

Meeting No. 1,184

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

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August 9 - 10, 2018

Austin, Texas

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OF
THE UNIVERSITY OF TEXAS SYSTEM
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AUSTIN, TEXAS

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MEETING NO. 1,184

THURSDAY, AUGUST 9, 2018.--The members of the Board of Regents of The University of Texas System convened in Open Session on Thursday, August 9, 2018, at 8:17 a.m. in the Board Room, Second Floor, The University of Texas System Building, 210 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Tucker
Vice Chairman Hildebrand
Vice Chairman Foster
Regent Aliseda
Regent Beck
Regent Eltife
Regent Hicks
Regent Weaver
Regent Jewell, Student Regent, nonvoting

Absent

Regent Longoria

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Tucker called the meeting to order in Open Session.

Chairman Tucker recognized Ms. Jana Pankratz, Executive Director in the Chancellor's Office, who is retiring after 25 years of exceptional service at The University of Texas System. Chairman Tucker noted that Ms. Pankratz has worked for seven Chancellors and is uniformly respected and loved across the System.

Chairman Tucker also recognized Deputy Chancellor Daniel on his retirement at the end of August 2018. She commented on Dr. Daniel's diligence and accomplishments at U. T. System Administration, following a spectacular term as President at The University of Texas at Dallas. She noted his work in mounting a competitive brief for the Los Alamos National Laboratory and in helping Chancellor *ad interim* Faulkner to secure the Army Futures Command operations in Austin.

Both Executive Director Pankratz and Deputy Chancellor Daniel received standing ovations.

RECESS TO EXECUTIVE SESSION.--At 8:23 a.m., the Board recessed to Executive Session, pursuant to *Texas Government Code* Section 551.074, to consider the matter listed on the Executive Session agenda. Chairman Tucker noted that, following the Executive Session, the Board would reconvene in Open Session to begin the Retreat.

RECONVENE THE BOARD IN OPEN SESSION.--At 10:06 a.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Tucker reconvened the Board in Open Session. No action was taken on the following item.

U. T. System Board of Regents: Discussion with individual presidents regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution

RETREAT

Chairman Tucker began the Retreat by noting that the University's commitment to the State of Texas would drive the agenda for the Retreat. She said the theme of the Retreat was "The University of Texas System in Service to the State of Texas," and that today (August 9), the focus will be on the work of the individual 14 institutions in service to the state. Tomorrow (August 10), the panels will focus on how, collectively, the U. T. System is addressing critical issues of the State of Texas. She then called on Chancellor *ad interim* Faulkner to introduce the discussion.

1. U. T. Academic Institutions in Service to the State of Texas

Chancellor *ad interim* Faulkner provided introductory remarks on how the institutions serve the people of Texas.

Remarks by Chancellor *ad interim* Faulkner

Let me begin by saying that, as the Chair said, we're focused on service to people. I'd like to frame what we're doing here by talking a little bit about where The University of Texas System is in serving the people. This institution, The University of Texas System, is the largest university system in Texas, more than four times the size of the next largest. It's total research funding of \$2.9 billion is the largest in the state and second largest in the United States. We educate 235,000 students, more than one-third of all students in Texas public universities, and 80,000 more than the next largest university system. They hail from every county in Texas, all 50 states, and 146 countries. We produced 59,000 graduates in the last academic year, almost 24,000 more degrees than the next largest system, and an increase of over 49% in the last decade. We employ 100,000 faculty, health care professionals, and staff, and the System health institutions provide almost 7.9 million patient visits annually. U. T. System institutions award 59% of the medical degrees and account for 65% of the resident physicians in accredited programs among public institutions.

Those are just some tidbits about the scale of what this System delivers regularly to the people of Texas. But, what this program is about, is how can we do even better. We're going to talk about what happens and can happen

in the academic institutions this morning, what happens and can happen in the health institutions this afternoon, and tomorrow, we're going to talk about the relationship between System Administration and the institutions that make up the System.

Dr. Faulkner then introduced the following panel discussions.

a. Role of a Flagship within a University System and in Service to the State

Chancellor *ad interim* Faulkner called on The University of Texas at Austin President Fenves for remarks on this topic. Dr. Fenves said that the role of the U. T. System is to prepare students to create the ideas to power the future, and the core purpose of U. T. Austin, as the flagship, is to transform lives for the benefit of society, or as he later put it, the role of the U. T. System flagship is to unlock the potential of the people of Texas for a more vibrant Texas and the world beyond.

b. Benefits to the Public from Advancement to Tier 1 Status and National Research University Fund (NRUF) Eligibility

Chancellor *ad interim* Faulkner introduced President Benson from The University of Texas at Dallas, President Eighmy from The University of Texas at San Antonio, President Karbhari from The University of Texas at Arlington, and President Natalicio from The University of Texas at El Paso for remarks on this topic.

As background for National Research University Fund (NRUF) eligibility, Executive Vice Chancellor Leslie explained that in 2009, the Texas Legislature created House Bill 51 that provided criteria for institutions to be eligible to receive proceeds from the NRUF as emerging research universities.

Dr. Leslie moderated the panel discussion, beginning with the questions, "How does your research mission connect the needs of your community, region, and State of Texas," and "What is the public benefit of the research enterprise?"

Dr. Benson spoke about the focus on Science, Technology, Engineering, and Mathematics (STEM) initiatives that produce skilled graduates at U. T. Dallas and that boost the local and regional economy. He said U. T. Dallas is an NRUF institution, and he explained how NRUF funding is being, and will be, used at the institution.

Dr. Karbhari spoke about focusing, with U. T. Dallas, on key needs of the growing Dallas/Fort Worth Metroplex, including initiatives in health and the human condition, sustainable urban communities, global environmental impact, and the use of data for new discoveries. He noted the benefits of a research institution as one that raises the level of education and serves as a catalyst for the rest of the community it serves.

Dr. Natalicio said it is incumbent on U. T. El Paso to serve as a change catalyst in the community, and she spoke about development of a research strategy that has made the institution eligible for NRUF funding for the past three years. She described difficulties in maintaining NRUF criteria because, in part, of the social mobility of a population that is historically underrepresented and underserved in higher education. She requested assistance in this matter. She also noted improvements in economic development in the region.

Dr. Eighmy said the focus of U. T. San Antonio is as a research enterprise with centers of discovery in biomedicine, data science, and cybersecurity; in economic and social well-being development; and as an urban, engaged university.

Dr. Leslie also asked the following question, “From the standpoint of your research mission and looking around the nation, are there other systems or states that have adopted approaches to pursuing a high research status and what do we learn from them?” There was discussion about the University of California System, noting that five of their institutions are amongst the seven institutions in the Association of American Universities (AAU) that are younger than the AAU, which was created in 1900. President Natalicio commented that there are many ways to get to the excellence or access goal and what is needed is to try to support institutions in what they do best. She said that is what California did, and it is clear what each of those institutions does best.

Chairman Tucker congratulated the presidents for looking to others to learn, for looking at their aspirational peer set, and for looking at how others did it.

c. Comprehensive Universities in Student Success and Regional Economic Development

Chancellor *ad interim* Faulkner introduced President Bailey from The University of Texas Rio Grande Valley, President Tidwell from The University of Texas at Tyler, and President Woodley from The University of Texas of the Permian Basin.

Executive Vice Chancellor Leslie moderated the panel discussion, beginning with the questions, “What can each of you do as presidents to make sure that your university strategy aligns with what is needed for your region and the State of Texas,” and “What is unique for your region and your university that the Board and the public may not fully know?”

Dr. Bailey spoke of significant transformations in health care, student success, and economic impact brought to the Valley by establishment of U. T. Rio Grande Valley and its Medical School.

Dr. Tidwell described challenges of East Texas economically, in health care, and from the educational status of the average citizen. He spoke about various initiatives at U. T. Tyler to address these issues, such as career planning for students, student well-being, and research into local issues. He added that engaging students in research, engaging faculty with students, and engaging the community are also important.

Dr. Woodley spoke about the significant increase in oil production in the Permian Basin and the unique challenge of U. T. Permian Basin to compete with industry to attract full-time students. She mentioned the institution's focus on related degree programs, such as in analytics; on hiring leadership in these high-demand areas; and on being a chief collaborator with, for example, industry.

Dr. Leslie also asked the following question of the panelists, "What is the single or a few indicators that you will watch for to determine success?"

Dr. Woodley answered that degree completion, with a focus on doubling the number of degrees produced, and applied research in areas such as water and energy will be good indicators of success at U. T. Permian Basin.

Dr. Bailey also spoke of degree production and the right set of degree programs focused on economic development. He said the institution's research capacity will be built on those programs as they develop.

Dr. Tidwell spoke of partnering with community colleges and corporations, such as the Brookshire Family who operate pharmacies and the Soules Food Company for business students.

Chairman Tucker commended the presidents on their commitment to economic development and student success, and she thanked Dr. Leslie for the opportunity to learn about how the flagships, emerging research universities, and comprehensive universities serve the State of Texas and its citizens.

AGENDA ITEM

2. U. T. System Board of Regents: Recognition of academic and health institution recipients of the 2018 Regents' Outstanding Teaching Awards

Chairman Tucker provided the following remarks on the 2018 Regents' Outstanding Teaching Awards.

Remarks by Chairman Tucker

Since 2008, the Board of Regents has recognized exemplary faculty at U. T. institutions. The Regents' Outstanding Teaching Awards program is one expression of the priority the Board places on teaching excellence.

Before we present the awards to this year's winners, let us take a few moments to watch a video that highlights the important faculty contributions that this award recognizes. (The video recognizing award recipients is on file in the Office of the Board of Regents.)

We're honored to have this year's recipients of the Regents' Outstanding Teaching Awards here with us now. It is a pleasure to recognize and celebrate these professionals who demonstrate teaching excellence ... in our classrooms, lecture halls, labs, and at patient bedsides.

To be selected for this honor, nominees go through a series of rigorous assessments. Each of today's honorees was first nominated by his or her department, evaluated by colleagues and students, and ultimately sent forward by their campus presidents. A teaching portfolio was then submitted to, and reviewed by, a panel of faculty members chosen for their expertise in various disciplines at other institutions. The panel examined the quality of the nominee's curriculum, classroom innovation, student learning outcomes, and other aspects of good teaching. At the end of the process, "the best of the best" have been identified.

And while it's a pleasure to express our gratitude and appreciation to these outstanding teachers in a tangible way, this award is really about investing in a stronger, smarter, healthier Texas. Our 27 honorees today represent all 14 U. T. institutions. They also represent a wide array of disciplines but they have two very important things in common: they have a passion for teaching, and they are exceptionally good at it.

So to our honorees, I want to congratulate you -- on behalf of The University of Texas System Board of Regents -- and I want to thank you for the dedication you've shown to your students and your institutions and your patients. You represent The University of Texas System well, and all of us who love and are committed to it, appreciate you.

Award medallions were then presented to each recipient, who received a round of applause. Chairman Tucker called on Chancellor *ad interim* Faulkner for remarks, and Dr. Faulkner said that dedication and effectiveness in the classroom is a distinguishing mark of a great faculty member, a tremendous contribution to the well-being of the state, and highly valued by the U. T. System and its leadership.

Chairman Tucker then invited award winners and their guests to enjoy lunch with their colleagues and presidents in the Multipurpose Room of the U. T. System Building.

The Board of Regents of the U. T. System places the highest priority on undergraduate teaching at U. T. System universities and encourages teaching excellence by recognizing those faculty who deliver the highest quality of

undergraduate instruction, demonstrate their commitment to teaching, and have a history and promising future of sustained excellence with undergraduate teaching in the classroom, in the laboratory, in the field, or online.

On August 14, 2008, the Board established the Regents' Outstanding Teaching Awards (ROTA), which are a recognition of the importance the Board places on the provision of teaching and learning of the highest order, by honoring those who serve students in an exemplary manner and as an incentive for others who aspire to such service. These teaching awards complement existing ways in which faculty excellence is recognized and incentivized.

No more than 16 awards are given among the academic institutions across all faculty levels, and no more than 12 awards are given among the health institutions.

RECESS TO EXECUTIVE SESSION.--At 11:41 a.m., the Board recessed to Executive Session, pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, 551.074, 551.076, and 551.089 to consider the matters listed on the Executive Session agenda. A working lunch was held in the Executive Session Room, Second Floor, The University of Texas System Building.

RECONVENE THE BOARD IN OPEN SESSION FOR HEALTH PANEL DISCUSSION; TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS; AND TO CONSIDER AGENDA ITEMS.--At 2:37 p.m., Chairman Tucker reconvened the Board in Open Session to continue the Retreat, to consider action on Executive Session items as set forth on Pages 55 - 60, and to consider Agenda Items as set forth on Pages 61 - 160.

RETREAT (continued)

3. U. T. Health Institutions in Service to the State of Texas

Chancellor *ad interim* Faulkner provided introductory remarks for the following health-related panel discussions. He introduced President Henrich from The University Health Science Center at San Antonio, President Pisters from The University of Texas M. D. Anderson Cancer Center, and President Podolsky from The University of Texas Southwestern Medical Center as panelists for the following topic.

a. Priorities in Future Medical and Health Care Research

Executive Vice Chancellor Greenberg provided brief remarks and moderated the discussion on this topic. The Presidents made presentations as follows:

- President Henrich on Priorities in Future Medical and Health Care Research (Pages 9 - 19)

- President Pisters on Medical and Health Care Research (Pages 20 - 29)
- President Podolsky on Ensuring the Vitality of U. T. medical research that impacts Texans (Pages 30 - 38)

Chairman Tucker thanked the Presidents for their remarks on the U. T. System's role in solving disparities in health care in the state, in looking at societal needs at the front end of what drives research, or ultimately, connecting discoveries to unmet needs in the state.

President Pisters explained the important role of industry partnerships and the development of strategic relationships with chief executive officers in response to a question from Regent Hicks. The Presidents also spoke about preventive interventions in health care, including engagement of the community and education, in response to a question from Regent Beck.

Regent Weaver asked what the Board can do to assist, and President Pisters spoke about the need to enhance programs in entrepreneurship, including at the medical school level, and the need to attract venture capital (VC) firms to Texas and to position some VC executives in U. T. communities. Vice Chairman Hildebrand asked about the intellectual property commercialization process, and President Podolsky answered that the U. T. System has a good policy to incentivize investigators, but he suggested each institution look internally at streamlining processes and attracting the technology transfer talent that is effective at finding the right pathway for commercialization.

Priorities in Future Medical & Healthcare Research

Presentation to The University of Texas System Board of Regents

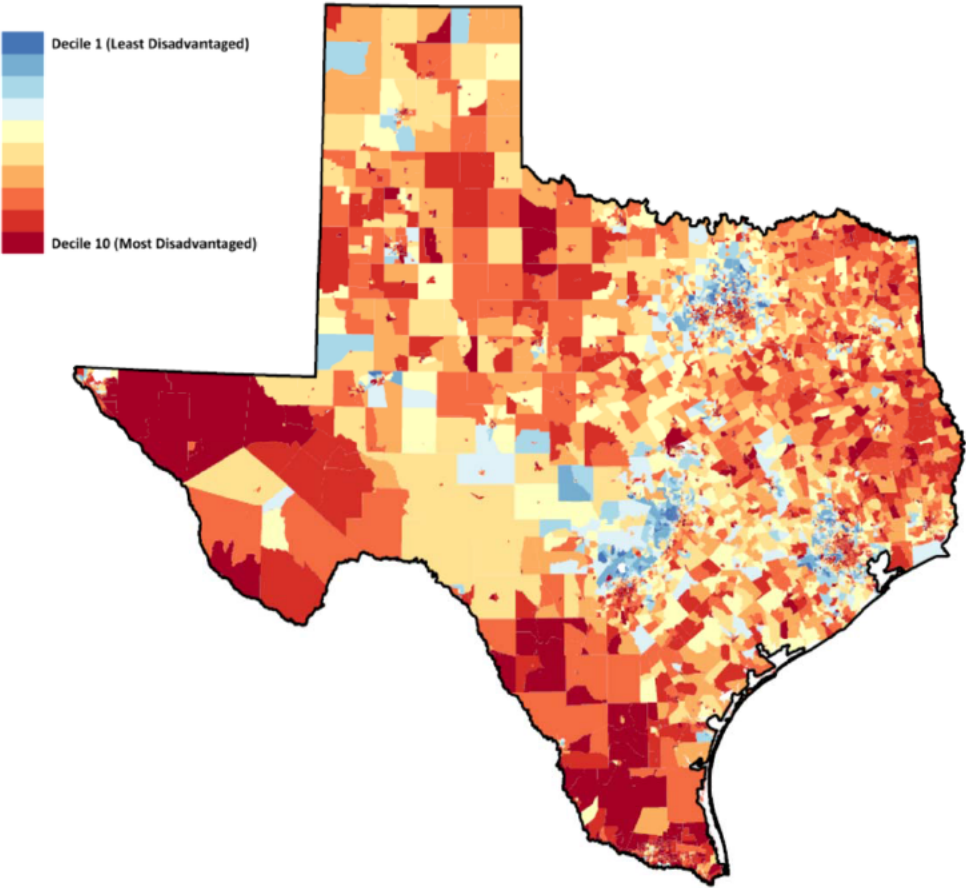
William L. Henrich, M.D., MACP
August 9, 2018



Role of Academic Health Centers

- Translate research into applied settings to achieve the highest standard of patient care
- Educate the next generation of biomedical professionals
- Engage the community to be an active participant in healthcare

Texas Socioeconomic Landscape and Health Disparities



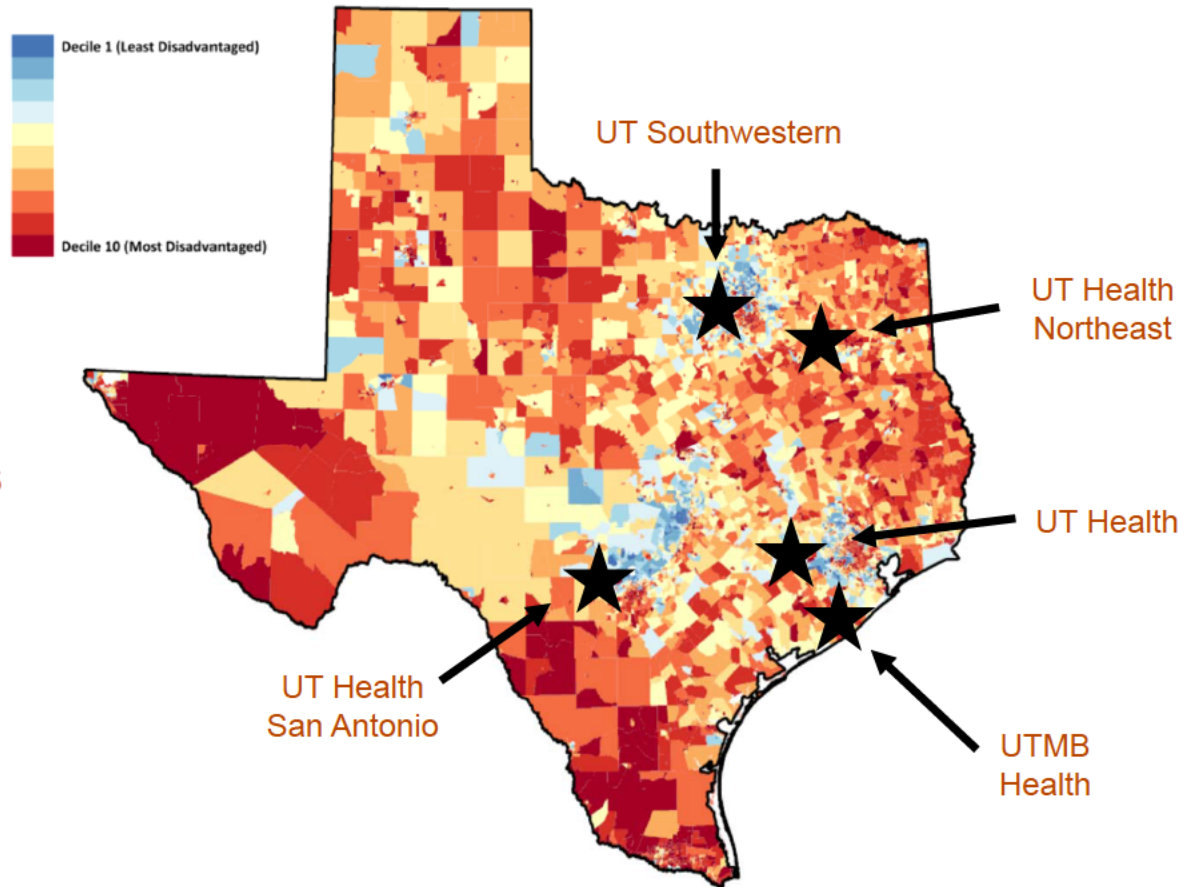
Area Deprivation Index -
rankings of neighborhoods
by socioeconomic status
disadvantage

Texas Socioeconomic Landscape and Health Disparities

Minutes - 12

★ Stars denote UT HRIs

Area Deprivation Index - rankings of neighborhoods by socioeconomic status disadvantage



University of Wisconsin School of Medicine and Public Health. Area Deprivation Index. 2017. Available at: <https://www.neighborhoodatlas.medicine.wisc.edu/>

Health Issues Affecting Texas

Some of the Leading Causes of Death in Texas (2016)

- Heart Disease
- Cancer
- Stroke
- Chronic Lower Respiratory Disease
- Alzheimer's Disease
- Diabetes
- Kidney Disease
- Chronic Liver Disease/Cirrhosis

Health Issues Affecting Texas

- **Obesity and Sedentary Behavior**
 - Diabetes & Metabolic disorders
 - Cardiovascular disease
- **Brain Health**
 - Substance use disorders
 - Neurodegenerative diseases
 - Mental health
- **Cancer**
 - Liver, Kidney, Bladder, Leukemias, Cervical

Health Issues Affecting Texas

- **Obesity and Sedentary Behavior**
 - Diabetes & Metabolic disorders
 - Cardiovascular disease
- **Brain Health**
 - Substance use disorders
 - Neurodegenerative diseases
 - Mental health
- **Cancer**
 - Liver, Kidney, Bladder, Leukemias, Cervical

Salud America!

Research Network to prevent obesity among Latino children

Barshop Institute for Longevity & Aging Studies

Consortium on Molecular Transducers of Physical Activity in Humans

Heart Vascular Institute

Exceptional, coordinated cardiovascular care guided by evidence and innovation

Health Issues Affecting Texas

- **Obesity and Sedentary Behavior**
 - Diabetes & Metabolic disorders
 - Cardiovascular disease
- **Brain Health**
 - Substance use disorders
 - Neurodegenerative diseases
 - Mental health
- **Cancer**
 - Liver, Kidney, Bladder, Leukemias, Cervical

Rapamycin Holdings

Market opportunity in cancer, dementia and immunology

Biggs Institute for Alzheimer's & Neurodegenerative Diseases

Research, advanced treatments and comprehensive care for AD patients and their families

STRONG-STAR

Multidisciplinary consortium for prevention, diagnosis and treatment of PTSD

San Antonio State Hospital

Will serve 35,000 psychiatric patients and 54 counties across TX

Health Issues Affecting Texas

- **Obesity and Sedentary Behavior**
 - Diabetes & Metabolic disorders
 - Cardiovascular disease
- **Brain Health**
 - Substance use disorders
 - Neurodegenerative diseases
 - Mental health
- **Cancer**
 - Liver, Kidney, Bladder, Leukemias, Cervical

**UT Health San Antonio & MD
Anderson Cancer Center**

Affiliation of two NCI Designated
Cancer Centers

Solutions via Multidisciplinary Approaches

- **Precision Medicine**
 - Predictive biomarkers of disease risk
 - Determinants of individual variations in response to therapeutics
 - Targeted clinical trials
- **Population Health**
 - Health outcomes of a group of individuals
 - Connect research, practice, and policy to improve health outcomes
 - Impact on our community by translating research into practice
- **Team Science**
- **Technology Commercialization**

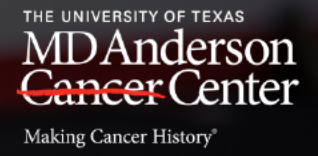
How Can You Help?

- **Advocacy in Education**
- **Recruitment of STARs**
- **Support for Infrastructure**

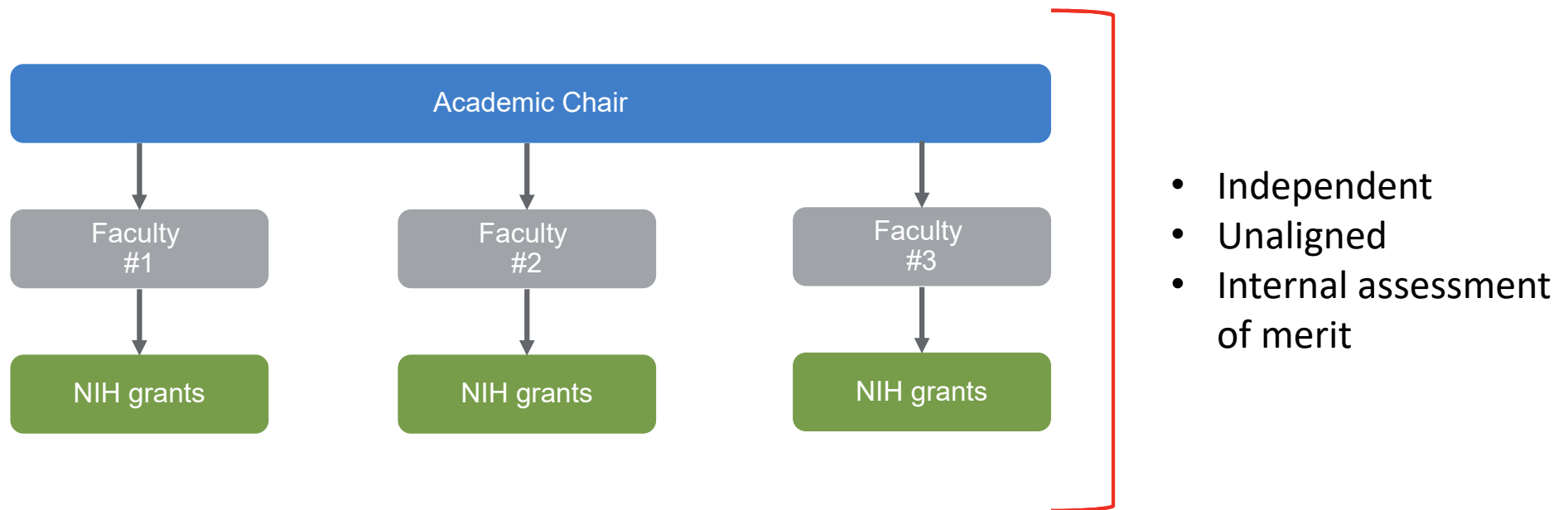


Board of Regents Meeting
Medical and Health Care Research Panel
August 9, 2018

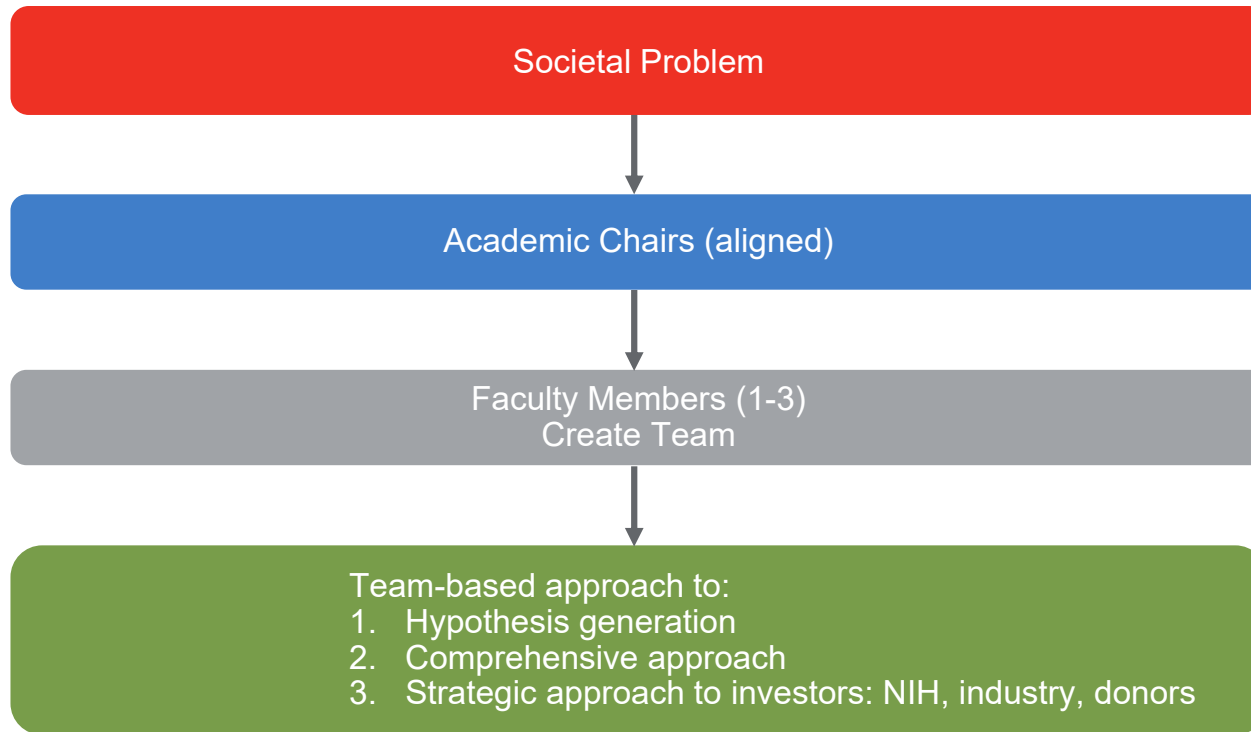
Peter WT Pisters, M.D.
President



Traditional academic medical center model for research



Team-based model for research

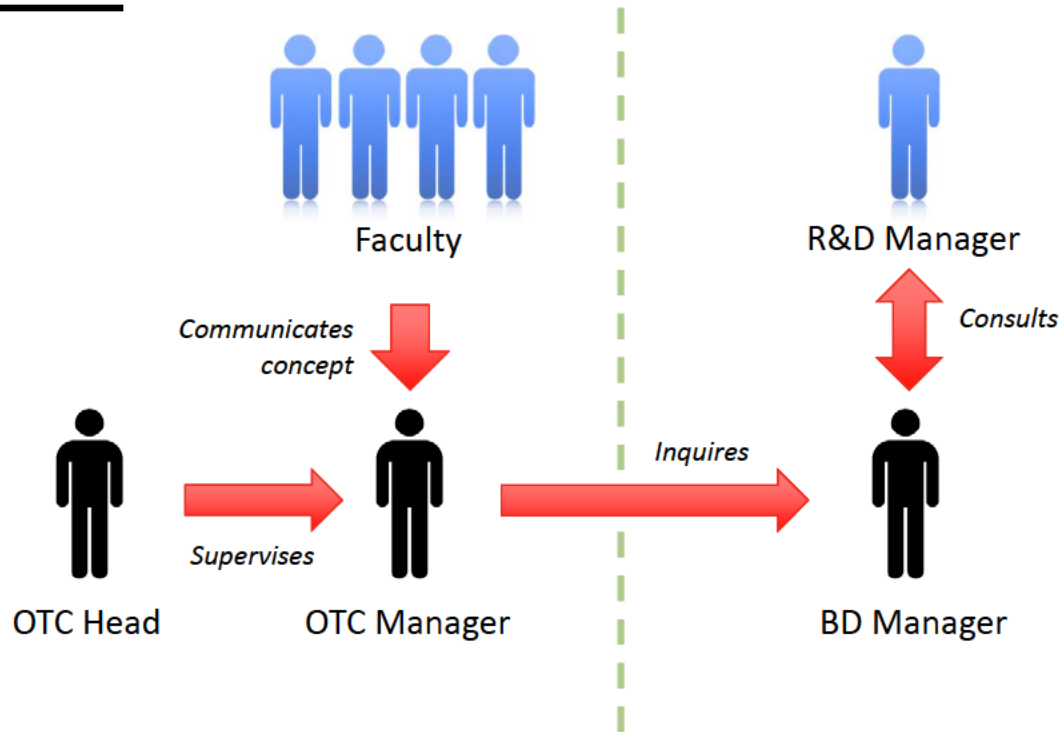


- Collaborative
- Aligned teams
- External assessment of merit
- Requires modified systems for:
 1. Resource allocation
 2. Promotion and tenure

