Microsoft, Incommon, Oracle and Verisign along with campus assessments supporting the U. T. Austin Digital Library.
 ** Federal support through the Employee Group Waiver Program to partially offset claims activity associated with offering Medicare Part D retiree prescription drug coverage.
 *** Depreciation budget is net of the capital outlay and capitalized lease budget adjustment. Depreciation is added and capital and lease activities deducted to better align budget with actual entity-wide financial performance.
 **** Excludes budgeted self-insurance claims activity.

NOTE: The Board of Regents will be approving the budget and FTEs related to University Lands. 2/3 of the overall University Lands budget is represented in the above budget. The Board of Regents will also be approving the portion (1/3 of the overall University Lands budget) that supports Texas A&M University.



Library, Equipment, Repair and Rehabilitation



THE UNIVERSITY OF TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

U. T. System Office of Budget and Planning
August 2021
Slide 16

Library, Equipment, Repair and Rehabilitation Budget FY 2022 – \$35 million

Academic Institutions	\$15,950,000
Health Institutions	\$13,050,000
Academic Library Collection Enhancement Program	\$5,000,000
Dense Wave Division Multiplexing Equipment Refresh	\$1,000,000
TOTAL	\$35,000,000





Faculty Science and Technology Acquisition and Retention (STARs) Program and Additional Allocations

Faculty STARs Program – FY 2022

Benefits of Faculty STARs

- Recruit and retain best faculty in the nation
- Develop and strengthen research capacity
- Pending and issued patents
- Encourage future research and excellence
- Collaboration with outside entities

Academic Institutions	\$17,500,000
Health Institutions	\$17,500,000

Additional Allocations

This proposed allocation will provide funding for the FY 2021 Regents' Outstanding Teaching Awards in the amount of \$325,000 from the Internal Lending Program and \$50,000 from Available University Fund reserves.

Fiscal Year 2021 Regents' Outstanding Teaching Awards	\$375,000
--	------------------

6. U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration and institutional operating budgets for Fiscal Year 2022

The Board approved the following recommendation, including the proposed compensation for the institutional presidents and System Administration executive officers, as set forth on the following pages.

RECOMMENDATION

Chancellor Milliken concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs that approval be granted regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2022 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

Board Approved Compensation Effective September 1, 2021 for Fiscal Year Ending August 31, 2022

	Approved 2021	Approved 2022	Dollar Increase	Percentage Increase
ACADEMIC INSTITUTION PRESIDENTS				
U. T. Arlington				
<i>Teik C. Lim - ad interim</i>				
Salary Rate	\$ 485,000	499,550	14,550	3.00%
Total Compensation	\$ 485,000	499,550	14,550	3.00%
U. T. Austin				
<i>Jay Hartzell¹</i>				
Salary Rate	\$ 1,250,000	1,287,500	37,500	3.00%
Total Compensation	\$ 1,250,000	1,287,500	37,500	3.00%
U. T. Dallas				
<i>Richard C. Benson</i>				
Salary Rate	\$ 588,000	605,640	17,640	3.00%
Total Compensation	\$ 588,000	605,640	17,640	3.00%
U. T. El Paso				
<i>Heather Wilson</i>				
Salary Rate	\$ 500,000	515,000	15,000	3.00%
Subtotal Compensation	\$ 500,000	515,000	15,000	3.00%
Market Adjustment		50,000	50,000	100.00%
Total Compensation	\$ 500,000	565,000	65,000	13.00%
U. T. Permian Basin				
<i>Sandra Woodley</i>				
Salary Rate	\$ 437,750	446,505	8,755	2.00%
Total Compensation	\$ 437,750	446,505	8,755	2.00%
U. T. Rio Grande Valley				
<i>Guy H. Bailey</i>				
Salary Rate	\$ 630,000	700,400	70,400	11.17%
Deferred Compensation ²	50,000	-	(50,000)	-100.00%
Total Compensation	\$ 680,000	700,400	20,400	3.00%
U. T. San Antonio				
<i>T. Taylor Eighmy</i>				
Salary Rate	\$ 561,750	578,603	16,853	3.00%
Subtotal Compensation	\$ 561,750	578,603	16,853	3.00%
Market Adjustment		50,000	50,000	100.00%
Total Compensation	\$ 561,750	628,603	66,853	11.90%
U. T. Tyler				
<i>Kirk Calhoun³</i>				
Salary Rate	\$ 694,430	930,729	236,299	0.00%
Deferred Compensation ²	200,000	-	(200,000)	0.00%
Practice Plan	167,227	167,227	-	0.00%
Incentive Compensation	120,825	120,000	(825)	0.00%
Total Compensation	\$ 1,182,482	1,217,956	35,474	3.00%

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

¹Hired effective 9/23/2020. Amount approved for FY 2021 is annual rate.

²Vests 8/31/2021

³Joint President of U. T. Tyler and U. T. Health Science Center - Tyler

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Health Institution Presidents

Board Approved Compensation Effective September 1, 2021 for Fiscal Year Ending August 31, 2022

	Approved 2021	Approved 2022	Dollar Increase	Percentage Increase
HEALTH INSTITUTION PRESIDENTS				
U. T. Medical Branch - Galveston				
<i>Ben Raimer - ad interim</i>				
Salary Rate	\$ 654,048	673,669	19,621	3.00%
Deferred Compensation	-	-	-	
Practice Plan	-	-	-	
Incentive Compensation	-	-	-	
Subtotal Compensation	\$ 654,048	673,669	19,621	3.00%
Market Adjustment		200,000	200,000	100.00%
Total Compensation	\$ 654,048	873,669	219,621	33.58%
U. T. Health Science Center - Houston				
<i>Giuseppe Colasurdo</i>				
Salary Rate	\$ 788,025	1,027,591	239,566	30.40%
Deferred Compensation ²	200,000	-	(200,000)	-100.00%
Practice Plan	199,500	199,500	-	0.00%
Incentive Compensation	131,338	131,338	-	0.00%
Total Compensation	\$ 1,318,863	1,358,429	39,566	3.00%
U. T. Health Science Center - San Antonio				
<i>William Henrich</i>				
Salary Rate	\$ 733,071	970,893	237,822	32.44%
Deferred Compensation ¹	200,000	-	(200,000)	-100.00%
Practice Plan	188,015	188,015	-	0.00%
Incentive Compensation	139,633	139,633	-	0.00%
Total Compensation	\$ 1,260,719	1,298,541	37,822	3.00%
U. T. Southwestern Medical Center				
<i>Daniel K. Podolsky</i>				
Salary Rate	\$ 1,364,515	1,626,153	261,638	19.17%
Deferred Compensation ¹	200,000	-	(200,000)	-100.00%
Practice Plan	348,460	348,460	-	0.00%
Incentive Compensation	141,647	141,647	-	0.00%
Subtotal Compensation	\$ 2,054,622	2,116,260	61,638	3.00%
Market Adjustment		325,000	300,000	
Total Compensation	\$ 2,054,622	2,441,260	386,638	17.60%

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

¹Vests 8/31/2021

²Vests 8/31/2022

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Health Institution Presidents

Board Approved Compensation Effective September 1, 2021 for Fiscal Year Ending August 31, 2022

	Approved 2021	Approved 2022	Dollar Increase	Percentage Increase
HEALTH INSTITUTION PRESIDENTS				
U. T. M. D. Anderson Cancer Center				
<i>Peter Pisters</i>				
Salary Rate	\$ 1,583,010	1,656,233	73,223	4.63%
Deferred Compensation ²	200,000	200,000	-	0.00%
Practice Plan	405,900	405,900	-	0.00%
Incentive Compensation	251,843	251,843	-	0.00%
Subtotal Compensation	\$ 2,440,753	2,513,976	73,223	3.00%
Market Adjustment		300,000	300,000	
Total Compensation	\$ 2,440,753	2,813,976	373,223	15.29%

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

¹Vests 8/31/2021

²Vests 8/31/2022

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Executive Officers U. T. System Administration

Board Approved Salary Rates Effective September 1, 2021 for Fiscal Year Ending August 31, 2022

	Approved 2021	Approved 2022	Dollar Increase	Percentage Increase
EXECUTIVE OFFICERS				
Chancellor				
<i>James B. Milliken</i>				
Salary Rate	\$ 922,500	950,175	27,675	3.0%
Total Compensation	\$ 922,500	950,175	27,675	3.0%
Executive Vice Chancellor for Academic Affairs				
<i>Archie Holmes, Jr.¹</i>				
Salary Rate	\$ 460,000	473,800	13,800	3.0%
Total Compensation	\$ 460,000	473,800	13,800	3.0%
Executive Vice Chancellor for Business Affairs				
<i>Scott C. Kelley²</i>				
Salary Rate	\$ 484,000	n/a		
Total Compensation	\$ 484,000	n/a		
Executive Vice Chancellor for Health Affairs				
<i>John Zerwas</i>				
Salary Rate	\$ 675,000	725,625	50,625	7.5%
Total Compensation	\$ 675,000	725,625	50,625	7.5%
Senior Vice Chancellor for Health Affairs				
<i>Amy Shaw Thomas</i>				
Salary Rate	\$ 452,100	465,663	13,563	3.0%
Total Compensation	\$ 452,100	465,663	13,563	3.0%
Vice Chancellor for Health Affairs				
<i>David Lakey</i>				
Salary Rate	\$ 516,600	532,098	15,498	3.0%
Total Compensation	\$ 516,600	532,098	15,498	3.0%

¹Hired effective 10/1/2020. Amount approved for FY 2021 is annual rate.

²Dr. Kelley is retiring from UT employment 8/31/2021.

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Executive Officers U. T. System Administration

Board Approved Salary Rates Effective September 1, 2021 for Fiscal Year Ending August 31, 2022

	Approved 2021	Approved 2022	Dollar Increase	Percentage Increase
EXECUTIVE OFFICERS (continued)				
Vice Chancellor for Governmental Relations				
<i>Stacey Napier</i>				
Salary Rate	\$ 327,800	337,634	9,834	3.0%
Total Compensation	\$ 327,800	337,634	9,834	3.0%
Vice Chancellor for External Relations				
<i>Randa S. Safady</i>				
Salary Rate	\$ 480,000	494,400	14,400	3.0%
Total Compensation	\$ 480,000	494,400	14,400	3.0%
Vice Chancellor and General Counsel				
<i>Daniel H. Sharphorn</i>				
Salary Rate	\$ 408,000	418,200	10,200	2.5%
Total Compensation	\$ 408,000	418,200	10,200	2.5%
General Counsel to the Board of Regents				
<i>Francie A. Frederick</i>				
Salary Rate	\$ 461,250	475,088	13,838	3.0%
Total Compensation	\$ 461,250	475,088	13,838	3.0%
Chief Audit Executive				
<i>J. Michael Peppers</i>				
Salary Rate	\$ 385,298	396,857	11,559	3.0%
Total Compensation	\$ 385,298	396,857	11,559	3.0%

7. U. T. System Board of Regents: Presentation of Certificate of Appreciation to Executive Vice Chancellor Scott Kelley

Following remarks by Chairman Eltife and Chancellor Milliken regarding Executive Vice Chancellor Kelley's distinguished service of 17 years at The University of Texas System and the impact his service has made on the financial health of the U. T. System and the State, the Board presented the certificate of appreciation as set forth below.

The Chairman called for a motion to bestow upon Dr. Kelley the honorary title of Executive Vice Chancellor for Business Affairs Emeritus, the first such award of this title. Regent Hicks moved approval and the motion carried unanimously.

Dr. Kelley expressed his appreciation for the kind words coming from the Chairman and Chancellor, for which he has such high regard and then thanked the Regents and all of his colleagues for their service. He also expressed his gratitude for the opportunity to work with Chancellor Milliken and Chairman Eltife.

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

SCOTT C. KELLEY, Ed.D.

Sincere Appreciation for His
Distinguished Service and Outstanding Contributions

at

The University of Texas System

as

Executive Vice Chancellor for Business Affairs
2004 – 2021

ADJOURNMENT.--There being no further business, the meeting was adjourned at 11:52 a.m.

Tina E. Montemayor
Secretary to the Board of Regents
August 19, 2021



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ACADEMIC AFFAIRS COMMITTEE**

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MEETING OF THE BOARD

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held May 5-6, 2021; and the special called meetings held June 2, 2021, and June 24, 2021
2. Resolution - U. T. System Board of Regents: Adoption of resolution regarding the list of Key Management Personnel authorized to negotiate, execute, and administer classified government contracts (Managerial Group)

To comply with the Department of Defense National Industrial Security Program Operating Manual (NISPOM) requirements, it is recommended that the Board of Regents approve the revised resolution set forth below regarding exclusion of individuals from the list of Key Management Personnel (KMP) authorized to negotiate, execute, and administer classified government contracts. The revisions reflect the appointment of a new Provost at The University of Texas at Austin, membership changes and election of new officers of the Board, and name and term of a new Student Regent.

A Resolution amending the Managerial Group list was last adopted by the Board of Regents on November 19, 2020.

NISPOM defines KMP as "officers, directors, partners, regents, or trustees." 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 Security Service, 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 DoD 5220.22-M, "National Industrial Security Program Operating Manual" (NISPOM):

James B. Milliken, J.D., Chancellor, The University of Texas System

Jay Hartzell, Ph.D., President, The University of Texas at Austin

Sharon L. Wood, Ph.D., Provost, The University of Texas at Austin

Daniel T. Jaffe, Ph.D., Vice President for Research, The University of Texas at Austin

~~Allison Preston, Ph.D., Interim Vice President for Research, The University of Texas at Austin~~

Seth J. Wilk, Army Futures Command Director, The University of Texas at Austin

Francis J. Landry III, Facility Security Officer (FSO), The University of Texas System/Security Manager, Applied Research Labs, The University of Texas at Austin

Patrick H. Vetter, Insider Threat Program Senior Official (ITPSO), The University of Texas System/Assistant Security Director, Applied Research Labs, The University of Texas at Austin

Brandon H. Norwat, Associate Director, Science and Security, The University of Texas at Austin

James R. (Trey) Atchley III, Chief Inquiry Officer, The University of Texas System
Helen T. Mohrmann, Chief Information Security Officer, The University of Texas System

Michael J. Heidingsfield, Director of Police, The University of Texas System

The Chief Executive Officer (i.e., the Chancellor) 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

~~David J. Beck~~

Christina Melton Crain

R. Steven Hicks

Jodie Lee Jiles

Nolan E. Perez, M.D.

Stuart W. Stedman

Kelcy L. Warren

~~Patrick O. Ojeaga, II, Student Regent from June 1, 2020 to May 31, 2021 (nonvoting)~~

Thuy Dan "Mimi" Nguyen, Student Regent from June 1, 2021 to May 31, 2022 (nonvoting)

3. Contract (funds coming in) - U. T. System: Joint Admission Medical Program (JAMP) Council for Texas Medical & Dental Schools Application Service (TMDSAS) to perform administrative duties of the JAMP as delegated by the JAMP Council

Agency: Joint Admission Medical Program (JAMP) Council

Funds: The 87th Texas Legislature allocated \$9,696,794 to the Texas Higher Education Coordinating Board (THECB) for JAMP. The funds will be transferred from the THECB to U. T. System to be administered by the Texas Medical & Dental Schools Application Service (TMDSAS) for the use of the JAMP Council, which delegated the administrative duties of the program to TMDSAS.

Period: September 1, 2021 through August 31, 2023

Description: TMDSAS to perform the administrative duties of the JAMP as delegated by the JAMP Council.

4. Other Matters - U. T. System: Approval of Newly Commissioned Peace Officers

In accordance with Section 51.203 of the *Texas Education Code*, the Board is asked to approve the Commissioning of the following Peace Officers. The Officers have completed training at the U. T. System Police Training Academy and passed the State of Texas Police Officer Licensing Examination, effective July 9, 2021.

<u>Name</u>	<u>Institution</u>
Ana K. Carrillo	U. T. Austin
Keith M. Cordova	U. T. Austin
Austin M. Dubois	U. T. Austin
Jared S. Johnson	U. T. Austin
Erich R. Schroeder	U. T. Austin
Anthony L. Torns	U. T. Austin
Jordan H. Watson	U. T. Austin
Patrick W. Stiles	U. T. San Antonio
Deja M. Buggs	U. T. Health Science Center - Houston
Bethaney D. Covington	U. T. Health Science Center - Houston
Marvin L. Sims III	U. T. Health Science Center - Houston
Shantardrick J. Hester	U. T. Medical Branch - Galveston

AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE

5. UTIMCO Committee Appointment - U. T. System: Proposed appointment of a member 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 Jodie L. Jiles to the Audit and Ethics Committee of the UTIMCO Board of Directors. The other members of the Committee are Janet Handley, Clifton L. Thomas, Jr., and James C. “Rad” Weaver.