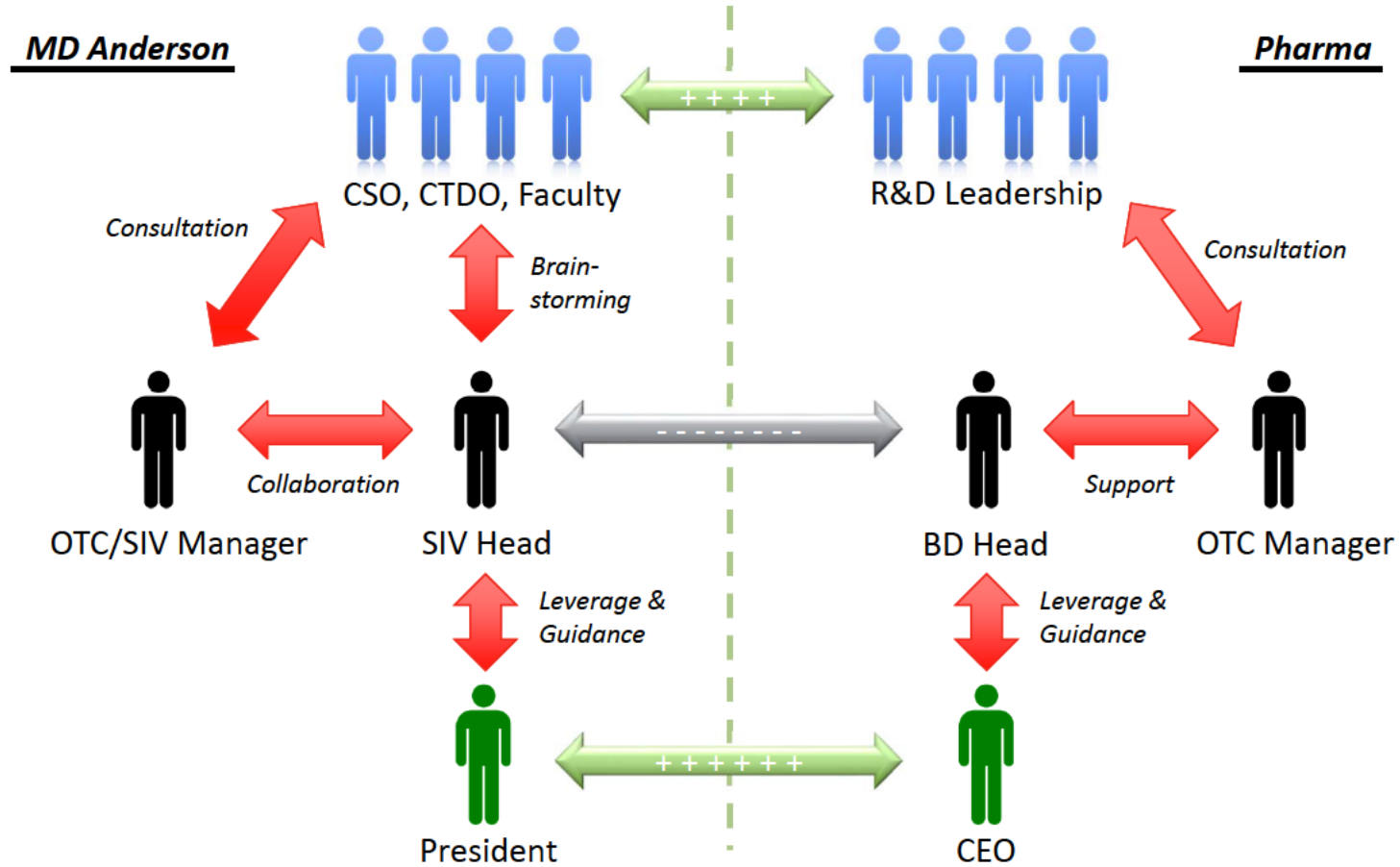
Conventional model for industry engagement in IP commercialization

MD Anderson

Pharma



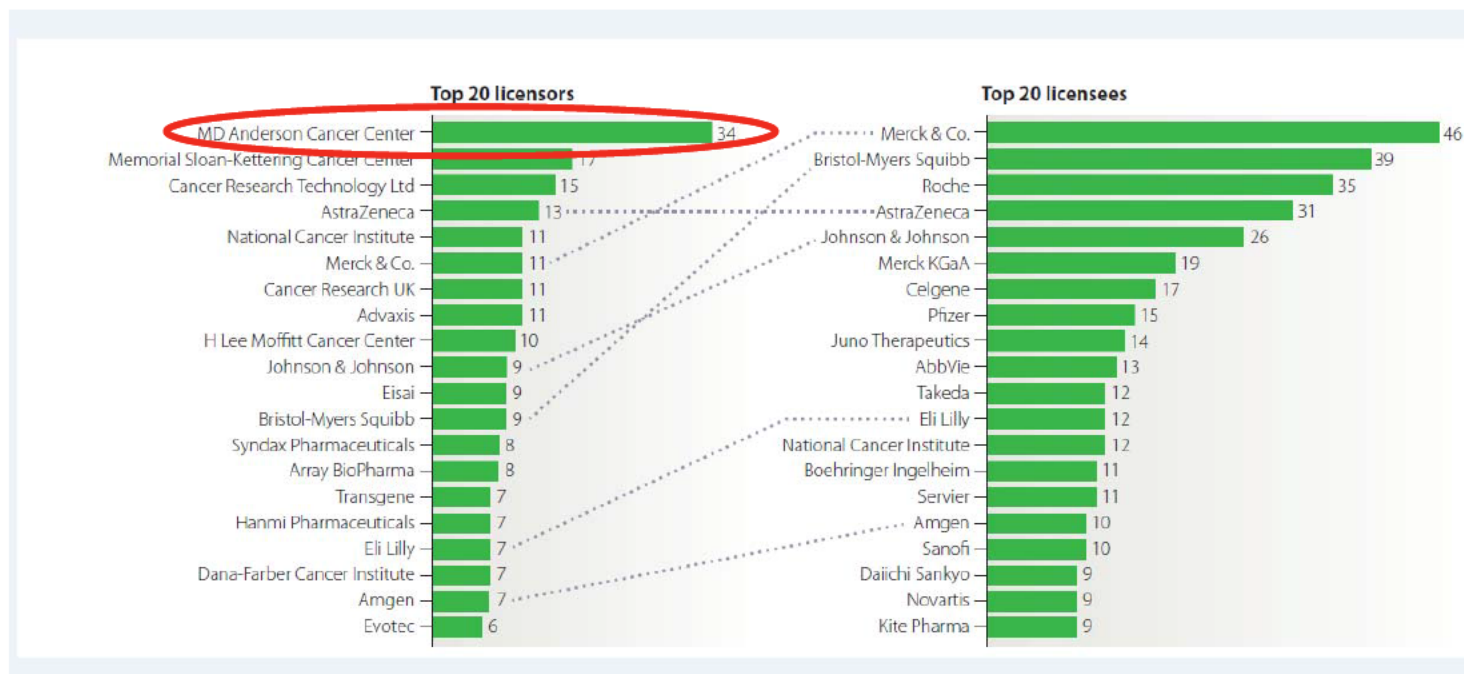
New model for industry engagement



Leading industry players are coming onboard



New model is yielding results



Nature Reviews in Drug Discovery March 2018

Summary

Academia's contribution to societal problems enhanced via:

1. Migration of research model to team-based science
2. Recognizing the important role of industry partners



THE UNIVERSITY OF TEXAS
MD Anderson
~~Cancer Center~~

Making Cancer History®

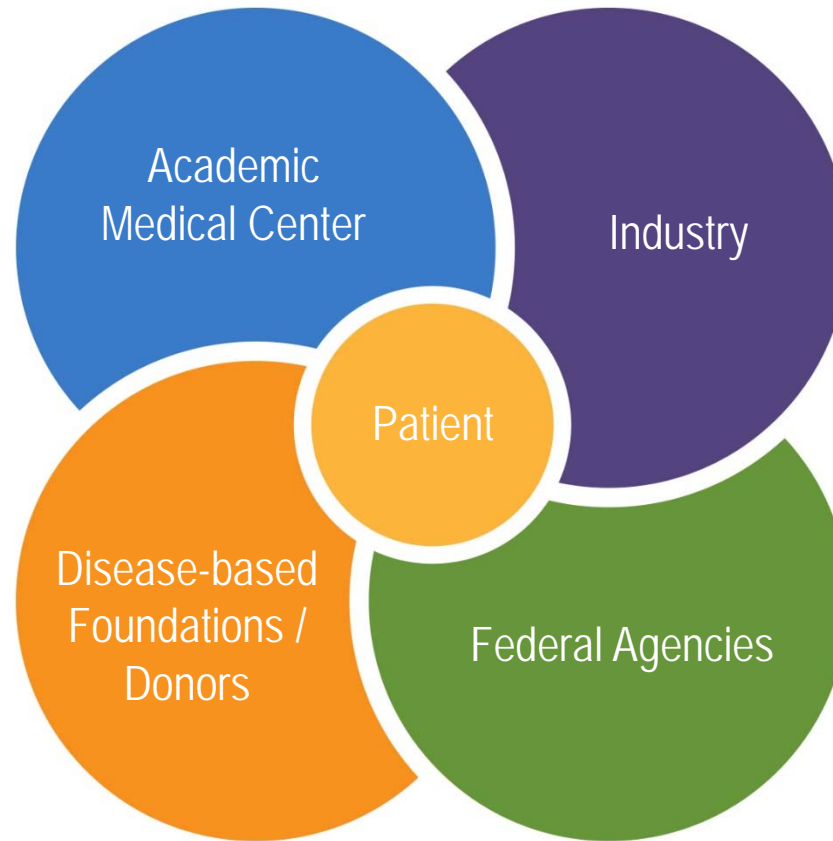
Matured Approach to Major Societal Diseases

Academic Medical Center

- Partner on trial design with FDA, NCI and industry
- Correlative studies to understand response, non-response
- Improved access to patients
- Facilitation of large trials and tissue banking
- Trial results

Disease-focused foundations

- Align stakeholders
- Support centralized tissue banking
- Support niche efforts



Industry

- New medicines
- Preclinical toxicology and drug development
- Regulatory support

NCI

- Access to drugs
- Resources for trials and correlative science
- Facilitation of large trials

FDA

- Study design and regulatory approval

Modified from Ramsey et al NEJM 2017

**Ensuring the vitality of UT medical
research that impacts Texans**

**Board of Regents
August 9, 2018**

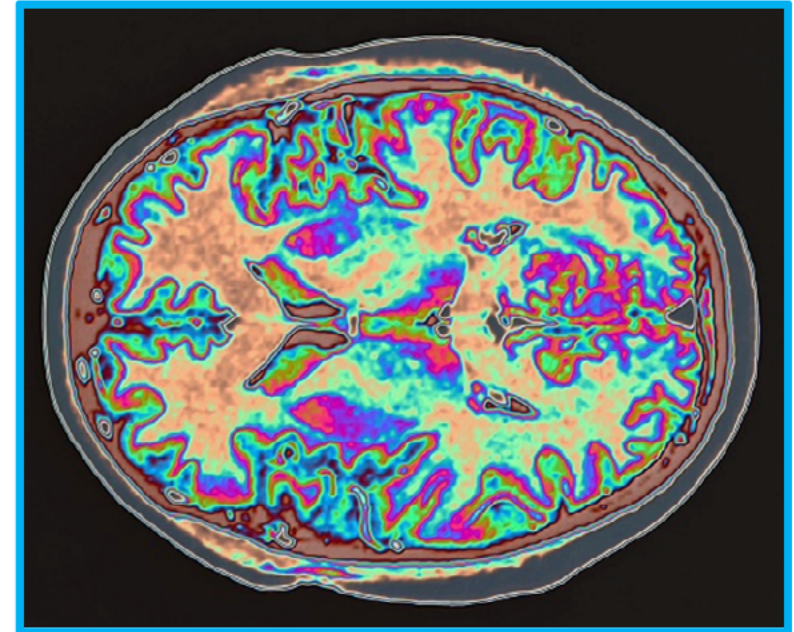
Daniel K. Podolsky, M.D.

President

UT Southwestern Medical Center

UTSW Science: Addressing the unmet needs

- **Neurodegenerative Diseases**
- **Mental Illness, Addiction**
- **Obesity, Diabetes, Metabolic Disease**
- Cardiovascular Disease
- Cancer
- Immune mediated Disorders
- Infectious Diseases
- Genetic Disorders



Translating UTSW Discoveries into Better Care

On market or in development:

- Agent that improves vaccine efficacy by activating innate immune system
- First anti-obesity drug approved by the FDA in 15 years
- Two new cholesterol-controlling drugs approved by FDA in Summer 2015
- Promising cure for Duchenne Muscular Dystrophy, soon to begin clinical trials
- Technology to induce spinal nerve cell development that could reverse injury
- Chemicals that induce cardiac scar cells to repair damage caused by heart attack/failure, still the #1 killer in the U.S.
- New kidney cancer drug in clinical trials
- Biomarker with potential for first-ever physical diagnosis of bipolar, schizophrenia, psychosis and other mental disorders
- Alzheimer's drug targeting progression of abnormal protein to begin trials

UT Research that addresses unmet medical need: Early investment is essential

High risk - high reward

People

Training, recruiting and retaining the best and brightest senior faculty, junior associates, graduate students, technicians



Infrastructure

- **Lab facilities** – individual faculty labs and institution-serving core labs
- **Computing power**
- **State-of-the-art Technology**
Example, Cryo-EM – used for different purposes at 3 UT institutions.

Investing in people



15 Howard Hughes Medical Institute Investigators



David Mangelsdorf, PhD



Nick Grishin, PhD



Helen Hobbs, M.D.



Zhijian Chan, PhD



Michael Rosen, PhD



Lora V. Hooper, PhD



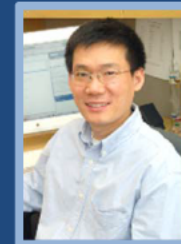
Youxing Jiang, PhD



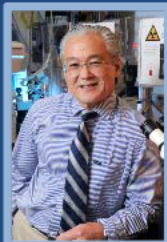
Beth Levine, M.D.



Duoja (DJ) Pan, PhD



Hongtao Yu, PhD



Joseph S. Takahashi, PhD



Sean J. Morrison, PhD



Joshua Mendell, M.D., PhD

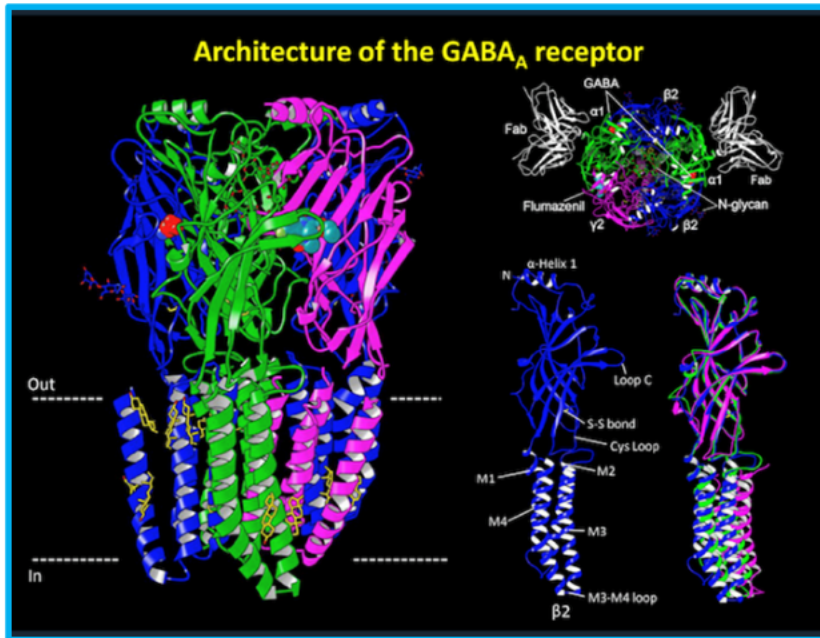


Kim Orth, PhD



Ralph DeBerardinis, M.D., PhD

Investing in technology to empower people, e.g. Cryo-EM



Structure of GABA

– Ryan Hibbs, Dept. of Neuroscience

Technology enabled the elucidation of the “holy grail” of structural biology – the major receptor in the central nervous system that is the target of major categories of drugs, including benzodiazepines

Potential patient impact: The implications are far-reaching for understanding mechanisms of drug binding and designing new drugs for diverse neurological conditions, including epilepsy, anxiety, and insomnia.

Texas impact: **return on State investment**



A dollar spent at UT Southwestern is more than a dollar earned for Texas. **Every \$1 in state research at UT Southwestern produces \$19.55 in total expenditures**—dollars changing hands as the result of **economic stimulus**

- 9:1 ROI on every State research dollar invested
- Additional 47¢ in state revenue for every dollar spent
- 15 biotech companies to date, raising >\$1.6B invested in Texas
- 600+ Licensing Deals, >\$170M in revenue generated

**Based on economic analysis by The Perryman Group. Estimated economic impacts shown are on an annual basis.*

From Bed to Bench to Bed: Talent and Technology to Cure Muscular Dystrophy



Research is about the positive impact on patient care.

Basic science delivers the discoveries that form the **foundations of tomorrow's cures.**

We can talk all day about academic accolades, recognition, published peer-reviewed articles, and rankings, but the ultimate arbiter is delivering better health



Exonics Therapeutics Raises \$40 Million in Series A Financing

Funds to support continued development of SingleCut CRISPR technology for Duchenne muscular dystrophy

b. Clinical Strategic Directions

Chancellor *ad interim* Faulkner introduced this panel topic and acknowledged President Calhoun from The University of Texas Health Science Center at Tyler, President Callender from The University of Texas Medical Branch at Galveston (UTMB), and President Colasurdo from The University of Texas Health Science Center at Houston. Executive Vice Chancellor Greenberg provided brief remarks and moderated the discussion.

The Presidents made a presentation, set forth on Pages 40 - 54.

Chairman Tucker commented that Texans should be reassured that as the U. T. System looks at the future of clinical patient care, the following points are being considered: access to care on a patient's terms versus provider terms, delivery of high-value clinical care, and financial viability through different models to accomplish these points. She recognized the collaboration across institutions to provide specialty care or, with academic partners, to ensure U. T. has the brand to provide the health care workers of the future.

Regent Beck asked Dr. Colasurdo about the financial sustainability of bringing clinical care to the patient in the communities versus the patient coming to the academic health science center, and Dr. Colasurdo explained the complex flow of revenue from a patient encounter, noting the need for an integrated approach that right-sizes all elements of care. Dr. Callender added that UTMB is represented and working in communities through clinics to better assist patients. In reply to a question from Vice Chairman Hildebrand, the Presidents commented on the different solutions and models for hospital ownership, the different local markets, and collaboration opportunities. Dr. Calhoun said, regardless of the tactics or strategy, the common theme is size and scale to be effective, and it is important to identify strategies that work in each institution's local marketplace. Dr. Greenberg commended the learning happening between U. T. institutions.

Clinical Strategic Directions

Kirk A. Calhoun, M.D., President, UTHSC-Tyler

David L. Callender, M.D., President, UTMB

Giuseppe N. Colasurdo, M.D., President, UTHSC-Houston

U. T. System Board of Regents' Meeting

August 2018



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Access to Patients

- Patient access in fee-for-service systems is relatively open.
- Driven by the need for providers to accept more risk and to consistently produce high-value outcomes, providers and payors are moving toward tighter service integration and closer affiliations.
- With higher integration and more provider risk assumption, payors and providers are increasing patient steerage and reducing provider choices for patients

Current Focus: *Drive to increase collaboration and service integration with increasing patient steerage to in-network providers*



Reimbursement Systems

- U.S. system is moving away from fee-for-service toward prospective, value-based systems that entail more risk for providers.
- Future systems will stratify prospective payments on the basis of diagnoses, demographics and other patient risk descriptors.
- Payments will be subject to modification based on assessments of patient outcomes and experiences (individual and aggregate).

Current Focus: *Enhance delivery systems to increase value (e.g., improve outcomes and patient experiences and decrease costs)*



Patient Centricity and Impact on Providers

- Patients want access on their terms, not on the providers' terms.
- Traditional appointment systems and delivery methods are not meeting patient expectations (even when assisted by technology).

Current Focus:

- *Make access “easy”*
- *Use technology to manage both inpatients and outpatients remotely*
- *Use personnel “at top of license” to increase efficiency in service delivery*
- *Pursue new affiliations and partnerships that improve and extend access to providers, pharmaceuticals, supplies and all other patient needs*



Academic Medical Centers of the Future

Double Down and Invest in Hospital/ Physician Practice/ Health System Ownership

- ▶ To better position the organization financially and competitively, AMCs can consider investing in growth by acquiring other providers and healthcare market participants to increase scale, access, and bargaining power
- ▶ Such a move likely requires meaningful capital investment from the parent institution as well as a strategic focus and leadership capacity to manage these initiatives



Transition from Hospital/ Physician Practice/ Health System Ownership to Affiliation

- ▶ AMCs lacking financial stability and bandwidth to manage medical care independently can partner or be acquired by a larger system while remaining financially affiliated with the clinical enterprise
- ▶ This allows the AMC to be the academic brand of the system but lets the system manage clinical operations and many of the complexities of care delivery



VANDERBILT
UNIVERSITY
MEDICAL
CENTER

EMORY
HEALTHCARE

Relinquish Ownership of Hospital/ Physician Practice/ Health System

- ▶ When medical center ownership no longer appears viable, an AMC can consider dissolving ownership of its hospital / health system
- ▶ In a very well structured arrangement, the academic institution can still maintain some of the benefits it previously had as owner– training, research, access for its patients– while removing the burden of financial management



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Health of Populations

- AMCs have an obligation to serve and manage the health of an entire population, not just patients who seek care in the hospital and clinic.
- Payor and consumer preference has driven the shift from episodic care to preventive and continuous care.

Current Focus:

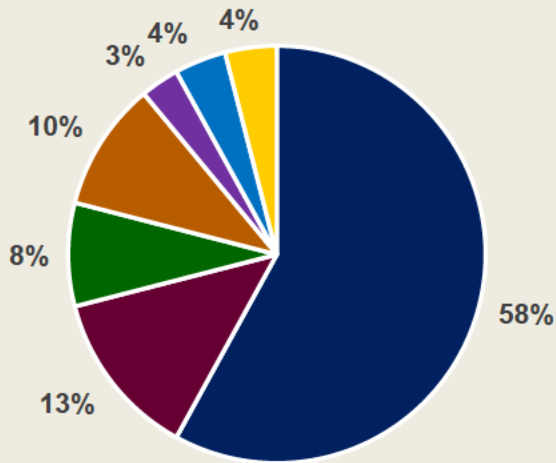
- *Extend medical care through community-based interventions that are focused on prevention*
- *Grow the workforce through introduction of new professions in the healthcare environment*
- *Teamwork-oriented training*
- *Increase provider efficiency through technology-based monitoring*



New Reality for Academic Health Centers

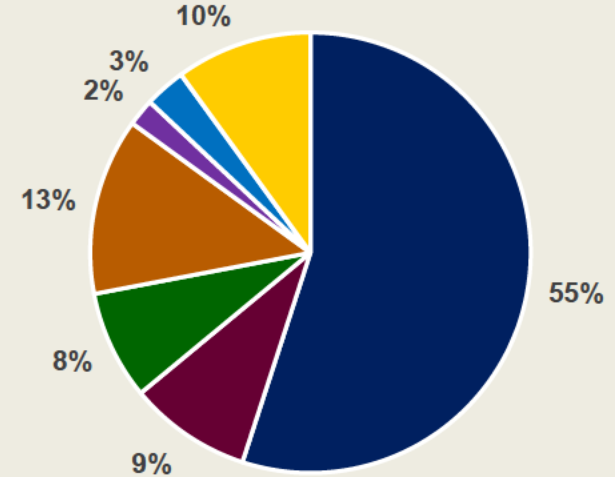
Revenues by Source, FY17 *Source: AAMC*

Fully-Accredited Public Medical Schools*



- Practice Plan & Hospital
- Federal Grants and Contracts
- Other Grants and Contracts
- Government and Parent Support
- Gifts and Endowment
- Tuition and Fees
- Miscellaneous Sources

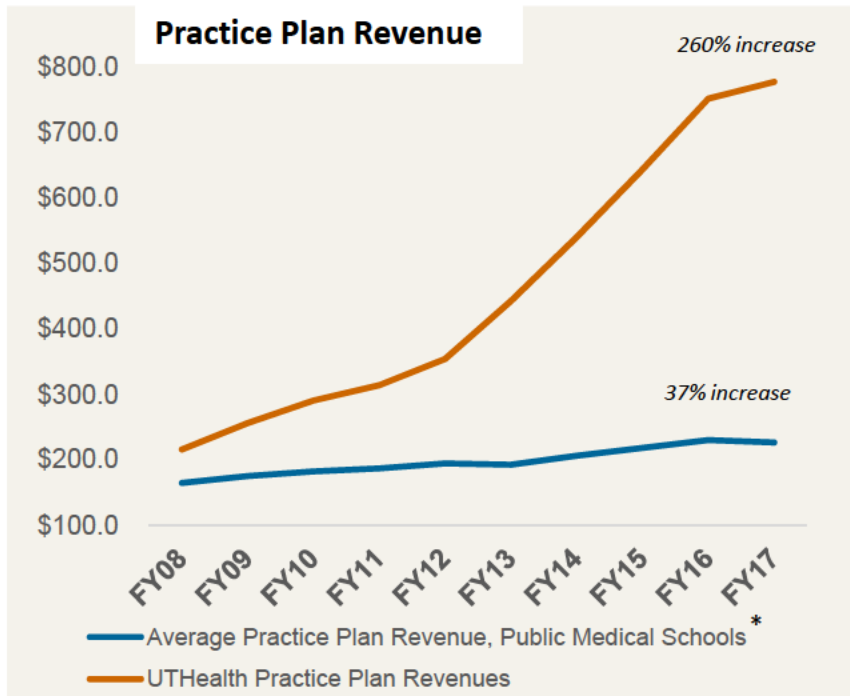
UTHealth – All Schools



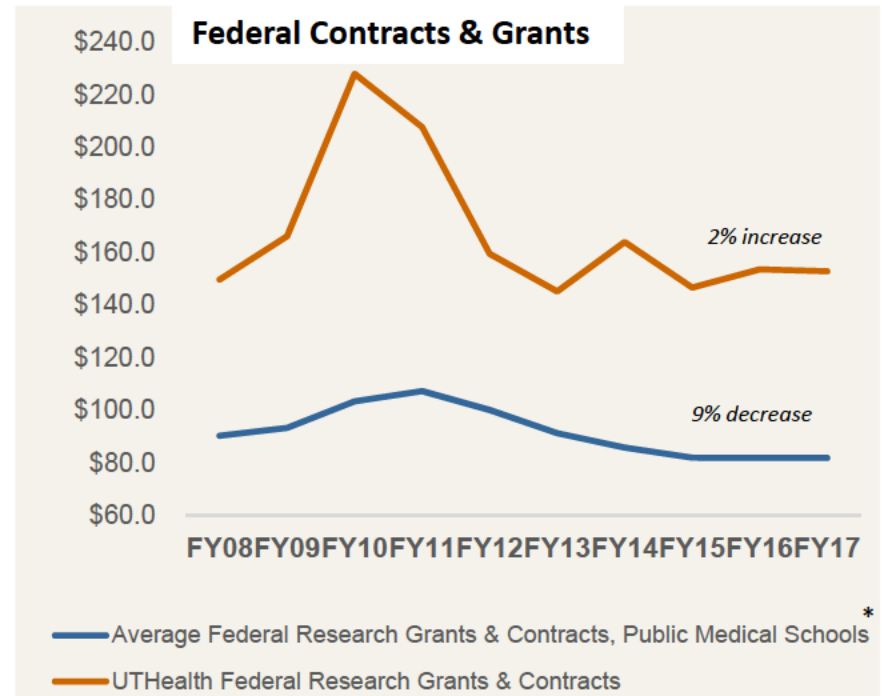
- Practice Plan & Hospital
- Federal Grants and Contracts
- Other Grants and Contracts
- Government and Parent Support
- Gifts and Endowment
- Tuition and Fees
- Miscellaneous Sources



Clinical Growth and the Academic Mission

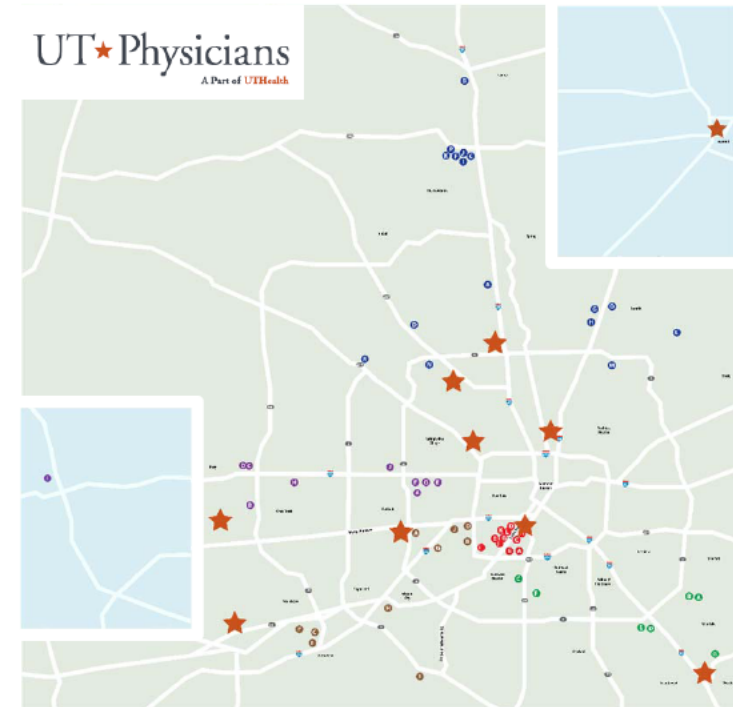


*Source: AAMC



Serving the Community, State, and Beyond

- UT Health clinical practice – 100 sites
 - 2 million annual patient visits; leading programs in Trauma/Emergency Medicine, Women's & Children's Services, Orthopedics, and Neurosciences
 - 800,000 annual patient visits at Harris Health sites
 - 400,000 annual patient visits at community and DSRIP/NAIP clinics
- \$40 million in unsponsored charity care annually



Educating Texas' Health Care Workforce

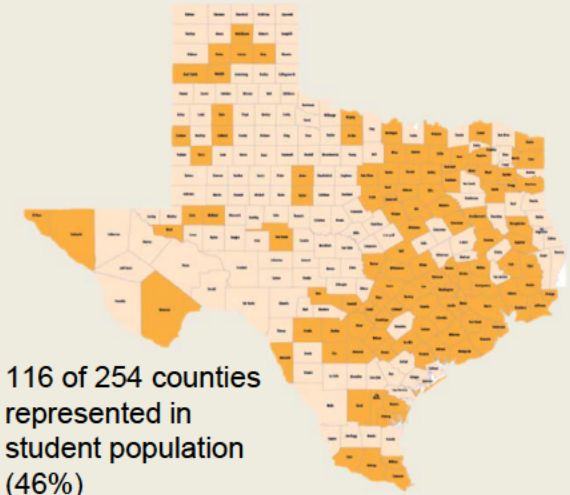
UTHealth has graduated more than 43,000 health care workers to date. Together, all UT System HRIs have graduated almost 150,000 students.

UTHealth Graduates to Date by School

- School of Biomedical Informatics*: 2,398
- School of Dentistry: 11,370
- Graduate School of Biomedical Sciences: 2,815
- McGovern Medical School: 7,653
- Cizik School of Nursing: 11,279
- School of Public Health: 8,062

**Previously the School of Allied Health Sciences and the School of Health Information Sciences*

UTHealth Enrollment by County



Serving the Community, State, and Beyond

Behavioral Health, continued

- With thanks to Texas Legislature and UT System, UTHealth will add up 304 new beds at HCPC for a **total of 578 beds**
 - Will be the **largest academic psychiatric hospital in the country**
 - Will address the **complete continuum of care for mental health** – acute care, sub-acute care, residential treatment and supported housing



*Source: National Institute of Mental Health



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Academic Medicine: Strategy and Priorities

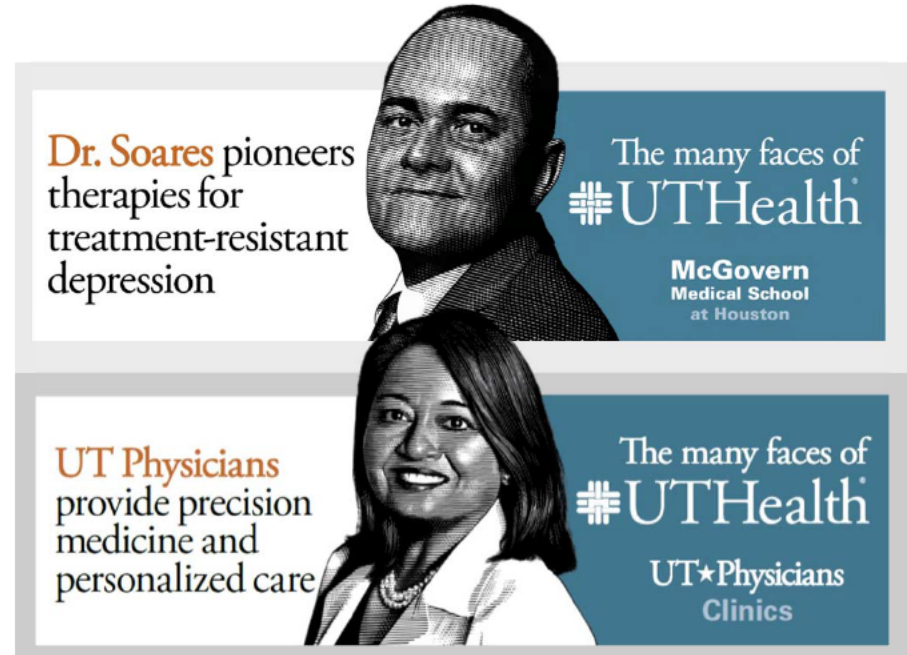
- *2010 – 2020:*
 - Education/training
 - Discovery
 - Focus on patient quality and safety
 - New chairs and leaders
 - Expansion of primary care/multi-specialty clinics
 - Service line structures
 - Customer experience
- *2020 and Beyond:*
 - Learning health systems
 - Alignment with health systems
 - Informatics and AI
 - Cost structure
 - Population health
 - Health disparities

*Source: Association of Academic Health Centers



Academic Medicine: The Future

- Strong academic and clinical reputation – local, national, and international
- Leading favorable market position – linked to population growth and economy

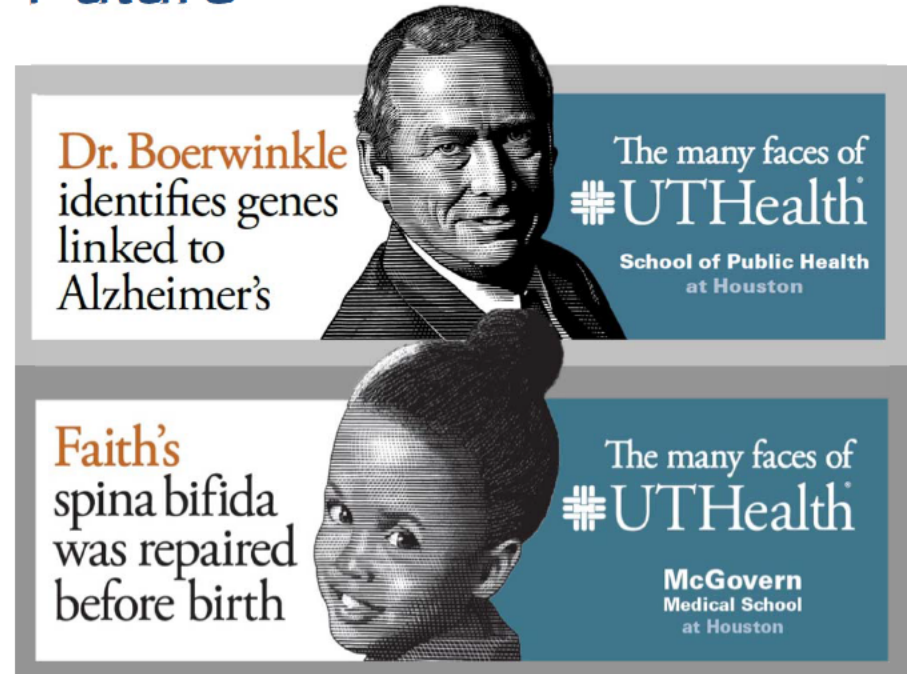


*Source: Association of Academic Health Centers



Academic Medicine: The Future

- Strong financial and operational performance
- Scale, growth, and geographic reach, diversified revenue
- Brand value – linked to philanthropy and patient base



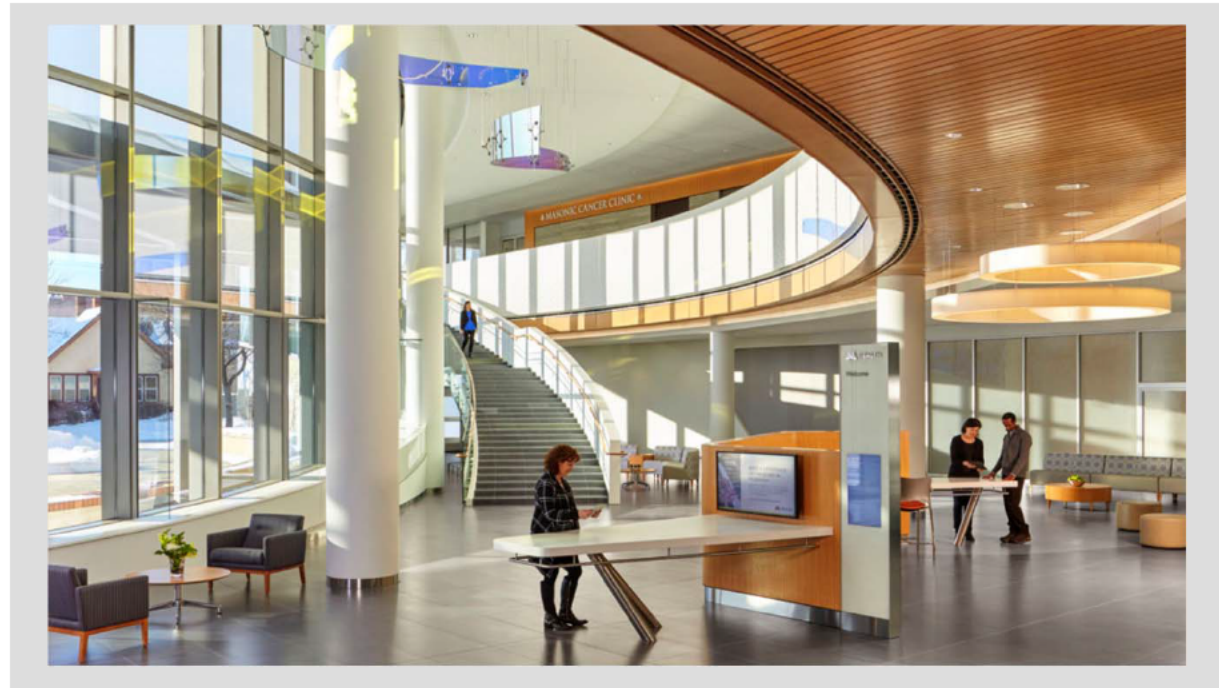
*Source: Association of Academic Health Centers



Academic Medicine: The Future

New Models of Delivery and Specialty Hospitals

*UTHealth Clinics and
Surgery Centers -
inspired by MD Anderson*



*Source: Statnews, April 27, 2016



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EXECUTIVE SESSION ITEMS (continued)

- 1a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features

Regent Aliseda moved that the Board authorize the Vice Chancellor for External Relations, the Chancellor or Deputy Chancellor, and the President of The University of Texas at Austin to conclude negotiations necessary to finalize, approve, and accept gifts and to finalize and execute agreements with potential naming features for the benefit of U. T. Austin consistent with the terms and conditions outlined and recommended in Executive Session.

Regent Hicks seconded the motion, which carried unanimously.

- 1b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features

No action was taken on this item.

- 2a. U. T. System: Discussion and appropriate action regarding legal issues related to lease of space in the U. T. System Building, 210 West 7th Street, Austin, Travis County, Texas, to the United States Army and related matters, including finding of public purpose

See related Item 3a on Page 173 for action taken on this item in Open Session on August 10.

- 2b. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 2c. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System

No action was taken on this item.

- 2d. U. T. M. D. Anderson Cancer Center: Discussion concerning legal issues regarding: (1) the purchase and acquisition of all, or substantially all, of the assets of The Proton Therapy Center-Houston Ltd., L.L.P., including the proton therapy center building (and the associated leasehold interest under a ground lease with the U. T. System Board of Regents) located at 1840 Old Spanish Trail, Houston, Harris County, Texas, and (2) the subsequent expansion of the proton therapy center facility

See related Item 3b below for action taken on this item.

- 2e. U. T. Medical Branch - Galveston: Discussion and appropriate action regarding (1) legal issues related to the lease of a hospital building, land, and related parking garage (including leasing or acquiring related equipment) located at 200 Blossom Street, Webster, Harris County, Texas, from HC 200 Blossom Street, LLC, or another entity related to Carter Validus Mission Critical REIT, for clinical, research, and educational purposes, (2) the lease of physician office space or acquisition of a medical office building, land, and related parking lot at 250 Blossom Street, Webster, Texas, from G & E Healthcare REIT Mountain Plains TX LLC, or related entity, for clinical, research, and educational uses, (3) and resolution regarding parity debt

See related Item 3c on Page 58 for action taken on this item.

- 3a. U. T. System: Discussion and appropriate action regarding lease of space in the U. T. System Building, 210 West 7th Street, Austin, Travis County, Texas, to the United States Army, including finding of public purpose

See related Item 3a on Page 173 for action taken on this item in Open Session on August 10.

- 3b. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding (1) the purchase and acquisition of all, or substantially all, assets of The Proton Therapy Center-Houston Ltd., L.L.P., including the proton therapy center building (and the associated leasehold interest under a ground lease with the U. T. System Board of Regents) located at 1840 Old Spanish Trail, Houston, Harris County, Texas, and (2) subsequent expansion of the proton therapy center facility

Regent Beck moved that the Board take the following actions on behalf of The University of Texas M. D. Anderson Cancer Center:

- 1) authorize the purchase and acquisition of all, or substantially all, of the assets of The Proton Therapy Center (PTC)-Houston Ltd., L.L.P., including the PTC Building owned by the PTC Partnership and the associated leasehold interest, within the parameters outlined and recommended in Executive Session;

- 2) authorize the Executive Director of Real Estate to execute all documents, instruments, or other agreements, and to take all further actions deemed necessary or advisable to acquire the PTC Building and the associated leasehold interest under the ground lease and to terminate the leasehold interest under the ground lease; and
- 3) subject to the approval of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel, authorize President Pisters to execute all other documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendations.

He further moved that the Board of Regents amend the FY 2019-2024 Capital Improvement Program for U. T. M. D. Anderson Cancer Center to include the PTC2 Project, as follows:

- 1) approve a total project cost of \$87 million with funding from local Hospital Revenue;
- 2) appropriate funds and authorize expenditure;
- 3) approve design development plans;
- 4) authorize U. T. M. D. Anderson Cancer Center to manage the PTC2 Project locally, to include managing the total project cost budget, appointing architects, and awarding contracts related to the construction and activation of the PTC2 Project; and
- 5) authorize the appropriation and expenditure of \$72 million from local Hospital Revenue for purchase of major medical equipment for the PTC2 Project.

The motion was seconded by Regent Aliseda and carried unanimously.

[Secretary's Note: Following the meeting, the Fiscal Year mentioned in the motion above was corrected from Fiscal Year 2018-2023 to Fiscal Year 2019-2024.]

- 3c. U. T. Medical Branch - Galveston: Discussion and appropriate action regarding (1) the lease of a hospital building, land, and related parking garage (including leasing or acquiring related equipment) located at 200 Blossom Street, Webster, Harris County, Texas, from HC 200 Blossom Street, LLC, or another entity related to Carter Validus Mission Critical REIT for clinical, research, and educational uses, (2) the lease of physician office space or acquisition of a medical office building, land, and related parking lot at 250 Blossom Street, Webster, Texas, from G & E Healthcare REIT Mountain Plains TX LLC, or related entity, for clinical, research, and educational uses, and (3) resolution regarding parity debt

Regent Hicks moved that the Board take the following actions on behalf of The University of Texas Medical Branch at Galveston (UTMB):

- a. authorize UTMB to lease a hospital building, land, and related parking garage located at 200 Blossom Street, Webster, Harris County, Texas, from HC 200 Blossom Street, LLC, or another entity related to Carter Validus Mission Critical REIT, and including finishing out shelled space, for clinical, research, and educational uses;
- b. authorize UTMB to lease or acquire any necessary equipment located at 200 Blossom Street owned or controlled by either Carter Validus Mission Critical REIT or related entity or owned or controlled by the Bay Area Regional Medical Center, LLC or other related Medistar Corporation entity;
- c. authorize UTMB to lease any necessary physician office space or to acquire a medical office building, land, and related parking lot at 250 Blossom Street, Webster, Harris County, Texas, from G & E Healthcare REIT Mountain Plains Texas LLC or related entity for clinical, research, and educational uses;
- d. authorize the Executive Director of Real Estate to execute all documents, instruments, or other agreements, and to take all further actions deemed necessary or advisable to lease the hospital building, land, and related parking garage located at 200 Blossom Street;
- e. authorize the Executive Director of Real Estate to execute all documents, instruments, or other agreements, and to take all further actions deemed necessary or advisable to lease the necessary physician office space or acquire the medical office building, land, and related parking lot at 250 Blossom Street if the execution of such transaction exceeds UTMB's delegated authority under Regents' Rule 70301;
- f. make the findings required under Section 5 of the Amended and Restated Master Resolution establishing the RFS [Revenue Financing System] relating to the issuance of parity debt on behalf of UTMB in an aggregate amount not to exceed fair market value of 250 Blossom Street thereby providing UTMB the ability to either finance the purchase of 250 Blossom Street utilizing a drawdown of UTMB's Short Term

Fund or by utilizing the Revenue Financing System and this action satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations*; and

- g. finally, authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary to carry out the purpose and intent of the foregoing actions within the parameters outlined in Executive Session.

The motion was seconded by Regent Aliseda and carried unanimously.

- 4a. U. T. Austin and U. T. Health Science Center - Houston: Discussion and appropriate action regarding (1) proposed new hire with tenure and compensation for Carlos Mery, M.D., in the Dell Medical School at U. T. Austin, and (2) proposed compensation for Tang Ho, M.D., at U. T. Health Science Center - Houston (Regents' Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees)

Regent Weaver moved that the Board approve the following matters within the parameters outlined and recommended in Executive Session:

- proposed new hire with tenure and compensation for Carlos Mery, M.D., in the Dell Medical School at The University of Texas at Austin; and
- proposed compensation for Tang Ho, M.D., at The University of Texas Health Science Center at Houston.

He further moved that the Board find that these recommendations are each in the best interest of the respective University of Texas institution and the U. T. System as required by state law.

Regent Beck seconded the motion, which carried unanimously.

Chairman Tucker noted that those were the items from Executive Session requiring action today (August 9), and any additional action on Executive Session items was deferred until tomorrow (August 10).

- 4b. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions); U. T. System Administration officers (Deputy Chancellor, 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); Board members, task force members, and advisory council members; and U. T. System and institutional employees, and related personnel aspects of the operating budget for Fiscal Year 2019

See related Items 22 and 23 on Pages 174 - 182 for action taken on the personnel aspects of the Operating Budget for Fiscal Year 2019.

- 4c. 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 Items 22 and 23 on Pages 174 - 182 for action taken on the personnel aspects of the Operating Budget for Fiscal Year 2019.

- 4d. U. T. Southwestern Medical Center: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution

No action was taken on this item.

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

No action was taken on this item.

AGENDA ITEMS (continued)

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

Chairman Tucker highlighted the following related to the Consent Agenda:

- Items 3 through 6 request approval of financing resolutions that routinely come to the Board in August.
- Item 9 is a contract for pharmaceutical products for The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston, and The University of Texas Health Science Center at Tyler, with an estimated spend of \$1.736 billion.
- Item 22 is deferred.
- No action is needed on Item 27, a contract between The University of Texas at Austin and WERQ Leadership Services. It is included in the Consent Agenda as a report documenting disclosure by Regent Hicks of a financial interest in the vendor.

The Board then approved the Consent Agenda, which is set forth on Pages 186 - 274.

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

RECESS FOR AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE MEETING.--At 4:06 p.m., Chairman Tucker announced the Board would recess for the meeting of the Audit, Compliance, and Risk Management Committee.

RECONVENE THE BOARD TO CONSIDER THE AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE REPORT AND RECOMMENDATION.--At 4:08 p.m., Chairman Tucker announced the Board would hear the report and recommendations of the Audit, Compliance, and Risk Management Committee, which is set forth on Pages 62 - 68.

REPORT AND RECOMMENDATION OF THE AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE (Pages 62 - 68).--Committee Chairman Beck reported that the Audit, Compliance, and Risk Management Committee met in Open Session to consider the matter on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the action set forth in the Minute Order that follows was recommended by the Audit, Compliance, and Risk Management Committee and approved in Open Session by the U. T. System Board of Regents.

5. U. T. System: Approval of the U. T. Systemwide Annual Audit Plan for Fiscal Year 2019

The Board approved the Fiscal Year 2019 University of Texas Systemwide Annual Audit Plan. Development of the Audit Plan was based on risk assessments performed at each institution, and implementation of the Audit Plan will be coordinated with the institutional auditors. The Audit Plan executive summary is set forth on the following pages. Additionally, the institutional annual audit plans were provided to the members of the Board of Regents prior to the meeting.

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.

Systemwide Annual Audit Plan

The University of Texas (U. T.) Systemwide Fiscal Year (FY) 2019 Annual Audit Plan (Audit Plan) outlines the internal audit activities that will be performed by internal audit throughout the System in FY 2019. To provide consistency at the Systemwide level, the U. T. System Audit Office provided the internal audit departments at the institutions with guidance in the spring of 2018 on the audit plan format, content, and development methodology, including the risk assessment process that supports the engagements selected to be included on the plan. Individual institutional annual audit plans were prepared in June and July 2018. The institutions’ management and internal audit committees provided input and guidance on the annual audit plans. Additionally, the U. T. System Audit Office and the Offices of Academic and Health Affairs provided direction to the institutional chief audit executives through feedback during annual audit plan presentations with each institution. After the review process, each institutional internal audit committee formally approved its institution’s annual audit plan. The FY 2019 Audit Plan, as summarized in the table and graphs that follow, will be formally presented to the U. T. System Board of Regents for consideration for approval at the August 2018 meeting.

The annual audit plans are prepared using a risk-based approach to ensure that areas and activities with the greatest risk are identified for consideration to be audited. Internal audit at each institution and System Administration conducted a risk assessment in which risks to important institutional objectives were identified and rated as Critical, High, Medium, or Low based on probability and impact (additional information on the results of this process is included on the following pages). The Risk Scoring Matrix table (on the right) illustrates how the risks for each objective were ranked. As information technology (IT) risks were the most prevalent in the prior few years’ risk assessments, additional focus was placed on IT risks through collaboration with IT and Information Security (IS) leadership to identify and agree upon critical services and functions that could have a significant impact on business objectives. The results were then used to develop risk-based audits and/or consulting projects that primarily address Critical and High risks to be conducted at System Administration and the institutions. Risk mitigation activities for the Critical and High risks that were not addressed through audit and consulting work were presented as part of the audit plan presentations. The FY 2019 Audit Plan includes the audits derived directly from the risk discussions along with other required and/or recurring work that is performed at System Administration or the institutions, as required by policy, statute, contract, or an external entity.

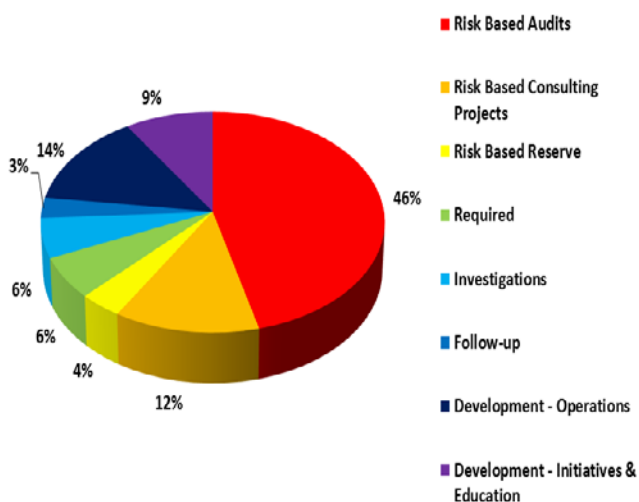
Risk Scoring Matrix		Impact		
		High	Medium	Low
Probability	High	C	H	M
	Medium	H	M	L
	Low	M	L	L

The following table lists the FY 2019 Audit Plan total budgeted audit hours by institution. However, with potential changes in priorities and staffing resources that may occur during the fiscal year, institutions may request approval from their respective president and/or internal audit committee to change their budgeted hours or reallocate budgeted hours among audits and projects.

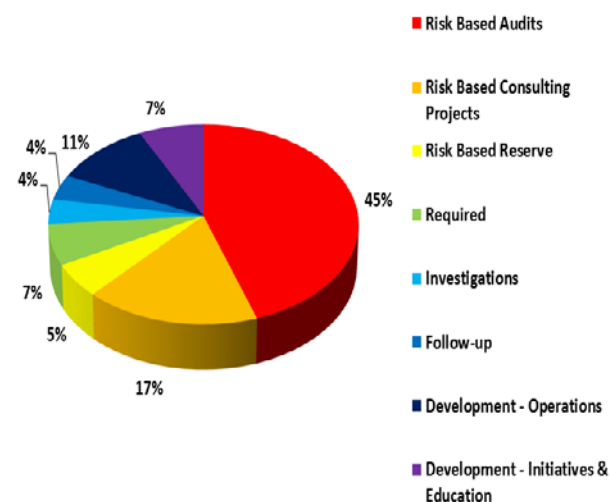
Institution	Budgeted Audit Hours
U. T. System Administration	19,900
U. T. Arlington	8,700
U. T. Austin	19,016
U. T. Dallas	15,450
U. T. El Paso	10,471
U. T. Permian Basin	4,740
U. T. Rio Grande Valley	9,769
U. T. San Antonio	8,875
U. T. Tyler	4,570
U. T. Southwestern Medical Center	18,208
U. T. Medical Branch – Galveston	12,049
U. T. Health Science Center - Houston	14,714
U. T. Health Science Center - San Antonio	9,230
U. T. M. D. Anderson Cancer Center	18,301
U. T. Health Science Center – Tyler	3,005
Total Budgeted Audit Hours	176,998

The FY 2019 Audit Plan directs internal audit resources on audits and other engagements among the categories: Risk Based Audits, Risk Based Consulting Projects, Risk Based Reserve, Required Audits, Investigations, Follow-up, Development - Operations, and Development - Initiatives and Education to address the various risks of U. T. System. The charts below depict the percentage of budgeted audit hours allocated in these categories for the academic and health institutions.

Academic Institutions



Health Institutions



Systemwide Risk Assessment

As part of the FY 2019 Audit Plan process, the institutional and System Administration internal auditors executed an objective-based risk assessment. The goals for this common risk assessment approach were to start at the top with an awareness of critical initiatives and objectives to ensure the risks assessed were the most relevant. The assessment process was standardized by using common terms (Taxonomy) and criteria (Risk Scoring Matrix), enabling trending of risk and Systemwide comparisons. As done in the past, an emphasis was placed on collaboration with other functions that assess, handle, or manage risk.

All risks from each institution and System Administration were evaluated for trends. The following list identifies the areas ranked by the most combined Critical and High risks identified.

System Administration:

- IT – data governance and information security; supporting System Administration and Systemwide services, staffing, training
- Governance – leadership turnover; impact on structure (ideal roles) and performance for System Administration; impact of change to institutions; decision making; and enterprise risk management

Academic:

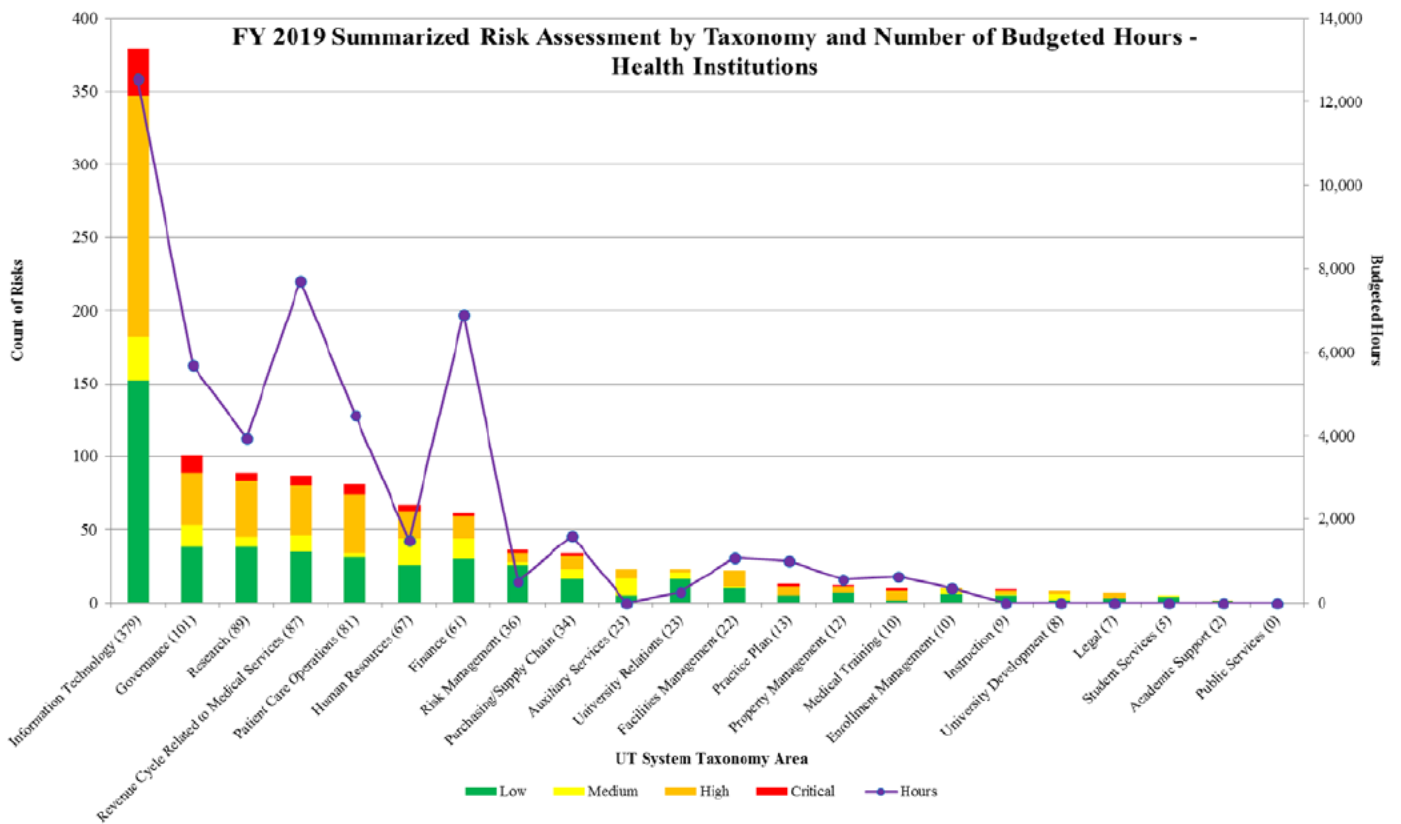
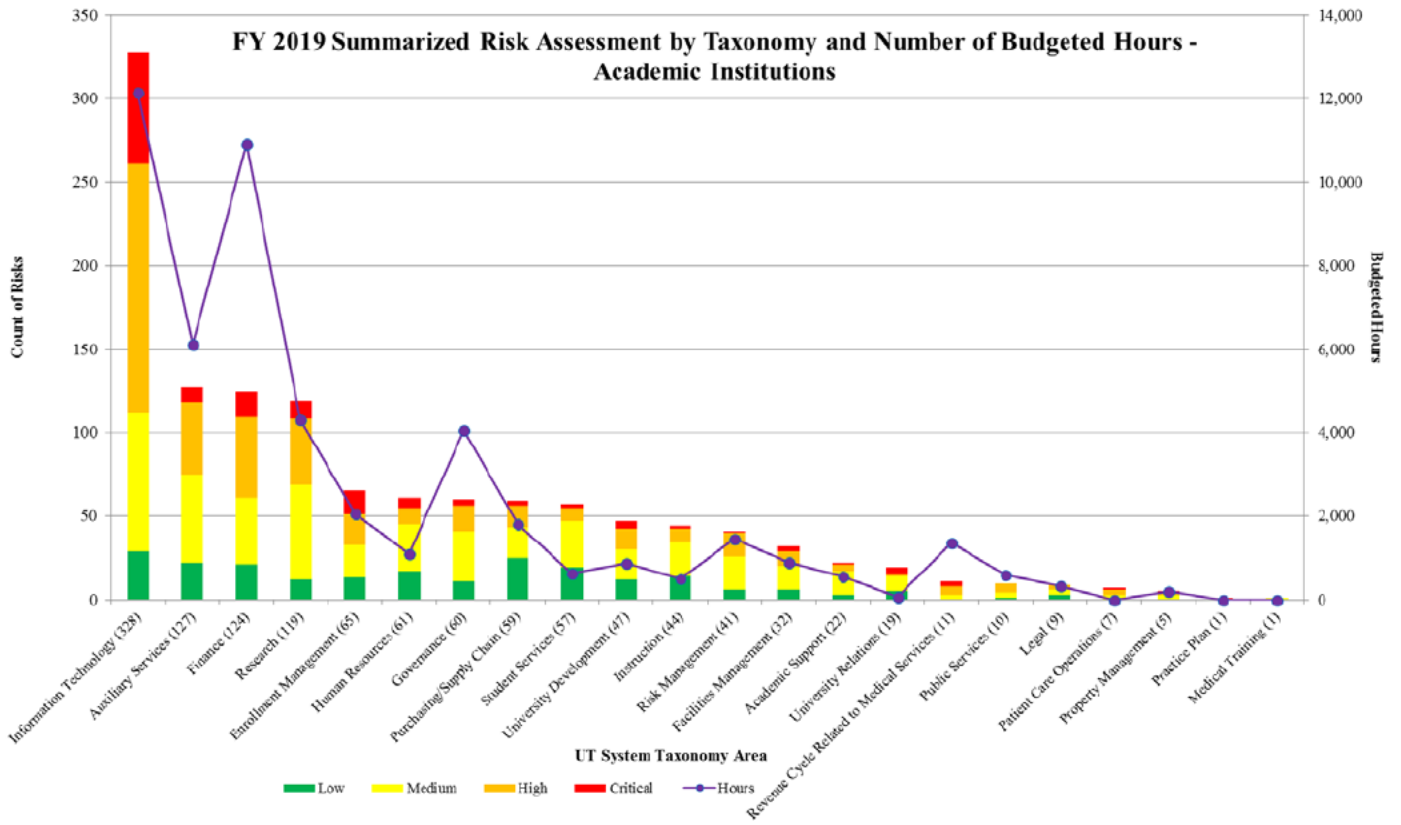
- IT (see additional information on the following pages)
- Finance – development of financial process/technology implementations; resource stress on goals/needs; financial systems controls and data integrity (increase in FY 2019)
- Enrollment management – attracting students and admissions/scholarship processes within changing demographics and compliance (increase in FY 2019)
- Research – attracting research; administering it within compliance and biosafety requirements
- Auxiliary Services – athletics programs operations and compliance; campus safety and security

Health:

- Revenue cycle – process from admission to coding charges to billing; revenue partners
- IT (see additional information on the following pages)
- Governance – strategies, structures, partners, growth, business continuity, compliance program
- Patient care – structures for delivering quality care; staffing; safety; training
- Research – sustaining funds, faculty and institutes; intellectual property protection; compliance
- Facilities management – new construction responsibilities (increase in FY 2019)

Risks and Budgeted Hours by Taxonomy from Academic and Health Institution Risk Assessments

The following graphs cumulatively depict the overall count of risks, by primary Taxonomy area, for the academic and health institutions. The count of risks is broken down by the ratings from the Risk Scoring Matrix, as determined by probability and impact to the achievement of an objective. Plotted against the count of risks is a line depicting the allocation of internal audit resources, budgeted hours for engagements per Taxonomy area, which generally tracks with the count of risks (i.e., more time will be spent on areas where more risks were identified).