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 this appointment on June 29, 2021, conditioned on approval of the U. T. System Board of Regents.

6. Contract (funds going out) - U. T. System: Amendment to Agreement with Weaver Tidwell, LPP, for audit services

Agency: Weaver Tidwell, LPP

Funds: Increase funding by \$1,000,001 for a new contract limit of \$2,000,000

Period: August 19, 2021 through August 9, 2022

Description: This Amendment to Agreement with Weaver Tidwell, LLP, for audit services, increases the permissible contract spending from an amount within the U. T. System Administration contract threshold (at \$999,999) to allow access to continued audit services as may be needed by U. T. System and U. T. institutions until a new contract can be bid.

The original contract, which was competitively bid, was capped at \$750,000 and thought sufficient until unanticipated audit services were needed by U. T. Permian Basin on an expedited basis. The contract was increased to the maximum allowed contract threshold at that time. Authority to fund the contract for the remainder of the contract term is being sought now as funding for anticipated services are estimated to be in excess of the U. T. System's delegated contract authority of \$1,000,000.

FINANCE AND PLANNING COMMITTEE

7. Contract (funds coming in) - U. T. System: Amendment to Allow Limited Extension of Term for Current Commercial Lease with SBM Earthmoving and Construction LLC for caliche/rock services on Permanent University Fund (PUF) lands

Agency: SBM Earthmoving and Construction LLC

Funds: Estimated \$800,000 incoming revenue for the period of contract extension, in addition to revenue in excess of \$6,000,000 produced to date

Period: One-time Extension from June 1, 2021 through May 31, 2022

Description: SMB Earthmoving and Construction LLC has been involved in the collection, processing, and sale of caliche/rock on Permanent University Fund lands since 2014, pursuant to a lease that was not previously presented to the Board for required approval because of an inadvertent administrative error. The initial lease term and two contractual renewal terms ended on May 31, 2021. The error in processing was recently discovered and, if approved by the Board, the lease will be extended to May 31, 2022, to allow time for the services to be competitively procured and a new contract to be submitted for appropriate approval.

8. Contract (funds going out) - U. T. System: PricewaterhouseCoopers LLP to provide valuation services for certain private investments held in the name of the U. T. System Board of Regents

Agency: PricewaterhouseCoopers LLP

Funds: \$1,900,000

Period: June 16, 2021 through June 15, 2027

Description: PricewaterhouseCoopers LLP to provide valuation services for U. T. System in accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application. To comply with the requirements of this GASB statement, annual valuation services will be performed for technology stock investments held for all U. T. institutions and for U. T. System's privately held Horizon Fund investments as of fiscal year end.

9. Contract (funds going out) - U. T. System: Master Service Agreements with Elavon, Inc.; JPMorgan Chase Bank, N.A.; TouchNet Information Systems, Inc.; and Wells Fargo Bank N.A. to provide merchant services for U. T. System Administration and U. T. institutions

Agencies:

1. Elavon, Inc.
2. JPMorgan Chase Bank, N.A.
3. TouchNet Information Systems, Inc.; and
4. Wells Fargo Bank N.A.

Funds:

These agreements have an unspecified cost or monetary value with a term of greater than four years and are being placed on the Consent Agenda in accordance with Regents' *Rules and Regulations*, Rule 10501, Section 3.1.1. Total spend for each contractor under each Master Service Agreement has the potential to exceed \$1,000,000 over the term of the Agreement, depending on the exercise of choice of contractors Systemwide.

Period:

An initial five-year term, with the option to renew for an additional five-year period, upon mutual written agreement of both parties.

Description:

The proposed agreements are nonexclusive Master Service Agreements that will allow each U. T. institution to obtain merchant services on an as-needed basis. Services include a full array of standard credit card and debit card processing services, including but not limited to, authorization and electronic draft capture of credit card transactions; outclearing of such transactions to the appropriate card associations and/or issuers (e.g., Visa, MasterCard, Discover, American Express); settlement; dispute resolution with cardholders' banks; and transaction-related reporting, statements and products; and enterprise resource planning integration for financial and health care systems.

These agreements were competitively bid. Authorization is requested to complete negotiations and to permit the Executive Vice Chancellor for Business Affairs to execute a Master Service Agreement with each of the above vendors, following review by the Office of General Counsel.

10. Contract (funds going out) - U. T. System: Amendment to Master Subscription Agreement with Cision US Inc. to provide access to Newsfeed to monitor print, online and broadcast news and social media

Agency: Cision US Inc.

Funds: \$1,300,000

Period: August 19, 2021 through November 30, 2022

Description: Cision US Inc. will provide access to Newsfeed to monitor print, online, and broadcast news and social media. The original Agreement, which was competitively bid, was effective December 1, 2017, and had a spending cap of \$900,000. This Amendment to the original Agreement raises the spending cap for the remainder of the contract term.

11. Real Estate Report - U. T. System: Summary Report of Separately Invested Assets Managed by U. T. System

**THE UNIVERSITY OF TEXAS SYSTEM
SEPARATELY INVESTED ASSETS
Managed by U. T. System
Summary Report at May 31, 2021
FUND TYPE**

	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land and Buildings:								
Ending Value 02/28/2021	\$ 3,209,755	\$ 18,955,409	\$ 97,604,285	\$ 469,864,406	\$ 137,270	\$ 221,232	\$ 100,951,310	\$ 489,041,047
Increase or Decrease	2	(16,014)	(1)	(1,217,391)	-	-	1	(1,233,405)
Ending Value 05/31/2021	\$ 3,209,757	\$ 18,939,395	\$ 97,604,284	\$ 468,647,015	\$ 137,270	\$ 221,232	\$ 100,951,311	\$ 487,807,642
Other Real Estate:								
Ending Value 02/28/2021	\$ -	\$ -	\$ 6	\$ 6	\$ -	\$ -	\$ 6	\$ 6
Increase or Decrease	-	-	(1)	(1)	-	-	(1)	(1)
Ending Value 05/31/2021	\$ -	\$ -	\$ 5	\$ 5	\$ -	\$ -	\$ 5	\$ 5

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*. Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

12. Other Fiscal Matters - U. T. El Paso: Reallocation of a portion of previously allocated Permanent University Fund (PUF), from the purchase of real property to use for on-campus repair and renovation projects

On November 10, 2016, the U. T. System Board of Regents allocated \$16,900,000 of Permanent University Fund (PUF) funding for the purchase of approximately 458 acres of land. U. T. El Paso subsequently decided to pursue acquiring only a portion of the real property and is requesting approval to reallocate up to \$8,100,000 of the previously allocated PUF funding to address minor repair and renovation projects, including health and safety replacements of fire alarm systems and sprinkler systems, roofs, and other replacement projects on eligible buildings.

13. Other Fiscal Matters - U. T. San Antonio: Approval of \$8,000,000 of Revenue Financing System (RFS) funding to address deferred maintenance; and resolution regarding parity debt

The Executive Vice Chancellor for Business Affairs recommends approval of this item authorizing \$8,000,000 of Revenue Financing System (RFS) funding for U. T. San Antonio to finance capital costs associated with deferred maintenance projects expected to be addressed over the next four years. The debt is expected to be repaid with designated tuition funding. 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, 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. San Antonio, 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 \$8,000,000; 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.

14. Other Fiscal Matters - U. T. San Antonio: Approval of \$4,760,000 of Revenue Financing System (RFS) funding for classroom upgrades; and resolution regarding parity debt

The Executive Vice Chancellor for Business Affairs recommends approval of this item authorizing \$4,760,000 of Revenue Financing System (RFS) funding for U. T. San Antonio to finance costs associated with the classroom upgrade project. The debt is expected to be repaid with designated tuition. 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, 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. San Antonio, 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 \$4,760,000; 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.

ACADEMIC AFFAIRS COMMITTEE

15. Report - U. T. System Academic Institutions: Fiscal Year 2020 Post-Tenure Review

In accordance with *Texas Education Code* Section 51.942 and Regents’ *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2020 post-tenure review for the U. T. System academic institutions is provided by the Executive Vice Chancellor for Academic Affairs.

During Fiscal Year 2020, 424 tenured faculty members at the eight academic institutions with tenured faculty were subject to post-tenure review. Of the 424 faculty members reviewed, 235 or 55.4% were evaluated as Exceeds Expectations; 177 or 41.7% were evaluated as Meets Expectations; 10 or 2.3% received Does Not Meet Expectations; and 2 or 0.47% received an Unsatisfactory evaluation. Fourteen faculty members retired or resigned before their post-tenure reviews.

The following summary tables provide additional details of the post-tenure review results for Academic Year 2019-2020.

Summary of Post-Tenure Review Results

	Total Actually Reviewed	Total Exceeding Expectations	Total Meets Expectations	Total Does Not Meet Expectations	Total Unsatisfactory	Decided to Retire or Resign Before Review
UTA	48	24	24	0	0	0
UTAUS	168	77	86	5	0	6
UTD	50	31	18	1	0	0
UTEP	46	27	17	0	2	0
UTPB	4	0	4	0	0	0
UTRGV	40	28	10	2	0	6
UTSA	46	28	17	1	0	2
UTT	22	20	1	1	0	0
Total	424	235	177	10	2	14
		55.42%	41.75%	2.36%	0.47%	

Post-Tenure Review Results by Gender

	Actually Reviewed		Exceeding Expectations		Meets Expectations		Does Not Meet Expectations		Unsatisfactory		Decided to Retire or Resign Before Review	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
UTA	33	15	16	8	17	7	0	0	0	0	0	0
UTAUS	117	51	52	25	63	23	2	3	0	0	5	1
UTD	41	9	25	6	15	3	1	0	0	0	0	0
UTEP	37	9	23	4	12	5	0	0	2	0	0	0
UTPB	3	1	0	0	3	1	0	0	0	0	0	0
UTRGV	28	12	20	8	6	4	2	0	0	0	5	1
UTSA	33	13	17	11	15	2	1	0	0	0	2	0
UTT	13	9	11	9	1	0	1	0	0	0	0	0
Total	305	119	164	71	132	45	7	3	2	0	12	2

Post-Tenure Review Results by Ethnicity

	Total Actually Reviewed					Exceeds Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTA	31	2	2	12	1	16	1	1	5	0
UTAUS	136	5	4	22	1	62	2	2	11	0
UTD	33	1	0	14	2	22	0	0	8	1
UTEP	26	0	13	7	0	14	0	9	4	0
UTPB	3	0	1	0	0	0	0	0	0	0
UTRGV	20	3	8	6	3	15	2	4	4	3
UTSA	23	2	7	10	4	18	1	3	5	1
UTT	18	0	1	3	0	17	0	1	2	1
Total	290	13	36	74	11	164	6	20	39	6

	Meets Expectations					Does Not Meet Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTA	15	1	1	7	0	0	0	0	0	0
UTAUS	70	2	2	11	1	4	1	0	0	0
UTD	10	1	0	6	1	1	0	0	0	0
UTEP	10	0	4	3	0	0	0	0	0	0
UTPB	3	0	1	0	0	0	0	0	0	0
UTRGV	4	1	4	1	0	1	0	0	1	0
UTSA	5	1	4	4	3	0	0	0	1	0
UTT	1	0	0	0	0	0	0	0	1	0
Total	118	6	16	32	5	6	1	0	3	0

	Unsatisfactory					Decided to Retire/Resign Before Review				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTA	0	0	0	0	0	0	0	0	0	0
UTAUS	0	0	0	0	0	6	0	0	0	0
UTD	0	0	0	0	0	0	0	0	0	0
UTEP	2	0	0	0	0	0	0	0	0	0
UTPB	0	0	0	0	0	0	0	0	0	0
UTRGV	0	0	0	0	0	4	0	1	1	0
UTSA	0	0	0	0	0	1	0	1	0	0
UTT	0	0	0	0	0	0	0	0	0	0
Total	2	0	0	0	0	11	0	2	1	0

PRESENT STATUS OF EACH PERFORMANCE THAT DOES NOT MEET EXPECTATIONS:

U. T. Austin: Department Chairs and Deans will monitor performance each year and provide feedback through the Annual Review process.

U. T. Dallas: The Dean worked with the faculty member to create a development plan.

U. T. Rio Grande Valley: The Department Chair will continue to monitor faculty member and provide additional guidance as needed. Comprehensive Reviews will be conducted to ensure the faculty member is making significant progress.

U. T. San Antonio: The faculty member opted to retire effective 08/31/2021.

U. T. Tyler: The Chair developed a one-year development plan, which will be re-reviewed Fall 2021.

16. Contract (funds going out) - U. T. Arlington: ATMS, Inc., dba Asbestos Technical Management Services, Inc., to provide job order contracting services for campus facilities
- Agency: ATMS, Inc., dba Asbestos Technical Management Services, Inc.
- Funds: Estimated \$2,000,000 per fiscal year, not to exceed \$10,000,000 over the potential six-year term
- Period: May 26, 2021 through May 25, 2023; with option for two additional two-year renewals through May 25, 2027
- Description: This is a job order contract for interior renovations and general contracting services. Projects will be assigned on as as-needed basis. Services were competitively procured.
17. Contract (funds going out) - U. T. Arlington: Nouveau Technology Services, L.P., to provide job order contracting services for campus facilities
- Agency: Nouveau Technology Services, L.P.
- Funds: Estimated \$2,000,000 per fiscal year, not to exceed \$10,000,000 over the potential six-year term
- Period: May 26, 2021 through May 25, 2023; with option for two additional two-year renewals through May 25, 2027
- Description: This is a job order contract for interior renovations and general contracting services. Projects will be assigned on an as-needed basis. Services were competitively procured.
18. Contract (funds going out) - U. T. Arlington: 3i Contracting, LLC, to provide job order contracting services to campus facilities
- Agency: 3i Contracting, LLC
- Funds: Estimated \$2,000,000 per fiscal year, not to exceed \$10,000,000 over the potential six-year term
- Period: May 26, 2021 through May 25, 2023; with option for two additional two-year renewals through May 25, 2027
- Description: This is a job order contract for interior renovations and general contracting services. Projects will be assigned on as as-needed basis. Services were competitively procured.

19. Request for Budget Change - U. T. Arlington: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2022 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Education		
Curriculum and Instruction		
Cory Forbes	New Hire	Professor (T)
Ambra Green	Assistant Professor	Associate Professor (T)
College of Engineering		
Civil Engineering		
Sharareh Kermanshachi	Assistant Professor	Associate Professor (T)
Seyed Shahandashti	Assistant Professor	Associate Professor (T)
Computer Science and Engineering		
Ming Li	Assistant Professor	Associate Professor (T)
Electrical Engineering		
Ramtin Madani	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
Criminology and Criminal Justice		
Sarah El Sayed	Assistant Professor	Associate Professor (T)
Xavier Medina-Vidal	New Hire	Associate Professor (T)
English		
Estee Beck	Assistant Professor	Associate Professor (T)
Erin Murrah-Mandril	Assistant Professor	Associate Professor (T)
History		
Paul Conrad	Assistant Professor	Associate Professor (T)
Music		
John Wayman	Assistant Professor	Associate Professor (T)
Philosophy		
Daniel Giberman	Assistant Professor	Associate Professor (T)
Sociology and Anthropology		
Kelly Bergstrand	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Nursing and Health Innovation		
Graduate Nursing Mari Tietze	New Hire	Professor (T)
College of Science		
Chemistry		
He Dong	Associate Professor	Associate Professor (T)
Kwangho Nam	Assistant Professor	Associate Professor (T)
Physics		
Jonathan Asaadi	Assistant Professor	Associate Professor (T)
Benjamin Jones	Assistant Professor	Associate Professor (T)
Psychology		
Erin Bowen	New Hire	Professor (T)

20. Contract (funds coming in) - U. T. Austin: National Archives and Records Administration to provide armed guard security services to LBJ Presidential Library

Agency: National Archives and Records Administration

Funds: \$6,743,340

Period: March 25, 2021 through March 24, 2024

Description: National Archives and Records Administration to provide funding for armed guard security services to LBJ Presidential Library

21. Contract (funds coming in) - U. T. Austin: Abdominal Organ Transplant Program Support Agreement by and among Ascension Seton, Seton Family of Doctors, Dell Children's Medical Group, and U. T. Austin

Agency: Ascension Seton (Seton), Seton Family of Doctors and Dell Children's Medical Group

Funds: Approximately \$16,000,000 over the initial five-year term, and approximately \$3,300,000 for each one-year renewal term

Period: June 1, 2021 through August 31, 2026, with automatic renewal periods of one year each, unless terminated earlier

Description: The Agreement outlines the terms of a patient-centered, multi-organ, multi-disciplinary abdominal organ transplant program created by U. T. Austin Dell Medical School and Seton (the Program). Among other terms, the Program includes coverage and services to be furnished by U. T. Austin employed physician personnel for adult and pediatric transplant surgery services at Dell Seton Medical Center and Dell Children's Medical Center. The contract effective date is June 1, 2021, although program building started in September 2019. Under a separate agreement, Seton has reimbursed U. T. Austin a total of \$1,576,489 for services provided prior to the date of the contract, and going forward, the contract has a total contract value of approximately \$16,000,000 for the initial five-year term, with an approximate annual value of \$3,300,000 after the initial term.