Systemwide IT Risk Assessment Methodology

During FY 2018, the System Audit Office initiated a project to develop an IT risk assessment methodology to assist internal audit at each institution and System Administration to consistently identify the most significant IT risks for an effective IT audit plan. As part of this process, a uniform framework was developed 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 12 institutions and System Administration citing at least one Critical or High risk in that area. The most common Critical and High risk areas identified during this year’s risk assessment are:

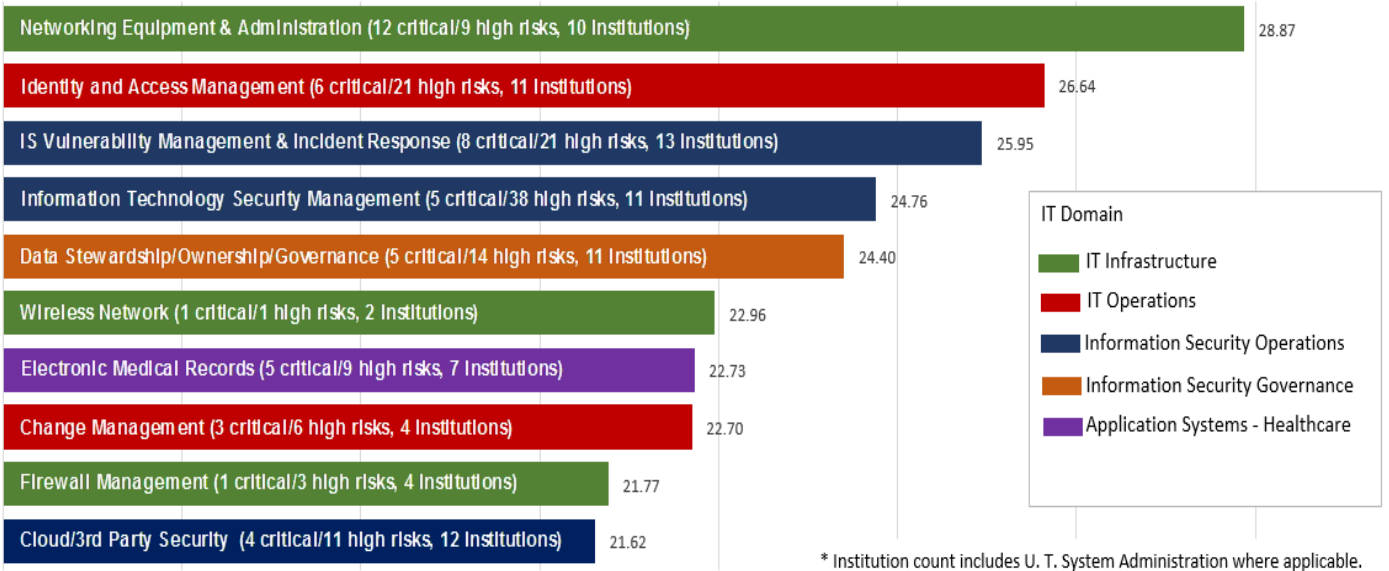
<u>IT Process</u>	<u># of Institutions*</u>
Cybersecurity Vulnerability Management & Incident Response	13
Cloud/Third-Party Security Management	12
Mobile Devices & Portable Data Storage	11
Information Technology Security Management	11
Data Stewardship/Ownership/Governance	11
Identity & Access Management	10
Networking Equipment & Administration	10
Legal & Regulatory Compliance	10

** Includes UT System Administration where applicable.*

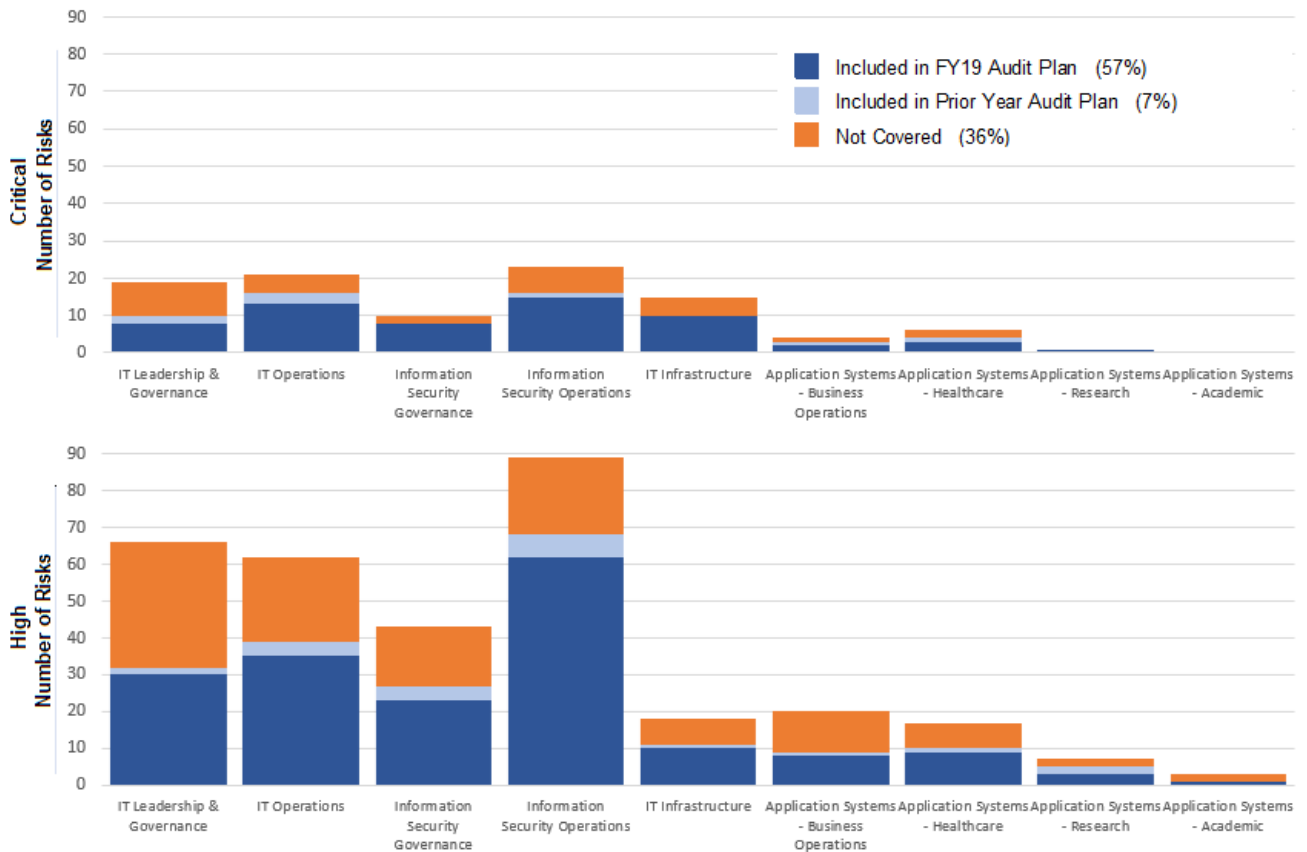
The methodology also improves visibility into U. T. System risk through Calibrated Risk Scores (CRS), which are numeric values calculated based on risk ratings (Critical, High, Medium, Low) with weighting applied based on institution and Domain/Process factors. This results in the ability to prioritize 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. 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 on the following page:

IT Process



The graph below depicts the Critical and High risks covered by the FY 2019 Audit Plan:



of Critical and High Risks: 85 83 53 112 33 24 23 8 3

APPROVAL OF AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE RECOMMENDATION AND CONTINUE CONSIDERATION OF AGENDA ITEMS.--At 4:09 p.m., the Board voted and unanimously approved the recommendation of the Audit, Compliance, and Risk Management Committee. The Board then considered the following Agenda Items.

AGENDA ITEMS (continued)

6. U. T. Arlington: Discussion and appropriate action regarding proposed changes to admission criteria for all College of Education Master's degree programs

The Board approved changes to the criteria for admission to all College of Education Master's degree programs at The University of Texas at Arlington as described on the following pages.

Summary of Changes to Admission Criteria

The proposed changes to the College of Education (COEd) master's degree admissions policy will provide consistent criteria in its two departments. Currently, the Department of Curriculum and Instruction (C&I) and the Department of Educational Leadership and Policy Studies (ELPS) have different criteria for admissions to the master's degree programs. The proposed policy will create continuity between departments and assist in streamlining the admissions process while maintaining high quality and rigor. The proposed changes will result in identical admissions policies for both departments to be applied to all master's programs in the COEd: Master of Education (M.Ed.) and Master of Education in Teaching (M.Ed.T.).

The proposed policy change includes an emphasis on supporting the Texas workforce and therefore replaces the Graduate Record Exam (GRE) with two years of relevant work experience. This change was predicated on a review of the literature on relationships between the GRE and student success, and after examination of our own graduate students' success relative to the GRE. The literature did not show results that supported its maintenance for admission in programs in the COEd, and analyses of the graduate students showed the GRE had no significant relationship to success in the programs. The students in the COEd master's degree programs are experienced working professionals, K-12 teachers, and school administrators. The work experience of the students is shown to be more valuable than the GRE as the foundation for learning in these education programs. Thus, The College's programs support the workforce who have already proven themselves to be successful professionals in schools, districts, and/or other work environments.

The proposed admissions policy requests a change from three letters of reference to two professional letters of reference on file. In our experience, the three general letters of reference submitted were not meaningful indicators for graduate student success. The change requests two professional letters of reference from a supervisor or other individual in the applicant's profession. It was determined that two professional letters will carry more weight in appraisal of candidate success compared to three letters from unspecified sources. Regarding probationary admission, the proposed change requires a student to maintain a GPA of 3.0 in the first nine hours of graduate coursework.

Department of Curriculum and Instruction M.Ed. and M.Ed.T. Programs

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
Current GRE score of 140 on quantitative section and 153 on verbal section.	Current GRE score of 140 on quantitative section and 153 on verbal section. <u>two or more years relevant work experience</u>
3.0 GPA during the last 60 hours of undergraduate coursework and a 3.0 average on all graduate work	3.0 GPA during the last 60 hours of undergraduate coursework and a 3.0 average on all graduate work <u>Undergraduate transcripts with a 3.0 GPA during the last 60 hours or 3.0 cumulative GPA, whichever is higher. A 3.0 GPA on the last 9 hours of graduate coursework may be considered in place of undergraduate GPA.</u>
three letters of reference on file	three letters of reference on file <u>two professional letters of reference on file</u>
Current Probationary Admission Criteria	Proposed Probationary Admission Criteria
All students admitted under probation status will be required to earn a 3.0 GPA during the first 12 hours of graduate coursework in the program, with no grade lower than a "B."	All students admitted under probation status will be required to earn a 3.0 GPA during the first 12 hours of graduate coursework in the program, with no grade lower than a "B." <u>Students granted probationary admission must maintain a 3.0 (B or better) GPA in the first nine credit hours of graduate coursework in the College of Education program to be converted from probationary to unconditional admission.</u>

Department of Educational Leadership and Policy Studies M.Ed. Program

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<p>A minimum of two of the following three Graduate Record Examination (GRE) scores: (1) verbal minimum score of 153, (2) quantitative score of 144, (3) written analytical minimum score of 3.5. For exams taken before August 1, 2011, a minimum of two of the three scores are required: (1) verbal minimum score of 500, (2) quantitative minimum score of 500, (3) written analytical minimum score of 3.5.</p>	<p>A minimum of two of the following three Graduate Record Examination (GRE) scores: (1) verbal minimum score of 153, (2) quantitative score of 144, (3) written analytical minimum score of 3.5. For exams taken before August 1, 2011, a minimum of two of the three scores are required: (1) verbal minimum score of 500, (2) quantitative minimum score of 500, (3) written analytical minimum score of 3.5.</p> <p><u>two or more years relevant work experience</u></p>
<p>An undergraduate grade point average (GPA) of 3.2 or higher on a 4.0 scale, as calculated by the Graduate School or a graduate GPA of 3.5 or higher on a 4.0 scale on 12 or more hours as calculated by the Graduate School may be used in lieu of the undergraduate GPA.</p>	<p>An undergraduate grade point average (GPA) of 3.2 or higher on a 4.0 scale, as calculated by the Graduate School or a graduate GPA of 3.5 or higher on a 4.0 scale on 12 or more hours as calculated by the Graduate School may be used in lieu of the undergraduate GPA.</p> <p><u>Undergraduate transcripts with a 3.0 GPA during the last 60 hours or 3.0 cumulative GPA, whichever is higher. A 3.0 GPA on the last 9 hours of graduate coursework may be considered in place of undergraduate GPA.</u></p>
<p>Three letters of reference on file, completed by three persons who can assess the applicant's aptitude, academic skills, and abilities needed for success in the Educational Leadership and Policy Studies master's program.</p>	<p>Three letters of reference on file, completed by three persons who can assess the applicant's aptitude, academic skills, and abilities needed for success in the Educational Leadership and Policy Studies master's program.</p> <p><u>two professional letters of reference on file</u></p>

Current Probationary Admission Criteria	Proposed Probationary Admission Criteria
	<p>All students admitted under probation status will be required to earn a 3.0 GPA during the first 12 hours of graduate coursework in the program, with no grade lower than a "B."</p> <p><u>Students granted probationary admission must maintain a 3.0 (B or better) GPA in the first nine credit hours of graduate coursework in the College of Education program to be converted from probationary to unconditional admission.</u></p>

7. U. T. Arlington: Discussion and appropriate action regarding proposed changes to admission criteria to the Electrical Engineering Master of Science degree program

The Board approved changes to the criteria for admission to the Electrical Engineering Master of Science degree program at The University of Texas at Arlington as described on the following pages.

Summary of Changes to Admission Criteria

Currently, U. T. Arlington BS students in the final year of study and BS graduates who have graduated within three years of expected entrance into the MS program with a minimum GPA of 3.25 in their major and overall are granted a GRE waiver. The department proposes to extend this condition to BS graduates from other universities equivalent to U. T. Arlington, using the Accreditation Board for Engineering and Technology, Inc. (ABET) accreditation and/or other national or global rankings such as that provided by U.S. News & World Report, Shanghai Jiao Tong World University Rankings, or the Times Higher Education World University Rankings. The studies undertaken by the Department of Electrical Engineering indicating that the GRE is not a reliable predictor of the likelihood that a student will succeed in the MS program is the basis of this decision. The department believes that a good GPA from a comparable university is a more reliable predictor of student success in the graduate program.

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<p>Admission Criteria: The Department has two alternative sets of conditions that allow applicants to be unconditionally admitted to the MS program. The Departmental Graduate Advisor(s) reviews all applications and determines if they qualify for admission under one of these two sets of criteria. Applicants who are not unconditionally admitted may be admitted with provisional or probationary status, their admission may be deferred or admission may be denied.</p> <p>Unconditional Admission Set #1: GRE Condition A typical MS applicant who is "admitted" will have met the following admission requirements.</p> <ul style="list-style-type: none"> • The minimum undergraduate GPA requirement - For MSEE admission 3.25 (on a 4.0 scale) based on upper division coursework (junior and senior level or equivalent) • Relevance of the student's undergraduate degree (background) to the EE curriculum. • Rigor of the student's Bachelor's degree. • Reputation of the University/College that the student received his/her previous degrees. • GRE scores of at least the following: <ul style="list-style-type: none"> ○ Quantitative score = 720 (new scale: 156) for M.S. or ○ = 750 (new scale: 159) for Ph.D. ○ Verbal score = 400 (new scale: 146) ○ Analytical Writing = 3 for M.S. or =3.5 for Ph.D. • For an International student, an additional requirement beyond those stated above: The applicant must meet the minimum university English language requirements as detailed in the general admission requirements section of the catalog. 	<p>Admission Criteria: The Department has two alternative sets of conditions that allow applicants to be unconditionally admitted to the MS program. The Departmental Graduate Advisor(s) reviews all applications and determines if they qualify for admission under one of these two sets of criteria. Applicants who are not unconditionally admitted may be admitted with provisional or probationary status, their admission may be deferred or admission may be denied.</p> <p>Unconditional Admission Set #1: GRE Condition A typical MS applicant who is "admitted" will have met the following admission requirements.</p> <ul style="list-style-type: none"> • The minimum undergraduate GPA requirement - For MSEE admission 3.25 (on a 4.0 scale) based on upper division coursework (junior and senior level or equivalent) • Relevance of the student's undergraduate degree (background) to the EE curriculum. • Rigor of the student's Bachelor's degree. • Reputation of the University/College that the student received his/her previous degrees. • GRE scores of at least the following: <ul style="list-style-type: none"> ○ Quantitative score = 720 (new scale: 156) for M.S. or ○ = 750 (new scale: 159) for Ph.D. ○ Verbal score = 400 (new scale: 146) ○ Analytical Writing = 3 for M.S. or =3.5 for Ph.D. • For an International student, an additional requirement beyond those stated above: The applicant must meet the minimum university English language requirements as detailed in the general admission requirements section of the catalog.

Current Unconditional Admission Set #2: GRE Waiver

A typical applicant who is "admitted" will have met the following admission requirements.

- The student must have graduated from the EE bachelor's degree program at U. T. Arlington no more than three academic years prior to admission to the graduate program (as measured from the start of the semester for which admission is sought). Undergraduate students in their final year of study are also eligible; in such cases, admission with the GRE waiver is contingent upon successful completion of the bachelor's degree.
- The student's U. T. Arlington grade point average must equal or exceed 3.25 in the following calculations:
 - as calculated for admission to the Graduate School;
 - overall;
 - in the major field; and
 - in all upper-division work.

Proposed Unconditional Admission Set #2: GRE Waiver

A typical applicant who is "admitted" will have met the following admission requirements.

- The student must have graduated from the EE bachelor's degree program at U. T. Arlington no more than three academic years prior to admission to the graduate program (as measured from the start of the semester for which admission is sought). Undergraduate students in their final year of study are also eligible; in such cases, admission with the GRE waiver is contingent upon successful completion of the bachelor's degree.
- The student's ~~U. T. Arlington~~ grade point average must equal or exceed 3.25 in the following calculations:
 - as calculated for admission to the Graduate School;
 - overall;
 - in the major field; and
 - in all upper-division work
- The student must have graduated from or be in the final year of the EE bachelor's degree program:
 - at U. T. Arlington
 - at another reputable ABET-accredited EE bachelor's degree program.

8. U. T. Dallas: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Science in Biomedical Engineering, the Doctor of Philosophy in Computer Science, and the Doctor of Philosophy in Software Engineering degree programs

The Board approved changes to the criteria for admission to the Master of Science in Biomedical Engineering, the Doctor of Philosophy in Computer Science, and the Doctor of Philosophy in Software Engineering degree programs at The University of Texas at Dallas as described on the following page.

Summary of Changes to Admission Requirements for Engineering and Computer Science (ECS) graduate programs

1. U. T. Dallas requests two admission changes to its Master of Science in Biomedical Engineering (M.S. BMEN): the GRE score and the grade point average (GPA). In recognition of the unique role the master's degree program plays in students' academic development and ultimately their careers – both as a gateway to career opportunities in industry and to the doctoral program – the Engineering and Computer Science (ECS) department updated the admissions requirements to allow a greater number of students to pursue an M.S. BMEN degree while maintaining the requirement for a strong academic background necessary for success in the master's program. These requested changes are in alignment with other ECS graduate programs:
 - a. U. T. Dallas requests to lower the GRE scale score of 4 to 3 for the analytical writing component score for its M.S. BMEN program.
 - b. U. T. Dallas requests to lower the GPA in undergraduate prerequisites from 3.33 to 3.0 or better on a 4.0 scale for its M.S. BMEN program.

2. U. T. Dallas requests to raise the GRE scores from 308 to 315, 153 to 156, and 155 to 159 for the combined verbal and quantitative components respectively for its Doctor of Philosophy (Ph.D.) in Computer Science to be in alignment with other ECS graduate programs.

3. U. T. Dallas requests to raise the GRE scores from 308 to 315, 153 to 156, and 155 to 159 for the combined, verbal, and quantitative components respectively for its Ph.D. in Software Engineering in be in alignment with other ECS graduate programs.

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
M.S. BMEN GRE Analytical Writing Score: 4	M.S. BMEN GRE Analytical Writing Score: 4 <u>3</u>
M.S. BMEN GPA pre-req score: 3.33	M.S. BMEN GPA pre-req score: 3.33 <u>3.0</u>
Ph.D. in Computer Science GRE Scores Combined: 308; Verbal: 153; Quantitative: 155	Ph.D. in Computer Science GRE Scores Combined: 308 <u>315</u> ; Verbal: 153 <u>156</u> ; Quantitative: 155 <u>159</u>
Ph.D. in Software Engineering GRE Scores Combined: 308; Verbal: 153; Quantitative: 155	Ph.D. in Software Engineering GRE Scores Combined: 308 <u>315</u> ; Verbal: 153 <u>156</u> ; Quantitative: 155 <u>159</u>

9. U. T. Rio Grande Valley: Discussion and appropriate action regarding proposed changes to admission criteria to the Master of Business Administration, Master of Education in Counseling and Guidance, Master of Education in Educational Leadership, Master of Music, Master of Science in Physics, Master of Science in Interdisciplinary Studies with a concentration in Science and Technology, and the Teacher Certification – Principal Credential

The Board approved changes to the criteria for admission for the Master of Business Administration, Master of Education in Counseling and Guidance, Master of Education in Educational Leadership, Master of Music, Master of Science in Physics, Master of Science in Interdisciplinary Studies with a concentration in Science and Technology, and Teacher Certification - Principal Credential at The University of Texas Rio Grande Valley as described on the following pages.

Summary of Changes to Admission Criteria

U. T. Rio Grande Valley is requesting to change the graduate admission criteria for the following degrees and teacher certifications. These changes were proposed by the faculty of the respective departments and approved by the Graduate Committee. Each of these changes support the University's core priority of enhancing student success by streamlining the admissions criteria.

Master of Business Administration

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
Complete the GMAT Exam with a minimum score 400 or the GRE test with minimum scores of 146 Verbal and 146 Quantitative	No change
Submission of two letters of recommendation	No change
Respond to five short answer questions to demonstrate writing competency and communication skills	No change
<p>A waiver of the GMAT requirement will be granted to applicants who show proof of one of the following:</p> <ul style="list-style-type: none"> • Another graduate degree (master's or doctoral) • An undergraduate GPA of 3.80 or higher on a 4 point scale • A waiver may be granted to those students who have more than four years of upper managerial experience in supervisory roles, control of budgets, and decision-making. 	<p>A waiver of the GMAT requirement will be granted to applicants who show proof of one of the following:</p> <ul style="list-style-type: none"> • Another graduate degree (master's or doctoral) • An undergraduate GPA of 3.80 <u>3.50</u> or higher on a 4 point scale • <u>An undergraduate GPA of at least 3.60 in the last 60 credit hours</u> • A waiver may be granted to those students who have more than four years of upper managerial experience in supervisory roles, control of budgets, and decision-making.

Reason for Change: To be more competitive with other schools and continuous improvement.

MED in Counseling and Guidance

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
Submission of three letters of recommendation at least one of which must be from a former professor	No change
Submission of letter of intent	No change
Submission of a resume	No change
Personal interview	No change
Criminal background check	No change
2 Years of Professional Development and Appraisal System (PDAS) training and teaching for applicants to the School Counseling Track	2 Years of PDAS and teaching for applicants to the School Counseling Track

Reason for Change: To admit all students using the same requirements to the Department of Counseling.

MED in Educational Leadership

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
Submission of a letter of intent	No change
Submission of a letter of a resume	No change
Submission of teaching certificate with a minimum of two years of teaching experience	No change
	Submission of GRE scores. Students not eligible for clear admission must have minimum scores of 150 Verbal, 141 Quantitative, and 4.0 Analytical for conditional admission.

Reason for Change: The GRE will be required of all applicants for admission. The data results of the GRE will be used to assess and individually develop an action plan for improving the applicants writing skills for applicants that score less than 4.0 on the analytic writing portion. Conditional admission will continue to include the GRE with the minimum UTRGV scores.

Master of Music

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
Submission of three letters of recommendation	No change
Submission of a letter of intent	No change
Submission of an essay on professional goals	No change
Submission of a resume	No change
Personal interview	No change
<p>Additional requirements specific to the concentration selected:</p> <p>MM – Ethnomusicology – The applicant must submit a writing sample on a topic in music research. Any students seeking a degree in Ethnomusicology must take diagnostic exams to measure proficiency in Spanish and English. Deficiency in either of these areas will require additional course work.</p>	<p>Additional requirements specific to the concentration selected:</p> <p>MM – Ethnomusicology – The applicant must submit a writing sample on a topic in music research. Any students seeking a degree in Ethnomusicology must take diagnostic exams to measure proficiency in Spanish and English. Deficiency in either of these areas will require additional course work. <u>The foreign language requirement (NASM accreditation requirement) will be met by a translation exercise or other assignment by the thesis advisor while enrolled in MUSI 7300 and MUSI 7301. The language will be determined by the student and the advisor and may include Spanish, Portuguese, or another language relevant to the student's research.</u></p>

Reason for Change: To meet National Association of Schools of Music (NASM) standards.

MS in Physics

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
GRE general test with expected range of GRE Quantitative scores of >158 for admitted students	GRE general test with expected range of GRE a minimum Quantitative scores of >158 <u>161</u> for admitted students
	<u>GRE subject (Physics) test. (No minimum score)</u>
	<u>No waiver of the GRE test if the applicant has completed a previous master's degree</u>
Submission of two letters of recommendation from people familiar with the applicant's undergraduate or graduate scholastic record	Submission of two letters of recommendation from people familiar with the applicant's undergraduate or graduate scholastic record <u>that should mention concrete examples of applicant's prior research experience and highlight strength and weaknesses of the applicant in his/her proposed area of specialization.</u>
Submission of a statement of purpose which should include a letter outlining their motivation to pursue a MS in Physics.	Submission of a statement of purpose which should include a letter outlining their motivation to pursue a MS in Physics research interest and career goals which should clearly articulate why the student wants to enter the Physics Graduate program and what are his/her long-term career goals.

Reason for Change: To raise the standards for students entering the program and help ensure student success.

MS in Interdisciplinary Studies with a concentration in Science and Technology

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
GRE general test	GRE general test <u>with a minimum test scores of Verbal 146, and Quantitative 151. Subject test is not required.</u>
Submission of a statement of purpose and goals for pursuing the degree	No change
Submission of a resume	Submission of a resume
Submission of two letters from referees conversant with the candidate's academic background	No change

Reason for Change: To raise the standards for students entering the program, help ensure student success, and provide better guidance to prospective applicants.

Teacher Certification - Principal Credential

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
Master's degree in Educational Leadership	No change
3.0 GPA	No change
Three (3) years teaching experience	Three (3) <u>Two (2)</u> years teaching experience
Presentation of the following to the Faculty Admissions Committee. (1 hour) A. Evidence of Teaching Effectiveness 1. Presentation of how you use student performance data to improve instruction B. Evidence of Leadership Activities 1. Presentation of end-product from M.Ed. program 2. Presentation of school site leadership roles/responsibilities 3. Evidence of Teaching certificate (Updated) 4. Evidence of Teacher Service Record 5. Criminal Background Check	No change

Reason for Change: To be more competitive and to be in line with Texas Education Agency standards.

10. U. T. Dallas: Request to approve the honorific naming of the campus mall and Trellis Plaza as the Margaret McDermott Mall and Margaret McDermott Trellis Plaza

The Board approved the honorific naming of the campus mall and Trellis Plaza at The University of Texas at Dallas as the Margaret McDermott Mall and Margaret McDermott Trellis Plaza.

In recognition of the late Mrs. Margaret McDermott's long history of financial support to the University, U. T. Dallas requested the campus mall and Trellis Plaza be named as the *Margaret McDermott Mall* and *Margaret McDermott Trellis Plaza*, respectively. The 4.5-acre campus mall, which includes five reflecting pools and 116 magnolia trees, is considered a focal point for campus activity. The Trellis Plaza serves as an anchor and central element of the U. T. Dallas campus, showcasing a vast steel trellis canopying a fountain.

Mrs. Margaret McDermott's late husband, Eugene McDermott, co-founded the Graduate Research Center of the Southwest in 1961, which later became U. T. Dallas. Beginning in 2005, she made significant investments in campus enhancement and beautification, which transformed the campus landscape. As U. T. Dallas' most generous philanthropist, she also funded scholarships, fellowships, endowed chairs, library renovations, and many other initiatives. Mrs. McDermott received the prestigious Santa Rita Award in 2004.

A supporter of the arts, education, and science, Mrs. McDermott gave generously to the Dallas Symphony Orchestra, the Dallas Opera, the Dallas Arboretum, and U. T. Southwestern, among many others. In appreciation of her long-standing philanthropic support, the City of Dallas named a bridge in her honor.

This naming is consistent with Regents' *Rules and Regulations*, Rule 80307, relating to honorific naming of facilities to recognize the significant philanthropic support provided by Mrs. Margaret McDermott.

11. U. T. Health Science Center - San Antonio: Discussion and appropriate action concerning proposed interagency contract to facilitate planning and design services related to a replacement San Antonio State Hospital

The Board authorized The University of Texas Health Science Center at San Antonio (UT Health San Antonio), working with The University of Texas System Office of Facilities Planning and Construction (OFPC), to enter into an interagency contract with the Texas Health and Human Services Commission (HHSC) to provide management of the planning and design services related to a replacement San Antonio State Hospital and possible satellite structure.

The State of Texas is considering the award of funding for construction of a behavioral health facility in San Antonio, Texas. The Legislative Budget Board has set aside \$13,500,000 to plan and design a replacement San Antonio State Hospital on the existing San Antonio State Hospital campus, with a possible satellite structure

in the South Texas Medical Center in San Antonio, Texas. As an alternative to total replacement of the existing facility, the project might instead involve remodeling and expanding existing structures on the site, as well as constructing one or two new facilities.

Under the contract, UT Health San Antonio will manage the planning and design for the project, including management of the Architect/Engineer (A/E) selection process and preparation and execution of a contract with a professional architectural firm to provide the complete design administration services for a complete and operable facility. The contract between the HHSC and UT Health San Antonio will expire on November 30, 2020, based on projected timelines, but may be extended by mutual agreement. The parties may amend this contract to require UT Health San Antonio to facilitate construction of the project.

UT Health San Antonio plans to work with OFPC, pursuant to Regents' Rules, to manage the planning and design of the project. OFPC's fee will be paid from project funds using the approved 2007 OFPC Management Fee Schedule Worksheet. UT Health San Antonio's oversight fee will be paid from project funds.

The San Antonio State Hospital will include short and long-term subacute options, residential treatment, and supported housing. It will also include crisis respite, as well as acute beds, with a required minimum of 300 inpatient psychiatric beds.

12. U. T. Austin: Darrell K Royal - Texas Memorial Stadium - South End Zone Addition and Stadium Maintenance and Renovation - Amendment of the FY 2019-2024 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and resolution regarding parity debt

The Board amended the Fiscal Year 2019-2024 Capital Improvement Program (CIP) to include the Darrell K Royal - Texas Memorial Stadium - South End Zone Addition and Stadium Maintenance and Renovation project at The University of Texas at Austin as follows:

- a. approve a total project cost of \$175,000,000 with funding of \$125,000,000 from Gifts and \$50,000,000 from Revenue Financing System (RFS) Bond Proceeds;
- b. appropriate funds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the

Financing System; and U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$50,000,000.

Debt Service

The \$50,000,000 in RFS debt will be repaid from premium seating and ticket sales. Annual debt service on the \$50,000,000 in RFS debt is expected to be \$2.98 million. The institution's debt service coverage is expected to be at least 2.3 times and average 2.7 times over FY 2019-2024.

U. T. Austin expects that the Gift funding will be in hand or committed prior to the authorization of expenditure of funds. Should Gift funding not be in hand or committed at the time of design development approval, U. T. Austin has sufficient RFS debt capacity to provide bridge financing, if necessary, to allow the project to proceed on schedule.

Previous Actions

On April 5, 2018, the Chancellor approved this project for Definition Phase.

Project Description

U. T. Austin will construct an expansion of the South End Zone to the Darrell K Royal - Texas Memorial Stadium to include new suites, clubs, loge boxes, sponsor amenities, modified fan seating, and new coaches' offices as well as additional loading docks and facilities support spaces. Upgrades to the existing Moncrief-Neuhaus Athletic Center will include the latest technology in Sports Medicine and Rehabilitation Services.

This addition to the south end of the Stadium will complete the Stadium bowl. Similar to the North End Zone Expansion, completed in 2008, the addition at the South End Zone will provide an enhanced game day experience for fans and create additional revenue for Texas Athletics. This project will further support student athlete recruitment and retention and help keep football revenues at a high level.

This 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 Board of Regents' approval on May 10, 2017, U. T. Austin has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction.

Project Information

Project Number 102-782
 CIP Project Type Repair and Rehabilitation
 Facility Type Athletic
 Management Type Institutional Management
 Institution’s Project Advocate Arthur Johnson, Executive Senior Associate Athletic Director
 Project Delivery Method Construction Manager-at-Risk
 Gross Square Feet (GSF) 237,000

Project Funding

	<u>Current</u>
Gifts ¹	\$125,000,000
Revenue Financing System Bond Proceeds ²	<u>\$ 50,000,000</u>
Total Project Cost	\$175,000,000

¹ Gifts \$30,000,000 pledged

² Revenue Financing System (RFS) Bond Proceeds to be repaid from ticket sales and Gifts

Project Cost Detail

	Cost
BUILDING COST	
- South End Zone Addition	\$ 85,000,000
- Moncrief-Neuhaus Athletic Center Renovation	20,000,000
Fixed Equipment	25,000,000
Site Development	6,800,000
Furniture and Moveable Equipment	5,200,000
Institutionally Managed Work	2,500,000
Architectural/Design Services	15,000,000
Project Management Fees	3,100,000
Insurance	2,900,000
Other Professional Fees	2,600,000
Project Contingency	5,000,000
Other Costs	1,900,000
Total Project Cost	\$175,000,000

Project Planning

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

Project Milestones

Definition Phase Approval	April 2018
Addition to CIP	August 2018
Design Development Approval	February 2019
Construction Notice to Proceed	June 2019
Substantial Completion	July 2021

13. U. T. Austin: McDonald Observatory Groundwater and Fire Protection Upgrades - Amendment of the FY 2019-2024 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds and authorization of expenditure

The Board amended the Fiscal Year 2019-2024 Capital Improvement Program (CIP) to include the McDonald Observatory Groundwater and Fire Protection Upgrades project at The University of Texas at Austin as follows:

- a. approve a total project cost of \$13,500,000 with funding of \$6,435,000 from the Available University Fund (AUF), \$2,815,000 from Designated Funds, \$2,600,000 from Unexpended Plant Funds, and \$1,650,000 from Permanent University Fund (PUF) Bond Proceeds; and
- b. appropriate funds and authorize expenditure.

Previous Actions

On November 10, 2011, the McDonald Observatory Fire Life Safety and Infrastructure Upgrades project was added to the CIP with a total project cost of \$6,500,000 with funding of \$5,500,000 from AUF and \$1,000,000 from Designated Funds. On December 15, 2011, the President approved the design development plans and authorized expenditure of funds. On August 21, 2014, the Board approved an increase in the total project cost to \$8,100,000 with funding of \$50,000 from PUF Bond Proceeds, \$5,500,000 from AUF, and \$2,550,000 from Designated Funds.

On October 9, 2014, the President approved an increase in the total project cost to \$8,515,000 and revised funding to include an additional \$600,000 PUF Bond Proceeds (Board approved August 21, 2014) for a total of \$650,000 from PUF Bond Proceeds, \$5,500,000 from AUF, and reduced Designated Funds to \$2,365,000. On August 20, 2015, the Board approved a Regents' Rule change to increase the major project threshold to \$10 million and this project was removed from the CIP. The increase takes the total project cost above that threshold, requiring Board approval.

Project Description

The need for this project was triggered by 2011 West Texas wildfires, which came close to the McDonald Observatory. Analysis determined that existing systems were inadequate to meet mandated fire water supply and flow demands in the event of a

future fire event. To date, the project tasks that have been completed include the wastewater system, test well investigations, two permanent wells, and the design of the system's storage and distribution infrastructure. Additional project funds were obtained in 2016 to install equipment and infrastructure in the lower valley area of the Observatory. The increase will allow the project to extend the water supply infrastructure to the full Observatory site.

Original project funding proved insufficient as actual construction costs came in higher than estimated. The remoteness of the site and increased construction activity in the area have contributed to higher construction costs, and additional filtration equipment was necessary to meet allowable limits required by the Texas Commission on Environmental Quality. The completion of this infrastructure installation is critical to provide a locally managed and sustainable public water supply and fire protection system to the full Observatory site.

This repair and rehabilitation project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. Pursuant to Board of Regents' approval on May 10, 2017, U. T. Austin has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction.

Project Information

Project Number	102-649
CIP Project Type	Repair and Rehabilitation
Facility Type	Utilities/Infrastructure
Management Type	Institutional Management
Institution's Project Advocate	Dean Appling, Associate Dean for Research and Facilities for the College of Natural Sciences
Project Delivery Method	Design-Build
Gross Square Feet (GSF)	N/A

Project Funding

	<u>Current</u>
Available University Fund	\$ 6,435,000
Designated Funds	\$ 2,815,000
Unexpended Plant Funds	\$ 2,600,000
Permanent University Fund Bond Proceeds ¹	<u>\$ 1,650,000</u>
Total Project Cost	\$13,500,000

¹ Permanent University Fund (PUF) Bond Proceeds previously approved by Board (\$650,000 on 8/21/14, and \$1,000,000 on 8/20/15)

Project Cost Detail

	Cost
BUILDING COST	
Wastewater System	\$3,158,199
Test Wells	539,529
Permanent Wells	1,272,783

Groundwater and Fire Protection Infrastructure	6,079,506
Fixed Equipment	-
Site Development	-
Furniture and Moveable Equipment	-
Institutionally Managed Work	12,431
Architectural/Design Services	899,219
Project Management Fees	-
Insurance	-
Other Professional Fees	4,550
Project Contingency	783,783
Other Costs	750,000
Total Project Cost	\$13,500,000

Project Planning

Definition Phase Completed	N/A
Owner’s Project Requirements	N/A
Basis of Design	N/A
Schematic Design	N/A
Detailed Cost Estimate	N/A

Project Milestones

Definition Phase Approval	N/A
Addition to CIP	August 2018
Design Development Approval	October 2014*
Construction Notice to Proceed	April 2012*
Substantial Completion	December 2020

* This project was previously added to the CIP on November 10, 2011, and then removed on August 20, 2015, when the major project threshold was increased to \$10 million.

14. U. T. El Paso: Sun Bowl Stadium Structural Repairs, Code Updates, and Modernization - Amendment of the FY 2019-2024 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; authorization of institutional management; and resolution regarding parity debt

The Board amended the Fiscal Year 2019-2024 Capital Improvement Program (CIP) to include the Sun Bowl Stadium Structural Repairs, Code Updates, and Modernization project at The University of Texas at El Paso as follows:

- a. approve a total project cost of \$16,250,000 with funding of \$12,000,000 from Revenue Financing System (RFS) Bond Proceeds and \$4,250,000 from Gifts;
- b. appropriate funds;
- c. authorize U. T. El Paso to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts; and

- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and U. T. El Paso, 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 \$12,000,000.

Previous Actions

On April 18, 2018, the Chancellor approved this project for Definition Phase.

Debt Service

The \$12,000,000 in RFS debt will be repaid from Auxiliary Revenues. Annual debt service on the \$12,000,000 in RFS debt is expected to be \$710,000. The institution's debt service coverage is expected to be at least 1.3 times and average 1.5 times over FY 2019-2024.

Project Description

The Sun Bowl Stadium was constructed in 1963 and was expanded in 1983. This project allows for structural repairs to the upper section of the stadium west stands; addresses Americans with Disabilities Act (ADA) seating access and dispersion requirements; will remodel existing restrooms as required by current codes; and will modernize the existing press box. These repairs are necessary to extend the useful life and improve operational efficiency of the facility. This project is included in the institution's Strategic Plan and conforms to the current approved Campus Master Plan as an asset to be maintained.

This repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. It has been determined that this project would best be managed by U. T. El Paso Facilities Management personnel who have the experience and capability to manage all aspects of the work. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date.

Project Information

Project Number 201-1181
 CIP Project Type Repair and Rehabilitation
 Facility Type Athletic
 Management Type Institutional Management
 Institution’s Project Advocates Gregory L. McNicol, Associate Vice President for Business Affairs - Facilities Management
 Christopher P. Park, Senior Associate Athletic Director
 Project Delivery Method Construction Manager-at-Risk
 Gross Square Feet (GSF) N/A

Project Funding

	<u>Current</u>
Revenue Financing System Bond Proceeds ¹	\$12,000,000
Gifts ²	<u>\$ 4,250,000</u>
Total Project Cost	\$16,250,000

¹ Revenue Financing System (RFS) Bond Proceeds to be repaid from Auxiliary Revenues

² Gifts in hand

Project Cost Detail

	Cost
BUILDING COST	\$11,750,000
Fixed Equipment	270,000
Site Development	500,000
Furniture and Moveable Equipment	1,540,000
Institutionally Managed Work	725,000
Architectural/Design Services	650,000
Project Management Fees	-
Insurance	-
Other Professional Fees	77,500
Project Contingency	737,500
Other Costs	-
Total Project Cost	\$16,250,000

Project Planning

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

Project Milestones

Definition Phase Approval	April 2018
Addition to CIP	August 2018
Design Development Approval	September 2018
Construction Notice to Proceed	October 2018
Substantial Completion	August 2019

15. U. T. Southwestern Medical Center: North Campus Phase VI - Brain Institute and Cancer Center - Amendment of the FY 2019-2024 Capital Improvement Program to include project

Following a brief discussion on the financing of this project and the project listed under Item 16, the Board amended the Fiscal Year 2019-2024 Capital Improvement Program (CIP) to include the North Campus Phase VI - Brain Institute and Cancer Center project at The University of Texas Southwestern Medical Center.

Previous Actions

On August 3, 2017, the Chancellor approved this project for Definition Phase. On November 10, 2016, the Board approved \$39,000,000 in Permanent University Fund (PUF) Bond Proceeds for this project.

Project Description

The Harold C. Simmons Comprehensive Cancer Center builds on the research strengths of U. T. Southwestern and a broad network of scientific and clinical partners to develop new cancer insights and treatments. The Simmons Cancer Center's scientific programs and disease-oriented teams work hand-in-hand to advance cancer research and patient care by focusing on a major type or area of cancer and are instrumental in shaping and conveying basic and translational findings for use in the clinic.

The Peter O'Donnell Jr. Brain Institute encompasses both research and clinical programs including brain health in sports, the military, and the aging population. The Brain Institute provides advanced diagnostic capabilities and treatment options for brain, spine, muscle, nerve, and psychiatric disorders.

The North Campus Phase VI - Brain Institute and Cancer Center project is essential to the growth of patient care and research for both the Cancer Center and the Brain Institute. The project will add a nine-floor tower of clinic and research space and shared support space. The major cost drivers include infusion bays, exam rooms, research labs, and imaging facilities. The project will also include a parking structure with approximately 1,200 parking spaces.

This project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and

authorization of expenditure of funding will be presented to the Board for approval at a later date. Pursuant to a Memorandum of Understanding effective September 1, 2016, U. T. Southwestern Medical Center has delegated authority of institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction.

Project Information

Project Number	303-1099
CIP Project Type	New Construction
Facility Type	Healthcare Facility, Clinic
Management Type	Institutional Management
Institution’s Project Advocate	Dwain Thiele, M.D., Interim Executive Vice President for Academic Affairs, Provost and Dean of U. T. Southwestern Medical School
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	590,342
Shell Space (GSF)	241,928

Project Funding

	<u>Current</u>
Revenue Financing System Bond Proceeds ¹	\$313,757,000
Gifts ²	\$ 51,000,000
Designated Funds	\$ 50,000,000
Permanent University Fund Bond Proceeds ³	<u>\$ 39,000,000</u>
Total Project Cost	\$453,757,000

¹ Revenue Financing System (RFS) Bond Proceeds to be repaid from Hospital Revenues

² Gifts are not yet raised but are expected to be in hand no later than 12/1/20

³ Permanent University Fund (PUF) Bond Proceeds approved by the Board on 11/10/16

Project Cost Detail

	Cost
BUILDING COST	
North Campus Phase VI - Brain Institute and Cancer Center	\$301,027,326
Parking Garage	30,188,152
Fixed Equipment	34,698,160
Site Development	6,420,681
Furniture and Moveable Equipment	7,153,480
Institutionally Managed Work	-
Architectural/Design Services	22,845,754
Project Management Fees	8,590,000
Insurance	5,609,647
Other Professional Fees	-
Project Contingency	33,250,000
Other Costs	3,973,800
Total Project Cost	\$453,757,000

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

North Campus Phase VI - Brain Institute and Cancer Center (with 41% Shell Space)	\$510
North Campus Phase VI - Brain Institute and Cancer Center (Estimated Total Finish-Out)	\$685
Texas Higher Education Coordinating Board Average - Healthcare Facility	\$422

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$443	\$487	\$590
Other National Projects	\$440	\$635	\$836

Investment Metrics

- Provide best-in-class facility to improve patient care and save lives through treatment
- Expand basic molecular brain research to provide prevention and treatment of brain, spine, nerve, and muscle disorders

Project Planning

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

Project Milestones

Definition Phase Approval	August 2017
Addition to CIP	August 2018
Design Development Approval	November 2018
Construction Notice to Proceed	January 2019
Substantial Completion	April 2022

16. U. T. Southwestern Medical Center: Vivarium and Research Infrastructure Reinvestment - Approval of design development for the Vivarium Building portion of the project; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

Following a brief discussion on the financing of this project and the project listed under Item 15, the Board approved the recommendations for the Vivarium Building portion of the Vivarium and Research Infrastructure Reinvestment project at The University of Texas Southwestern Medical Center as follows:

- a. approve design development plans;

- b. appropriate funds and authorize expenditure of \$45,380,600 with funding of \$34,000,000 from Revenue Financing System (RFS) Bond Proceeds and \$11,380,600 from Tuition Revenue Bond (TRB) Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and U. T. Southwestern Medical Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$34,000,000.

Debt Service

The \$34,000,000 in RFS debt will be repaid from indirect cost recovery. Annual debt service on the \$34,000,000 in RFS debt is expected to be \$2 million. The institution's debt service coverage is expected to be at least 2.6 times and average 2.8 times over Fiscal Year 2019-2024.

Previous Actions

On August 20, 2015, the Vivarium and Research Infrastructure Reinvestment project was included in the Capital Improvement Program (CIP) with a total project cost of \$147,500,000 with funding of \$80,000,000 from TRB Proceeds, \$34,000,000 from RFS Bond Proceeds, and \$33,500,000 from Designated Funds. On July 22, 2016, the President approved design development and expenditure of \$47,665,367 with \$25,315,565 from TRB Proceeds and \$22,349,801 from Designated Funds for the FY 2017 Repair and Rehabilitation (R&R) portion of the project. On April 19, 2017, the President approved design development and expenditure of \$41,346,497 in TRB Proceeds for the FY 2018 R&R portion of the project.

Project Description

The Vivarium and Research Infrastructure Reinvestment project includes significant renovation and infrastructure to approximately 295,000 gross square feet on the North and South campuses to increase overall animal research capacity. The renovation portion of the project is underway and will be completed over the course of several years. The state-of-the-art Vivarium Building portion of the project will increase capacity for future research growth.

The four-story Vivarium Building will have the capability to house a variety of animals from rodents to traditional farm animal species. The project will include dedicated surgical suites for the larger farm animal species, provide Animal Biosafety Level 2 research areas for housing infectious agents, gene therapy, and work with human cancer cells in animals. Additionally, the new vivarium is designed to allow for easy transport of animals to other areas of campus so that researchers can take advantage of imaging facilities already present on campus.

The existing vivariums on campus are nearing capacity and the current vivarium housing the large farm animal species is in need of costly renovations to comply with current federal guidelines and accrediting agency recommendations. It is more economical to build new facilities than to renovate existing vivarium space.

Pursuant to a Memorandum of Understanding effective September 1, 2016, U. T. Southwestern Medical Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction.

Project Information

Project Number	303-948
CIP Project Type	New Construction
Facility Type	Laboratory, Medical/Healthcare
Management Type	Institutional Management
Institution's Project Advocate	Dwain Thiele, M.D. Interim Executive Vice President for Academic Affairs, Provost and Dean of U. T. Southwestern Medical School
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	61,486
Shell Space GSF	14,461

Project Funding

	<u>Current</u>
Revenue Financing System Bond Proceeds ¹	\$34,000,000
Tuition Revenue Bond Proceeds	\$11,380,600
Total Project Cost	\$45,380,600

¹ Revenue Financing System (RFS) Bond Proceeds to be repaid from indirect cost recovery

Project Cost Detail

	Cost
BUILDING COST	\$28,710,482
Fixed Equipment	6,380,125
Site Development	150,000
Furniture and Moveable Equipment	736,952
Institutionally Managed Work	1,716,500
Architectural/Design Services	2,204,510
Project Management Fees	1,111,567
Insurance	550,957

Other Professional Fees	713,400
Project Contingency	3,106,107
Other Costs	-
Total Project Cost	\$45,380,600

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

Vivarium Building (with 24% Shell Space)	\$467
Vivarium Building (Estimated Total Finish-Out)	\$553
Texas Higher Education Coordinating Board Average - Laboratory, Medical/Healthcare	\$502

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$487	\$608	\$731
Other National Projects	\$522	\$632	\$768

Investment Metrics

- Recruit and retain top caliber researchers and clinician scientists
- Meet federal guidelines and accrediting agency recommendations

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	N/A
Addition to CIP	August 2015
Design Development Approval	August 2018
Construction Notice to Proceed	February 2019
Substantial Completion	July 2020

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

Upon recommendation of the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO), the Board approved amendments to the following Investment Policy Statements, including asset allocation, the Liquidity Policy, and the Derivative Investment Policy, as set forth on the referenced pages.

- a. Permanent University Fund (PUF) (See Pages 103 - 114)
- b. General Endowment Fund (GEF) (See Pages 115 - 125)
- c. Permanent Health Fund (PHF) (See Pages 126 - 133)
- d. Long Term Fund (LTF) (See Pages 134 - 141)
- e. Intermediate Term Fund (ITF) (See Pages 142 - 151)
- f. Liquidity Policy (See Pages 152 - 154)
- g. Derivative Investment Policy (See Pages 155 - 160)

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

The amended PUF, GEF, PHF, LTF, and ITF Investment Policy Statements, the Liquidity Policy, and the Derivative Investment Policy were approved by the UTIMCO Board on July 26, 2018.

The Investment Policy Statements for the PUF, GEF, ITF, PHF, and LTF have been amended to reflect changes to the asset allocation framework which replaces the use of More Correlated and Constrained (MCC), Less Correlated and Constrained (LCC), and Private Investments Investment Types with a new asset allocation framework designed with Global Equity, Stable Value, and Real Return asset classes.

The amended Exhibits A of the PUF, GEF, and ITF, and Exhibits B in the PHF and LTF Investment Policy Statements set forth the revised Asset Class targets and ranges for FYE 2019. In addition, the one-year downside deviation has been

adjusted to reflect the revised Asset Class targets for FYE 2019. Finally, the Expected Annual Return (Benchmark) target for FYE 2019 was updated for the PUF, GEF, PHF, and LTF. The effective date for these policy amendments is September 1, 2018.

The Liquidity Policy has been amended to remove the multiple trigger zones and requires prior approval from the UTIMCO Board Risk Committee after consultation with the U. T. System Office of Business Affairs for all investments that would cause illiquidity to exceed the stated illiquidity maximums. The effective date of these changes is August 10, 2018.

The Derivative Investment Policy has been amended as follows:

- The definition of Derivative Investments was moved to Exhibit A and use of the term was standardized throughout the document.
- The Deputy Chief Investment Officer was added as an additional decisionmaker for (a) determining whether a financial instrument is a Derivative Investment if it is unclear; (b) deciding when a Derivative Investment should be presented to the Board; (c) making an exception for counterparty credit ratings below the policy-stated minimum; and (d) reporting to in instances of noncompliance with the policy.
- Language was added to require external managers selected to engage in Derivative Investments to have the legal and investment expertise to limit the downside effects of the proposed derivatives.
- Counterparty Risks: Language was added to permit the UTIMCO team to enter into Derivative Investments without an International Swaps and Derivatives Association (ISDA) netting agreement in jurisdictions where ISDA is not available or the market standard for that jurisdiction.
- Exhibit B: Language was deleted regarding 'naked' short positions as it has a different meaning in some jurisdictions outside the U.S. and clarified to prohibit entry into Derivative Investments that are unhedged and have the potential for unlimited loss.

The effective date of these changes is August 10, 2018.

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

RECESS.--The Board recessed at 4:37 p.m.

THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND INVESTMENT POLICY STATEMENT

Purpose

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

PUF Organization

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

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

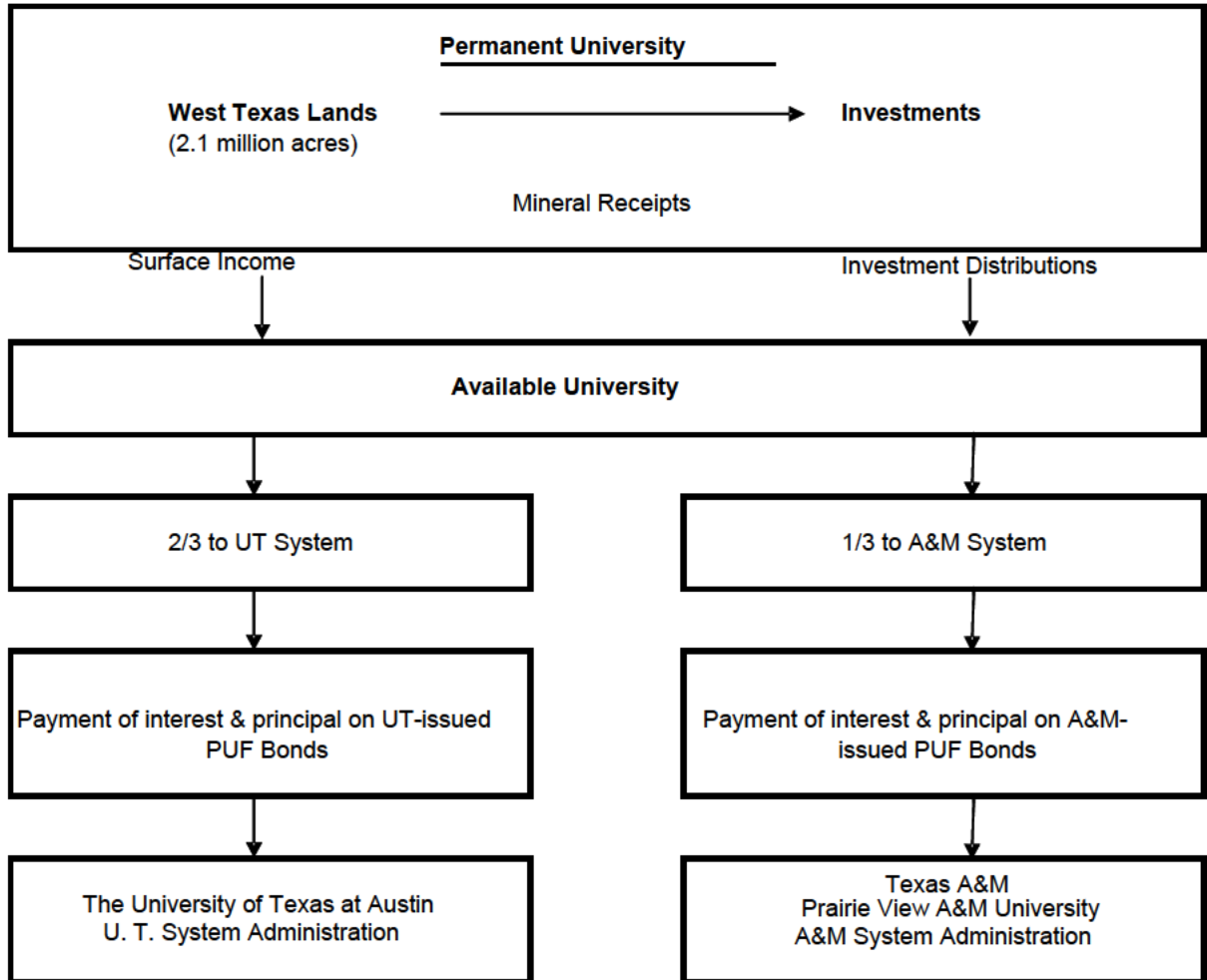
The expenditure of the AUF is subject to a prescribed order of priority:

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

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

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

Exhibit 1



PUF Management

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

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

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

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

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

PUF Administration

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

PUF Investment Objectives

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

Investments must be prudently diversified, and within the approved Policy Downside Volatility Bounds, as defined in Exhibit A, and measured at least monthly by UTIMCO’s risk model. Liquidity of the PUF will be governed by the Liquidity Policy, overseen by the 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 the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. 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:

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.

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. 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 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 goods such as metals, grains, foods and energy products. These investments can be made through actual physical ownership of the goods, or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

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

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

communication or social sectors. Investments generally have structure features 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 invests principally in companies that are part of the FTSE/EPRA NAREIT Developed 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).

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 are often classified by strategy including: core, core-plus, value-added, opportunistic and special situations.

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 a blend of Asset Class indices weighted to reflect PUF’s Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

Investment Guidelines

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

Investment guidelines include the following:

General

- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief Investment Officer prior to investment of PUF assets in such investments.
- No securities may be purchased or held which would jeopardize the PUF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- 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 long exposure to an Asset Class or hedge against risk shall not exceed 75 basis points of PUF value.

Investment Grade and Credit-Related Fixed Income

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

Public Real Estate, and Public Equity

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

- Not more than 5% of the market value of equity securities may be invested in the securities of one corporation at cost.

Stable Value

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

PUF Distributions

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

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

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

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

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

PUF Accounting

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

Valuation of Assets

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

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

Compliance

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

Securities Lending

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 insure compliance with contract provisions.

Investor Responsibility

As a shareholder, the PUF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the PUF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the PUF solely in the interest of the

U. T. System and the A&M System, in compliance with the Proxy Voting Policy then in effect, and shall not invest the PUF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

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

Effective Date

The effective date of this Policy shall be September 1, 2018.

Permanent University Fund Investment Policy Statement (continued)

EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2018

Asset Class	FYE 2019			Benchmark
	Min	Target	Max	
Global Equity:				
U.S. Public Equity	2.0%	7.0%	12.0%	MSCI U.S. with Net Dividends
Non-U.S. Developed Public Equity	0.0%	4.0%	10.0%	
Global Developed Public Equity	3.0%	8.0%	13.0%	
<i>Total Developed Public Equity</i>	12.0%	19.0%	26.0%	MSCI EAFE and Canada with Net Dividends
Emerging Markets Public Equity	5.0%	10.0%	15.0%	
<i>Total Public Equity</i>	22.0%	29.0%	36.0%	
Directional Hedge Funds	7.0%	12.0%	17.0%	MSCI World Index with Net Dividends
Private Equity	18.0%	22.0%	27.0%	
Total Global Equity	56.0%	63.0%	70.0%	MSCI Emerging Markets Index with Net Dividends
Stable Value:				
Investment Grade Fixed Income	2.0%	9.5%	12.0%	Bloomberg Barclays Global Aggregate Index - Hedged
Credit-Related Fixed Income	0.0%	0.0%	5.0%	
<i>Total Fixed Income</i>	2.0%	9.5%	12.0%	Bloomberg Barclays Capital Global High Yield Index
Cash	(5.0%)	1.0%	6.0%	
Stable Value Hedge Funds	2.0%	7.0%	12.0%	3 month T-Bills
Total Stable Value	11.5%	17.5%	23.5%	HFRI Fund of Funds Conservative
Real Return:				
Inflation Linked Bonds	0.0%	0.0%	5.0%	Bloomberg Barclays Global Inflation Linked TR Index
Gold	0.0%	1.5%	5.0%	
Commodities	0.0%	0.0%	6.0%	Gold Spot Price (XAU)
<i>Total Commodities</i>	0.0%	1.5%	6.0%	
Natural Resources	0.0%	8.0%	12.0%	Bloomberg Commodity TRI
Infrastructure	0.0%	2.0%	9.0%	Cambridge Natural Resources
Public Real Estate	0.0%	0.0%	5.0%	Cambridge Infrastructure
Private Real Estate	3.0%	8.0%	13.0%	FTSE EPRA/NAREIT Developed Index Net TRIUSD
Total Real Return	13.5%	19.5%	25.5%	Cambridge Real Estate
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	FYE 2019
Expected 10-Year Annual Real Return	4.30%
One Year Downside Volatility	10.83%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

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

Purpose

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

GEF Organization

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

GEF Management

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

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

General Endowment Fund Investment Policy Statement (continued)

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

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

GEF Administration

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

Funds Eligible to Purchase GEF Units

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

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

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

GEF Investment Objectives

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

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

General Endowment Fund Investment Policy Statement (continued)

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

Asset Class Allocation and Policy

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

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

GEF assets shall be allocated among the following broad Asset Classes based upon their individual return/risk characteristics and relationships to other Asset Classes:

Global Equity:

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 the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Non-U.S. Developed Public Equity includes common

General Endowment Fund Investment Policy Statement (continued)

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:

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.

General Endowment Fund Investment Policy Statement (continued)

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.

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. 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 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 goods such as metals, grains, foods and energy products. These investments can be made through actual physical ownership of the goods, or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

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

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

General Endowment Fund Investment Policy Statement (continued)

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

Public Real Estate – Public Real Estate invests principally in companies that are part of the FTSE/EPRA NAREIT Developed 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).

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 are often classified by strategy including: core, core-plus, value-added, opportunistic and special situations.

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

Performance Measurement

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

General Endowment Fund Investment Policy Statement (continued)

Investment Guidelines

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

Investment guidelines include the following:

General

- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief Investment Officer prior to investment of GEF assets in such investments.
- No securities may be purchased or held which would jeopardize the GEF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- The GEF's investments in warrants shall not exceed more than 5% of the GEF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The GEF may utilize derivatives only in accordance with the Derivative Investment Policy. The aggregate prorated annual premium of Derivative Investments utilized to reduce long exposure to an Asset Class or hedge against risk shall not exceed 75 basis points of GEF value.

Investment Grade and Credit-Related Fixed Income

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

Public Real Estate, and Public Equity

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

General Endowment Fund Investment Policy Statement (continued)

- Not more than 5% of the market value of equity securities may be invested in the securities of one corporation at cost.

Stable Value

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

GEF Accounting

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

Valuation of Assets

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

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

Compliance

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

General Endowment Fund Investment Policy Statement (continued)

by the Chairman of the UTIMCO Board with timelines for bringing the non-compliant activity within this Policy.

Purchase of GEF Units

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

Redemption of GEF Units

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

Securities Lending

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

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 insure compliance with contract provisions.

Investor Responsibility

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

General Endowment Fund Investment Policy Statement (continued)

Amendment of Policy Statement

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

Effective Date

The effective date of this Policy shall be September 1, 2018.

General Endowment Fund Investment Policy Statement (continued)

EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2018

Asset Class	FYE 2019			Benchmark
	Min	Target	Max	
Global Equity:				
U.S. Public Equity	2.0%	7.0%	12.0%	MSCI U.S. with Net Dividends
Non-U.S. Developed Public Equity	0.0%	4.0%	10.0%	MSCI EAFE and Canada with Net Dividends
Global Developed Public Equity	3.0%	8.0%	13.0%	MSCI World Index with Net Dividends
<i>Total Developed Public Equity</i>	12.0%	19.0%	26.0%	
Emerging Markets Public Equity	5.0%	10.0%	15.0%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	22.0%	29.0%	36.0%	
Directional Hedge Funds	7.0%	12.0%	17.0%	HFRI Fund of Funds Composite
Private Equity	18.0%	22.0%	27.0%	Blended Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	56.0%	63.0%	70.0%	
Stable Value:				
Investment Grade Fixed Income	2.0%	9.5%	12.0%	Bloomberg Barclays Global Aggregate Index - Hedged
Credit-Related Fixed Income	0.0%	0.0%	5.0%	Bloomberg Barclays Capital Global High Yield Index
<i>Total Fixed Income</i>	2.0%	9.5%	12.0%	
Cash	(5.0%)	1.0%	6.0%	3 month T-Bills
Stable Value Hedge Funds	2.0%	7.0%	12.0%	HFRI Fund of Funds Conservative
Total Stable Value	11.5%	17.5%	23.5%	
Real Return:				
Inflation Linked Bonds	0.0%	0.0%	5.0%	Bloomberg Barclays Global Inflation Linked TR Index
Gold	0.0%	1.5%	5.0%	Gold Spot Price (XAU)
Commodities	0.0%	0.0%	6.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	0.0%	1.5%	6.0%	
Natural Resources	0.0%	8.0%	12.0%	Cambridge Natural Resources
Infrastructure	0.0%	2.0%	9.0%	Cambridge Infrastructure
Public Real Estate	0.0%	0.0%	5.0%	FTSE EPRA/NAREIT Developed Index Net TRIUSD
Private Real Estate	3.0%	8.0%	13.0%	Cambridge Real Estate
Total Real Return	13.5%	19.5%	25.5%	
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	FYE 2019
Expected 10-Year Annual Real Return	4.30%
One Year Downside Volatility	10.83%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

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

Purpose

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

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

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

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

PHF Organization

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

PHF Management

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

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

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

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

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

PHF Administration

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

Funds Eligible to Purchase PHF Units

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

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

PHF Investment Objectives

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

Asset Allocation and Policy

PHF assets shall be allocated among the following investments:

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

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

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

Performance Measurement

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

Investment Guidelines

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

PHF Distributions

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

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

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

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

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

PHF Accounting

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

Valuation of Assets

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

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

Compliance

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

Purchase of PHF Units

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

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

Redemption of PHF Units

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

Investor Responsibility

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

Amendment of Policy Statement

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

Effective Date

The effective date of this Policy shall be September 1, 2018.

EXHIBIT A

PHF ASSET ALLOCATION

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

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

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

*3 trading days or less

Permanent Health Fund Investment Policy Statement (continued)

EXHIBIT B - GENERAL ENDOWMENT FUND
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2018

Asset Class	FYE 2019			Benchmark
	Min	Target	Max	
Global Equity:				
U.S. Public Equity	2.0%	7.0%	12.0%	MSCI U.S. with Net Dividends
Non-U.S. Developed Public Equity	0.0%	4.0%	10.0%	MSCI EAFE and Canada with Net Dividends
Global Developed Public Equity	3.0%	8.0%	13.0%	MSCI World Index with Net Dividends
<i>Total Developed Public Equity</i>	12.0%	19.0%	26.0%	
Emerging Markets Public Equity	5.0%	10.0%	15.0%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	22.0%	29.0%	36.0%	
Directional Hedge Funds	7.0%	12.0%	17.0%	HFRI Fund of Funds Composite
Private Equity	18.0%	22.0%	27.0%	Blended Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	56.0%	63.0%	70.0%	
Stable Value:				
Investment Grade Fixed Income	2.0%	9.5%	12.0%	Bloomberg Barclays Global Aggregate Index - Hedged
Credit-Related Fixed Income	0.0%	0.0%	5.0%	Bloomberg Barclays Capital Global High Yield Index
<i>Total Fixed Income</i>	2.0%	9.5%	12.0%	
Cash	(5.0%)	1.0%	6.0%	3 month T-Bills
Stable Value Hedge Funds	2.0%	7.0%	12.0%	HFRI Fund of Funds Conservative
Total Stable Value	11.5%	17.5%	23.5%	
Real Return:				
Inflation Linked Bonds	0.0%	0.0%	5.0%	Bloomberg Barclays Global Inflation Linked TR Index
Gold	0.0%	1.5%	5.0%	Gold Spot Price (XAU)
Commodities	0.0%	0.0%	6.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	0.0%	1.5%	6.0%	
Natural Resources	0.0%	8.0%	12.0%	Cambridge Natural Resources
Infrastructure	0.0%	2.0%	9.0%	Cambridge Infrastructure
Public Real Estate	0.0%	0.0%	5.0%	FTSE EPRANAREIT Developed Index Net TRIUSD
Private Real Estate	3.0%	8.0%	13.0%	Cambridge Real Estate
Total Real Return	13.5%	19.5%	25.5%	
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	FYE 2019
Expected 10-Year Annual Real Return	4.30%
One Year Downside Volatility	10.83%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

THE UNIVERSITY OF TEXAS SYSTEM LONG TERM FUND INVESTMENT POLICY STATEMENT

Purpose

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

LTF Organization

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

LTF Management

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

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

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company ("UTIMCO"), the LTF shall be managed by UTIMCO, which shall a) recommend investment policy for the LTF, b) recommend specific Asset Class

allocation targets, ranges, and performance benchmarks consistent with LTF objectives, and c) monitor LTF performance against LTF objectives. UTIMCO shall invest the LTF assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

LTF Administration

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

Funds Eligible to Purchase LTF Units

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

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

LTF Investment Objectives

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

Asset Allocation and Policy

LTF assets shall be allocated among the following investments.

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

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

Performance Measurement

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

Investment Guidelines

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

LTF Distributions

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

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

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

Generally, pursuant to the Uniform Prudent Management of Institutional Funds Act, Chapter 163, *Texas Property Code*, as amended, ("Act"), subject to the intent of a donor in a gift instrument, the Board of Regents may appropriate for expenditure or accumulate so much of the LTF as it determines is prudent for the uses, benefits, purposes, and

duration for which the LTF is established. Notwithstanding the preceding sentence, the Board of Regents may not appropriate for expenditure in any year an amount greater than nine percent (9%) of the LTF, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made.

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

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

LTF Accounting

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

Valuation of Assets

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

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

Compliance

Compliance with this Policy will be monitored by UTIMCO’s Chief Compliance Officer. UTIMCO’s Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO’s compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO’s Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan

proposed by UTIMCO's Chief Executive Officer and approved by the Chairman of the UTIMCO Board with timelines for bringing the non-compliant activity within this Policy.

Purchase of LTF Units

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

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

Redemption of LTF Units

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

Investor Responsibility

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

Amendment of Policy Statement

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

Effective Date

The effective date of this Policy shall be September 1, 2018.