22. Contract (funds coming in) - U. T. Austin: Pediatric Chair Program Support Agreement by and among Ascension Seton, Dell Children’s Medical Group, and U. T. Austin

Agency: Ascension Seton and Dell Children’s Medical Group

Funds: Approximately \$46,000,000 over initial five-year term, and approximately \$9,600,000 for each one-year renewal term

Period: June 1, 2021 through June 30, 2026, with automatic renewal periods of one year each, unless terminated earlier

Description: The Agreement outlines the terms of a pediatric clinical program supporting the hire of a new pediatric chair for the U. T. Austin Dell Medical School and jointly built by U. T. Austin and Seton (the Program). Among other terms, the Program includes coverage and services to be furnished by U. T. Austin-employed clinicians at Dell Children’s Medical Center, as well as related academic, administrative, and research services. Under a separate agreement, Seton has reimbursed U. T. Austin a total of \$729,730 for services provided prior to the date of the contract, and going forward, the contract has a total contract value of approximately \$46,000,000 for the initial term, with an approximate annual value of \$9,600,000 after the initial term.

23. Contract (funds coming in) - U. T. Austin: Amendment to Master Clinical Administrative Services Agreement by and among Ascension Texas, Ascension Seton, Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Dell Children's Medical Group, Seton Family of Doctors and U. T. Austin

- Agency: Ascension Texas, Ascension Seton, Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Dell Children's Medical Group, and Seton Family of Doctors
- Funds: Approximately \$1,500,000 annually
- Period: Effective date of this Amendment is June 1, 2021; and agreement continues as long as administrative services are furnished thereunder
- Description: Under the initial Agreement, which was effective April 30, 2019, certain U. T. Austin-employed physician faculty members dedicate a portion of their professional time to providing clinical administrative services to Seton. The percentage of time dedicated by a particular employee varies, based upon terms agreed upon by the applicable Seton physician entity and U. T. Austin. The base agreement is set up as a Master Agreement, and there are individual, customized exhibits detailing the expected effort and responsibilities for each particular physician covered under this Agreement. This First Amendment clarifies the terms of the parties' agreement regarding restrictive covenants applicable to certain physicians providing services under the Agreement, as well as time reporting expectations for furnished services, deletes Tri-County Clinical as a party, and updates the physicians included under the Agreement. U. T. Austin has received approximately \$4,800,000 paid to date and will receive \$1,500,000 per year going forward.

24. Contract (funds coming in and going out) - U. T. Austin: Amendment to Academic and Educational Experience Director Services Agreement between Ascension Seton, the University of Texas at Austin on behalf of Dell Medical School, and ESP Payroll Services, P.A.

Agency: Ascension Seton (Seton) and ESP Payroll Services, P.A. (ESP)

Funds: \$1,845,103 for this Fifth Amendment, for a total contract value of \$5,802,735

Period: July 1, 2021 through June 30, 2022

Description: Physicians or other pertinent personnel employed by or under contract with ESP Payroll Services, P.A., will dedicate a portion of their professional time to providing academic services for the Dell Medical School's Emergency Medicine Residency and Pediatric Emergency Medicine Fellowship programs. Seton Family of Hospitals will pay U. T. Austin an amount to cover the cost of services to be provided by ESP Payroll Services, P.A., and U. T. Austin will pay ESP Payroll Services for the services rendered, up to 20% of which will be subject to a satisfactory performance evaluation by the Department Chair.

The initial Agreement, which was approved by the Board of Regents on November 10, 2016, was for a term beginning October 1, 2016 through September 30, 2018, during which time Seton paid \$969,808 per year to U. T. Austin, and U. T. Austin paid that amount to ESP Payroll Services in turn, for a total of \$1,939,616. The First Amendment did not increase the contract value and did not require Board approval. The Second Amendment, which was approved by the Board on November 15, 2018, was for a term beginning October 1, 2018 through September 30, 2019, with one automatic renewal period of 12 months, and increased the annual payments to \$1,009,008, for a total additional amount of \$2,018,016. The Third and Fourth Amendments did not require Board approval. This Fifth Amendment extends the term by one year until June 30, 2022, and increases the total contract value by \$1,845,103, for a total contract value of to \$5,802,735.

25. Contract (funds going out) - U. T. Austin: Universal Protection Service, LP, dba Allied Universal Security Services, to provide armed guard services to LBJ Presidential Library

Agency: Universal Protection Service, LP, dba Allied Universal Security Services

Funds: \$7,000,000

Period: April 25, 2021 through April 24, 2022; with option to renew for four additional one-year terms

Description: Service Agreement with Allied Universal Security Services to provide armed guard services to LBJ Presidential Library. This Agreement was sourced via a U. T. Health Science Center - Houston Agreement through a Request for Proposal process.

26. Interagency Agreement (funds coming in) - U. T. Austin: Amendment to Interagency Cooperation Agreement between U. T. Austin on behalf of Dell Medical School and the Texas Health and Human Services Commission concerning Austin State Hospital

Agency: Texas Health and Human Services Commission (HHSC)

Funds: Approximately \$124,100,000 for this Fourth Amendment, for a total contract value of \$304,817,817

Period: July 1, 2021 through December 31, 2024

Description: The initial Agreement was approved by the Board of Regents on May 1, 2018, and the Second Amendment was approved by the Board on November 15, 2018. Through the Agreement, as amended, U. T. Austin Dell Medical School provides HHSC with planning and related services focused on the creation of a mental health plan that defines the vision for the replacement of the Austin State Hospital (ASH), incorporating a continuum of inpatient and outpatient psychiatric services on the ASH campus to serve the existing ASH catchment area. The contract value under the initial Agreement was \$2,717,817. The First Amendment did not increase the contract value and did not require Board approval, and the Second Amendment added \$13,000,000 to the contract value.

The Third Amendment, which was approved by the Board on August 15, 2019, provided \$165,000,000 in funding for U. T. Austin Dell Medical School to begin the construction of the replacement of ASH and extended the termination date from November 30, 2020, to August 31, 2024. This Fourth Amendment adds construction completion Phase III, increases the contract value by \$124,100,000, and extends the termination date from August 31, 2024, to December 31, 2024.

27. Interagency Agreement (funds going out) - U. T. Austin: Capital Metropolitan Transportation Authority to provide transportation services for students, faculty, and staff

Agency: Capital Metropolitan Transportation Authority

Funds: \$21,050,000

Period: September 1, 2021 through August 31, 2024

Description: Capital Metropolitan Transportation Authority will provide transportation services for U. T. Austin students, faculty, and staff.

28. Foreign Contract (funds going out) - U. T. Austin: Memorandum of Understanding to provide a program for development of a green fund competition at the University of Jordan, Amman Jordan

Agency: The University of Jordan

Funds: \$12,000

Period: August 18, 2021 through April 30, 2022

Description: U. T. Austin's Texas Global will fund a green fund competition among students at the University of Jordan to identify projects that promote sustainability on its campus and to share resulting research findings with U. T. Austin. U. T. Austin will use findings to improve its practices and strengthen its programs on water and environmental sustainability.

29. Foreign Contract (funds going out) - U. T. Austin: To obtain loan of artwork from Museo Nacional de Antropología of Madrid, Spain

Agency: Museo Nacional de Antropología

Funds: \$64,100

Period: August 14, 2022 through January 8, 2023

Description: Museo Nacional de Antropología, a public museum in Madrid, Spain, to provide a loan of artwork objects to U. T. Austin's Jack S. Blanton Museum of Art for an exhibit.

30. Foreign Contract (funds going out) - U. T. Austin: To obtain loan of artwork from Museo de América of Madrid, Spain

Agency: Museo de América

Funds: \$ 31,780

Period: August 14, 2022 through January 8, 2023

Description: Museo de América, a public museum in Madrid, Spain, will provide a loan of artwork objects to U. T. Austin’s Jack S. Blanton Museum of Art for an art exhibit.

31. Request for Budget Change - U. T. Austin: New Hire with Tenure -- amendment to the 2020-2021 budget

The following Request for Budget Change (RBC) has been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
Dell Medical School					
Population Health					
Professor					
Navkiran Shokar (T)	5/1-8/31	100	12	\$275,000	11641

32. Request for Budget Change - U. T. Austin: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2022 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
Architecture		
Nerea Feliz Arrizabalaga	Assistant Professor	Associate Professor (T)
Alex Karner	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
McCombs School of Business		
Accounting Braden Williams	Assistant Professor	Associate Professor (T)
Management Shefali Patil	Assistant Professor	Associate Professor (T)
Moody College of Communication		
Speech, Language, and Hearing Sciences Jun Wang	Associate Professor	Associate Professor (T)
College of Education		
Educational Leadership and Policy Stella Flores	New Hire	Associate Professor (T)
Lauren Schudde	Assistant Professor	Associate Professor (T)
Sarah Woulfin	New Hire	Associate Professor (T)
Educational Psychology Kizzy Albritton	New Hire	Associate Professor (T)
Sarah Kate Bearman	Assistant Professor	Associate Professor (T)
Michael Parent	Assistant Professor	Associate Professor (T)
Cockrell School of Engineering		
Biomedical Engineering Edward Castillo	New Hire	Associate Professor (T)
Civil, Architecture and Environmental Engineering Christian Claudel	Assistant Professor	Associate Professor (T)
Patricia Clayton	Assistant Professor	Associate Professor (T)
Matthew Hebdon	New Hire	Associate Professor (T)
Electrical and Computer Engineering Milos Gligoric	Assistant Professor	Associate Professor (T)
Xiuling Li	New Hire	Professor (T)
David Soloveichik	Assistant Professor	Associate Professor (T)
Mechanical Engineering Donald Siegel	New Hire	Professor (T)

College, Department, and Name	From	To
College of Fine Arts		
Art and Art History Nicole Awai	Assistant Professor	Associate Professor (T)
Music Andrew Parker	Assistant Professor	Associate Professor (T)
Theatre and Dance Joel Valentin-Martinez	New Hire	Associate Professor (T)
School of Information		
Information Richard Lankes	New Hire	Professor (T)
School of Law		
Law Donald Rave, III	New Hire	Professor (T)
College of Liberal Arts		
African and African Diaspora Studies Ashley Farmer	Assistant Professor	Associate Professor (T)
American Studies Lauren Gutterman	Assistant Professor	Associate Professor (T)
Anthropology Paola Canova	Assistant Professor	Associate Professor (T)
Classics Sean Gurd	New Hire	Professor (T)
Economics Saroj Bhattarai	Assistant Professor	Associate Professor (T)
English Frederick Aldama Jennifer Chang Teresa Cuevas	New Hire New Hire New Hire	Professor (T) Associate Professor (T) Associate Professor (T)
Geography and the Environment Caroline Faria	Assistant Professor	Associate Professor (T)
Government Ran Hirschl	New Hire	Professor (T)
History Talitha Leflouria	New Hire	Associate Professor (T)

College, Department, and Name	From	To
Mexican American and Latina/o Studies Chad Alvarez Michael Hames-Garcia	Assistant Professor New Hire	Associate Professor (T) Professor (T)
Psychology Audrey Duarte	New Hire	Professor (T)
Religious Studies Jonathan Crosson Geoffrey Smith	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Rhetoric and Writing Samuel Graham Jacqueline Rhodes	Assistant Professor New Hire	Associate Professor (T) Professor (T)
Slavic and Eurasian Studies Steven Seegel	New Hire	Professor (T)
Spanish and Portuguese Adela Pineda-Franco	New Hire	Professor (T)
Dell Medical School Medicine Christopher Moriates	Associate Professor	Associate Professor (T)
College of Natural Sciences Astronomy Caitlin Casey	Assistant Professor	Associate Professor (T)
Chemistry Carlos Baiz Yi Lu Emily Que	Assistant Professor New Hire Assistant Professor	Associate Professor (T) Professor (T) Associate Professor (T)
Computer Science Aditya Akella Shuchi Chawla Scott Niekum Christopher Rossbach Paul Vouga	New Hire New Hire Assistant Professor Assistant Professor Assistant Professor	Professor (T) Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T)
Integrative Biology Annette Ostling	New Hire	Associate Professor (T)
Marine Science Brett Baker	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Physics Timothy Andeen	Assistant Professor	Associate Professor (T)
Statistics and Data Sciences Mevin Hooten	New Hire	Professor (T)
School of Nursing		
Nursing Hyekyun Rhee	New Hire	Professor (T)
Julie Zuniga	Assistant Professor	Associate Professor (T)

33. Purchase - U. T. Austin: Authorization to purchase an approximately 0.2009-acre tract of land and improvements located at 2001 Guadalupe Street, Austin, Travis County, Texas, from The 2033 Higher Education Development Foundation, or from Powell-Corbett, LLC, for future campus expansion

Description: Purchase of Lot 5, Louis Horst’s Subdivision of Outlot 21, Division D, Austin, Travis County, Texas, and improvements, commonly known as 2001 Guadalupe Street, for future campus expansion. The improvements consist of an approximately 5,048-square-foot two-story building and surface parking.

Seller: The 2033 Higher Education Development Foundation, or from Powell-Corbett, LLC

Total Area: Approximately 0.2009-acre tract of land

Purchase Price: Not to exceed fair market value as determined by independent appraisals performed by Hornsby & Company; appraisal confidential pursuant to *Texas Education Code* Section 51.951.

34. Purchase - U. T. Austin: Authorization to purchase property located at 2000-2002 University Avenue, Austin, Travis County, Texas, from The McCombs School of Business Foundation or from The University Christian Church of Austin, Texas, for future campus expansion

Description: Purchase of Lots 38 and 39, Louis Horst’s Subdivision of Outlot 21, Division D, Austin, Travis County, Texas, and improvements, commonly known as 2000–2002 University Avenue, Austin, Travis County, Texas, for future campus expansion. The property consists of an approximately 17,500 square foot tract of land used as a surface parking lot.

Seller: The McCombs School of Business Foundation, a Texas non-profit corporation, or The University Christian Church of Texas Austin, a Texas non-profit corporation

Total Area: Approximately 0.4017 acre

Parking Reservation: Seller will retain the right to use of up to 78 parking spaces at limited, specific times and in limited quantities to continue to serve its activities. U. T. Austin may need to provide parking spaces at other locations to meet this requirement.

Purchase Price: Not to exceed fair market value as determined by an independent appraisal.

35. Request for Budget Change - U. T. Dallas: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2022 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
School of Arts and Humanities		
History		
Ben Wright	Assistant Professor	Associate Professor (T)
School of Economic, Political and Policy Sciences		
Political Science		
Vito D’Orazio	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Erik Jonsson School of Engineering and Computer Science		
Computer Science		
Benjamin Raichel	Assistant Professor	Associate Professor (T)
Nicholas Ruoizzi	Assistant Professor	Associate Professor (T)
Materials Science and Engineering		
William Vandenberghe	Assistant Professor	Associate Professor (T)
Mechanical Engineering		
Zhenpeng Qin	Assistant Professor	Associate Professor (T)
Tyler Summers	Assistant Professor	Associate Professor (T)
Jie Zhang	Assistant Professor	Associate Professor (T)
Naveen Jindal School of Management		
Operations Management		
Shouqiang Wang	Assistant Professor	Associate Professor (T)
School of Natural Sciences and Mathematics		
Biological Sciences		
Zachary Campbell	Assistant Professor	Associate Professor (T)
Alonso Morcos Gonzalez	Assistant Professor	Associate Professor (T)
Chemistry and Biochemistry		
Gabriele Meloni	Assistant Professor	Associate Professor (T)
Geological Sciences		
Hejun Zhu	Assistant Professor	Associate Professor (T)
Physics		
Bing Lv	Assistant Professor	Associate Professor (T)

36. Lease - U. T. Dallas: Authorization to grant easements totaling approximately 5.41 acres of vacant land and to enter into a ground lease of approximately 2.78 acres of vacant land out of 3410 and 3420 Waterview Parkway and abutting the south edge of the DART right-of-way, located adjacent to the main campus, in Richardson, Collin County, Texas, to Dallas Area Rapid Transit, for use as infrastructure and parking to support a transit rail station; and finding of public purpose

Description:

Dallas Area Rapid Transit (DART), greater Dallas' rail and bus mass transit agency, is extending mass transit rail service through its new Silver Line that extends from Dallas/Fort Worth International Airport to Plano, Texas. This rail line will include a proposed U. T. Dallas rail station adjacent to the U. T. Dallas main campus in Richardson and will connect with other existing rail lines operated by the agency and that cover much of the greater Dallas area. DART recently began construction of portions of the Silver Line infrastructure, rail line and stations; it plans to begin revenue operation of the line in 2023.