EXHIBIT A

LTF ASSET ALLOCATION

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

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

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

*3 trading days or less

EXHIBIT B - GENERAL ENDOWMENT FUND
 ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
 EFFECTIVE SEPTEMBER 1, 2018

Asset Class	FYE 2019			Benchmark
	Min	Target	Max	
Global Equity:				
U.S. Public Equity	2.0%	7.0%	12.0%	MSCI U.S. with Net Dividends
Non-U.S. Developed Public Equity	0.0%	4.0%	10.0%	MSCI EAFE and Canada with Net Dividends
Global Developed Public Equity	3.0%	8.0%	13.0%	MSCI World Index with Net Dividends
<i>Total Developed Public Equity</i>	12.0%	19.0%	26.0%	
Emerging Markets Public Equity	5.0%	10.0%	15.0%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	22.0%	29.0%	36.0%	
Directional Hedge Funds	7.0%	12.0%	17.0%	HFRI Fund of Funds Composite
Private Equity	18.0%	22.0%	27.0%	Blended Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	56.0%	63.0%	70.0%	
Stable Value:				
Investment Grade Fixed Income	2.0%	9.5%	12.0%	Bloomberg Barclays Global Aggregate Index - Hedged
Credit-Related Fixed Income	0.0%	0.0%	5.0%	Bloomberg Barclays Capital Global High Yield Index
<i>Total Fixed Income</i>	2.0%	9.5%	12.0%	
Cash	(5.0%)	1.0%	6.0%	3 month T-Bills
Stable Value Hedge Funds	2.0%	7.0%	12.0%	HFRI Fund of Funds Conservative
Total Stable Value	11.5%	17.5%	23.5%	
Real Return:				
Inflation Linked Bonds	0.0%	0.0%	5.0%	Bloomberg Barclays Global Inflation Linked TR Index
Gold	0.0%	1.5%	5.0%	Gold Spot Price (XAU)
Commodities	0.0%	0.0%	6.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	0.0%	1.5%	6.0%	
Natural Resources	0.0%	8.0%	12.0%	Cambridge Natural Resources
Infrastructure	0.0%	2.0%	9.0%	Cambridge Infrastructure
Public Real Estate	0.0%	0.0%	5.0%	FTSE EPRA/NAREIT Developed Index Net TRIUSD
Private Real Estate	3.0%	8.0%	13.0%	Cambridge Real Estate
Total Real Return	13.5%	19.5%	25.5%	
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	FYE 2019
Expected 10-Year Annual Real Return	4.30%
One Year Downside Volatility	10.83%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

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 conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this

Intermediate Term Fund Investment Policy Statement (continued)

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 the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become

Intermediate Term Fund Investment Policy Statement (continued)

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.

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. Public Equity, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity,

Intermediate Term Fund Investment Policy Statement (continued)

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 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 goods such as metals, grains, foods and energy products. 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 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.

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 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

Intermediate Term Fund Investment Policy Statement (continued)

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 long exposure to an Asset Class or hedge against risk shall not exceed 50 basis points of ITF value.

Investment Grade Fixed Income

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

Public Real Estate and Public Equity

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

Intermediate Term Fund Investment Policy Statement (continued)

- Not more than 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

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

Intermediate Term Fund Investment Policy Statement (continued)

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.

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

Intermediate Term Fund Investment Policy Statement (continued)

economic benefit of the ITF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the ITF solely in the interest of ITF unitholders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the ITF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

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

Effective Date

The effective date of this Policy shall be September 1, 2018.

Intermediate Term Fund Investment Policy Statement (continued)

EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2018

Asset Class	FYE 2019			Benchmark
	Min	Target	Max	
Global Equity:				
U.S. Public Equity	0.7%	5.7%	10.7%	MSCI U.S. with Net Dividends
Non-U.S. Developed Public Equity	0.0%	3.4%	8.4%	MSCI EAFE and Canada with Net Dividends
Global Developed Public Equity	1.6%	6.6%	11.6%	MSCI World Index with Net Dividends
<i>Total Developed Public Equity</i>	7.5%	15.7%	22.5%	
Emerging Markets Public Equity	2.1%	7.1%	12.1%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	15.8%	22.8%	29.8%	
Directional Hedge Funds	25.0%	31.6%	38.0%	HFRI Fund of Funds Composite
Total Global Equity	47.5%	54.4%	62.0%	
Stable Value:				
Investment Grade Fixed Income	20.0%	28.7%	35.0%	Bloomberg Barclays Global Aggregate Index - Hedged
Cash	0.0%	3.0%	5.0%	3 month T bills
Stable Value Hedge Funds	5.0%	10.2%	15.0%	HFRI Fund of Funds Conservative
Total Stable Value	13.0%	41.9%	23.0%	
Real Return:				
Inflation Linked Bonds	0.0%	0.0%	5.0%	Bloomberg Barclays Global Inflation Linked TR Index
Gold	0.0%	2.4%	7.5%	Gold Spot Price (XAU)
Commodities	0.0%	1.2%	6.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	0.0%	3.6%	8.5%	
Public Real Estate	0.0%	0.1%	5.0%	FT SE EPRA/NAREIT Developed Index Net TRIUSD
Total Real Return	0.0%	3.7%	10.0%	
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	FYE 2019
Expected 10-Year Annual Real Return	2.10%
One Year Downside Volatility	5.36%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

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

Effective Date of Policy: August 10, 2018
Date Approved by U. T. System Board of Regents: August 10, 2018
Date Approved by UTIMCO Board: July 26, 2018
Original Effective Date of Policy: August 7, 2003
Supersedes: Liquidity Policy dated November 9, 2017

Purpose:

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

Objective:

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

Scope:

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

Definition of Liquidity Risk:

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

Definition of Cash:

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

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

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

Liquidity Risk Measurement-The Liquidity Profile:

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

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

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

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

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

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

Liquidity Policy Profile:

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

The permitted maximum for **illiquid** investments for the ITF is 50% of the total portfolio for the ITF. Any **illiquid** investment that would cause illiquidity to exceed 50% requires prior approval by the Risk Committee after consultation with The University of Texas System Office of Business Affairs.

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

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

Unfunded Commitments:

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

Unfunded Commitment as a percent of the total Net Asset Value of the Endowment Funds: FY 14+
30.0%

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

Documentation and Controls:

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

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

Reporting:

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

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

Effective Date of Policy: August 10, 2018

Date Approved by U. T. System Board of Regents: August 10, 2018

Date Approved by UTIMCO Board: July 26, 2018

Supersedes: Derivative Investment Policy approved July 21, 2016

Purpose:

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

Objective:

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

Scope:

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

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

External Managers:

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

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

Definition of Derivatives:

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

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

(“Deputy CIO”), will determine whether the financial instrument is a Derivative Investment. The CIO or Deputy CIO will report such determinations to the Chairman of the Risk Committee.

Permitted Derivative Applications:

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

Permitted Derivative Applications are Derivative Investments used:

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

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

Risk and Investment Policy Controls:

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

Documentation and Controls:

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

Additional Risk Mitigants

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

Counterparty Risks: Rigorous Counterparty selection criteria shall be required to minimize Counterparty risk for Over the Counter (OTC) Derivatives. In order to be eligible as a Counterparty to an OTC derivative transaction with the Funds, whether the trade is initiated by UTIMCO, by an external manager under Agency Agreement, or by a Limited Liability Entity where UTIMCO has full transparency and control of the underlying assets, the Counterparty must have a credit

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

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

Risk Management and Compliance:

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

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

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

Reporting:

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

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Derivative Investment Policy Exhibit A Glossary of Terms

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

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

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

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

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

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

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

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

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

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

ISDA Netting Agreement - The International Swaps and Derivatives Association (ISDA) is the global trade association representing participants in the privately negotiated derivatives industry, covering swaps and options across all asset classes. ISDA has produced generally accepted “Master Agreements,” a 1992 Master Agreement and a 2002 Master

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Agreement, that are used by most counterparties in OTC derivatives. Netting agreements are terms within the applicable Master Agreement that deal with the calculation of exposure for each Counterparty. These netting agreements require that exposures between counterparties will be “netted” so that payables and receivables under all existing derivatives between two Counterparties are offset in determining the net exposure between the two Counterparties.

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

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

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

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

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

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

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Derivative Investment Policy Exhibit B Delegated Derivative Investments

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

Delegated Derivative Investments:

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

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

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

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

FRIDAY, AUGUST 10, 2018.--The members of the Board of Regents of The University of Texas System reconvened at 8:06 a.m. on Friday, August 10, 2018, in the Board Room, Second Floor, The University of Texas System Building, 210 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Tucker
Vice Chairman Hildebrand
Regent Aliseda
Regent Beck
Regent Eltife
Regent Hicks
Regent Weaver
Regent Jewell, Student Regent, nonvoting

Absent

Vice Chairman Foster
Regent Longoria

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Tucker called the meeting to order in Open Session.

AGENDA ITEMS (continued)

18. Introduction of and Comments by Eric J. Wesley, Lieutenant General, U.S. Army

Chairman Tucker provided the following remarks in introducing and welcoming Eric J. Wesley, Lieutenant General, U.S. Army.

Remarks by Chairman Tucker

On July 13, 2018, we were delighted to learn that the Army Futures Command selected Austin and subsequently, The University of Texas System Building, as the site for a significantly influential new four-star headquarters. The Army's presence here in Austin will no doubt provide many partnership opportunities with our campuses in the areas of scientific research and in the development of new technologies.

We are so pleased today to introduce Lieutenant General Eric J. Wesley, the current Director of Capabilities Integration for the entire U.S. Army. For the past several weeks, he has been leading the launch of the Command's operations in Austin until the arrival of its four-star commander. General Wesley was commissioned from the United States Military Academy in 1986 and holds two Master's degrees. Education: it matters. He has led soldiers in combat in Iraq and Afghanistan and been decorated for valor in combat. He

has also served on the National Security Council at the White House and is no stranger to complex funding issues, as he spent several years programming the Army budget.

General Wesley, welcome, and thank you for your service.

General Wesley expressed appreciation for the support provided by the U. T. System in welcoming the Army Futures Command to Austin and to the office space in the U. T. System Building. He explained the Army's vision for their work in the City of Austin and implications for The University of Texas at Austin.

He said the U.S. Army was built during the Industrial Era and last changed as much as is now envisioned, 45 years ago. The Army is trying to fundamentally change the way they do business, change the culture, and modernize, and they needed a location where there is an innovative culture, where industry is progressive, where academics compete worldwide, and where incubators are producing ideas that would not be produced elsewhere. He said the Army will probably land on three different sites in Austin. The Command, which is the steward of nearly \$10 billion a year in science and technology investments, would be headquartered in the U. T. System Building, likely under General Murray. The Army would also have a footprint in incubators and with entrepreneurs at, for example, Capital Factory, and at U. T. Austin, collaborating with students and in laboratory facilities.

RETREAT (continued)

19. How the U. T. System Can Work Comprehensively to Enhance the Public Good

Chairman Tucker summarized yesterday's (August 9) Retreat session by commenting on the demonstrated commitment of the 14 institutional presidents to student success, to patient care, and to making sure the campuses do the research that advances the State of Texas. She noted there are some cross-cutting issues and today (August 10), the discussions would focus on some of the challenges facing the state and what the System, as a combination of 14 institutions, can do to address the major challenges. She called on Chancellor *ad interim* Faulkner for remarks.

a. Building Public Value Through a University System

Chancellor *ad interim* Faulkner said this session is about The University of Texas System Administration itself, and how it can best be organized and how it can best operate to the benefit of the public.

Remarks by Chancellor *ad interim* Faulkner

Thank you, Chairman Tucker, for the opportunity to speak in this session today. And thank the Regents and other colleagues throughout the room, for lending an ear.

I have been asked to make some observations, from the perspective of my service as Chancellor *ad interim*, about principles that underlie a healthy university system. Actually, I have been thinking about them for decades, but my present service has given me a renewed opportunity to examine them further and from a different perspective.

This is a good time for this audience to engage such matters. The Board of Regents and all members of The University of Texas System are on the verge of a new relationship with a new chancellor. The moment is opportune for careful reflection about the sound construction and operation of this university system, created long ago to support opportunity and health for Texans. Without doubt, it delivers great value every day. But how can we organize and operate to reach and to sustain the greatest possible continuing value?

What you are about to hear is one man's views. But there is some experience behind the views. I have spent 48 of the last 52 years in university systems. Twenty-nine years ago, I became a dean, and since that time, relationships between institutional and System leadership have been in the foreground for me. When I was President of U. T. Austin, I lived one of those relationships from the institutional perspective, and now, I am participating from the perspective of the System office.

An advantage of being an Interim Chancellor just a few steps away from re-retirement is that one can speak in short sentences. I'll be frank here.

It all starts with the Board of Regents. In a legal sense, the Regents *are* The University of Texas System. They manifest public ownership of our system, including all of its institutions. All authority within the System is derived from the Board's authority, granted by the people of Texas.

In turn, the Board is responsible to the people for the stewardship of physical and financial assets, for the faithful application of those assets toward mission, for adherence to law in all activities, and for the effectiveness of mission-related programs.

All public systems, both inside and outside Texas, are founded on essentially the same principles.

Of course, it would be possible to establish a single university – or, indeed, every public university -- on the same basis. There are quite a few examples of freestanding public universities organized under public boards. Mostly,

they are in small states, but there are actually four even in Texas. Practically all private universities in the U.S. are so organized, although their boards are not publicly appointed.

Given that alternative, one might ask whether systems actually deliver a public benefit. Should they even exist?

Now, that question might elevate some eyebrows in this setting, but it is commonly raised on individual campuses of systems in Texas and elsewhere. Tension between institutions and System offices is very common. Sometimes it becomes extremely intense. Why?

- On the one hand, it's because institutional leadership believe that the System's requirements act as a dead weight, holding the institution back from what it could otherwise achieve. Or that the System's resource allocations do not fairly or wisely recognize their institution's opportunities, merit, or needs.
- On the other hand, because System leadership believes that the institutional leaders fail to recognize the full spectrum of legitimate public needs appropriate to the System – that is, that institutional leaders think too locally.

My view is that if systems did not exist, we would have to invent them. By the way, that's not a new insight based on the fact that I suddenly began serving in the Chancellor's role this summer. I said exactly that in a speech given as U. T. Austin President in 2004.¹ Here are four legitimate purposes for a system:

- First, to serve as a comprehensive state-level management structure, allowing state government to address the needs of higher education without having to carry out detailed review of each institution's budget and needs. In a state where the Legislature meets for only 140 days every two years, this is important. In reality, it's important in any state with many institutions.
- Second, to provide a combined basis for governance and public accountability, avoiding the need for public appointment of vast numbers of Regents and the costs of supporting separate boards for each institution.
- Third, to provide for unified management of certain common assets – in our case, the Permanent University Fund and the University Lands, especially.

¹ Faulkner, Larry R., "Comments for the Panel on University Systems: How Can System CEOs Best Work with Campuses," Annual Meeting of the National Association of State Universities and Land Grant Colleges, San Diego, November 15, 2004.

- And fourth, to provide services that can be better furnished centrally – in our case, for example, employee benefits and UTIMCO's investment of institutional endowment funds.

Systems were first created in America after the Second World War to accommodate the tremendous expansion of public higher education. They allowed new institutions to be founded, to develop, and to be governed using consistent policies, standards, and practices, proven over decades in established institutions. The basic ideas underlying the founding of systems are still applicable – indeed, more so, now that the institutions are still more numerous, much larger, and vastly more complex than they were then.

Sometimes there are complaints that the Systems we have are not ideally constituted. My advice is to get over it. Nothing in public life is ideal. Our System arose over decades through the dynamics of many people doing what they thought best within the realities they faced in Texas. It is our heritage. It is unlikely to be substantially recomposed. Our task is to make it work optimally to the benefit of the people.

Well, given that there is a U. T. System, what should the System administration be doing? And what should it not?

In essence, a System office exists to serve as the executive of the Board, supporting the Board's comprehensive responsibilities.

- It must include a board office capable of addressing the legal requirements involved in the Board's meetings, handling the logistics for the Board's activities, and managing comprehensive record-keeping.
- In support of the Board's accountability to the public, the System office must also include capabilities for Systemwide financial oversight, legal counsel, internal audit, compliance, risk management, institutional research, government relations, external communication, and security.
- The Board owns all assets and is responsible for their security and efficient management. It may properly choose to manage certain categories of them centrally, especially investable funds and real estate. If such choices are made, the System office must include the necessary capabilities.
- The Board may also find that certain services required by all or most of the institutions – for example, benefits, personnel management, or payroll – can be performed better or more cost effectively on a centralized basis. If so, the System office must include support for those services.

So far, everything we've listed relates to the first three responsibilities of the Board:

- the stewardship of physical and financial assets;
- the faithful application of those assets toward mission; and
- adherence to the law in all activities.

The last essential part of a System office relates to the Board's responsibility for the effectiveness of mission-related programs. And this is the part that is hardest to get right. The System leadership must have a hand in choosing and evaluating the chief executives of the institutions, and it must have capabilities for evaluating the performance of each CEO and his or her institution. But it needs to resist the temptation to try to run the institutions from above.

In my mind, the central principle for organizing and operating a System is that *value is principally created in the institutions*.

All of the students, all of the faculty, all of the teaching, all of the research, all of the public lectures, all of the art exhibitions, all of the concerts, all of the athletic contests, and practically all of the daily contact with people on the outside are found in and around the individual universities and health institutions. Practically the entire total value generated by the System comes from these elements.

It follows that the principal operational role of the System administration with respect to the institutions is *to facilitate* – to make the work of the institutions easier and more cost-effective.

Relevant here is a point that I heard from one of our institutional presidents during my round of visits in June. I'll call it Podolsky's Dictum. He said:

A system is the sum of the parts, except to the extent that mandates from the System administration cause the parts to produce less than they would have on their own. Then, the system is less than the sum of the parts.

It is easy for Podolsky's Dictum to be true, and without doubt, it often is. The only ways for the whole to be greater than the sum of the parts are for the System

- Either to truly facilitate the work of the institutions, so that they can achieve more than they would have on their own.

- Or to stimulate improvements in individual institutions, again so that they can achieve more than they would have on their own.

For short, let's call this pair of alternatives "facilitation" and "intervention." Together, they define the possibilities for constructive action by the System administration toward the individual institutions. They are yin and yang, inescapably linked.

Facilitation is preferable by far; there are many options for it.

But intervention is sometimes needed. That's a consequence of the Board's obligation for the effectiveness of mission-related programs, which inevitably requires the evaluation of performance across the System. When performance needs to be improved in any or all institutions, the System leadership should act by replacing institutional leaders or by applying incentives or disincentives. It should carefully avoid trying to operate the institutions from the top.

Let me offer a few comments about the ideal role for the chief executive of the System. In our case, that's the Chancellor, so I will just use that title in the rest of this discussion. Over time, I have come to believe that the Chancellor needs to think about the job as having two distinct domains. Inside the System office and in many ways with respect to the outside world, the Chancellor should be an executive, handling business in essentially the same manner as the CEO of a well-run business. But in dealings with the institutional leaders, the Chancellor should be more like a coach – seeing that the right people are in the game, watching their performance, monitoring the course of the game, maybe occasionally shifting strategy a bit, but not trying to play the game personally.

Universities and university systems have become very complex, especially in a big state like Texas. Managing them and overseeing them are difficult tasks that might become even more difficult in years ahead. The related principles are bound to be argued far into the future. But I firmly believe that individual universities work because they are local communities, and any effective approach to management must allow them to be led locally and to function locally within their own culture. Healthy systems will place that principle front and center.

I've now spent more than half a century in American higher education. I love it dearly and remain deeply satisfied that I gave nearly my whole career to it. It's among the noblest human creations, literally breathing life into those who call upon it. Serving a last chapter in the Chancellor's Office has been a great privilege, and I thank you, Regents of The University of Texas System, for the experience and the honor. Thank you all for listening.

Dr. Faulkner received a round of applause.

He then introduced the next two panel discussions. He said the System has missions that have a statewide scope toward which any individual institution addresses only a part. The education of young people and the preparation of this state's young people and the knowledge economy is one of those missions. He asked if there is a particular way to stimulate combined activities that can get the total job better covered.

b. The System's Role in Preparing Texans for Full Participation in the Knowledge Economy

Executive Vice Chancellor Leslie provided brief remarks and called on the academic presidents for comments on this topic. President Natalicio said the U. T. System can help to clearly communicate the roles the institutions play in their respective regions. She said the Regents, in particular, can articulate the rich diversity of the institutions, and to do that, more needs to be learned about the institutions, their settings, and their missions; their ecosystems; and the young people who are served. She encouraged the Board to engage and celebrate the joys of the work of higher education.

President Fenves spoke about the term "knowledge economy," that, he said, represents the transition from an agricultural economy to an industrial economy to an economy based on ideas. He said autonomy and artificial intelligence will change the nature of industry, the nature of the economy, and the nature of work. He commented that the knowledge economy will change the work at universities in terms of research, idea creation, and how students are being prepared for a world that will be hard to imagine over their lifetimes. He said the knowledge economy is teaching student creativity and understanding of societal implications of the ideas. He called for leadership to drive, in a positive way, the changes.

President Benson spoke about nontraditional results, such as innovations, stemming from traditional disciplines, and he asked that the U. T. System allow institutions to take risks, such as moving quickly into some emerging fields.

President Bailey noted the U. T. System's assistance in creating U. T. Rio Grande Valley and infrastructure support such as the Science and Technology Acquisition and Retention (STARs) Program. He encouraged the System to continue to leverage the strength of partner universities to move forward. He said the knowledge economy has caused universities to examine their degree program mix.

President Eighmy encouraged the institutional presidents to collaborate with the federal government, elected officials, and the private sector to create knowledge generation enterprise zones.

President Karbhari said the knowledge economy has helped to expand the reach of universities, and he encouraged the flexibility to change, partnering with high schools, and working with the corporate world. He said the U. T. System needs to be a guide, providing opportunity, support, and a safety net, while recognizing that each campus serves different constituencies.

President Woodley encouraged the U. T. System to continue to support the changing impact and investments of each U. T. institution to be transformative in their respective regions. She also mentioned the U. T. System could help institutions collaborate more in joint programs, and she commended the STARs Program as instrumental.

President Tidwell noted the role of the U. T. System is to continue to help the institutions to think about the future and the needs of their respective regions and what their role should be. Commenting that few of the entering freshman class come from East Texas, Dr. Tidwell said U. T. Tyler is truly educating the state's students, and collaborating with other U. T. institutions about the needs in their areas will help graduates as they return to their home cities.

Regent Aliseda asked President Woodley what the Board can do to help the institutions to collaborate, and Dr. Woodley mentioned providing more opportunities for the presidents to have dedicated time to discuss specific programming and regional needs, such as a Presidents' Retreat with the Chancellor once or twice a year. She also mentioned assistance from the Chancellor and System executives to help the institutions to share knowledge and enhance collaboration.

Regent Beck asked about innovative ways to alleviate the access problem, and Dr. Karbhari mentioned that online degree programs and providing opportunities at the high school level are helping. Dr. Natalicio added that partnerships with school districts and community colleges are critical to this mission, but scholarships and financial aid packages, as well as ecosystem issues such as transportation, need to be considered by universities.

Chairman Tucker asked the presidents what they do for students, particularly those from underserved populations, so they become more self-aware, exploratory, and learn about career possibilities.

c. The System's Role in Curing and Reducing Instances of Chronic Diseases in Texas

Dr. Faulkner introduced the next topic, and Executive Vice Chancellor Greenberg provided brief introductory remarks, and then called on the health presidents for comments on this topic.

Dr. Calhoun spoke about how the U. T. health institutions can be a disruptive influence to change the health of Texans in a positive way, and he noted some ways in which the U. T. institutions individually and collectively are addressing health disparities.

Dr. Pisters stressed collaboration locally and statewide, spreading the capabilities of an iconic organization -- U. T. M. D. Anderson Cancer Center -- throughout the state to create greater value for all Texans. He emphasized prevention strategies, particularly for children.

Dr. Callender commented that the U. T. health institutions are all different, serve different populations, and the markets operate differently, and there are opportunities to leverage those differences to create a greater impact for the health of Texans. He repeated that, as Dr. Greenberg had said earlier, the health institutions are collaborating more than ever, and he requested the U. T. System serve as a convener and facilitator for that collaboration.

Dr. Henrich provided examples of partnerships that will open opportunities to serve the state, and Dr. Colasurdo spoke about ways to address chronic health conditions and maintain costs with high value care. He suggested the U. T. System health institutions could explore a Cancer Prevention and Research Institute of Texas (CPRIT)-like funding source for an initiative targeting women's health statewide.

Regent Hicks asked the presidents what the U. T. System and/or the state itself could do to improve mental health conditions statewide. Dr. Greenberg remarked on early discussions held with state leadership, including Senator Jane Nelson, The Meadows Foundation, and Chairs of the institutional psychiatry departments to work with state mental health hospitals that may be an area of focus in the next legislative session. Dr. Calhoun commented how the school shootings and opioid crisis are garnering the public's support for work in mental health. Dr. Pisters remarked that mental illness is becoming destigmatized in our society, and he encouraged the health presidents to continue to destigmatize it and to hold open discussions on the matter. He suggested fostering the integration of neuroscience and psychiatry programs to accelerate research in mental health.

Referencing the upcoming Item (#24 on Page 183) regarding proposed distribution from the Permanent University Fund (PUF) and citing the limitations on use of the PUF, Vice Chairman Hildebrand asked if incrementally increasing assistance through the Science and Technology Acquisition and Retention (STARs) Program would help the presidents in the war on talent to remain competitively advantaged. The health presidents answered a resounding "yes," and Vice Chairman Hildebrand said he will work to enhance the STARs funding. Chairman Tucker commented on the Regents' Outstanding Teaching Awards celebrated yesterday (August 9, Item 2), and the commitment of the 14 presidents to student success and patient care. She said none of that would be possible without the talent, and attracting the world's best top talent is in fact in each president's strategic plan.

In reply to a question from Chairman Tucker, President Henrich spoke about team-based science and building collaborations, and President Pisters elaborated by saying the presidents would need to agree they want to migrate to team-based science with leaders setting expectations and holding people accountable. Referencing Vice Chairman Hildebrand's earlier comments, Dr. Pisters suggested human capital should be measured as a percent of Gross Domestic Product (GDP) and the conversations with the Legislature about talent acquisition to Texas should be denominated in those terms and help the state move faster into the knowledge economy. President Calhoun commented on fostering collaboration in constructing buildings: breaking down walls figuratively and physically to open facilities, and encouraging the presidents to interact with each other.

Chairman Tucker thanked all the 14 presidents for their time and for schooling the Board.

RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551.--At 10:13 a.m., the Board recessed to Executive Session, pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, 551.074, 551.076, and 551.089 to consider those matters listed on the Executive Session agenda. A working lunch was held in the Executive Session Room, Second Floor, The University of Texas System Building.

RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS.--The Board reconvened in Open Session at 1:08 p.m. No action was taken on the following Executive Session items. Open Session Items 20 and 21 (Page 173) were deferred, and action on Executive Session Items 2a and 3a, and Open Session Items 22 - 25 is set forth on Pages 173 - 185.

- 1a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions); U. T. System Administration officers (Deputy Chancellor, 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); Board members, task force members, and advisory council members; and U. T. System and institutional employees, and related personnel aspects of the operating budget for Fiscal Year 2019

See related Items 22 and 23 on Pages 174 - 182 for action taken on the personnel aspects of the Operating Budget for Fiscal Year 2019.

- 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 Items 22 and 23 on Pages 174 - 182 for action taken on the personnel aspects of the Operating Budget for Fiscal Year 2019.

- 1c. U. T. System Board of Regents: Discussion with Chancellor and Deputy Chancellor concerning assignment and duties including individual personnel issues associated with proposed U. T. System budget

No action was taken on this item.

- 2a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 2b. U. T. System Board of Regents: Discussion regarding legal issues associated with proposed U. T. System budget

No action was taken on this item.

- 3a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features

No action was taken on this item.

- 3b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features

No action was taken on this item.

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

No action was taken on this item.

AGENDA ITEMS (continued)

20. U. T. System Board of Regents: Discussion and possible appropriate action regarding report from Houston Land Task Force (Deferred)

This item was deferred.

21. U. T. System Board of Regents: Discussion and possible appropriate action regarding report from System Review and Structure Task Force (Deferred)

This item was deferred.

EXECUTIVE SESSION ITEMS (continued)

- 2a. U. T. System: Discussion and appropriate action regarding legal issues related to lease of space in the U. T. System Building, 210 West 7th Street, Austin, Travis County, Texas, to the United States Army and related matters, including finding of public purpose

See related Item 3a below for action taken on this item in Open Session.

- 3a. U. T. System: Discussion and appropriate action regarding lease of space in the U. T. System Building, 210 West 7th Street, Austin, Travis County, Texas, to the United States Army, including finding of public purpose

Chairman Tucker called on Vice Chairman Hildebrand for a motion on Items 2a and 3a on the August 9 Executive Session agenda. Vice Chairman Hildebrand moved that the Board take the following actions on behalf of The University of Texas System Administration:

- a. authorize the expansion of the occupancy of space in The University of Texas System Building to the Department of the Army as authorized on July 13, 2018, on terms in accordance with the parameters recommended in Executive Session;
- b. authorize the Executive Director of Real Estate to conclude negotiations necessary to finalize the terms of the arrangement and to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary to carry out the purpose and intent of the foregoing actions within the parameters outlined in Executive Session; and
- c. subject to the approval of the Chancellor and Vice Chancellor and General Counsel as to legal form, authorize the Executive Vice Chancellor for

Business Affairs to execute all other documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendations.

He further moved that the Board make public purpose findings consistent with those made in the original authorization on July 13, 2018.

The motion was seconded by Regent Hicks and carried unanimously, with Regent Aliseda abstaining from discussion and vote because of his continuing military service.

AGENDA ITEMS (continued)

22. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2019, including Permanent University Fund Bond Proceeds allocations for Library, Equipment, Repair and Rehabilitation Projects and for the Science and Technology Acquisition and Retention Program; and Available University Fund allocation for campus support of the Texas National Security Network at U. T. Austin

Chancellor *ad interim* Faulkner presented the nonpersonnel aspects of The University of Texas System Operating Budgets for Fiscal Year 2019. Chairman Tucker acknowledged Dr. Faulkner and the U. T. System leadership team for the 16.2% reduction in the total U. T. System operating budget from FY 2018 and an almost 25% reduction in headcount over the past two years. Noting comments made over the past two days about the importance of the Science and Technology Acquisition and Retention (STARs) Program for the institutions to recruit talent and also noting the \$35 million proposed for the Program (below), Chairman Tucker asked Dr. Faulkner to work with his executive team to consider more resources for the STARs Program.

Dr. Faulkner's presentation is [on file](#) in the Office of the Board of Regents and included the following recommended items:

- Fiscal Year 2019 Operating Budget
- Fiscal Year 2019 Library, Equipment, Repair and Rehabilitation (LERR) Budget
- Fiscal Year 2019 Faculty STARs Program
- Campus support for the Texas National Security Network.

Upon motion by Regent Eltife, duly seconded, the Board approved the U. T. System Operating Budgets and associated Budget Rules and Procedures for Fiscal Year 2019, including matters related to the compensation and conditions of employment for those individuals requiring Board approval as recommended to and considered by the Board in Executive Session (Items 1a - 1c for August 10).

The Board also approved allocation of Educational and General Funds; Auxiliary Enterprises; Grants and Contracts; Designated Funds; Restricted Current Funds; and Medical, Dental, Nursing, and Allied Health Faculty Services; and Research and Development Plans.

Approval of the budget for Fiscal Year 2019 also included

1. the appropriation of \$35 million of Permanent University Fund (PUF) Bond Proceeds directly to U. T. System institutions to fund LERR projects;
2. \$35 million of PUF Bond Proceeds for the Faculty STARs Program to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty; and
3. \$3 million of Available University Funds to The University of Texas at Austin for the continued support of the Texas National Security Network.

The Chancellor was authorized to make editorial corrections to the U. T. System Operating Budgets for 2019 with subsequent adjustments reported to the U. T. System Board of Regents through the Consent Agenda to the extent required by the Budget Rules and Procedures included in the 2019 Operating Budgets.

The \$35 million of PUF Bond Proceeds will 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.

The appropriation of PUF Bond Proceeds as presented in the Fiscal Year 2019 LERR Budget is subject to the budget rules and expenditure guidelines adopted therein and the requirements of the U. T. Systemwide Policy UTS 168, *Capital Expenditure Policy*. 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, expenditure guidelines, and UTS 168. Additionally, PUF Bond Proceeds appropriated 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 the purpose of 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.

On November 10, 2016, the Board appropriated \$10 million of AUF for U. T. Austin in support of the NSN [National Security Network] Quantum Leap. Out of the Quantum Leap funding approved in the FY 2018 U. T. System Administration Operating Budget, an additional \$8.2 million was transferred to U. T. Austin for NSN. The \$3 million allocation will increase total support of the NSN at U. T. Austin to \$21.2 million.

The U. T. System operating budgets are a part of the official copy of the Minutes and are made a part of the record of this meeting.

See also the Executive Session items related to the individual personnel aspects of the U. T. System Operating Budgets (Items 1a - 1c for August 10) and related Agenda Item 23 below.

Salaries approved at the meeting for U. T. System Executive Officers and Presidents are set forth on the following pages.

23. U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration and institutional operating budgets for Fiscal Year 2019

The Board granted approval of the personnel aspects of The University of Texas System Administration Operating Budget for Fiscal Year 2019.

See also the Executive Session items related to the individual personnel aspects of the U. T. System Operating Budgets (Executive Session Items 1a - 1c for August 10).