For DART to locate a station directly adjacent to the institution, U. T. Dallas must provide access to the rail station through a 20-acre property held by the Board for the benefit of the institution. Accordingly, U. T. Dallas will grant DART easement access for roads, a sidewalk, and a small drainage easement; such easements collectively totaling approximately 5.41 acres. The access road and sidewalk easements through the property will leave the institution with two remainder tracts, totaling approximately 12.4 acres and of a developable size and shape. U. T. Dallas and its successors will retain rights to use the sidewalk and access road easements and improvements. In addition, U. T. Dallas will ground lease approximately 2.78 acres of land for use by DART as a park and ride facility.

U. T. Dallas believes that the additional connectivity provided by mass transit rail service will increase the possibilities of the institution by providing car-free access to and from the U. T. Dallas main campus to its students, staff, and faculty. The academic heart of the institution's campus and most of its student housing lies within a 10-minute walk from the proposed DART station. In addition, DART plans to construct a hike and bike path within the rail right of way, providing additional connectivity and opportunity for recreational use. U. T. Dallas expects that as it develops its campus to manage its future growth, it will be able to devote fewer resources to accommodate cars on campus and/or busing students to and from the campus, freeing resources for direct mission uses.

To facilitate DART locating a station at a location convenient to U. T. Dallas, the institution will ask that the Board make a finding of public purpose to recognize the value and mission support to the institution provided by DART's proposed rail service.

- Grantee and Lessee: Dallas Area Rapid Transit, a regional transportation authority for the State of Texas created pursuant to Chapter 452 of the *Texas Transportation Code*
- Term: The easements will be perpetual. The ground lease for parking will have a primary term of 25 years, and an extension term of 15 years at the sole discretion of the Lessee, for a total possible term of 40 years. However, in accordance with the public purpose requirements described below, both the easements and parking lease may terminate in the event DART ceases to operate mass transit rail service at the U. T. Dallas station. In addition, the easements and parking lease may terminate if DART fails to open and operate the U. T. Dallas station within two years after effective date of the agreements between U. T. Dallas and DART.
- Value of Real Property Interest to DART: The easements collectively have a pre-paid fair market value estimated at \$3,300,000 (\$14.00 per square foot). The ground lease has an estimated pre-paid fair market value of \$1,700,000 (approximately \$14.00 per square foot) for the primary and extension term combined, totaling 40 years. In addition, upon U. T. Dallas' future request, DART may equitably participate in the cost of replacing the surface parking with a structured garage. Valuation is based on an appraisal dated as of May 15, 2021, from BBG Inc.
- Branding and Naming: DART will provide naming and branding rights to the U. T. Dallas station. The station design will incorporate the use of architectural materials, motifs and landscaping elements from the U. T. Dallas campus. The institution may also display its logos and brands at the station for up to 40 years.
- Consideration from DART: DART will pay for the cost of burying overhead electric distribution lines on U. T. Dallas land, estimated to cost approximately \$400,000; at the institution's request construct a vehicular rail crossing and provide a perpetual easement to U. T. Dallas therefor, allowing for the possible vehicular connection through U. T. Dallas property from Waterview Parkway to Synergy Park Drive, at an estimated cost of approximately \$993,800; make a one-time payment of \$337,500 to the institution to facilitate the future maintenance of a small gateway plaza located on U. T. Dallas property located south of the rail station; and provide a one-time payment to the institution of \$600,000. This direct consideration from DART collectively totals approximately \$2,330,000. In addition, DART will provide station naming and branding rights for a period of 40 years.

- Appreciation of U. T. Dallas Property: U. T. Dallas has several tracts of vacant land adjacent to or near the proposed DART rail station. In addition, the institution ground leases other nearby property on which apartments have been developed. U. T. Dallas receives percentage rent over a breakpoint pursuant to the ground leases for the apartments. A third-party appraisal estimates that the value of nearby land owned by U. T. Dallas increases by a total of \$2,870,000 if a mass transit rail station is placed into operation by DART as proposed. This includes an estimated increase of \$2,150,000 associated with vacant land, as well as an estimated increase in land value of \$720,000 due to additional expected percentage rent from the apartments. Valuation is based on an appraisal dated as of May 15, 2021, from BBG Inc.
- Improvements: DART will, at its sole cost, construct the following improvements:
- a. a mass transit rail station on its right-of-way;
 - b. streets, sidewalks, a paved area for bus and vehicular drop off and pick up, connecting the U. T. Dallas Station to Waterview Parkway through U. T. Dallas property, and a small drainage swale on the easement property;
 - c. a paved surface parking lot accommodating approximately 248 vehicles on the ground lease parcel; and
 - d. a paved vehicular crossing including signalized guard arms, across the rail right-of-way.
- Maintenance and Operation: DART will at its sole cost operate and maintain the U. T. Dallas Station, drainage swale, track crossing and the park and ride facility. During times of off-peak transit demand, DART may allow the use of some parking for U. T. Dallas events. DART will maintain the roads and sidewalks for five years; thereafter, DART and U. T. Dallas will share in the costs associated with the maintenance of the roads and sidewalks.
- Public Purpose: The consideration amount described above constitutes a below market rate. The Attorney General of the State of Texas, in Opinion No. MW-373 (1981) has advised that, for the use of university facilities with payments of less than fair market value to comply with the Texas Constitution, three requirements must be met: (1) the use of the property must serve a public purpose appropriate to the function of the university; (2) adequate consideration must be received by the university; and (3) the university must maintain controls over the user's activities to ensure that the public purpose is achieved.
- Accordingly, because the cash and other direct consideration provided by DART to U. T. Dallas is approximately \$2,670,000 below the market value of the real property rights provided to DART, the Board of Regents is also asked to find that (1) the granting of easements and the lease of land to DART as

described above serves a public purpose appropriate to the function of U. T. Dallas, including the estimated increase in the value of its nearby land holdings as described above, providing mass transit rail service to the institution's main campus to increase connectivity with greater Dallas, allowing U. T. Dallas to more successfully attract and retain students, staff and faculty and to expend fewer resources to accommodate parking on its campus; (2) pursuant to the lease agreements, the consideration received by U. T. Dallas is adequate; and (3) U. T. Dallas will have sufficient safeguards in place to ensure the public purpose will continue to be met on an ongoing basis, including provisions in the easements and the lease requiring that DART use the easements and lease in support of the UT Dallas rail station as described above and provide mass transit rail service at the U. T. Dallas station; should such service end, then DART may pay fair market value at such time and taking into account the consideration provided by DART as described above, or the agreements will terminate.

37. Contract (funds coming in and going out) - U. T. El Paso: Whelan Event Staffing Services, Inc., dba WESS, to perform crowd management services

Agency: Whelan Event Staffing Services, Inc., dba WESS

Funds: Funds going out: \$2,500,000 for the initial three-year term; \$5,400,000 approximate total with the option years

Funds coming in: WESS to pay 15% royalty on gross amount charged to third party for all third party events held at University venue or location

Period: June 17, 2021 through June 16, 2024; with three one-year renewal options

Description: WESS will provide the University with professional crowd management services to hire and manage the event security staffing operation of University venues. These venues provide concerts, stage shows, and other special and athletic events to the greater El Paso area. Services were competitively procured

38. Request for Budget Change - U. T. El Paso: New Hires with Tenure -- amendment to the 2020-2021 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
College of Business Administration					
Economics and Finance					
Chair and Professor					
Nicholas Apergis (T)	6/1-8/31	100	09	\$162,500	11591
		SUPP	12	\$2,667	
College of Liberal Arts					
Philosophy					
Chair and Professor					
Noell Birondo (T)	8/1-8/31	100	09	\$95,000	11590
		SUPP	12	\$2,667	

39. Request for Budget Change - U. T. El Paso: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2022 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Business Administration		
Economics and Finance		
John Gibson	Associate Professor	Associate Professor (T)
Xiaojin Sun	Assistant Professor	Associate Professor (T)
Marketing and Management		
Mengge Li	Assistant Professor	Associate Professor (T)
College of Education		
Educational Psychology and Special Services		
Carleton Brown	Assistant Professor	Associate Professor (T)
Sang-Min Shin	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Engineering		
Engineering Education and Leadership		
Meagan Kendall	Assistant Professor	Associate Professor (T)
College of Health Sciences		
Social Work		
Hyejin Jung	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
Language and Linguistics		
Carla Contemori	Assistant Professor	Associate Professor (T)
Music		
Stephen Nordstrom	Assistant Professor	Associate Professor (T)
Philosophy		
Deepanwita Dasgupta	Assistant Professor	Associate Professor (T)
Political Science		
Rebecca Reid	Assistant Professor	Associate Professor (T)
Psychology		
Craig Field	Associate Professor	Professor (T)
Katherine Serafine	Assistant Professor	Associate Professor (T)
Sociology and Anthropology		
Angela Frederick	Assistant Professor	Associate Professor (T)
Carina Heckert	Assistant Professor	Associate Professor (T)
College of Science		
Biological Sciences		
Anthony Darrouzet-Nardi	Assistant Professor	Associate Professor (T)
Jeffrey Olimpo	Assistant Professor	Associate Professor (T)
Anita Quintana	Assistant Professor	Associate Professor (T)
Chemistry and Biochemistry		
Chu-Young Kim	Associate Professor	Professor (T)
Geological Sciences		
Marianne Karplus	Assistant Professor	Associate Professor (T)

40. Employment Agreement - U. T. El Paso: Approval of terms of new Employment Agreement for Vice President and current Athletics Director James Senter

The following terms of a new contract have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. If the terms are approved, total compensation for Vice President and Athletics Director James Senter will exceed \$1 million. The new Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at El Paso is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at El Paso. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

From: **Guaranteed compensation:**

Annual Base Salary:\$300,000 annually* (current rate at \$314,150)
*Annual Base Salary will be reviewed annually and may be adjusted

Automobile: One dealer car and \$4,800 annually

Social Club Membership: El Paso Country Club

Retention Payment: One-time retention payment in the amount of \$30,000 payable on January 1, 2021

Nonguaranteed compensation:

Incentives:

Team Performance Incentives: Maximum of \$150,000 annually

(a) Each contract year in which the University Football team participates in any NCAA Sanctioned Post-Season Play (Bowl Appearance) - One month Annual Base Salary

(b) Each contract year in which the University Football team participates in a BCS (Bowl Championship Series) Bowl Appearance - Two months Annual Base Salary

(c) Each contract year in which the Men's Basketball team participates in the NCAA Basketball (Men) Tournament Appearance - One month Annual Base Salary

(d) Each contract year in which the Women's Basketball team participates in the NCAA Basketball (Women) Tournament Appearance - One month Annual Base Salary

(e) Each contract year in which the Men's Basketball team participates in the NIT (National Invitation Tournament) Basketball (Men) Appearance - \$5,000 for each game played

(f) Each contract year in which the Women's Basketball team participates in the NIT Basketball (Women) Appearance - \$2,000 for each game played

(g) Each contract year in which any University varsity sport team participates in the corresponding National Championship - One month Annual Base Salary

Team Academic Performance Incentives: Maximum of \$48,077 annually
(a) Each contract year in which the University receives an All Sports Multi-year Academic Progress Report (APR) Published (MAAC Report) Score of 975 or above - One month Annual Base Salary

(a.1) If in any contract year the University does not achieve an All Sports Multi-year APR Published Score of 975 or above, then:

- If an All Men's Sports Multi-year APR Published Score of 975 or above is achieved - \$2,500
- If an All Women's Sports Multi-year APR Published Score of 975 or above is achieved - \$2,500

(b) Each contract year in which the Annual Fall/Spring cumulative Grade Point Average (GPA) of the men's teams exceed 3.0 - Two week Annual Base Salary

(c) Each contract year in which the Annual Fall/Spring cumulative GPA of the women's teams exceed 3.0 - Two week Annual Base Salary

National Athletic Director of the Year: One month Annual Base Salary
Season Ticket Sales increase of 15% over previous year in the sport of football, men's basketball, or women's basketball - Two weeks Annual Base Salary

Attendance increase of 20% over previous year in the sport of football, men's basketball, or women's basketball - Two weeks Annual Base Salary

Attendance increase of 10% over previous year in the sport of volleyball or soccer - One week Annual Base Salary

Increase in the UTEP Miner Athletic Association membership by 15% - Two weeks Annual Base Salary

Corporate Sponsorship (IMG Gross) increase of 15% over the previous year - Two weeks Annual Base Salary

University Trademark licensing revenue increase of 10% over the previous year - One week Annual Base Salary

To: **Guaranteed compensation (Increase of 30.31% from current amount):**

Annual Base Salary: \$350,295 annually*

*Annual Base Salary will be reviewed annually and may be adjusted

Automobile: One dealer car and \$4,800 annually

Social Club Membership: El Paso Country Club

Retention Payment: One-time retention payment in the amount of \$100,000 payable on May 15, 2026

Nonguaranteed compensation (Increase of 16.76%):

Incentives:

Team Performance Incentives: Maximum of \$175,148 annually
(no change in detail)

Team Academic Performance Incentives: Maximum of \$56,137 annually
(no change in detail)

National Athletic Director of the Year: One month Annual Base Salary
Season Ticket Sales increase of 15% over previous year in the sport of
football, men's basketball, or women's basketball - Two weeks Annual
Base Salary

Attendance increase of 20% over previous year in the sport of football,
men's basketball, or women's basketball - Two weeks Annual Base
Salary

Attendance increase of 10% over previous year in the sport of volleyball
or soccer - One week Annual Base Salary

Increase in the UTEP Miner Athletic Association membership by 15% -
Two weeks Annual Base Salary

Corporate Sponsorship (gross) increase of 15% over the previous year -
Two weeks Annual Base Salary

University Trademark licensing revenue increase of 10% over the
previous year - One week Annual Base Salary

Source of Funds: Intercollegiate Athletics

Period: September 1, 2021 through August 31, 2026

41. Employment Agreement - U. T. El Paso: Approval of terms of Employment Agreement for new Head Men's Basketball Coach Joseph Charles Golding

The following Head Basketball Coach Employment Agreement has been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Joseph Golding will be in excess of \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at El Paso is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at El Paso. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed: **Guaranteed compensation:**

Annual Base Salary: \$400,000*, prorated for first year

*Annual Base Salary will be reviewed annually and may be adjusted

Automobile: One dealer car or \$400 monthly

Social Club Membership: El Paso Country Club

Speaking Engagements: \$300,000 annually

Tickets:

Eight reserved seats for University home games, away games, pre-season games, post season games, and C-USA tournament games

Four tickets to other home University Athletic events

Relocation, temporary housing, and moving expenses: Coach may be reimbursed an amount not to exceed \$25,000

Nonguaranteed compensation:

Sports Camps and Clinics: Coach will be paid a percentage (fair and reasonable amount as determined by the Athletics Director) of the net proceeds for each camp.

Incentives:

Team Performance Incentives: Maximum of \$334,551 annually

(1) C-USA Regular Season Championship - One month Annual Base Salary

(2) C-USA Regular Season Championship tie - Two weeks Annual Base Salary

(3) C-USA Regular Tournament Championship - One month Annual Base Salary

(4) National Invitation Tournament Appearance - \$10,000

- (5) The higher of:
 - (5.a) National Invitation Tournament First Round Win - \$5,000; or
 - (5.b) National Invitation Tournament Second Round Win - \$10,000; or
 - (5.c) National Invitation Tournament Third Round Win - \$15,000; or
 - (5.d) National Invitation Tournament Fourth Round Win - \$20,000
- (6) Win against New Mexico State University in regular Season Game - \$2,500
- (7) The higher of:
 - (7.a) NCAA Tournament Appearance - \$25,000; or
 - (7.b) NCAA Tournament First Four victory - \$35,000; or
 - (7.c) NCAA Tournament 1st Round victory - \$40,000; or
 - (7.d) NCAA Tournament 2nd Round victory - \$50,000; or
 - (7.e) NCAA Tournament Sweet 16 victory - \$75,000; or
 - (7.f) NCAA Tournament Elite 8 victory - \$100,000; or
 - (7.g) NCAA Final Four Victory - \$150,000; or
 - (7.h) NCAA Championship - \$250,000

Team Academic Performance Incentives: Maximum of \$30,000 annually
(a) Annual Academic Progress Report (APR) Published (MAAC Report), non-cumulative as follows:

- (a.1) A score of 960 to 969 - \$5,000
 - (a.2) A score of 970 to 979 - \$10,000
 - (a.3) A score of 980 or above - \$15,000
 - (b) Annual cumulative Grade Point Average (GPA) of Men's Basketball team players for Spring and Fall academic terms of 2.8 - \$5,000 per academic year
 - (c) Annual cumulative Grade Point Average (GPA) of Men's Basketball team players for Spring and Fall academic terms of 2.9 - \$10,000 per academic year
 - (d) Annual cumulative Grade Point Average (GPA) of Men's Basketball team players for Spring and Fall academic terms of 3.0 - \$15,000 per academic year
- Finish in the Top 25 in National Poll: \$10,000
C-USA Coach of the Year: \$15,000
National Coach of the Year: Two weeks Annual Base Salary

Source of Funds: Intercollegiate Athletics

Period: April 14, 2021 through August 31, 2026

42. Employment Agreement - U. T. El Paso: Approval of terms of new Employment Agreement for current Head Women's Basketball Coach Kevin Baker

The following terms of a new contract have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. If the terms are approved, total compensation for Head Women's Basketball Coach Kevin Baker will exceed \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at El Paso is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at El Paso. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

From: **Guaranteed compensation:**

Annual Base Salary: \$240,000* annually (original contract)

*Annual Base Salary will be reviewed annually and may be adjusted

Automobile: One dealer car

Social Club Membership: El Paso Country Club

Nonguaranteed compensation:

Sports Camps and Clinics: Coach will be paid a percentage (fair and reasonable amount as determined by the Athletics Director) of the net proceeds for each camp

Incentives:

Team Performance Incentives: Maximum of \$160,000 annually

(1) C-USA Regular Season Championship - One month Annual Base Salary

(2) C-USA Regular Tournament Championship - One month Annual Base Salary

(3) Pre-Season NIT Tournament Championship - One month Annual Base Salary

(4) National Invitation Tournament Appearance - One month Annual Base Salary

(5) NIT Win (per victory) - \$2,500

(6) NIT Championship - One month Annual Base Salary

(7) NCAA Tournament Appearance - One month Annual Base Salary

(8) NCAA Tournament 1st Round victory - One month Annual Base Salary

(9) NCAA Tournament 2nd Round victory - Two months Annual Base Salary

(10) NCAA Tournament Sweet 16 victory - Three months Annual Base Salary

(11) NCAA Tournament Elite 8 victory - Four months Annual Base Salary

(12) NCAA Final Four Victory - Five months Annual Base Salary

(13) NCAA Championship - \$100,000

Team Academic Performance Incentives: Maximum of \$1,000 annually if Annual Academic Progress Report (APR) Published (MAAC Report) Score 975 or above

National Coach of the Year: One month Annual Base Salary (estimated \$20,000)

C-USA Coach of the Year: One month Annual Base Salary (estimated \$20,000)

Finish in the Top 25 in National Poll: One month Annual Base Salary (estimated \$20,000)

To: **Guaranteed compensation (Increase of 3.75%):**

Annual Salary: \$249,000*

*Annual Base Salary will be reviewed annually and may be adjusted

Automobile: One dealer car

Nonguaranteed compensation (Decrease of 22.85%):

Sports Camps and Clinics: Coach will be paid a percentage of the net proceeds for each camp

Incentives:

Team Performance Incentives: Maximum of \$108,500 annually

(1) C-USA Regular Season Championship - One month Annual Base Salary

(2) C-USA Regular Tournament Championship - One month Annual Base Salary

(3) National Invitation Tournament Appearance - \$5,000

(4) The higher of:

(4.a) National Invitation Tournament First Round Win - \$5,000; or

(4.b) National Invitation Tournament Second Round Win - \$10,000; or

(4.c) National Invitation Tournament Third Round Win - \$15,000; or

(4.d) National Invitation Tournament Fourth Round Win - \$20,000

(5) NCAA Tournament Appearance for an "at large" - \$15,000

(6) The higher of:

(6.a) NCAA Tournament 1st Round victory - \$15,000; or

(6.b) NCAA Tournament 2nd Round victory - \$20,000; or

(6.c) NCAA Tournament Sweet 16 victory - \$25,000; or

(6.d) NCAA Tournament Elite 8 victory - \$30,000; or

(6.e) NCAA Final Four Victory - \$40,000; or

(6.f) NCAA Championship - \$50,000

(7) Win against New Mexico State University in regular Season Game - \$1,000

Team Academic Performance Incentives: Maximum of \$1,000 annually if Annual Academic Progress Report (APR) Published (MAAC Report) Score 975 or above
National Coach of the Year: One month Annual Base Salary (estimated \$20,750)
C-USA Coach of the Year: One month Annual Base Salary (estimated \$20,750)
Finish in the Top 25 in National Poll: One month Annual Base Salary (estimated \$20,750)

Source of Funds: Intercollegiate Athletics

Period: September 1, 2021 through August 31, 2024

43. Contract (funds going out) - U. T. Permian Basin: Apogee Telecom, Inc., to provide internet services in campus housing

Agency: Apogee Telecom, Inc.

Funds: Approximately \$1,793,200 for initial five-year term; and not to exceed \$400,000 for each one-year renewal option

Period: June 1, 2021 through May 31, 2026; plus two additional one-year renewal options

Description: Apogee Telecom, Inc., to establish and maintain turnkey high-capacity wired and wireless internet connectivity for student campus housing residents and authorized guests. This contract was competitively bid.

44. Request for Budget Change - U. T. Permian Basin: New Hire with Tenure -- amendment to the 2021-2022 budget

The following Request for Budget Change (RBC) has been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
College of Arts and Sciences					
Department of Computer Science					
Professor of Computer Science and Chairperson					
Xiaoxu Han (T)	8/31-8/31	100	09	115,000	11599

45. Request for Budget Change - U. T. Permian Basin: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2022 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Arts and Sciences		
Department of Biology		
Athenia Oldham	Assistant Professor	Associate Professor (T)
College of Health Sciences and Human Performance		
Department of Nursing		
Minerva Gonzales	Assistant Professor	Associate Professor (T)

46. Contract (funds coming in) - U. T. Rio Grande Valley: Amendment to Annual Operating Agreement with Knapp Medical Center

Agency: Knapp Medical Center

Funds: The total estimated total contract value for this Amendment does not increase beyond the amount set forth in the Second Amendment, which is approximately \$6,000,000.

Period: August 1, 2020 through June 30, 2022

Description: The Board is being asked to approve the Third Amendment to the Annual Operating Agreement (AOA) between U. T. Rio Grande Valley (UTRGV) and Knapp Medical Center. The AOA documents the program support payments flowing from Knapp to UTRGV in connection with graduate medical education (GME) programs and describes the commitment of the parties related to educational, clinical, structural, financial, and administrative needs of the medical education programs and other collaboration efforts. The initial AOA had a term effective July 1, 2017 through December 31, 2018, with a total contract value of \$900,000.

The First Amendment to the AOA was effective December 31, 2018 through June 30, 2020, and increased the total value of the contract by \$1,100,000. The Second Amendment was effective July 1, 2020 through July 30, 2022; provided for additional GME programs; and increased the contract value by \$1,600,000. The Second Amendment also incorporated a Program Funding Agreement for UTRGV's Internal Medicine (IM) Residency Program effective November 1, 2019 through June 30, 2021, with a total contract value of \$2,331,318, resulting in a total contract value for the merged agreements of approximately \$ 6,000,000.

This Third Amendment to the AOA was effective August 1, 2020, addresses the clinical space needs for the IM Residency Program, and clarifies that updates to the Family Medicine Residency Program payment schedule will be forthcoming, but does not increase the total contract value.

The initial AOA and First Amendment did not require Board approval as the individual and combined value for both was below the institution's delegated contracting threshold. The Second Amendment exceeded the institution's delegation authority, but was not presented to the Board for required approval because of an inadvertent administrative error. The requested Board approval of the Third Amendment is recommended to correct the oversight and to provide the Board a detailed history of the past transactions.

47. Request for Budget Change - U. T. Rio Grande Valley: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2022 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Education and P-16 Integration		
Bilingual and Literacy Studies Jacqueline Koonce	Assistant Professor	Associate Professor (T)
College of Engineering and Computer Science		
Civil Engineering Mohamed Abdel-Raheem	Assistant Professor	Associate Professor (T)
College of Fine Arts		
School of Music Diana Seitz	Assistant Professor	Associate Professor (T)
College of Health Professions		
Health and Biomedical Sciences Sue Ann Chew	Assistant Professor	Associate Professor (T)
School of Rehabilitation Services and Counseling Jeong Han Kim	New Hire	Associate Professor (T)
College of Liberal Arts		
Literatures and Cultural Studies David Anshen	Assistant Professor	Associate Professor (T)
Marisa Knox	Assistant Professor	Associate Professor (T)
History Erica Buchberger	Assistant Professor	Associate Professor (T)
Writing and Language Studies Nazaret Fresno Canada	Assistant Professor	Associate Professor (T)
Political Science Sylvia Gonzalez-Gorman	Assistant Professor	Associate Professor (T)
Psychological Science Yu-Cheng Lin	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Public Affairs and Security Studies Cecilio Ortiz Garcia	New Hire	Professor (T)
Anthropology Sarah Rowe	Assistant Professor	Associate Professor (T)
College of Sciences		
Biology Rupesh Kariyat	Assistant Professor	Associate Professor (T)
School of Mathematical and Statistical Science Brandt Kronholm John Villavert	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
School of Earth, Environmental and Marine Sciences MD Saydur Rahman	Assistant Professor	Associate Professor (T)
Physics and Astronomy Hamidreza Ramezani	Assistant Professor	Associate Professor (T)
Vackar College of Business and Entrepreneurship		
Information Systems Sunyoung Cho	Assistant Professor	Associate Professor (T)
School of Accountancy Giorgio Gotti	New Hire	Professor (T)
Marketing Peter Magnusson Dennis Danny Uy	New Hire Assistant Professor	Professor (T) Associate Professor (T)
School of Medicine		
Surgery Daniel Albo Michael Hocker	New Hire New Hire	Chair and Professor (T) Dean and Professor (T)
School of Social Work		
School of Social Work Leyla Fieze	Assistant Professor	Associate Professor (T)

48. Lease - U. T. Rio Grande Valley: Authorization to lease approximately 35,027 square feet of space located at 701 East Expressway 83 (Interstate Highway 2), McAllen, Hidalgo County, Texas, from Rio Bank for administrative space and other mission uses

Description: Authorization to lease an additional approximately 35,027 rentable square feet of space in an approximately 115,086-square-foot building located at 701 East Expressway 83 (Interstate 2), McAllen, Hidalgo County, Texas, for administrative space uses and other mission related purposes. The U. T. System Board of Regents previously approved the lease of approximately 27,644 square feet on February 27, 2020. U. T. Rio Grande Valley built out and then occupied the space in November of that same year. Including the expansion space, U. T. Rio Grande Valley will lease approximately 54% of the building.

The recently-built facility is also the headquarters for its owner, Rio Bank. The property is located eight miles from the Edinburg campus, and is near the intersection of IH-2 and State Highway 281; this location reduces drive times to the institution's campuses and facilities outside of Edinburg. In addition, as U. T. Rio Grande Valley's enrollment has grown, relocating administrative offices off of the institution's Edinburg campus frees up scarce space for student-focused uses on the campus.

Lessor: Rio Bank, a Texas state financial institution

Term: The initial term will coincide with the current remaining term, which will be for a period of approximately nine years ending on October 31, 2030. U. T. Rio Grande Valley will have the option to renew the lease for four five-year renewal terms. The primary and extension terms align with the existing space lease.

Lease Cost: Not to exceed fair market value as established by a Counseling Memorandum prepared by Aguirre & Patterson, Inc.; appraisal confidential pursuant to *Texas Education Code* Section 51.951. In addition to base rent, U. T. Rio Grande Valley will pay its proportionate share of the operating expenses, initially estimated at \$13.00 per square foot annually, or an estimated \$4,750,900 for the expansion space over the primary term of the Lease.

Tenant Improvements: Lessor will provide a tenant improvement allowance of \$55.25 per square foot and U. T. Rio Grande Valley will pay the cost of the finish-out in excess of the tenant improvement allowance. Such additional cost is preliminarily estimated at approximately \$2,192,000 for the tenant improvements only, and totals approximately \$3,649,000 inclusive of furnishings. Currently the additional space is in a shell condition and will be finished to U. T. Rio Grande Valley's specifications.

Purchase Rights: The previously-approved existing lease grants Lessee through October 31, 2026, a right of first refusal and a right of first offer to purchase the approximately 115,086 square foot building and land upon which the building sits if Rio Bank decides to sell the property.

49. Lease - U. T. Rio Grande Valley: Authorization to extend the lease term for an approximately 36,869-square-foot building and attached gymnasium space, parking, and tennis court complex located at 101 Saint Joseph Drive, City of Brownsville, Cameron County, Texas, from Franco American Educational Society, for mission purposes, including academic and administrative uses

Description: Authorization to extend the term of the existing lease of approximately 36,869-square-feet of building and attached gymnasium space, parking, and tennis court complex located at 101 Saint Joseph Drive, Brownsville, Cameron County, Texas, for mission purposes to include academic and administrative uses. The leased premises include a two-story facility containing classrooms, laboratories, and office space along with the exclusive use of a 90-space parking lot, and an attached gymnasium and the shared use of an adjacent tennis court complex. The Lessor also provides furniture, fixtures and equipment along with the premises.

Lessor: Franco American Educational Society, a domestic nonprofit corporation, or a related entity or assigns.

Term: The initial 12-month term began on November 1, 2020, and continues through October 31, 2021. The proposed extension is for an additional three years with two one-year renewal options thereafter for a total of up to an additional five years.

- Lease Cost:** The rent of \$18.50 per square foot or approximately \$682,100 for the existing 12-month term is paid on a gross basis as Landlord is responsible for typical operating costs such as taxes, insurance, utility, janitorial and maintenance expenses. The initial Lease did not require Board approval as the lease cost was within the institution's delegated authority. The three-year extension and the two one-year options will also be on a gross rent basis. The rental rate for the first two years of the three-year extension remains at \$18.50 per square foot and increases one time by three percent to \$19.06 per square foot in the last year of the three-year term. The rate for the two one-year option periods does not increase any further and remains at \$19.06 per square foot annually.
- Tenant Improvements:** The Lease does not include a tenant improvement allowance. However, improved signage, minor alterations to the facilities, and enhanced security measures such as additional security cameras and electronic swipe cards may be beneficial and an estimated \$50,000 has been allocated to be utilized and funded by the Lessee for these and similar expenses at its discretion.
- Total Costs:** Total cost is projected to be approximately \$4,204,000, which includes: a) the existing 12-month term, the proposed three-year extension and the two one-year renewal options and b) the estimated tenant improvements the Lessee may pursue at its expense.

50. Purchase - U. T. Rio Grande Valley: Authorization to purchase three separate parcels of land containing a total of approximately 2.21 acres out of Blocks 127 and 138 of the Edinburg Original Townsite, with two tracts fronting along 6th Street and one tract fronting along 5th Street, now known as Dr. Miguel Nevarez Drive, in the City of Edinburg, Hidalgo County, Texas, from the Union Pacific Railroad Company for future campus use

Description: Purchase of approximately 2.21 acres out of Blocks 127 and 138 of the Edinburg Original Townsite, with two tracts fronting along 6th Street and one tract fronting along 5th Street, now known as Dr. Miguel Nevarez Drive, in the City of Edinburg, Hidalgo County, Texas, for future campus use.

Seller: Union Pacific Railroad Company, a Delaware corporation

Total Area: Approximately 2.21 acres in 3 tracts of land. The total area may vary, and the precise area will be determined by survey.