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Academic Institution Presidents

Approved Salary Rates Effective September 1, 2018 for Fiscal Year Ending August 31, 2019

	Approved 2018	Approved 2019
ACADEMIC INSTITUTION PRESIDENTS		
U. T. Arlington		
<i>Vistasp M. Karbhari</i>		
Salary Rate	\$ 485,000	485,000
Incentive Compensation	24,250	-
Total Compensation	\$ 509,250	485,000
U. T. Austin		
<i>Gregory L. Fenves</i>		
Salary Rate	\$ 750,000	750,000
Deferred Compensation ¹	50,000	50,000
Incentive Compensation	150,000	150,000
Total Compensation	\$ 950,000	950,000
U. T. Dallas		
<i>Richard C. Benson</i>		
Salary Rate	\$ 525,000	525,000
Incentive Compensation	78,750	35,000
Total Compensation	\$ 603,750	560,000
U. T. El Paso		
<i>Diana S. Natalicio</i>		
Salary Rate	\$ 426,755	426,755
Incentive Compensation	29,873	45,000
Total Compensation	\$ 456,628	471,755
U. T. Permian Basin		
<i>Sandra Woodley</i>		
Salary Rate	\$ 425,000	425,000
Incentive Compensation	-	-
Total Compensation	\$ 425,000	425,000

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

¹Vests 8/31/2020

²Vests 8/31/2021

	Approved 2018	Approved 2019
ACADEMIC INSTITUTION PRESIDENTS		
U. T. Rio Grande Valley		
<i>Guy H. Bailey</i>		
Salary Rate	\$ 600,000	600,000
Deferred Compensation ²	-	50,000
Incentive Compensation	102,000	-
Total Compensation	\$ 702,000	650,000
U. T. San Antonio		
<i>T. Taylor Eighmy</i>		
Salary Rate	\$ 500,000	500,000
Incentive Compensation	-	35,000
Total Compensation	\$ 500,000	535,000
U. T. Tyler		
<i>Michael Tidwell</i>		
Salary Rate	\$ 400,000	400,000
Incentive Compensation	-	-
Total Compensation	\$ 400,000	400,000

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

¹Vests 8/31/2020

²Vests 8/31/2021

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Health Institution Presidents

Approved Salary Rates Effective September 1, 2018 for Fiscal Year Ending August 31, 2019

	Approved 2018	Approved 2019
HEALTH INSTITUTION PRESIDENTS		
U. T. Medical Branch - Galveston		
<i>David L. Callender</i>		
Salary Rate	\$ 854,360	965,360
Deferred Compensation ¹	200,000	200,000
Practice Plan	-	-
Incentive Compensation	149,500	128,154
Total Compensation	\$ 1,203,860	1,293,514
U. T. Health Science Center - Houston		
<i>Giuseppe Colasurdo</i>		
Salary Rate	\$ 750,500	750,500
Deferred Compensation ²	-	200,000
Practice Plan	199,500	199,500
Incentive Compensation	112,500	131,338
Total Compensation	\$ 1,062,500	1,281,338
U. T. Health Science Center - San Antonio		
<i>William Henrich</i>		
Salary Rate	\$ 698,163	698,163
Deferred Compensation ²	200,000	200,000
Practice Plan	188,015	188,015
Incentive Compensation	97,700	139,633
Total Compensation	\$ 1,183,878	1,225,811
U. T. Southwestern Medical Center		
<i>Daniel K. Podolsky</i>		
Salary Rate	\$ 944,316	1,269,316
Deferred Compensation ²	100,000	200,000
Practice Plan	259,239	348,460
Incentive Compensation	186,503	141,647
Total Compensation	\$ 1,490,058	1,959,423

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

¹Vests 8/31/2019

²Vests 8/31/2021

	Approved 2018	Approved 2019
HEALTH INSTITUTION PRESIDENTS		
U. T. M. D. Anderson Cancer Center		
<i>Peter Pisters</i>		
Salary Rate	\$ 1,439,100	1,439,100
Deferred Compensation	-	-
Practice Plan	405,900	405,900
Incentive Compensation	-	251,843
Total Compensation	\$ 1,845,000	2,096,843
U. T. Health Science Center - Tyler		
<i>Kirk Calhoun</i>		
Salary Rate	\$ 537,000	649,000
Deferred Compensation ¹	150,000	200,000
Practice Plan	105,503	167,227
Incentive Compensation	67,000	120,825
Total Compensation	\$ 859,503	1,137,052

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

¹Vests 8/31/2019

²Vests 8/31/2021

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Executive Officers U. T. System Administration

Approved Salary Rates Effective September 1, 2018 for Fiscal Year Ending August 31, 2019

	Approved 2018	Approved 2019
EXECUTIVE OFFICERS		
Executive Vice Chancellor for Academic Affairs		
<i>Steven Leslie</i>		
Salary Rate	\$ 470,000	484,000
Total Compensation	\$ 470,000	484,000
Executive Vice Chancellor for Business Affairs		
<i>Scott C. Kelley</i>		
Salary Rate	\$ 420,900	438,000
Total Compensation	\$ 420,900	438,000
Executive Vice Chancellor for Health Affairs		
<i>Raymond S. Greenberg</i>		
Salary Rate	\$ 700,000	720,000
Deferred Compensation ¹	150,000	150,000
Total Compensation	\$ 850,000	870,000
Vice Chancellor for External Relations		
<i>Randa S. Safady</i>		
Salary Rate	\$ 550,000	560,000
Total Compensation	\$ 550,000	560,000
Vice Chancellor and General Counsel		
<i>Daniel H. Sharphorn</i>		
Salary Rate	\$ 390,000	400,000
Total Compensation	\$ 390,000	400,000
Vice Chancellor and Chief Governmental Relations Officer		
<i>Barry McBee</i>		
Salary Rate	\$ 280,900	285,000
Total Compensation	\$ 280,900	285,000
Vice Chancellor for Federal Relations		
<i>William H. Shute</i>		
Salary Rate	\$ 276,500	281,000
Total Compensation	\$ 276,500	281,000
Vice Chancellor for Strategic Initiatives		
<i>Stephanie Bond Huie</i>		
Salary Rate	\$ 280,000	315,000
Temporary Supplement	30,000	-
Total Compensation	\$ 310,000	315,000

¹Vests 2/28/2019

	Approved 2018	Approved 2019
EXECUTIVE OFFICERS (continued)		
Vice Chancellor for Health Affairs		
<i>David Lakey</i>		
Salary Rate	\$ 495,000	504,000
Total Compensation	\$ 495,000	504,000
Vice Chancellor for Health Affairs		
<i>Amy Shaw Thomas</i>		
Salary Rate	\$ 400,000	411,000
Total Compensation	\$ 400,000	411,000
General Counsel to the Board of Regents		
<i>Francie A. Frederick</i>		
Salary Rate	\$ 437,736	450,000
Total Compensation	\$ 437,736	450,000
Chief Audit Executive		
<i>J. Michael Peppers</i>		
Salary Rate	\$ 365,900	375,900
Total Compensation	\$ 365,900	375,900

¹Vests 2/28/2019

24. U. T. System Board of Regents: Approval of annual distribution from the Permanent University Fund

The Board approved an increase to the Fiscal Year 2019 distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) from \$887,250,000 to \$1,014,000,000 effective September 1, 2018.

Article VII, Section 18 of the Texas Constitution provides that the Board of Regents will determine the annual distribution from the PUF to the AUF and requires that the amount of distributions to the AUF be determined by the Board of Regents in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF. The Constitution further limits the Board of Regents' discretion to set annual PUF distributions to the satisfaction of three tests:

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The distribution of \$1,014,000,000 is substantially greater than PUF bond debt service of \$350,500,000 projected for FY 2018-2019.

System	Debt Service
U. T.	\$ 227,000,000
TAMU	123,500,000
Total:	\$ 350,500,000

Sources: U. T. System Office of Finance
Texas A&M University System Office of Treasury Services

2. The Board of Regents may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2018, was 4.35%, which indicates that the purchasing power test was met.

Average Annual	Percent
Rate of Total Return, Net of Investment Manager Fees	5.74%
Mineral Interest Receipts	5.17%
Expense Rate	(0.18)% (1)
Inflation Rate	(1.64)%
Distribution Rate	(4.74)%
Net Real Return	4.35%

(1) The expense rate as shown is a 10-year annualized average and includes PUF Land Expenses and PUF investment management costs other than investment manager fees. Investment management fees are a reduction to the Rate of Total Return.

3. The annual distribution from the PUF to the AUF during any fiscal year made by the Board of Regents may not exceed an amount equal to 7% of the average net fair market value of PUF investment assets as determined by the Board of Regents (except as necessary to pay PUF bond debt service). The annual distribution rate calculated using the trailing 20-quarter average value of the PUF is within the 7% maximum allowable distribution rate.

Value of PUF Investments (1)	Distribution	Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$17,797,898,588	\$ 1,014,000,000	5.70%	7.00%

(1) Source: UTIMCO

25. U. T. System Board of Regents: Presentation of Certificate of Appreciation to Chancellor *ad interim* Faulkner

Chairman Tucker provided words of thanks and appreciation to Chancellor *ad interim* Faulkner who served as Chancellor from June 1, 2018 to September 16, 2018. She presented him with a Chancellor’s medallion and a certificate of appreciation as set forth on the next page.

Dr. Faulkner received a standing ovation and provided the following remarks.

Remarks by Chancellor *ad interim* Faulkner

Thank you, Madam Chairman and Members of the Board. I’m honored to have served you, as I said actually earlier. I have enjoyed doing this. It’s been a pleasure to become reacquainted with the System, especially, I’ll say, the health side because I actually didn’t know much about the health side from my prior experience, and, I’ve learned a lot about it. I just want to say to the public out here that you have an outstanding Board of Regents. This is a good group of people; a very able group of people who work incredibly hard on behalf of the publics and this System. Chairman Tucker is working harder than anybody and she’s doing a truly outstanding job. Now, outside of a formal meeting like this, I would not call her Chairman Tucker because I’ve known her for 20 years. But, she is a person of great public dedication and ability, she knows a lot, and she handles very difficult things extremely well. The System is really lucky to have her.

I would also like to assure the public that in the System offices, you have an extremely talented staff; a staff who have really worked hard through this transition, and more than hard, has worked smart with great ability. It has been an honor to have served with you. I am grateful for that opportunity.

My main additional contact has been with the presidents of the institutions, and I want to say that it's been a pleasure to work with you. All your institutions have their own personalities, all your institutions are serving different purposes and different markets, and I like the energy that I see among you, I like the imagination that I see, I like the integrity that I see, and it's been an honor to serve with you too.

I do wonder if you would not have been wiser, Madam Chairman, to have waited to make this presentation. You never know what I might do in the next month or so. But, thank you for the thanks.

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

LARRY R. FAULKNER, Ph.D.

Deep and Sincere Appreciation for His
Thoughtful Vision, Exceptional Leadership,
Distinguished Service, and Wise Counsel

to

The University of Texas System

as

Chancellor *ad interim*
2018

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on November 14-15, 2018, in Richardson.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 1:32 p.m.

/s/ Carol A. Felkel
Secretary to the Board of Regents

October 26, 2018



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MEETING OF THE BOARD

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AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE

2. Contract (funds going out) - U. T. System: PricewaterhouseCoopers, LLP to perform internal audit related services

Agency: PricewaterhouseCoopers, LLP

Funds: Amendment to existing contract for an additional amount of up to \$1,750,000 bringing the estimated total to \$2,500,000

Source of Funds: Available University Funds

Period: October 15, 2016 through October 14, 2022

Description: Amendment for existing agreement with PricewaterhouseCoopers, LLP to continue providing internal audit related services. The services provided can relate to a broad range of internal audit projects or interim staffing. This contract was competitively bid with an additional eight vendors providing like services.

FINANCE AND PLANNING COMMITTEE

3. Other Fiscal Matters - 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 Chancellor *ad interim* concurs in the recommendation of the Deputy Chancellor and 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 \$600 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.

On August 24, 2017, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$600 million for Fiscal Year 2018. Adoption of this Resolution would provide a similar authorized amount and purposes for Fiscal Year 2019.

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.

4. Other Fiscal Matters - 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 Chancellor *ad interim* concurs in the recommendation of the Deputy Chancellor and 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 \$975 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.

On August 24, 2017, the Board of Regents adopted the 32nd Supplemental Resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$975 million. Adoption of this 33rd 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.

5. Other Fiscal Matters - U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt, including ratification of U. T. System Interest Rate Swap Policy

The Chancellor *ad interim* concurs in the recommendation of the Deputy Chancellor and the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents adopt resolutions substantially in the form as previously approved by the U. T. System Board of Regents as found at the link below (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.

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 24, 2017, the Board approved bond enhancement agreement resolutions for FY 2018. 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 2019 and will ratify the existing U. T. System Interest Rate Swap Policy, set forth in Regents' Rule 70202 on the following pages, 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.

The University of Texas System
Rules and Regulations of the Board of Regents **Rule: 70202**

1. Title

Interest Rate Swap Policy

2. Rule and Regulation

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

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

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

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

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

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

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

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

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

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

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

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

3. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

4. Relevant Federal and State Statutes

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

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

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

5. Relevant System Policies, Procedures, and Forms

None

6. Who Should Know

Administrators

7. System Administration Office(s) Responsible for Rule

Office of Business Affairs

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8. Dates Approved or Amended

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

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu

6. Other Fiscal Matters - U. T. System Board of Regents: Equipment financing authorization for Fiscal Year 2019 and resolution regarding parity debt

The Chancellor *ad interim* concurs in the recommendation of the Deputy Chancellor and the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents

- a. approve an aggregate amount of \$196,780,000 of Revenue Financing System Equipment Financing for FY 2019 as allocated to those U. T. institutions listed on the following page; 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. 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 \$196,780,000 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.

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 twice a year with full amortization not to exceed 10 years.

This Agenda Item requests approval of an aggregate amount of \$196,780,000 for equipment financing for Fiscal Year 2019. On August 24, 2017, the U. T. System Board of Regents approved a total of \$201,950,000 of equipment financing for Fiscal

Year 2018. Through August 1, 2018, \$108,609,000 of equipment financing has been utilized for Fiscal Year 2018.

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

U. T. SYSTEM EQUIPMENT FINANCING - INSTITUTION REQUESTS
FY 2019

Institution	\$ Amount of Request	Description of Expected Capital Equipment	DSC*
U. T. Dallas	12,000,000	General purpose equipment supporting instruction, research & business operations	1.6x
U. T. El Paso	1,700,000	Public safety radio system, campus network infrastructure upgrades	1.0x
U.T. San Antonio	3,077,000	Telecommunications equipment and vehicles	1.6x
U. T. Southwestern Medical Center	30,000,000	Information resources projects; clinical and hospital equipment	3.7x
U. T. Medical Branch - Galveston	40,000,000	Clinical, IT infrastructure, research and facility-related equipment	2.3x
U. T. Health Science Center - Houston	10,000,000	Electronic health record system implementation, simulation laboratory equipment	2.9x
U. T. Health Science Center - San Antonio	25,000,000	Core research, clinical and/or infrastructure equipment	2.5x
U. T. M. D. Anderson Cancer Center	70,000,000	Medical, diagnostic, research, information systems and technology	5.8x
U. T. Health Science Center - Tyler	5,003,000	Clinical/Laboratory and IT equipment	0.4x

Total	\$196,780,000
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* Debt Service Coverage ("DSC") ratios based on FY2017 Analysis of Financial Condition (Feb 2018).

U. T. System Office of Finance, July 9, 2018

7. Contract (funds going out) - U. T. System: Netherland, Sewell & Associates, Inc. to provide reserve estimation upstream and midstream economic analyses and operator methane emissions analysis services

Agency: Netherland, Sewell & Associates, Inc.

Funds: The agreement has a total value of \$2,275,000 for the initial term and renewal options

Period: Effective May 17, 2018 through May 16, 2021, with the option to renew for two additional one-year terms

Description: Netherland, Sewell & Associates, Inc. to provide services to U. T. System University Lands including reserve estimation upstream and midstream economic analyses and operator methane emissions analysis. This agreement was competitively bid.

8. Contract (funds going out) - U. T. System: Cotton Commercial USA, Inc. to provide disaster restoration and recovery services

Agency: Cotton Commercial USA, Inc.

Funds: Paid by U. T. institutions requesting services as needed. Board approval is requested as the contract is likely to go over the \$1 million threshold during a large response.

Period: June 5, 2018 through June 4, 2021, with the option to renew for two additional one-year terms

Description: This nonexclusive Systemwide agreement allows each U. T. institution to obtain services as needed. Services include disaster restoration and recovery services including project management; fire, smoke, and water damage recovery; moisture control; heating ventilation and air conditioning decontamination and cleaning; microbial remediation; telecommunications recovery; electronics restoration; media recovery; documents, books, and vital records recovery; equipment recovery; building restoration; and training. This agreement was competitively bid. The U. T. System Office of Risk Management will closely monitor the spend over the life of the agreement.

9. Contract (funds going out) - U. T. System: Morris & Dickson Co., LLC to provide pharmaceutical products to U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, and U. T. Health Science Center - Tyler

Agency: Morris & Dickson Co., LLC

Funds: Total contract spend by U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, and U. T. Health Science Center - Tyler during the anticipated eight-year duration of the agreement is estimated at \$1,736,000,000. The contract also allows for participation by UT Health East Texas, the health system created pursuant to the economic partnership between U. T. Health Science Center - Tyler and Ardent Health Services. The spend associated with this additional participation is unknown at this time as related strategic decisions on this subject have not yet been made.

Period: The initial term of this agreement is for a period of four years commencing June 1, 2018 through May 31, 2022 and includes an option for two additional two-year periods.

Description: The master agreement aggregates the demand for pharmaceutical products at the institutions noted above and leverages this demand to secure better supply terms than any individual institution could achieve on its own. This group buy was negotiated by the U. T. System Supply Chain Alliance and provides for enhancements to pricing and other terms under a supply agreement and was competitively procured by Premier Healthcare Alliance, an external group purchasing organization accredited by U. T. System as meeting procurement standards.

This contract qualifies for exemption from approval by the U. T. System Board of Regents under Regents' Rule 10501, Sec. 2.2.7, which exempts any purchase made under a group purchasing program that follows applicable statutory and regulatory standards. However, the Executive Vice Chancellor for Health Affairs requested that the contract be presented to the Board for approval because of the amount of the anticipated contract spend.

10. Contract (funds going out) - U. T. System: Precision Task Group, Inc. to provide PeopleSoft information technology staff augmentation services to support the Office of Shared Information Services

Agency: Precision Task Group, Inc.

Funds: Not to exceed \$2,000,000

Period: August 14, 2017 through August 13, 2020

Description: Staff augmentation services for PeopleSoft information technology resources to support both UTShare institutions top seven initiatives and other PeopleSoft projects for campuses supported by the Office of Shared Information Services. The original contract dated August 14, 2017, had a fee cap of \$750,000. This amendment increases the fee cap to \$2,000,000 due to expanded scope of PeopleSoft projects being supported by Shared Information Services. This contract was competitively bid.

11. 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 May 25, 2018.

<u>Name</u>	<u>Institution</u>
Janice Callis	U. T. Medical Branch - Galveston
Nicholas Carrillo	U. T. San Antonio
Ma Regina Dolormente	U. T. Health Science Center - Houston
Victoria Gonzales	U. T. Health Science Center - Houston
Shaun Harr	U. T. Austin
Tracie Jones	U. T. San Antonio
Giovanni Lark	U. T. Health Science Center - Houston
Alan Lawrence	U. T. Austin
Tiffany Marsh	U. T. San Antonio
Kenneth Parada	U. T. Austin
Sergio Sena	U. T. Austin
Santiago Valdovinos	U. T. San Antonio

12. Approval to exceed the full-time equivalent (FTE) limitation on employees paid from appropriated funds - U. T. System: Request approval to exceed the FTE limitation at U. T. El Paso and U. T. Rio Grande Valley for Fiscal Year 2019 as authorized by Article IX of the General Appropriations Act

<u>Institution</u>	Requested	2018
	FTEs over the <u>Limitation</u>	FTEs over the <u>Limitation</u>
U. T. El Paso	25.00	25.00
U. T. Rio Grande Valley	34.42	31.00

Also as required by Article IX, Section 6.10 of the *General Appropriations Act*, it is recommended that the U. T. System Board of Regents submit a request to the Governor’s Office and the Legislative Budget Board to grant approval for these institutions to exceed the authorized number of FTE employees paid from appropriated funds. All other institutions will not exceed their cap. Additional details are set forth on the following pages.

The University of Texas System
Request to Exceed Full-time Equivalent (FTE) Limitation on Employees Paid From Appropriated Funds
For Period September 1, 2018 through August 31, 2019

FTE Request to Exceed Cap - by Function

	Faculty	Staff	Total
Instruction	14.40	1.00	15.40
Academic Support	-	21.29	21.29
Research	10.45	11.53	21.98
Public Service	-	0.75	0.75
Hospitals and Clinics	-	-	-
Institutional Support	-	-	-
Student Services	-	-	-
Operations and Maintenance of Plant	-	-	-
Scholarships and Fellowships	-	-	-
Total	<u>24.85</u>	<u>34.57</u>	<u>59.42</u>

FTE Request to Exceed Cap - by Institution

	FY 2018 Cap*	Request to Exceed Cap			
		Faculty	Staff	Total	
U. T. Arlington	2,287.20	-	-	-	**
U. T. Austin	5,549.60	-	-	-	**
U. T. Dallas	1,773.20	-	-	-	**
U. T. El Paso	1,847.50	17.00	8.00	25.00	
U. T. Permian Basin	388.30	-	-	-	**
U. T. Rio Grande Valley	1,816.50	7.85	26.57	34.42	
U. T. San Antonio	2,378.40	-	-	-	**
U. T. Tyler	577.00	-	-	-	**
Total Academic Institutions	<u>16,617.70</u>	<u>24.85</u>	<u>34.57</u>	<u>59.42</u>	
U. T. Southwestern Medical Center	2,006.80	-	-	-	**
U. T. Medical Branch - Galveston	1,926.70	-	-	-	**
U. T. Health Science Center - Houston	2,029.30	-	-	-	**
U. T. Health Science Center - San Antonio	2,177.60	-	-	-	**
U. T. M. D. Anderson Cancer Center	921.90	-	-	-	**
U. T. Health Science Center - Tyler	282.59	-	-	-	**
Total Health Institutions	<u>9,344.89</u>	<u>-</u>	<u>-</u>	<u>-</u>	
U. T. System Administration	<u>430.76</u>	<u>-</u>	<u>-</u>	<u>-</u>	**
U. T. System Total	<u>26,393.35</u>	<u>24.85</u>	<u>34.57</u>	<u>59.42</u>	

*The cap reported includes the appropriated cap for each institution plus the additional FTEs authorized by Article IX, Section 6.10(a)(2) of the General Appropriations Act, plus any FTEs specifically appropriated by additional riders.

**The identified institutions do not expect to exceed the appropriated cap plus any additional FTEs appropriated by riders.

The University of Texas System

Fiscal Year 2019 Request to Exceed Full-time Equivalent (FTE) Limitation on Appropriated Funds

Function	Faculty FTE Increase	Staff FTE Increase	Total FTE Increase from Appropriated Funds	Source of Funds	Justification
U. T. El Paso					
Instruction	8.00	1.00	9.00	Tuition	Additional faculty and staff to support enrollment demands. Increase in number of courses.
Academic Support	-	3.00	3.00	Tuition	Additional staff support for new faculty hires.
Research	9.00	4.00	13.00	Tuition	Increase in research activities require more faculty and post doctorals to achieve Tier 1 status.
TOTAL	17.00	8.00	25.00		
U. T. Rio Grande Valley					
Instruction	6.40	-	6.40	General Revenue	The University expects to exceed the FTE cap due to growth of the School of Medicine. The School enrolled the first students in fiscal year 2017 and is in ramp-up mode and will reach maximum enrollment in fiscal year 2020.
Academic Support	-	18.29	18.29	General Revenue	The University expects to exceed the FTE cap due to growth of the School of Medicine. The School enrolled the first students in fiscal year 2017 and is in ramp-up mode and will reach maximum enrollment in fiscal year 2020.
Research	1.45	7.53	8.98	General Revenue	The University expects to exceed the FTE cap due to growth of the School of Medicine. The School enrolled the first students in fiscal year 2017 and is in ramp-up mode and will reach maximum enrollment in fiscal year 2020.
Student Services	-	0.75	0.75	General Revenue	The University expects to exceed the FTE cap due to growth of the School of Medicine. The School enrolled the first students in fiscal year 2017 and is in ramp-up mode and will reach maximum enrollment in fiscal year 2020.
TOTAL	7.85	26.57	34.42		

13. 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, 2018**

		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 2/28/2018	\$	1,666,059	\$ 9,703,165	\$ 97,198,479	\$ 244,323,222	\$ 253,270	\$ 388,286	\$ 99,117,808	\$ 254,414,673
Increase or Decrease		2	2	45,000	1,588,643	-	-	45,002	1,588,645
Ending Value 05/33/2018	\$	1,666,061	\$ 9,703,167	\$ 97,243,479	\$ 245,911,865	\$ 253,270	\$ 388,286	\$ 99,162,810	\$ 256,003,318
Other Real Estate									
Ending Value 2/28/2018	\$	4	\$ 4	\$ 6	\$ 6	\$ -	\$ -	\$ 10	\$ 10
Increase or Decrease		-	-	-	-	-	-	-	-
Ending Value 05/31/2018	\$	4	\$ 4	\$ 6	\$ 6	\$ -	\$ -	\$ 10	\$ 10

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.

ACADEMIC AFFAIRS COMMITTEE

14. Contract (funds going out) - U. T. Arlington: AHI Facility Services, Inc. to provide custodial services

Agency: AHI Facility Services, Inc.

Funds: \$20,000,000 for the initial term and all renewal terms

Period: June 1, 2018 through May 31, 2022, with option to renew for five additional one-year terms

Description: AHI Facility Services, Inc. to provide custodial services for all facilities on the main campus in Arlington, Texas. The contract was competitively bid.

15. Request for Budget Change - U. T. Arlington: New Hires with Tenure -- amendment to the 2017-2018 budget

The following Requests for Budget Change (RBC) have been administratively approved by 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 Architecture, Planning and Public Affairs					
Architecture, Planning and Public Affairs					
Dean and Professor					
Adrian Parr (T)	8/1-8/31	100	12	235,000	9226
College of Engineering					
Civil Engineering					
Associate Professor					
Michael Zaretsky (T)	8/1-8/31	100	09	120,000	9227
School of Social Work					
Social Work					
Associate Dean and Associate Professor					
Zhen Cong (T)	6/1-8/31	100	12	140,000	9225

16. Request for Budget Change - U. T. Arlington: New award of tenure and emeritus appointments

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Architecture, Planning and Public Affairs		
Architecture Joshua Nason	Assistant Professor	Associate Professor (T)
College of Business		
Finance and Real Estate Sriram Villupuram	Associate Professor	Associate Professor (T)
Management James Quick	Professor (T)	Professor Emeritus
College of Education		
Curriculum and Instruction Kathryn Pole	Assistant Professor	Associate Professor (T)
Educational Leadership and Policy Studies Yi Zhang	Assistant Professor	Associate Professor (T)
College of Engineering		
Bioengineering Yi Hong	Assistant Professor	Associate Professor (T)
Civil Engineering Kathleen Smits	New Hire	Associate Professor (T)
Mechanical and Aerospace Engineering Animesh Chakravarthy Endel larve	New Hire Professor	Associate Professor (T) Professor (T)

College, Department, and Name	From	To
College of Liberal Arts		
Art and Art History		
Changhee Chun	New Hire	Professor (T)
Benjamin Dolezal	Assistant Professor	Associate Professor (T)
Sedrick Huckaby	Assistant Professor	Associate Professor (T)
Communication		
Dustin Harp	Assistant Professor	Associate Professor (T)
History		
Jerome Rodnitzky	Professor (T)	Professor Emeritus
Music		
Jack Unzicker	Assistant Professor	Associate Professor (T)
Sociology and Anthropology		
David Arditi	Assistant Professor	Associate Professor (T)
Linda Rouse	Associate Professor (T)	Associate Professor Emeritus
Amy Speier	Assistant Professor	Associate Professor (T)
Theatre Arts		
Ann Healy	Assistant Professor	Associate Professor (T)
College of Nursing and Health Innovation		
Kinesiology		
Priscila Cacola	Assistant Professor	Associate Professor (T)
Jingson Zhou	New Hire	Professor (T)
Nursing		
Cheryl Anderson	Associate Professor (T)	Associate Professor Emeritus
Anne Bavier	Professor (T)	Professor Emeritus
Judy LeFlore	Professor (T)	Professor Emeritus
Barbara Raudonis	Associate Professor (T)	Associate Professor Emeritus
College of Science		
Biology		
Todd Castoe	Assistant Professor	Associate Professor (T)
Matthew Fujita	Assistant Professor	Associate Professor (T)
Matthew Walsh	Assistant Professor	Associate Professor (T)
Chemistry		
Saiful Chowdhury	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Mathematics Chien-Pai Han	Professor (T)	Professor Emeritus
Physics Joseph Ngai	Assistant Professor	Associate Professor (T)
School of Social Work		
Social Work Rebecca Hegar	Professor (T)	Professor Emeritus
Teresa McIntyre	New Hire	Professor (T)

- 17. Request for Budget Change - U. T. Arlington: Transfer \$26,158,500 from Debt Reserve to Debt Service Payment (RBC No. 9205) -- amendment to the 2017-2018 budget

- 18. Employment Agreement - U. T. Arlington: Approval of terms of Employment Agreement for new Head Men's Basketball Coach Christopher Ogden

The following Head Men's Basketball Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs 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 Christopher Ogden will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Arlington is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Arlington (*Regents' Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal.

Item: Head Men's Basketball Coach Agreement for Christopher Ogden

Proposed: **Guaranteed compensation:**

Annual Salary: \$400,000 annually for five years

Automobile: courtesy automobile from a local dealership

Spousal Travel: reimbursement for reasonable travel expenses to official activities approved by the Athletics Director

Moving Expenses: reimbursement for reasonable relocation expenses for a maximum amount of \$12,500

Tickets: eight (8) tickets for all Men's Basketball home games, regular season and postseason tournaments

Nonguaranteed compensation:

Sports Camps and Clinics: percentage of net proceeds to be determined by the Athletic Director

Incentives:

Team performance incentives: maximum of \$50,000 annually

Team academic performance Incentives: maximum of \$10,000 annually

Sunbelt Conference Coach of the Year: \$5,000 annually

Description: Agreement for employment of Head Men's Basketball Coach Christopher Ogden

Source of Funds: Intercollegiate Athletics

Period: April 6, 2018 through April 5, 2023

19. Employment Agreement - U. T. Arlington: Approval of amendment to terms of Employment Agreement for Head Women's Basketball Coach Krista Gerlich

The following Head Women's Basketball Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs 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 Krista Gerlich will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Arlington is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Arlington (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal.

Item: Head Women's Basketball Coach Agreement for Krista Gerlich

Proposed: **Guaranteed compensation:**

Annual Salary:

FY 2018-19: \$250,000 annually

FY 2019-20: \$275,000 annually

FY 2020-21: \$300,000 annually

FY 2021-22: \$325,000 annually

Automobile: courtesy automobile from a local dealership

Nonguaranteed compensation:

Sports Camps and Clinics: percentage of net proceeds determined by Athletic Director

Incentives:

Team performance incentives: maximum of \$11,000 annually

Team academic performance Incentives: maximum of \$17,000 annually

Sunbelt Conference Coach of the Year: \$5,000 annually

Description: Agreement for employment of Head Women's Basketball Coach Krista Gerlich

Source of Funds: Intercollegiate Athletics

Period: September 1, 2018 through August 31, 2022

20. Contract (funds coming in) - U. T. Austin: Amendment 1 to Master Physician Services Agreement with Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Pediatric Surgical Subspecialists (dba Pediatric Specialty Services), Seton Family of Doctors, and 'Specially for Children Children's Hospital Subspecialists of Central Texas related to the provision of clinical and related administrative services

Agency: Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Pediatric Surgical Subspecialists (dba Pediatric Specialty Services), Seton Family of Doctors, and 'Specially for Children Children's Hospital Subspecialists of Central Texas (collectively, "Seton 162b Entities")

Funds: \$5,276,000 in the next year for the current clinical services provided

Period: Initial one-year term beginning March 1, 2017, with renewal periods of 12 months each, unless terminated earlier

Description: Amendment to Master Physician Services Agreement (“Master PSA”) approved by the Board on May 10, 2017, under which certain U. T. Austin Dell Medical School physician employees provide clinical inpatient and outpatient services and related clinical administrative services for Seton 162b Entities at facilities owned and operated by, or affiliated with, Seton Family of Hospitals. The Amendment includes a number of minor language adjustments to the Master PSA to allow for preparation of a master chart that lists all of the physicians, and associated payment amounts, covered by the Master PSA. Section 4.3 (Termination Without Cause) has been revised to contemplate termination of individual physicians from the Master PSA. Section 7.3 (No Referral) has been revised to more current regulatory language used by the parties in other agreements. Finally, the exhibits have been updated as necessary to implement the changes.

21. Contract (funds coming in) - U. T. Austin: Haza Foods, LLC (dba Wendy’s) to provide food at Jester Dormitory

Agency: Haza Foods, LLC, dba Wendy’s

Funds: Based on anticipated sales, the estimated but unspecified total value of the contract is \$9,000,000 for the potential 5-year term

Period: Initial Term: June 1, 2018 through May 31, 2022

Potential Extension Term: June 1, 2022 through May 31, 2023

Description: Haza Foods, LLC dba Wendy’s to provide Wendy’s brand high-quality, cost-effective food and nonalcoholic beverages at the Jester Dormitory food service location. U. T. Austin will receive 16.5% of adjusted gross revenue as compensation under the contract. U. T. Austin awarded this Food Services Agreement as the result of a competitive process.

Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food services provider should be selected by the institution.

22. Contract (funds coming in and going out) - U. T. Austin: Trilogy Education Services, Inc. to provide instructor, curricula, and related services to the Center for Professional Education (CPE) (Deferred)

Agency: Trilogy Education Services, Inc.