Purchase Price: Not to exceed fair market value as determined by independent appraisal performed by Aguirre & Patterson, Inc.; appraisal confidential pursuant to *Texas Education Code* Section 51.951

51. Request for Budget Change - U. T. San Antonio: New Hires with Tenure -- amendment to the 2020-2021 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
College of Liberal and Fine Arts					
Department of Modern Languages and Literature					
Professor					
Glenn A. Martinez (T)	7/1-8/31	100	12	256,500	11577
College of Education and Human Development					
Department of Educational Leadership and Policy Studies					
Professor					
Mario S. Torres, Jr. (T)	8/1-8/31	100	12	253,850	11576

52. Request for Budget Change - U. T. San Antonio: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2022 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Architecture, Construction and Planning		
Department of Architecture Jae Yong Suk	Assistant Professor	Associate Professor (T)
College of Business		
Department of Information Systems and Cyber Security Rohit Valecha	Assistant Professor	Associate Professor (T)
Department of Management Poonam Khanna	Assistant Professor	Associate Professor (T)
Kai Xu	Assistant Professor	Associate Professor (T)
Department of Management Science and Statistics Wenbo Wu	Assistant Professor	Associate Professor (T)
College of Education and Human Development		
Department of Bicultural-Bilingual Studies Joel Alejandro Mejia	New Hire	Associate Professor (T)
Department of Race, Ethnicity, Gender and Sexuality Studies Jasmine Harris	New Hire	Associate Professor (T)
College of Engineering		
Department of Biomedical Engineering and Chemical Engineering Araceli Martinez Ortiz	New Hire	Professor (T)
Department of Electrical and Computer Engineering Yongcan Cao	Assistant Professor	Associate Professor (T)
Gabriela Ciocarlie	New Hire	Associate Professor (T)
Ahmad Taha	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College for Health, Community and Policy		
Department of Criminology and Criminal Justice Kellie (Lynch) Patrick	Assistant Professor	Associate Professor (T)
Department of Kinesiology Eunhee Chung Sandor Dorgo	Assistant Professor New Hire	Associate Professor (T) Professor (T)
Department of Public Health Rhonda BeLue Jeffrey Howard	New Hire Assistant Professor	Professor (T) Associate Professor (T)
College of Liberal and Fine Arts		
Department of English Kenneth Walker	Assistant Professor	Associate Professor (T)
Department of Music Stan Renard	Assistant Professor	Associate Professor (T)
Department of Philosophy and Classics Serife Tekin	Assistant Professor	Associate Professor (T)
College of Sciences		
Department of Biology Chiung-Yu Hung	Assistant Professor	Associate Professor (T)
Department of Computer Science Palden Lama Murtuza Jadliwala	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)

53. Employment Agreement - U. T. San Antonio: Approval of terms of new Employment Agreement for current Vice President for Intercollegiate Athletics and Athletics Director Lisa Campos

The following terms of a new contract have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. If the terms are approved, total compensation for Vice President for Intercollegiate Athletics and Athletics Director Lisa Campos will exceed \$1 million. The new Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at San Antonio is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at San Antonio. 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:

December 4, 2017 to November 30, 2018: \$375,000 annually

December 1, 2018 to November 30, 2019: \$375,000 annually

December 1, 2019 to November 30, 2020: \$395,000 annually

December 1, 2020 to November 30, 2021: \$425,000 annually

December 1, 2021 to November 30, 2022: \$475,000 annually

(Note: the salary increases for the last three years were noted in the contract as retention payments)

Automobile: Option of two dealer cars, \$7,200 in lieu of one of the cars annually or \$14,400 in lieu of both cars annually

Social club membership: Full membership to a country club

Tickets: 10 tickets to all UTSA sporting events

Nonguaranteed compensation:

Performance Incentive: Maximum of \$50,000 annually

Football. Athletics Director is eligible for all the following bonuses (ties would be decided by the Conference tie breakers):

(a) \$15,000 in any contract year in which team wins the Conference championship; or

(b) \$10,000 in any contract year in which team finishes the Conference regular season in second, third or fourth place; or

(c) \$5,000 in any contract year in which team finishes the Conference regular season in fifth or sixth place; or

(d) \$20,000 in any contract year in which team wins the NCAA national championship

Other Varsity Sports Team. Athletics Director is eligible for one of the following bonuses:

- (a) \$5,000 in any contract year for each varsity sports team that wins the Conference regular championship; or
- (b) \$2,500 in any contract year for each varsity sports team that participates in post-season NCAA competition; or
- (c) \$5,000 in any contract year for each varsity sports team that wins an NCAA championship

Academics. Athletics Director is eligible for the following bonus: \$2,500 in any contract year for each varsity team with an Academic Progress Rate average over 950, not to exceed \$12,500 per year

To:

Guaranteed compensation (Increase of 11.38%):

Annual Salary:

December 1, 2021 to November 30, 2022: \$475,000 annually
December 1, 2022 to November 30, 2023: \$500,000 annually
December 1, 2023 to November 30, 2024: \$525,000 annually
December 1, 2024 to November 30, 2025: \$550,000 annually
December 1, 2025 to November 30, 2026: \$575,000 annually

Retention bonus on December 1, 2021, if still employed as Vice President for Intercollegiate Athletics and Athletics Director: \$40,000

Retention bonus on November 30, 2025, if still employed as Vice President for Intercollegiate Athletics and Athletics Director: \$40,000

Retention bonus on November 30, 2026, if still employed as Vice President for Intercollegiate Athletics and Athletics Director: \$40,000

Automobile: Option of two dealer automobiles, one dealer automobile and a \$600 monthly allowance, or a \$1,200 monthly allowance

Social club membership: One full membership to a local country club

Tickets: Up to 10 complementary tickets to all UTSA sporting events

Family and Guest Travel: Pay or reimburse Athletics Director for the reasonable transportation and lodging costs for Athletics Director's spouse and immediate family in connection with University-related business trips. In addition, reasonable transportation and lodging costs for up to four personal guests to accompany teams on road trips (space permitting).

Nonguaranteed compensation (No increase in maximum, but different awards and award levels):

Performance Incentives: Maximum of \$50,000 annually

Football. Athletics Director is eligible for all the following bonuses (ties would be decided by the Conference tie breakers):

- (a) \$15,000 in any contract year in which team wins the Conference championship;
- (b) \$20,000 in any contract year in which team wins the NCAA national championship;
- (c) \$7,500 in any contract year in which Head Football coach wins conference Coach of the Year;
- (d) \$10,000 in any contract year in which Head Football coach wins national Coach of the Year Award;
- (e) \$50,000 in any contract year in which team participates in a post-season New Year's Bowl game;
- (f) \$20,000 in any contract year in which team participates in a post-season non-New Year's bowl game;
- (g) \$7,500 in any contract year in which team wins a bowl game;
- (h) \$10,000 in any contract year in which team is named Divisional Champion and qualifies for the Conference Championship

Other Varsity Sports Team. Athletics Director is eligible for one of the following bonuses:

- (a) \$5,000 in any contract year for each varsity sports team that wins the Conference regular championship; or
- (b) \$2,500 in any contract year for each varsity sports team that participates in post-season NCAA competition; or
- (c) \$5,000 in any contract year for each varsity sports team that wins an NCAA championship; or
- (d) \$5,000 in any contract year any other sport Head Coach is named Coach of the Year; or
- (e) \$7,500 in any contract year any other sport Head Coach wins national Coach of the Year Award; or
- (f) \$15,000 in any contract year the Men's Basketball program wins the Conference postseason tournament; or
- (g) \$15,000 in any contract year the Women's Basketball program wins the Conference postseason tournament; or
- (h) \$5,000 in any contract year any varsity sports team (other than Men's Basketball and Women's Basketball) wins its Conference postseason tournament

Academics. Athletics Director is eligible for the following bonus: \$2,500 in any contract year for each varsity team with an Academic Progress Rate average over 950, not to exceed \$12,500 per year

Source of Funds: Intercollegiate Athletics

Period: December 1, 2021 through November 30, 2026

54. Purchase - U. T. San Antonio: Authorization to purchase a tract of unimproved land totaling approximately 10.98 acres located southeast of North Loop 1604 West, and contiguous with the west edge of the institution's Park West Campus in San Antonio, Bexar County, Texas, from H. Kyle Seale Family Properties Ltd. for future campus expansion; and resolution regarding parity debt

Description: Purchase a tract of unimproved land totaling approximately 10.98 acres located southeast of North Loop 1604 West, and contiguous with the west edge of the institution's Park West Campus in San Antonio, Bexar County, Texas. The Park West campus currently contains mostly vacant land, and athletic facilities.

This acquisition complements existing land owned at the Park West Campus. The subject property expands the portion of the Park West campus located west of Kyle Seale Parkway, giving it more development flexibility and providing additional frontage onto North Loop 1604 West.

Seller: H. Kyle Seale Family Properties Ltd. a Texas limited partnership

Purchase Price: Not to exceed fair market value as determined by independent appraisals performed by Valbridge Property Advisors; appraisal confidential pursuant to *Texas Education Code* Section 51.951

Use: The Property will be used by U. T. San Antonio for future campus expansion. This may include facilities supporting athletic uses, and/or potential third-party development providing the institution with amenities and income in support of its mission.

Source of Funds: Revenue Financing System debt to be repaid out of designated tuition. The institution's Scorecard Rating of 2.8 at fiscal year-end 2020 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. In approving this item, the Board will be making the findings required under Section 5 of the Amended and Restated Master Resolution establishing the Revenue Financing System relating to the issuance of parity debt on behalf of U. T. San Antonio in an aggregate amount not to exceed fair market value as established by independent appraisal, and this action satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations*.

55. **Lease - U. T. San Antonio and U. T. Health Science Center - San Antonio:**
Authorization to enter into a ground lease for approximately 6.626 acres of land located near the east corner of North Loop 1604 West and Kyle Seale Parkway, San Antonio, Bexar County, Texas, on the Park West campus of U. T. San Antonio, to U. T. Health Science Center - San Antonio, for mission uses, including the development of a medical office building to better serve the northwest region of San Antonio and U. T. San Antonio community

Description: Authorization to enter into a ground lease for approximately 6.626 acres of land located near the east corner of North Loop 1604 West and Kyle Seale Parkway, San Antonio, Bexar County, Texas, on the Park West campus of U. T. San Antonio (UTSA), to U. T. Health Science Center - San Antonio (UTHSC-SA), for mission uses, including the development of a medical office building to better serve the northwest region of San Antonio and the UTSA community.

UTHSC-SA wishes to develop a clinical building on the leased property, to better serve the growing northwest areas of San Antonio. This facility aligns with UTHSC-SA's strategic plan. The building will include clinic space, imaging, lab, and an ambulatory surgery center.

Location: On the southeast side of North Loop 1604 West, northeast of the east corner of North Loop 1604 West and Kyle Seale Parkway, San Antonio, Bexar County, Texas, on the Park West campus of UTSA.

Lessee: Both the Lessor and Lessee will be the Board of Regents of The University of Texas System

Lease Term: 75-year primary term followed by four five-year extension options, and one final four-year extension option, all at UTHSC-SA's election, for a total possible term of 99 years.

Lease Rent: \$3,114,000 (90% of fee simple value) to be paid in two equal installments, one upon commencement of construction and the second upon substantial completion and occupancy of the facility; this shall constitute pre-paid rent for the term, including the renewal terms. The lease is a net lease to UTSA; other than for shared infrastructure costs as noted below, UTHSC-SA pays all development costs and all operating expenses for its building.

Appraisal: \$3,460,000 (\$12.00 per square foot) fee simple value for 6.626 acres subject parcel, Valbridge Property Advisors, February 23, 2021, Brett Weatherbie, MAI.

Development: UTHSC-SA plans to own and develop at its cost a five-story, approximately 108,125-gross-square-foot medical office building with related surface parking. A portion of the space will initially remain in a shelled condition. UTHSC-SA will manage all aspects of the design and construction of its facility, including permitting and inspections. UTHSC-SA is presenting this proposed facility to the Board at the August 18-19, 2021 meeting for approval of the building's design development (see Facilities Planning and Construction Committee, Item 3).

Shared Infrastructure: UTSA will at its cost build a shared access driveway connecting the subject property with North Loop 1604 West and Kyle Seale Parkway. UTSA and UTHSC-SA will share in the cost of a regional storm water quality and detention pond that UTSA will build. These facilities are located off the subject property, but will serve the subject property and UTSA's adjoining land. The parties will share in the cost to maintain and repair these facilities.

Intended Use: Mission uses for UTHSC-SA, including clinical services; the proposed building will allow UTHSC-SA to better serve the northwest region of San Antonio and the U. T. San Antonio community; the ground lease will allow third party building tenants.

56. **Street Namings - U. T. San Antonio: Naming of Key Drive and Comal Road**

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Rule 80307 and is submitted for approval by the U. T. System Board of Regents. It has been determined that naming these streets is in accordance with, and in support of, campus-wide wayfinding.

Naming Recommendations:

Current name: Key Circle

Proposed name: Key Drive (*see map on the following page*)

Current name: East Campus Drive

Proposed name: Key Drive (*see map on the following page*)

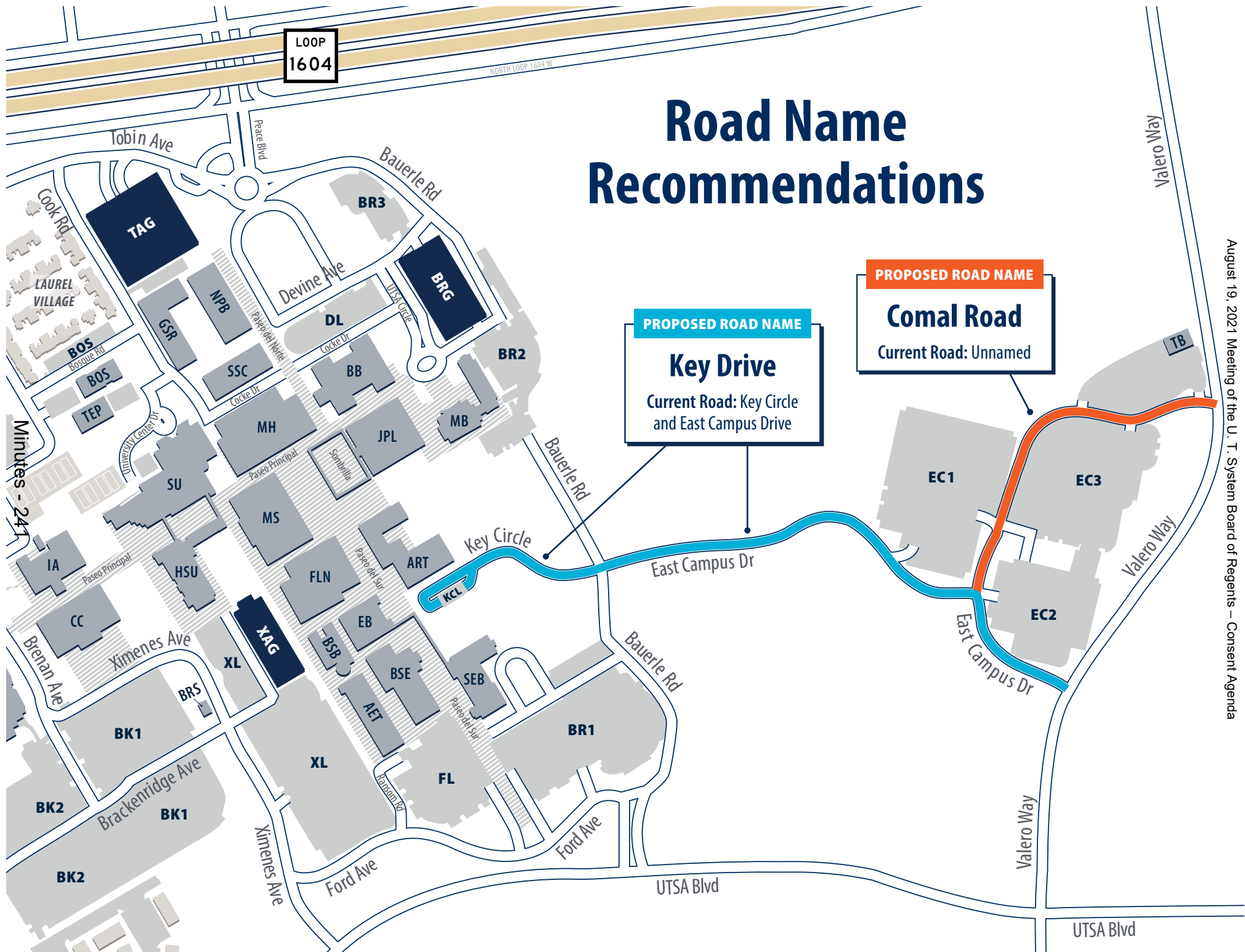
Current name: unnamed

Proposed name: Comal Road (*see map on the following page*)

The designation of Key Circle and East Campus Drive to Key Drive will simplify and eliminate confusion of the name of this continuous street. The designation of Comal Road for a presently unnamed street is necessary for clarify and direction.

LOOP
1604

Road Name Recommendations



PROPOSED ROAD NAME

Key Drive
Current Road: Key Circle and East Campus Drive

PROPOSED ROAD NAME

Comal Road
Current Road: Unnamed

Minutes - 241

57. Contract (funds coming in) - U. T. Tyler: Amendment to Agreement for Moran Munchies, Inc., to provide beverage and snack vending machine operations for the Tyler and Palestine campuses

Agency: Moran Munchies, Inc.

Funds: Revenues based on a 23% commission on gross sales for snacks and a 20% commission on gross sales for beverages. Total return to U. T. Tyler over the renewal term (based on projected commission income) is estimated at \$32,000.

Period: This Renewal Term will commence on September 1, 2021, and expire on August 31, 2023. The Initial Term was effective February 22, 2016 through August 31, 2019; and provided for one additional renewal not to exceed two years.

The First Renewal Term was effective September 1, 2019 through August 31, 2021; and was approved by the Board on August 15, 2019.

Description Moran Munchies, Inc., will continue to provide beverage and snack vending machine operations for the Tyler and Palestine campuses. U. T. Tyler entered into a Vending Machine Agreement with Compass Group USA, Inc., by and through its Canteen Vending Services Division, dated effective February 22, 2016, and approved by the Board on February 11, 2016. All rights and obligations were subsequently assigned to Moran Munchies, Inc., effective August 18, 2017.

Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food service provider should be selected. Board approval for his Agreement is sought in accordance with *Texas Government Code* Section 2203.005(a) and The University of Texas Systemwide Policy UTS 130 pertaining to Vending Machine Contracts.

58. Contract (funds coming in) - U. T. Tyler: Amendment to Agreement for Wilmore Snack Sales, Inc., to provide beverage and snack vending machine operations for the Longview campus

Agency: Wilmore Snack Sales, Inc.

Funds: Revenues based on a 23% commission on gross sales for snacks and a 20% commission on gross sales for beverages. Total return to U. T. Tyler over the renewal term (based on projected commission income) is estimated at \$3,600.

Period: This Second Renewal Term will commence on September 1, 2021, and expire on August 31, 2023. The Initial Term was effective February 22, 2016 through August 31, 2019; and provided for one additional renewal not to exceed two years.

The First Renewal Term was effective September 1, 2019 through August 31, 2021; and approved by the Board on August 15, 2019.

Description: Wilmore Snack Sales, Inc., will continue to provide beverage and snack vending machine operations for the Longview campus. U. T. Tyler entered into a Vending Machine Agreement with Compass Group USA, Inc., by and through its Canteen Vending Services Division, dated effective February 22, 2016, and approved by the Board on February 11, 2016. All rights and obligations were subsequently assigned to Wilmore Snack Sales, Inc., effective August 18, 2017.

Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food service provider should be selected. Board approval for his Agreement is sought in accordance with *Texas Government Code* Section 2203.005(a) and The University of Texas Systemwide Policy UTS 130 pertaining to Vending Machine Contracts.

59. Contract (funds coming in) - U. T. Tyler: Amendment to Agreement with the Department of State Health Services for Health Science Center at U. T. Tyler to provide services and resources related to the statewide coordination of medical management of tuberculosis

Agency: Department of State Health Services

Funds: \$2,514,346.32

Period: September 01, 2021 through August 31, 2022

Description: Second Amendment to Transformation Interagency Cooperation Contract between the Department of State Health Services and the Health Science Center at U. T. Tyler for services and resources related to the statewide coordination of medical management of tuberculosis. The initial Agreement had a term beginning September 1, 2020, and ending August 31, 2021; with two additional one-year renewal options. The contract value of the initial Agreement was \$829,115.44. The First Amendment was effective May 3, 2021; increased the total contract value for Fiscal Year (FY) 2021 to \$836,115.44; and amended the statement of work and the budget. The initial Agreement and First Amendment did not require Board approval as both were below the delegated contract threshold for contracts entered into by U. T. Health Science Center - Tyler.

The Second Amendment is effective September 1, 2021; and increases the total contract value for FY 2022 to \$839,115.44; extends the contract term through August 31, 2022; and amends the statement of work and the budget. With all possible renewals exercised, the total amount of this contract is projected to be \$2,514,346.32, which is in excess of U. T. Tyler's delegated contracting authority and requires Board approval.

60. Request for Budget Change - U. T. Tyler: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2022 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Arts and Sciences		
Mathematics		
Kassie Archer	Assistant Professor	Associate Professor (T)
School of Performing Arts		
Jeremy McBain	Assistant Professor	Associate Professor (T)
Sarah Roberts	Assistant Professor	Associate Professor (T)
Social Sciences		
Danielle Bailey	Assistant Professor	Associate Professor (T)
College of Engineering		
Electrical Engineering		
Premananda Indic	Assistant Professor	Associate Professor (T)
Mechanical Engineering		
Chung Hyun Goh	Assistant Professor	Associate Professor (T)
Tahsin Khajah	Assistant Professor	Associate Professor (T)
College of Education and Psychology		
Psychology and Counseling		
Jessica Holm	Assistant Professor	Associate Professor (T)
School of Education		
Staci Zolkoski	Assistant Professor	Associate Professor (T)
College of Nursing and Health Sciences		
School of Nursing		
Cathy Miller	Associate Professor	Professor (T)
School of Community and Rural Health (Health Science Center)		
Department of Epidemiology and Biostatistics		
Harrison Ndetan	Associate Professor	Professor (T)

HEALTH AFFAIRS COMMITTEE**61. Report - U. T. System Health Institutions: Fiscal Year 2020 Post-Tenure Review**

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2020 post-tenure review for the U. T. System health institutions is provided by the Executive Vice Chancellor for Health Affairs.

During Fiscal Year 2020, 183 tenured faculty members at the six health institutions with tenured faculty were subject to post-tenure review. Of the 183 faculty members reviewed, 82 or 44.8% were evaluated as Exceeds Expectations; 91 or 49.7% received Meets Expectations; 7 or 3.8% received Does Not Meet Expectations; and 3 or 1.6% received Unsatisfactory evaluations. Eight faculty members retired or resigned the tenured position before their post-tenure review.

The following summary tables provide additional details of the post-tenure review results for Academic Year 2019-2020.

Summary of Post-Tenure Review Results

	Total Subject to Review	Total Exceeds Expectations	Total Meets Expectations	Total Does Not Meet Expectations	Total Unsatisfactory	Decided to Retire or Resign Before Review
UTSWMC	55	33	18	3	1	0
UTMB	27	16	11	0	0	2
UTHSC-H	23	16	7	0	0	3
UTHSC-SA	22	15	7	0	0	3
UTMDACC	56	2	48	4	2	0
UTHSC-T	0	0	0	0	0	0
Total	183	82	91	7	3	8
		44.8%	49.7%	3.8%	1.6%	

Post-Tenure Review Results by Gender

	Subject to Review		Exceeds Expectations		Meets Expectations		Does Not Meet Expectations		Unsatisfactory		Decided to Retire or Resign Before Review	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
UTSWMC	44	11	27	6	15	3	2	1	0	1	0	0
UTMB	15	12	8	8	7	4	0	0	0	0	2	0
UTHSC-H	19	4	12	4	7	0	0	0	0	0	2	1
UTHSC-SA	16	6	11	4	5	2	0	0	0	0	1	2
UTMDACC	43	13	1	1	37	11	3	1	2	0	0	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0	0	0
Total	137	46	59	23	71	20	5	2	2	1	5	3

Post-Tenure Review Results by Ethnicity

	Total Actually Reviewed					Exceeds Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTSWMC	39	0	1	13	2	24	0	1	7	1
UTMB	18	1	5	3	0	9	1	4	2	0
UTHSC-H	15	0	3	5	0	11	0	2	3	0
UTHSC-SA	15	0	2	5	0	10	0	2	3	0
UTMDACC	32	1	2	20	1	1	0	0	1	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0
Total	119	2	13	46	3	55	1	9	16	1

	Meets Expectations					Does Not Meet Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTSWMC	13	0	0	4	1	2	0	0	1	0
UTMB	9	0	1	1	0	0	0	0	0	0
UTHSC-H	4	0	1	2	0	0	0	0	0	0
UTHSC-SA	5	0	0	2	0	0	0	0	0	0
UTMDACC	29	1	1	16	1	1	0	1	2	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0
Total	60	1	3	25	2	3	0	1	3	0

	Unsatisfactory					Decided to Retire/Resign Before Review				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTSWMC	0	0	0	1	0	0	0	0	0	0
UTMB	0	0	0	0	0	1	0	0	1	0
UTHSC-H	0	0	0	0	0	2	0	0	1	0
UTHSC-SA	0	0	0	0	0	2	0	1	0	0
UTMDACC	1	0	0	1	0	0	0	0	0	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0
Total	1	0	0	2	0	5	0	1	2	0

PERFORMANCE THAT DOES NOT MEET EXPECTATIONS:

U. T. Southwestern Medical Center: All three faculty members were provided action plans and will be reviewed again after two years on their plan, scheduled for 2022.

U. T. M. D. Anderson Cancer Center: Two faculty members (professor and associate professor) are pending administrative review. Two additional faculty members (both associate professors) renewal of tenure were approved by the Post-Tenure Review Committee in FY 2021.

UNSATISFACTORY PERFORMANCE:

U. T. Southwestern Medical Center: The faculty member was provided action plan, their salary was reduced, and their performance will be reviewed again in 2021.

U. T. M. D. Anderson Cancer Center: Both faculty members' positions (professor and associate professor) terminate at the end of the 7th year term of tenure.

62. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide professional and technical services to support the operations of UT Southwestern Moncrief Cancer Center, a not-for-profit corporation

Agency: UT Southwestern Moncrief Cancer Center, a not-for-profit corporation

Funds: \$8,839,954

Period: September 1, 2021 through August 31, 2022

Description: U. T. Southwestern Medical Center to provide professional and technical services. UT Southwestern Moncrief Cancer Center (MCI) will reimburse U. T. Southwestern Medical Center for the cost of leasing employees. These services and leased employees will support the general operations of MCI.

63. Contract (funds going out) - U. T. Southwestern Medical Center: Oncology Supply, a division of ASD Specialty Healthcare, LLC, to provide access to discounts and rebates on oncology pharmaceutical products for patient care

Agency: Oncology Supply, a division of ASD Specialty Healthcare, LLC

Funds: \$1,000,000,000

Period: July 1, 2021 through June 30, 2026

Description: U. T. Southwestern Medical Center will use Oncology Supply's service as a specialty group purchasing organization (GPO) to assist U. T. Southwestern Medical Center in purchasing certain proprietary oncology pharmaceutical products for patient care. The Agreement with Oncology Supply involves the actual supply of the products under contracts made available by the International Oncology Network (ION). The Agreement has been made expressly conditional on Board of Regents approval.

Oncology Supply has not received accreditation under U. T. System's GPO Accreditation Program, but U. T. Southwestern Medical Center's use of Oncology Supply's services is essential for U. T. Southwestern Medical Center to secure product discounts and rebates that will partially alleviate the loss of U. T. Southwestern Medical Center's status in the 340(b) Drug Pricing Program. U. T. Southwestern Medical Center's use of Oncology Supply for these proprietary products has been documented in an appropriate Exclusive Acquisition Justification. Also, Oncology Supply has acknowledged that no use of the GPO services by other U. T. System institutions is being authorized.

The above-described arrangements potentially conflict with contractual commitments made by U. T. Southwestern Medical Center to Premier Health Alliance and Vizient, Inc., U. T. Southwestern Medical Center's accredited GPO entities, which offer supply agreements for some of the same products. Both Premier and Vizient have agreed, however, that U. T. Southwestern Medical Center may buy specialty oncology products exclusively via Oncology Supply.

64. Request for Budget Change - U. T. Southwestern Medical Center: New Hire with Tenure -- amendment to the 2020-2021 budget

The following Request for Budget Change (RBC) has been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
Southwestern Medical School					
Neurological Surgery					
Chair and Professor					
Nader Pouratian (T)	4/1-8/31	10	12	80,000	11568

65. Request for Budget Change - U. T. Southwestern Medical Center: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2022 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Biophysics		
Biophysics		
Xiaochen Bai	Assistant Professor	Associate Professor (T)
College of Cell Biology		
Cell Biology		
William Henne	Assistant Professor	Associate Professor (T)
College of Internal Medicine		
Internal Medicine		
Mark Drazner	Professor	Professor (T)
Darren McGuire	Professor	Professor (T)
Zhao Wang	Assistant Professor	Associate Professor (T)
College of Molecular Biology		
Molecular Biology		
Vincent Tagliabracci	Assistant Professor	Associate Professor (T)
College of Molecular Genetics		
Molecular Genetics		
Xiaochun Li	Assistant Professor	Associate Professor (T)
College of Neurology		
Neurology		
Peter Tsai	Assistant Professor	Associate Professor (T)
College of Population and Data Sciences		
Population and Data Sciences		
Xiaowei Shan	Assistant Professor	Associate Professor (T)
College of Radiology		
Radiology		
Ananth Madhuranthakam	Assistant Professor	Associate Professor (T)
College of Surgery		
Surgery		
Michael Dellinger	Assistant Professor	Associate Professor (T)
College of Urology		
Urology		
Douglas Strand	Assistant Professor	Associate Professor (T)

66. Purchase - U. T. Southwestern Medical Center: Authorization to purchase unimproved Lots 8-12, Block A, Eldorado Village Addition to the City of Frisco, Collin County, Texas, from NEC Newton/DNT LLC, a Texas limited liability company, for future clinical use

Description: Purchase of unimproved Lots 8-12, Block A, Eldorado Village Addition to the City of Frisco, Collin County, Texas, located contiguous to the existing Texas Health Resources/U. T. Southwestern Medical Center campus in Frisco, Texas. The property will be used by U. T. Southwestern Medical Center for future clinical use.

Seller: NEC Newton/DNT LLC, a Texas limited liability company

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Integra Realty Resources; appraisal confidential pursuant to *Texas Education Code* Section 51.951.

67. Lease - U. T. Southwestern Medical Center: Authorization to lease approximately 30,696 rentable square feet of space at 1349 Empire Central Road, Dallas, Dallas County, Texas, from PSC Woodview, LLC, for general office and training purposes

Description: Lease of approximately 30,696 rentable square feet at 1349 Empire Central Road, Dallas, Dallas County, Texas, for general office and training purposes.

Lessor: PSC Woodview, a Texas limited liability company

Term: Initial lease term of 87 months, which includes a three-month base rental abatement period upon commencement of the term approximately January 2022. At tenant's sole election, the lease may be extended for two additional periods of five years each.

Lease Cost: The initial base rental per square foot will be approximately \$16.50 per square foot with \$0.50 per square foot annual escalations throughout the initial term. In addition to the base rent, the institution will pay for the cost of all electricity, and annual operating expenses and real estate taxes to the extent those expenses exceed the 2022 operating expenses in any given year. Tenant improvements are estimated at approximately \$60 per square foot, including construction, design, and project management costs, towards which U. T. Southwestern Medical Center will receive a \$30 per square foot allowance (approximately \$920,880) from Landlord.

U. T. Southwestern Medical Center will pay the balance of the construction cost estimated to be approximately \$1,841,760. Total transaction expenses for the approximately 30,696-square-foot lease area during the primary term are estimated at approximately \$5,291,845, which includes the cost of tenant improvements to-be-paid by U. T. Southwestern Medical Center plus base rent, estimated operating expenses, estimated real estate taxes, and electricity from commencement of the lease through the expiration of the initial term.

Rent for both of the five-year extension periods will be based on market rate at the time of extension. Based on estimated annual increases of 3% for rent and 3% for operating expenses, estimated expenses for approximately 30,696 square feet of space are approximately \$3,836,598 during the first extension term, and approximately \$4,516,401 during the second extension term.

If U. T. Southwestern Medical Center elects to exercise all extension options, total estimated cost to the institution from commencement of the lease through expiration of the second extension term are estimated at \$13,644,843.21.

68. Request for Budget Change - U. T. Medical Branch - Galveston: New Hires with Tenure -- amendment to the 2020-2021 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Health Professions					
Department of Rehabilitation Sciences					
Professor					
Carole Tucker (T)	7/1-8/31	100	12	210,000	11572
School of Medicine					
Department of Internal Medicine					
Professor					
Peter Cram (T)	4/5-8/31	100	12	625,000	11573

69. Request for Budget Change - U. T. Medical Branch - Galveston: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2022 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
School of Medicine		
Microbiology and Immunology Ricardo Rajsbaum	Associate Professor	Associate Professor (T)
Preventive Medicine and Population Health Neil Mehta	Associate Professor	Associate Professor (T)
Psychiatry and Behavioral Sciences Dawnelle Schatte	Professor	Professor (T)
Surgery Ludwik Branski	Associate Professor	Associate Professor (T)
School of Health Professions		
Occupational Therapy Diane Collins	Associate Professor	Associate Professor (T)

70. Lease - U. T. Medical Branch - Galveston: Authorization to expand and extend a lease of approximately 7,592 square feet of space located at 2401 FM 646 West, City of Dickinson, Galveston County, Texas, from BHK Holdings, LLC, for clinical uses

Description: Extension of agreement to lease approximately 4,400 square feet of space and lease of an additional approximately 3,192 square feet, totaling approximately 7,592 square feet located at 2401 FM 646 West, City of Dickinson, Galveston County, Texas, for clinical uses

Lessor: BHK Holdings, LLC, a Texas limited liability company

Term: Initial lease of approximately 4,400 square feet commenced on March 1, 2010, continuing through June 30, 2021. The institution now wishes to extend the term for the initial approximately 4,400 space and add an additional approximately 3,192 square feet for a term of 10 years beginning on July 1, 2021 through June 30, 2036. At U. T. Medical Branch - Galveston's sole election, the lease may be extended for one additional period of five years.

Lease Cost: The initial base rental per square foot for the new term will be approximately \$27.50 per square foot for the first year, increasing by the lesser of CPI or 2% annually thereafter. The institution will pay for the cost of annual operating expenses in excess of 2019 expenses. Tenant improvements are estimated at approximately \$340,000, the cost for which Landlord will be solely responsible. Total transaction expenses for the approximately 7,592 square foot lease during ten-year extension term are estimated at approximately \$2,402,781.21, which includes the cost of base rent and operating expenses from commencement of the extension term through expiration.

Beginning on or after the fifth lease year, U. T. Medical Branch - Galveston may terminate the lease for a fee equal to reimbursement of the unamortized tenant improvement at a cost of approximately \$34,000 for each year the lease is shortened.

Rent for the additional five-year extension period will be based on market rates at the time of extension. Assuming an annual escalation rate of 2% for base rent and 3% for operating expenses, rent and operating expenses for the extension term are estimated to total approximately \$1,456,995.

Total lease expense, including base rent and operating expenses, from commencement of the initial term in 2010 through expiration of the final extension term is estimated at approximately \$5,170,841. Accordingly, this lease is being brought forward for Board approval as the lease value exceeds the institution's \$5,000,000 delegation authority threshold.

71. Lease - U. T. Medical Branch - Galveston: Authorization to enter into a lease with the option to purchase a building totaling approximately 2,800 square feet located at 215 Oak Drive South, Suite B, City of Lake Jackson, Brazoria County, Texas, from Bennett Property Holdings, LLC, for clinical uses

Description: Lease with option to purchase a building totaling approximately 2,800 square feet located at 215 Oak Drive, Suite B, City of Lake Jackson, Brazoria County, Texas. This property will be used for clinical uses.

Lessor: Bennett Property Holdings, LLC, a Texas limited liability company

Term: Initial lease term of five years commencing approximately August 2021. At U. T. Medical Branch - Galveston's sole election, the lease may be extended for one additional period of five years.

Lease Cost: The initial base rental per square foot will be approximately \$23.57 per square foot, equal to approximately \$5,500 per month, throughout the initial term of the lease without escalation. The institution will pay for the cost of operating expenses, exclusive of real estate taxes, which will be paid solely by Landlord. Tenant improvements are estimated at approximately \$125 per square foot equal to approximately \$350,000, including construction, design, and project management costs, towards which U. T. Medical Branch - Galveston will receive a maximum allowance of approximately \$6,500 from Landlord. Total transaction expenses to be paid by U. T. Medical Branch - Galveston for the approximately 2,800 square foot lease during the primary term are estimated at approximately \$740,395, which includes cost of base rent, operating expenses, and tenant improvement costs from commencement of the lease through expiration of the initial term.

Rent for the extension period will be based on market at the time of extension. Assuming an annual escalation rate of 2.5% for base rent and 3% for operating expenses, rent and operating expenses for the extension term are estimated to total approximately \$450,914.77.

Purchase Option: During the initial term, if Landlord receives an offer to purchase from a third party, U. T. Medical Branch - Galveston shall have the option of first refusal to purchase the premises, which includes an approximately 2,800 square foot building, for an amount not to exceed fair market value at the time of purchase as determined by independent appraisal.

72. Contract (funds coming in) - U. T. Health Science Center - Houston: Amendment to Agreement with Memorial Hermann Health System to provide financial support for U. T. Health Science Center - Houston's academic, research, and community service programs

Agency: Memorial Hermann Health System

Funds: Approximately \$243,385,966

Period: July 1, 2021 through June 30, 2022

Description: This is the Fourth Amendment to the Annual Funding Agreement initially approved by the U. T. System Board of Regents on November 15, 2018, whereby Memorial Hermann Health System provides financial support to U. T. Health Science Center - Houston for academic support, program support, contracted services, and clinical support. All amounts paid for clinical support are to be used for the recruitment, retention, or engagement of physicians as agreed separately in writing. The First Amendment dated July 1, 2019, which increased the cap, did not require Board approval as the change in monetary value did not exceed 25%. The Second Amendment, dated July 1, 2020, received Board approval. The Third Amendment reflected minor editorial changes to the Second Amendment and did not require Board approval.

Authorization is also requested for President Colasurdo or his delegate to execute all necessary documents and agreements, subject to approval by the Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel.

73. Request for Budget Change - U. T. Health Science Center - Houston: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2022 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
McGovern Medical School		
Internal Medicine – Infectious Diseases		
Liang Zhu	Associate Professor	Associate Professor (T)
Institute of Molecular Medicine		
Brian R. Davis	Professor	Professor (T)
Xin Ge	New Hire	Associate Professor (T)
Kristin L. Mahan	Assistant Professor	Associate Professor (T)
Kai Sun	Assistant Professor	Associate Professor (T)
Kyoji Tsuchikama	Assistant Professor	Associate Professor (T)
Biochemistry and Molecular Biology		
Harry Karmouty-Quintana	Assistant Professor	Associate Professor (T)
Seung-Hee Yoo	Assistant Professor	Associate Professor (T)
Pediatrics – Infectious Diseases		
Anthony R. Flores	Associate Professor	Associate Professor (T)
School of Biomedical Informatics		
Biomedical Informatics		
Sahiti Myneni	Associate Professor	Associate Professor (T)
School of Dentistry		
Diagnostic and Biomedical Sciences		
Ransome van der Hoeven	Assistant Professor	Associate Professor (T)
Oral and Maxillofacial Surgery		
Simon W. Young	Assistant Professor	Associate Professor (T)
Periodontics and Dental Hygiene		
Nikola Angelov	Professor	Professor (T)

College, Department, and Name	From	To
School of Public Health		
Diagnostic and Biomedical Sciences		
Folefac Atem	Assistant Professor	Associate Professor (T)
Hongjian Zhu	Associate Professor	Associate Professor (T)
Epidemiology, Human Genetics and Environmental Sciences		
Han Chen	Assistant Professor	Associate Professor (T)
Goo Jun	Assistant Professor	Associate Professor (T)
Health Promotion and Behavioral Sciences		
Yuh-Pey Anne Buu	Associate Professor	Professor (T)
Kymerle L. Sterling	Associate Professor	Associate Professor (T)
Management Policy and Community Health		
Ashish Deshmukh	Assistant Professor	Associate Professor (T)

74. Request for Budget Change - U. T. Health Science Center - San Antonio: New award of tenure appointments

The following personnel actions involving new award of tenure appointments have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2022 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
School of Medicine		
Molecular Medicine		
Zhijie Liu	Assistant Professor	Associate Professor (T)
Pharmacology		
Gregory T. Collins	Assistant Professor	Associate Professor (T)
Psychiatry & Behavioral Sciences		
Joseph Blader	Associate Professor	Professor (T)
School of Health Professions		
Occupational Therapy		
Ana Luiza C. Allegretti	Assistant Professor	Associate Professor (T)
Physician Assistant Studies		
Meredith Quinene	Assistant Professor	Associate Professor (T)

75. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Summus Leasing Co., LLC, to lease or rent Dell computers and servers, including ancillary products

Agency: Summus Leasing Co., LLC

Funds: Total cost of services under this Agreement is estimated to be \$45,000,000

Period: February 10, 2021, with no specified end date as there will be multiple Lease Schedules under the Master Lease Agreement

Description: Summus Leasing Co., LLC, through this Master Lease Agreement will lease to U. T. M. D. Anderson Cancer Center Dell computers, servers, software, and ancillary products, via Lease Schedules. An additional Technology Solutions Agreement under a Preferred Supplier Agreement between U. T. M. D. Anderson Cancer Center and Dell Marketing L.P. (Dell) has also been signed as a companion agreement in which Dell, via an assignment Addendum, assigned to Summus the right to purchase certain equipment and related services from Dell to provide to U. T. M. D. Anderson Cancer Center. The Master Lease Agreement was initially submitted under a Group Purchasing Organization Contract and was based on the existing U. T. System Supply Chain Alliance Agreement with Dell.

76. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Atos Digital Health Solutions, Inc., to deliver information technology services

Agency: Atos Digital Health Solutions, Inc.

Funds: Total cost of services under this Agreement, including all renewals, is estimated to be \$11,000,000

Period: June 4, 2021 through June 3, 2026; with three one-year renewal options

Description: Atos Digital Health Solutions, Inc., through this Agreement for Information Technology Services, will offer resources consisting of trained and experienced personnel to provide project-based support, including implementation services, to U. T. M. D. Anderson Cancer Center's Information Services division in the following work areas: Electronic Health Record; and Enterprise Development and Integration. The Agreement was competitively bid.

77. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to Agreement with Hellmuth, Obata & Kassabaum, L.P., to provide architectural services for miscellaneous minor projects of limited scope for health care facilities

Agency: Hellmuth, Obata & Kassabaum, L.P.

Funds: Total contract value is estimated to be \$6,000,000, although the maximum amount is indeterminable at this time.

Period: January 6, 2019 through January 5, 2022; with no renewal options remaining

Description: Amendment to Agreement for architectural services on miscellaneous minor projects of limited scope for health care facilities. Hellmuth, Obata & Kassabaum, L.P., will provide architectural services for renovation, repair, minor construction and maintenance projects, and other miscellaneous architectural assignments of limited scope on a per-project basis, as requested by U. T. M. D. Anderson Cancer Center. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required. The initial Agreement was effective from January 6, 2017 through January 5, 2019; with three renewal options. The First Amendment was effective January 6, 2019, and extended the term to January 5, 2022. The initial Agreement and the First Amendment did not require Board approval as the cap amount was within the institution's delegated approval threshold. At this time, however, U. T. M. D. Anderson Cancer Center anticipates the total contract to be estimated at \$6,000,000, requiring Board approval. The Agreement was competitively bid. There are no remaining renewals.

78. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to Agreement with Pamir Consulting, LLC, to provide proprietary information protection services

Agency: Pamir Consulting, LLC

Funds: The total value of the services under the Agreement is approximately \$6,400,000

Period: September 18, 2021 through September 17, 2022

Description: Pamir Consulting, LLC, will provide proprietary information protection services to U. T. M. D. Anderson Cancer Center. Services include a collection of security solutions to protect sensitive research and trade secrets. Pamir will perform investigative and analytics support, including foreign language support, conduct background and other investigations, and offer tools that focus on key areas such as intellectual property protection, insider threat detection and protection, trade secret protection and business and political risk analysis. The initial Agreement was effective from September 18, 2017 through September 17, 2020, with two renewal options. The First Amendment was effective March 20, 2020, and extended the term to September 17, 2021. The Second Amendment was effective November 20, 2020, and increased the cap amount to \$5,000,000. The initial Agreement and first two amendments did not require Board approval as the cap amount was within the institution's delegated approval threshold. The initial Agreement was competitively bid. This Third Amendment extends the term to September 17, 2022, and increases the cap amount to \$6,400,000. There are no remaining renewals.

79. Request for Budget Change - U. T. M. D. Anderson Cancer Center: New Hire with Tenure -- amendment to the 2020-2021 budget

The following Request for Budget Change (RBC) has been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
Department of Biostatistics					
Division of SVP, Chief Scientific Officer					
Associate Professor					
Supreteek Kundu (T)	6/1-8/31	100	12	169,000	11639

80. Purchase - U. T. M. D. Anderson Cancer Center: Authorization to purchase two contiguous tracts of unimproved land totaling approximately 24.93 acres located east of Highway 288, west of Smith Ranch Road, south of Silverlake Village Drive and north of Magnolia Parkway in Pearland, Brazoria County, Texas, separately from AVN Investments Corporation, LTD Investments Corporation, and Pappas Restaurants, Inc., for future mission use, including the development and operation of clinical facilities

Description: Purchase of two contiguous tracts of unimproved land totaling approximately 24.93 acres located east of Highway 288, west of Smith Ranch Road, south of Silverlake Village Drive and north of Magnolia Parkway in Pearland, Brazoria County, Texas. The actual area of the properties will be determined by survey. The Property will be used by U. T. M. D. Anderson Cancer Center for future mission use, including the future development and operation of clinical facilities.

This acquisition, located on the south side of the greater Houston area, complements existing owned and leased facilities serving the west, north, southwest and southeast markets of the Houston area. U. T. M. D. Anderson Cancer Center anticipates that in the future it will develop clinical facilities on the subject property.

Seller: AVN Investments Corporation, a Texas corporation as to an undivided 75% interest, and LTD Investments Corporation, a Texas corporation as to an undivided 25% interest, for approximately 10 acres; and Pappas Restaurants, Inc., a Texas corporation, for approximately 14.93 acres.

Purchase Price: Not to exceed fair market value as determined by independent appraisals performed by Valbridge Property Advisors. The purchase price may be adjusted based on the area of the property as determined by survey; appraisal confidential pursuant to *Texas Education Code* Section 51.951

81. Purchase - U. T. M. D. Anderson Cancer Center: Authorization to purchase a tract of unimproved land totaling approximately 8.557 acres located at the southwest corner of Corder Street and Cayuga Street in close proximity to the institution's East Campus in Houston, Harris County, Texas, from 2ML Real Estate Interest Inc. for future mission use, including the development and operation of support facilities

Description: Purchase of unimproved land totaling approximately 8.557 acres located at the southwest corner of Corder Street and Cayuga Street in Houston, Harris County, Texas. This property is in close proximity to the institution's East Campus in Houston already owned by UTMDACC. The property will be used for future mission use, including development and operation of support facilities.

Seller: 2ML Real Estate Interest Inc., a Texas corporation

Purchase Price: Not to exceed fair market value as determined by independent appraisal performed by Valbridge Property Advisors; appraisal confidential pursuant to *Texas Education Code* Section 51.951.

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

No items for Consent Agenda

ADDITIONAL CONSENT AGENDA ITEM
ACADEMIC AFFAIRS COMMITTEE
AUGUST 18-19, 2021

82. Purchase - U. T. Austin: Authorization to purchase land and improvements located at 2021-2025 Guadalupe Street and 2001-2005 Whitis Avenue, Austin, Travis County, Texas, from FPA4 Dobie Center, LLC, for future campus expansion; and resolution regarding parity debt

Description: Purchase of Lots 1-3, Lots 18-20, Lots 22-25, and portions of a vacated alley, Louis Horst's Subdivision of Outlot 21, Division D, Austin, Travis County, Texas, and improvements, commonly known as 2021-2025 Guadalupe Street, and 2001-2005 Whitis Avenue for short term use for educational, housing, retail, office, and parking with longer term campus expansion use.

The improvements consist of an approximately 209,190-square-foot parking garage known as the Dobie Garage, an approximately 980-bed student housing high-rise known as Dobie Twenty21 Student Spaces, and the approximately 74,923-square-foot retail development commonly known as The Austin Market & Mercantile.

Seller: FPA4 Dobie Center, LLC

Purchase Price: Not to exceed fair market value as determined by independent valuations performed by Jones Lang LaSalle and Newmark Student Housing; valuations confidential pursuant to *Texas Education Code* Section 51.951.

Source of Funds: Revenue Financing System debt to be repaid out of auxiliary revenues and designated tuition. The institution's Scorecard Rating of 1.2 at fiscal year-end 2020 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. In approving this item, the Board will be making the findings required under Section 5 of the Amended and Restated Master Resolution establishing the Revenue Financing System relating to the issuance of parity debt on behalf of U. T. Austin in an aggregate amount not to exceed fair market value as established by independent appraisal, and this action satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations*.