Funds: Funds coming in: \$3,748,980
Funds going out: \$14,995,920

Period: April 1, 2018 through March 31, 2021 (or later to allow existing students to complete withdraw, or otherwise terminate courses)

Description: U. T. Austin's Center for Professional Education (CPE) is expanding its programmatic portfolio to reach a broader professional audience in the high-tech industry and to provide its technical workforce with the skills necessary to successfully compete in the job market. This collaboration between CPE and Trilogy, which includes revenue sharing, will allow Trilogy to provide the instructors, curricula, and related services necessary for CPE to offer noncredit, non-degree, continuing education courses to include Computer Coding, User Experience/User Interface (UX/UI), Cybersecurity, and IT Project Management.

The total value of the contract is \$17,744,900 with U.T. Austin receiving 20% of the revenue for presenting the classes, and Trilogy receiving 80% of the revenue. This agreement was procured through an exclusive acquisition justification.

23. Contract (funds going out) - U. T. Austin: O'Connell Robertson, Inc. to provide professional engineering and architectural services

Agency: O'Connell Robertson, Inc.

Funds: Expected to exceed \$2,500,000 over the maximum six-year contract period.

Period: June 1, 2017 through May 31, 2019 (one-year contract with option to renew for up to five additional one-year periods; the first renewal option has been exercised). Contract is being brought forward for Board approval as expenditures are expected to exceed the \$2,500,000 threshold.

Description: O'Connell Robertson, Inc. to perform professional engineering and architectural services with projects varying in scope and size. Separate service agreements will be executed for individual projects. O'Connell Robertson was selected through a publicly advertised competitive request for qualifications process.

24. Contract (funds going out) - U. T. Austin: BSA LifeStructures, Inc. to provide professional engineering and architectural services

Agency: BSA LifeStructures, Inc.

Funds: Expected to exceed \$2,500,000 over the maximum six-year contract period.

Period: June 1, 2017 through May 31, 2019 (one-year contract with option to renew for up to five additional one-year periods; the first renewal option has been exercised). Contract is being brought forward for Board approval as expenditures are expected to exceed the \$2,500,000 threshold.

Description: BSA LifeStructures, Inc. to perform professional engineering and architectural services with projects varying in scope and size. Separate service agreements will be executed for individual projects. BSA LifeStructures was selected through a publicly advertised competitive request for qualifications process.

25. Contract (funds going out) - U. T. Austin: M. Arthur Gensler, Jr. & Associates, Inc. to provide professional engineering and architectural services

Agency: M. Arthur Gensler, Jr. & Associates, Inc. (Gensler)

Funds: Expected to exceed \$2,500,000 over the maximum six-year contract period

Period: December 1, 2017 through November 30, 2018 (one-year contract with option to renew for up to five additional one-year periods). Contract is being brought forward for Board approval as expenditures are expected to exceed the \$2,500,000 threshold.

Description: M. Arthur Gensler, Jr. & Associates, Inc. to perform professional engineering and architectural services with projects varying in scope and size. Separate service agreements will be executed for individual projects. Gensler was selected through a publicly advertised competitive request for qualifications process.

26. Contract (funds going out) - U. T. Austin: American Servco, Inc. to provide cleaning custodial services

Agency: American Servco, Inc.

Funds: The Contract Amount will not exceed \$13,530,000 through the life of the agreement including all renewals.

Period: July 2, 2018 through July 31, 2023, for the initial term, with up to two, one-year renewal options.

Description: American Servco, Inc. to provide daily facility cleaning services, special event cleaning services, and game day stadium cleaning custodial services at U. T. Austin Intercollegiate Athletics facilities and locations. The contract was procured by means of a Request for Proposal.

27. Disclosure Report for the Record - U. T. Austin: WERQ Leadership Services, LLC to provide leadership training

Agency: WERQ Leadership Services, LLC

Funds: \$3,000

Period: Training to be provided on August 20, 2018

Description: WERQ Leadership Services, LLC will provide a half-day session in leadership and culture enhancement for modern business to the Red McCombs School of Business, Texas BBA Community Values program staff. While, the contract does not require Board approval as it falls within U. T. Austin’s delegated authority, it is included in the Consent Agenda as a report documenting disclosure by Regent Hicks of a financial interest in WERQ Leadership Services, LLC.

28. Request for Budget Change - U. T. Austin: New Hires with Tenure -- amendment to 2017-2018 budget

The following Requests for Budget Change (RBC) have been administratively approved by 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 \$	
Dell Medical School					
Department of Medicine					
Associate Professor					
Elizabeth Kvale (T)	10/23-8/31	100	12	260,000	9213
Dell Medical School					
Department of Neurology					
Professor					
Ewell S. Roach (T)	5/14-8/31	100	12	300,000	9216
Dell Medical School					
Department of Oncology					
Professor					
William Matsui (T)	6/15-8/31	100	12	425,000	9215

29. Request for Budget Change - U. T. Austin: Approval of Emeritus Titles -- amendment to 2017-2018 budget

David A. Anderson, from Professor to Fred and Emily Marshall Wulff Centennial Chair Emeritus in Law, School of Law (RBC No. 9218) -- amendment to the 2017-2018 budget

Carlton K. Erickson, from Professor to Professor Emeritus, College of Pharmacy (RBC No. 9219) -- amendment to the 2017-2018 budget

Ian F. Hancock, from Professor to Harold C. and Alice T. Nowlin Regents Professor Emeritus in Liberal Arts, Department of Linguistics, College of Liberal Arts (RBC No. 9302) -- amendment to the 2017-2018 budget

Judith H. Langlois, from Professor to Charles and Sarah Seay Professor Emerita in Developmental Psychology, Department of Psychology, College of Liberal Arts (RBC No. 9303) -- amendment to the 2017-2018 budget

Hao Ling, from Professor to L.B. (Preach) Meaders Professor Emeritus in Engineering, Department of Electrical and Computer Engineering, Cockrell School of Engineering (RBC No. 9221) -- amendment to the 2017-2018 budget

James L. Magnuson, from Professor to Mari Sabusawa Michener Regents Chair Fellow Emeritus in Writing, Department of English, College of Liberal Arts (RBC No. 9314) -- amendment to the 2017-2018 budget

Salomon A. Stavchansky, from Professor to Alcon Centennial Professor Emeritus in Pharmacy, College of Pharmacy (RBC No. 9220) -- amendment to the 2017-2018 budget

Olin G. Wellborn, from Professor to William C. Liedtke, Sr. Professor Emeritus in Law, School of Law (RBC No. 9217) -- amendment to the 2017-2018 budget

30. Request for Budget Change - U. T. Austin: New award of tenure and emeritus appointments

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Architecture, School of Architecture Kory Bieg	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
McCombs, School of Business		
Accounting Brian White	Assistant Professor	Associate Professor (T)
Business, Government, and Society John R. Allison	Professor (T)	Professor Emeritus
Information Risk and Operations Management Indranil R. Bardhan	New Hire	Professor (T)
Management Y. Sekou Bermiss James W. Fredrickson	Assistant Professor Professor (T)	Associate Professor (T) Professor Emeritus
Moody College of Communication		
Advertising and Public Relations Joanna M. Sciarrino	New Hire	Professor (T)
Communication Studies Jeffrey Treem	Assistant Professor	Associate Professor (T)
Journalism Mary A. Bock Kathleen O. McElroy	Assistant Professor New Hire	Associate Professor (T) Professor (T)
Radio, Television, and Film Paul J. Raval	Assistant Professor	Associate Professor (T)
College of Education		
Curriculum and Instruction Educational Leadership and Policy David E. Dematthews	New Hire	Associate Professor (T)
Educational Psychology Delida Sanchez	Assistant Professor	Associate Professor (T)
Kinesiology and Health Education Roger Farrar	Professor (T)	Professor Emeritus
Special Education Sarah R. Powell	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Cockrell School of Engineering		
Aerospace Engineering Karen E. Willcox	New Hire	Professor (T)
Biomedical Engineering Ning Jiang Jeanne C. Stachowiak Hsin-Chih Yeh	Assistant Professor Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T) Associate Professor (T)
Civil, Architecture and Environmental Engineering Dan L. Wheat	Associate Professor (T)	Associate Professor Emeritus
Daene C. McKinney Salvatore Salamone Harovel G. Wheat	Professor (T) Assistant Professor Associate Professor (T)	Professor Emeritus Associate Professor (T) Associate Professor Emeritus
Electrical and Computer Engineering Michael F. Becker	Professor (T)	Professor Emeritus
Mechanical Engineering Junmin Wang Guihua Yu	New Hire Assistant Professor	Professor (T) Associate Professor (T)
Petroleum and Geosystems Engineering Zoya Heidari Ryosuke Okuno	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Jackson School of Geosciences		
Geological Sciences Whitney Behr	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
African and African Diaspora Studies Lyndon K. Gill Hershini Young	Assistant Professor New Hire	Associate Professor (T) Professor (T)
Anthropology Courtney Handman	Assistant Professor	Associate Professor (T)
Classics Joseph C. Carter	Professor (T)	Professor Emeritus

College, Department, and Name	From	To
Economics		
Stefano M. Eusepi	New Hire	Associate Professor (T)
Brendan A. Kline	Assistant Professor	Associate Professor (T)
Andreas Mueller	New Hire	Associate Professor (T)
Aysegul Sahin	New Hire	Professor (T)
Haiqing Xu	Assistant Professor	Associate Professor (T)
English		
Larry D. Carver	Professor (T)	Professor Emeritus
Jerome Bump	Professor (T)	Professor Emeritus
Brian Bremen	Associate Professor (T)	Associate Professor Emeritus
French and Italian		
Herve Picherit	Assistant Professor	Associate Professor (T)
Government		
Xiaobo Lu	Assistant Professor	Associate Professor (T)
Zeynep Somer-Topcu	Assistant Professor	Associate Professor (T)
Rachel Wellhausen	Assistant Professor	Associate Professor (T)
Linguistics		
Daniel A. Law	Assistant Professor	Associate Professor (T)
Middle Eastern Studies		
Jo Ann Hackett	Professor (T)	Professor Emerita
Sociology		
Jacob E. Cheadle	New Hire	Professor (T)
Bridget J. Goosby	New Hire	Professor (T)
Ken-Hou Lin	Assistant Professor	Associate Professor (T)
Harel Shapira	Assistant Professor	Associate Professor (T)
Spanish and Portuguese		
Kelly McDonough	Assistant Professor	Associate Professor (T)
Dell Medical School		
Women's Health		
Cory Zigler	New Hire (joint)	Associate Professor (T)
College of Natural Sciences		
Astronomy		
John H. Lacy	Professor (T)	Professor Emeritus
Chemistry		
Kami Hull	New Hire	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Computer Science Hovav Shacham	New Hire	Professor (T)
Marine Science Andrew J. Esbaugh	Assistant Professor	Associate Professor (T)
Mathematics Bernd Siebert Per-Gunnar J. Martinsson	New Hire New Hire	Professor (T) Professor (T)
Molecular Biosciences Jeffrey E. Barrick	Assistant Professor	Associate Professor (T)
Neuroscience Michael Drew Boris Zemelman	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Nutritional Sciences Stefano Tiziani	Assistant Professor	Associate Professor (T)
Physics Vernita Gordon Keji Lai Peter Onyisi Harry L. Swinney	Assistant Professor Assistant Professor Assistant Professor Professor (T)	Associate Professor (T) Associate Professor (T) Associate Professor (T) Professor Emeritus
Statistics and Data Science Cory Zigler	New Hire (primary)	Associate Professor (T)
School of Nursing Nursing Karen Johnson	Assistant Professor	Associate Professor (T)
College of Pharmacy Pharmacy Kimberly Nixon	New Hire	Associate Professor (T)
Lyndon B. Johnson School of Public Affairs Public Affairs Donald Kettl	New Hire	Professor (T)
School of Social Work Social Work Yessenia Castro Jane A. Kretzschmar	Assistant Professor Clinical Professor	Associate Professor (T) Clinical Professor Emerita

31. Request for Budget Change - U. T. Austin: Transfer \$5,750,000 from Vice President Business Affairs – University Budget Council Commitments AUF Funds to Project Management and Construction Services – Main Non-Tower Roofs Replacement for roof replacement, waterproofing of the terrace, and installing permanent ramps to the Main Non-Tower building (RBC No. 9277) -- amendment to the 2017-2018 budget
32. Lease - U. T. Austin: Authorization to lease approximately 266.11 acres of land and improvements located at and near 1995 East Mount Gainor Road, Dripping Springs, Hays County, Texas, from The University of Texas Foundation, for research, educational, and related uses by Jackson School of Geosciences

Description: Lease of approximately 266.11 acres of land and improvements located at and near 1995 East Mount Gainor Road, Dripping Springs, Hays County, Texas, and located approximately 30 miles away from U. T. Austin's campus, from The University of Texas Foundation, for research, educational, and related uses. Improvements include various outbuildings, fencing, a windmill, water wells, and a pump house.

Lessor: The University of Texas Foundation, a Texas nonprofit corporation

Lease Term: The initial lease term is for 20 years. U. T. Austin will have options to renew the lease for four additional 20-year periods.

Lease Value: The property will be donated to The University of Texas Foundation, which will lease the property to The University of Texas at Austin for a 20-year term at a lease rate of \$1,000 per year with 2% annual escalations, plus additional consideration of approximately \$45,000 as reimbursement for Landlord's due diligence expenses. U. T. Austin will pay all operating and maintenance expenses, which are initially estimated to be up to \$10,000 annually.

Intended Use: The property will be used for research, educational, and related purposes to benefit U. T. Austin's Jackson School of Geosciences. The donation and lease will include a provision that, in the event the property ceases to be used for its intended purpose, the property may be sold, and the proceeds divided equally between the Hydrology and Hydrogeology Excellence Fund in the Jackson School of Geosciences and the Dianne and Leslie White Endowed Scholarship in the Steve Hicks School of Social Work.

Total Cost: Estimated at \$6,430,110 over 100 years

33. Contract (funds going out) - U. T. Dallas: Apogee Telecom, Inc. to provide networking services for campus residence halls and apartments

Agency: Apogee Telecom, Inc.

Funds: Approximately \$13,155,633 over a 10-year period

Period: June 1, 2018 through May 30, 2023, with a five-year renewal for the period from June 1, 2023 through May 30, 2028

Description: The agreement secures internet, telephone, and television services for U. T. Dallas' housing and residence life buildings. U. T. Arlington issued and awarded competitive RFP No. 2015-008 resulting in the agreement with Apogee Telecom, Inc., which was approved by the Board on May 12, 2016. The RFP included section 1.5 Group Purchasing Authority, allowing U. T. institutions to utilize the U. T. Arlington procurement and resulting agreement. Several other U. T. institutions have implemented Apogee services under the U. T. Arlington agreement. The U. T. Arlington RFP addressed specific collective requirements of internet, telephone, and television services for residential halls at U. T. institutions.

The services are being secured through a group purchasing organization (GPO) in accordance with U. T. System and U. T. Dallas purchasing procedures. The procurement documentation was approved by U. T. Dallas' Purchasing Office and documents U. T. Dallas' compliance with the best value requirements in *Texas Education Code* Section 51.9335.

34. Request for Budget Change - U. T. Dallas: New award of tenure and emeritus appointments

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution 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		
Film		
Shilyh Warren	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
School of Arts, Technology, and Emerging Communication		
ATEC		
xtine burrough	Associate Professor	Associate Professor (T)
School of Behavioral and Brain Sciences		
Cognition and Neuroscience		
Chandramallika Basak	Assistant Professor	Associate Professor (T)
Kristen Kennedy	Assistant Professor	Associate Professor (T)
Karen Rodrigue	Assistant Professor	Associate Professor (T)
Communication Science		
Raul Rojas	Assistant Professor	Associate Professor (T)
Andrea Warner-Czyz	Assistant Professor	Associate Professor (T)
School of Economic, Political and Policy Sciences		
Economics		
Asli Leblebicioglu	Assistant Professor	Associate Professor (T)
Victor Valcarcel	Associate Professor	Associate Professor (T)
Political Science		
Anthony Champagne	Professor (T)	Professor Emeritus
Erik Jonsson School of Engineering and Computer Science		
Computer Science		
Alvero Cardenas	Assistant Professor	Associate Professor (T)
Ryan McMahan	Assistant Professor	Associate Professor (T)
Materials Science		
Chadwin Young	Assistant Professor	Associate Professor (T)
Mechanical Engineering		
William Anderson	Assistant Professor	Associate Professor (T)
Majid Minary	Assistant Professor	Associate Professor (T)
Yonas Tadesse	Assistant Professor	Associate Professor (T)
Naveen Jindal School of Management		
Accounting		
Stanimir Markov	New Hire	Professor (T)
Finance		
Jun Li	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Information Systems Atanu Lahiri	Assistant Professor	Associate Professor (T)
Operations Management Bin Hu	New Hire	Associate Professor (T)
School of Natural Sciences and Mathematics		
Biological Sciences Kelli Palmer	Assistant Professor	Associate Professor (T)
Chemistry and Biochemistry Ronald Smaldone	Assistant Professor	Associate Professor (T)
Geosciences George McMechan	Professor (T)	Professor Emeritus
Physics Lunjin Chen	Assistant Professor	Associate Professor (T)
Fabiano Rodrigues	Assistant Professor	Associate Professor (T)

35. Request for Budget Change - U. T. El Paso: New Hires with Tenure -- amendment to 2017-2018 budget

The following Requests for Budget Change (RBC) have been administratively approved by 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 Education					
Dean's Office and Educational Leadership and Foundations Dean and Professor Clifton Tanabe (T)	7/1-8/31	100	12 09	200,000 110,000	9263
College of Liberal Arts					
Dean's Office and Sociology and Anthropology Dean and Professor Dennis O'Hearn (T)	7/1-8/31	100	12 09	220,000 150,000	9264

36. 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 Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Business Administration		
Accounting and Information Systems		
Richard A. Cazier	Assistant Professor	Associate Professor (T)
College of Education		
Teacher Education		
Song A. An	Assistant Professor	Associate Professor (T)
Katherine S. Mortimer	Assistant Professor	Associate Professor (T)
Daniel A. Tillman	Assistant Professor	Associate Professor (T)
College of Engineering		
Civil Engineering		
Reza Salehi-Ashtiani	Assistant Professor	Associate Professor (T)
Mechanical Engineering		
Calvin M. Stewart	Assistant Professor	Associate Professor (T)
College of Health Sciences		
Kinesiology		
Sudip Bajpeyi	Assistant Professor	Associate Professor (T)
Public Health Sciences		
Thenral D. Mangadu	Assistant Professor	Associate Professor (T)
Social Work		
Yok-Fong Paat	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
English		
Lucia Dura	Assistant Professor	Associate Professor (T)
History		
Michelle Armstrong-Partida	Assistant Professor	Associate Professor (T)
Master of Public Administration		
Daniel Staton Scheller	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Philosophy Caroline T. Arruda	Assistant Professor	Associate Professor (T)
Sociology and Anthropology Ophra Leyser-Whalen	Assistant Professor	Associate Professor (T)
College of Science		
Biological Sciences Giulio Francia	Assistant Professor	Associate Professor (T)
Charles T. Spencer	Assistant Professor	Associate Professor (T)

37. Employment Agreement - U. T. El Paso: Approval of terms of Employment Agreement for new Athletic Director James Senter

The following Athletic Director Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs 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 James Senter will be in excess of \$1 million. Such employment under the Agreement is subject to 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 (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal.

Item: Athletics Director Agreement for James Senter

Proposed: **Guaranteed compensation:**

Annual Salary:

December 11, 2017 - August 31, 2018: \$300,000 annually (prorated)

FY 2018-19: \$300,000 annually*

FY 2019-20: \$300,000 annually*

FY 2020-21: \$300,000 annually*

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

Automobile: one dealer car and \$400 monthly second car allowance

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 Base Annual Salary
- (b) Each contract year in which the University Football team participates in a BCS (Bowl Championship Series) Bowl Appearance - Two months Base Annual Salary
- (c) Each contract year in which the Men's Basketball team participates in the NCAA Basketball (Men) Tournament Appearance - One month Base Annual Salary
- (d) Each contract year in which the Women's Basketball team participates in the NCAA Basketball (Women) Tournament Appearance - One month Base Annual 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 Base Annual 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 Base Annual 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 weeks Base Annual Salary
- (c) Each contract year in which the Annual Fall/Spring cumulative GPA of the women's teams exceed 3.0 - Two weeks Base Annual Salary

National Athletic Director of the Year: One month Base Annual Salary

Season Ticket Sales increase of 15% over previous year in the sport of football, men's basketball, or women's basketball - Two weeks Base Annual Salary

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

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

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

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

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

Description: Agreement for employment of James Senter as Athletics Director. Approved pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a).

Source of Funds: Intercollegiate Athletics

Period: December 11, 2017 through August 31, 2021

38. Employment Agreement - U. T. El Paso: Approval of terms of Employment Agreement for new Head Football Coach Dana Dimel

The following Head Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs 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 Dana Dimel will be in excess of \$1 million. Such employment under the Agreement is subject to 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 (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal.

Item: Head Football Coach Agreement for Dana Dimel

Proposed: **Guaranteed compensation:**

Annual Salary:

December 27, 2017 - January 31, 2018: \$700,000 annually (prorated)

February 1, 2018 - January 31, 2019: \$700,000 annually*

February 1, 2019 - January 31, 2020: \$700,000 annually*

February 1, 2020 - January 31, 2021: \$700,000 annually*

February 1, 2021 - January 31, 2022: \$700,000 annually*

February 1, 2022 - January 31, 2023: \$700,000 annually*

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

Automobile: one dealer car

Social club membership: One full membership to either El Paso Country Club or Coronado Country Club

Tickets: Ten tickets for each home game played at University

Relocation, temporary lodging and moving expenses: Coach may be reimbursed an amount not to exceed \$30,000

Retention Bonus upon continued employment as Head Coach at the conclusion of the final game of the 2021 regular season - \$75,000

Nonguaranteed compensation:

Sports Camps and Clinics: Coach will be paid a percentage of the net proceeds for each camp.

Incentives:

Team performance incentives: maximum of \$333,333 annually

(a) C-USA Western Division Championship - One month Base Annual Salary

(b) C-USA Champion - One month Base Annual Salary

(c) NCAA National Championship - \$100,000

(d) NCAA Post-Season Bowl Game Appearance - One month Base Annual Salary

(e) NY6 Bowl Game Appearance or College Football Playoff (CFP) Appearance - One month Base Annual Salary

Team academic performance Incentives: maximum of \$175,000 annually

(a) Single-year Annual Academic Progress Report (APR)

Published (MAAC Report) score of 960-969 = \$5,000,

970-984 = \$7,500, 985 or higher - One month Base Annual Salary

- (b) Annual cumulative Grade Point Average (GPA) for football team players for Spring and Fall academic terms of 3.0 or above - One month Base Annual Salary
- (c) Annual cumulative graduate rate of scholarship football team players who have exhausted their eligibility greater than 80% - One month Base Annual Salary

National Coach of the Year: Two months Base Annual Salary
C-USA Coach of the Year Award: One month Base Annual Salary

Football Season Tickets sales increase of 25% or more over previous year's sales - Two weeks Base Annual Salary

Football Home Game attendance at the Sun Bowl Stadium increase 20% or more over previous year's attendance - Two weeks Base Annual Salary

Description: Agreement for employment of Dana Dimel as Head Football Coach. Approved pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a).

Source of Funds: Intercollegiate Athletics

Period: December 27, 2017 through January 31, 2023

39. Employment Agreement - U. T. El Paso: Approval of terms of Employment Agreement for new Head Men's Basketball Coach Rodney Terry

The following Head Men's Basketball Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs 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 Rodney Terry will be in excess of \$1 million. Such employment under the Agreement is subject to 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 (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal.

Item: Head Men's Basketball Coach Agreement for Rodney Terry

Proposed: **Guaranteed compensation:**

Annual Salary:

March 12, 2018 - August 31, 2018: \$325,000 annually (prorated)

FY 2018-19: \$725,000 annually*

FY 2019-20: \$725,000 annually*

FY 2020-21: \$725,000 annually*

FY 2021-22: \$725,000 annually*

FY 2022-23: \$725,000 annually*

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

Automobile: one dealer car

Social club membership: El Paso Country Club and Coronado Country Club

Nonguaranteed compensation:

Sports Camps and Clinics: Coach will be paid a percentage of the net proceeds from each camp.

Incentives:

Team performance incentives: maximum of \$856,250 annually

- (1) Conference USA Regular Season Championship - One month Base Annual Salary
- (2) Conference USA Tournament Championship - One month Base Annual Salary
- (3) Pre-Season National Invitation Tournament (NIT) Tournament Championship - One month Base Annual Salary
- (4) NIT Tournament Appearance - \$10,000
- (5) NIT Win (per victory) - \$5,000
- (6) NIT Championship - One month Base Annual Salary
- (7) NCAA Tournament First Four Appearances - \$25,000
- (8) NCAA Tournament 1st round victory - \$25,000
- (9) NCAA Tournament 2nd round victory - \$50,000
- (10) NCAA Tournament Sweet 16 victory - \$75,000
- (11) NCAA Tournament Elite 8 victory - \$100,000
- (12) NCAA Final Four victory - \$150,000
- (13) NCAA Championship - \$250,000

Team academic performance Incentives: maximum of \$100,417 annually

- (1) Annual Academic Progress Report (APR) Published (MAAC Report)
 - (a) For the 2018 academic term, noncumulative as follows:
 - (i) A score of 940 or above - \$10,000 or;
 - (ii) A score of 950 or above - \$20,000 or;
 - (iii) A score of 960 or above - \$25,000 or;

- (iv) A score of 970 or above - \$30,000 or;
- (v) A score of 975 or above - \$35,000

(b) For the 2019 academic term, noncumulative as follows:

- (i) A score of 950 or above - \$20,000 or;
- (ii) A score of 960 or above - \$25,000 or;
- (iii) A score of 970 or above - \$30,000 or;
- (iv) A score of 975 or above - \$35,000

(c) For the 2020 academic term, noncumulative as follows:

- (i) A score of 950 or above - \$20,000 or;
- (ii) A score of 960 or above - \$25,000 or;
- (iii) A score of 970 or above - \$30,000 or;
- (iv) A score of 975 or above - \$35,000

(d) For the 2021 academic term and thereafter, a score of 975 or above - One month Base Annual Salary

(2) Team cumulative Grade Point Average (GPA) for the Academic Calendar Year, noncumulative as follows:

- (a) A minimum GPA of 2.6 - \$10,000 or;
- (b) A GPA of 2.7 - \$17,500 or;
- (c) A GPA of 2.8 - \$27,500 or;
- (d) A GPA of 2.9 - \$32,500 or;
- (e) A GPA of 3.0 or above - \$40,000

Conference USA Coach of the Year: One week Base Annual Salary

National Coach of the Year (coaches poll): Two weeks Base Annual Salary

Finish in the Top 25 in National Poll: One month Base Annual Salary

An increase in paid season tickets of twenty percent (20%) or more over the immediately preceding Men's Basketball season as reported by the Miner Athletics Season Ticket Office's Season Ticket Audit Report - One week Base Annual Salary

Description: Agreement for employment of Rodney Terry as Head Men's Basketball Coach. Approved pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a).

Source of Funds: Intercollegiate Athletics

Period: March 12, 2018 through August 31, 2023

40. Request for Budget Change - U. T. Permian Basin: New award of tenure and emeritus appointments

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution 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 Donald Allen	Professor (T)	Professor Emeritus
Department of Physical Sciences Emilio Mutis	Professor (T)	Professor Emeritus
Department of Literature and Languages Rhina Toruño	Professor (T)	Professor Emeritus
Academic Affairs Steve Wilson	New Hire	Associate Professor (T)
Chemistry Milka Montes	Assistant Professor	Associate Professor (T)
Kinesiology David Morris	Assistant Professor	Associate Professor (T)
Music Frank Eychaner	Associate Professor	Associate Professor (T)
College of Business		
Finance Steve Beach	New Hire	Professor (T)
Accounting Carol Sullivan	Associate Professor	Associate Professor (T)
College of Education		
Educational Leadership Kevin Badgett	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Engineering		
Mechanical Engineering George Nnanna	New Hire	Professor (T)
Petroleum Engineering Ahmed Kamel	Associate Professor	Associate Professor (T)
College of Nursing		
Nursing Dorothy Jackson	Associate Professor	Professor (T)

41. Request for Budget Change - U. T. Rio Grande Valley: New Hire with Tenure -- amendment to the 2017-2018 budget

The following Request for Budget Change (RBC) has been administratively approved by 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 \$	
Robert C. Vackar College of Business and Entrepreneurship Department of Management Professor Yash P. Gupta (T)	8/1-8/31	100	12	280,000	9301

42. Request for Budget Change - U. T. Rio Grande Valley: New award of tenure and emeritus appointments

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
Robert C. Vackar College of Business and Entrepreneurship		
Information Systems Nan Xiao	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Management Wanrong Hou	Assistant Professor	Associate Professor (T)
Marketing Sharon Schembri	Assistant Professor	Associate Professor (T)
Vackar College of Business and Entrepreneurship Arjun J. Singh	New Hire	Professor (T)
College of Education and P-16 Integration		
Counseling Lionel Javier Cavazos	Assistant Professor	Associate Professor (T)
Eunice Lerma	Assistant Professor	Associate Professor (T)
Suzanne Maniss	New Hire	Associate Professor (T)
Human Development and School Services Irasema Gonzalez	Assistant Professor	Associate Professor (T)
Organization and School Leadership Roberto A. Peña	New Hire	Associate Professor (T)
Teaching and Learning Ming-Tsan Lu	Assistant Professor	Associate Professor (T)
College of Fine Arts		
School of Art Constance Cortez	New Hire	Professor (T)
School of Music Krista Jobson	Assistant Professor	Associate Professor (T)
Theatre Peter Mikolasky	Assistant Professor	Associate Professor (T)
Jennifer Saxton	Assistant Professor	Associate Professor (T)
College of Health Affairs		
Communication Sciences and Disorders Ruth Crutchfield	Assistant Professor	Associate Professor (T)
Health and Biomedical Sciences Jameela Banu	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Health and Human Performance Soojin Yoo	Assistant Professor	Associate Professor (T)
Social Work Denise Longoria	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
Criminal Justice Gordon Crews	New Hire	Professor (T)
Literatures and Culture Studies Irina Armianu	Assistant Professor	Associate Professor (T)
Political Science Paul Jorgensen Nicholas Kiersey Glynn Morgan Gary Mounce	Assistant Professor New Hire Associate Professor (T) Associate Professor (T)	Associate Professor (T) Professor (T) Professor Emeritus Professor Emeritus
Psychological Science Alfonso Mercado Jason Popan	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
School of Interdisciplinary Programs and Community Engagement Maritza De La Trinidad	Assistant Professor	Associate Professor (T)
Sociology and Anthropology Anthony Zavaleta	Professor (T)	Professor Emeritus
School of Medicine		
Human Genetics John Blangero Joanne Curran Ravindranath Duggirala Harald Goring Michael Mahaney John VandeBerg Sarah Williams-Blangero	Professor Professor Professor Professor Professor Professor Professor	Professor (T) Professor (T) Professor (T) Professor (T) Professor (T) Professor (T) Professor (T)
Obstetrics and Gynecology Joseph Ogburn	Professor	Professor (T)
College of Sciences		
Biology Robert Gilkerson	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Chemistry Evangelina Kotsikorou	Assistant Professor	Associate Professor (T)
School of Earth, Environmental and Marine Sciences Alejandro Fierro-Cabo	Assistant Professor	Associate Professor (T)
Owen Temby	New Hire	Associate Professor (T)

43. Gift - U. T. Rio Grande Valley: Authorization to accept a gift of approximately 35 acres of land located near the southwest corner of Haine Drive and VFW Road, Harlingen, Cameron County, Texas, from the South Texas Medical Foundation, for future campus expansion

Description: Gift of approximately 35 acres of land located near the southwest corner of Haine Drive and VFW Road, Harlingen, Cameron County, Texas; and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to acquire the property. The property will be used by U. T. Rio Grande Valley (UTRGV) for medical education and research, and for clinical and/or health related programs, including the construction of a facility for neurosciences. UTRGV must commence construction on the property within 18 months after the effective date of the donation deed, or the donor will have the right to assume ownership of the property. In addition, for 25 years after the effective date of the donation deed, the donor will retain the right to assume ownership of the property if it is not used for the permitted purposes. After the expiration of 25-year period and for an additional 20 years, the donor will have the right of first refusal to purchase the property if UTRGV decides to sell the property. Any proceeds received from such sale or lease will be used for the same alternative purpose as that designated for the gift.

Donor: South Texas Medical Foundation, a Texas nonprofit corporation

Estimated Value: \$1,230,000 (Per independent appraisal prepared by Aguirre & Patterson, Inc., dated May 30, 2018)

44. Contract (funds going out) - U. T. San Antonio: Apogee Telecom, Inc. to install updated wired cable and network services

Agency: Apogee Telecom, Inc.

Funds: \$8,403,785 for the entire term, including all renewal terms. The monthly cost is \$25.56 per resident for 2,298 residents in year 1 and escalated 3.85% each year thereafter.

Period: Initial Term: Five years beginning on May 15, 2018
Renewal Term(s): U. T. San Antonio will have the option to renew this agreement for one additional five-year term.

Description: The agreement secures internet, telephone, and television services for U. T. San Antonio's housing and residence life buildings. U. T. Arlington issued and awarded competitive RFP No. 2015-008 resulting in the agreement with Apogee Telecom, Inc., which was approved by the Board on May 12, 2016. The RFP included section 1.5 Group Purchasing Authority, allowing U. T. institutions to utilize the U. T. Arlington procurement and resulting agreement. Several other U. T. institutions have implemented Apogee services under the U. T. Arlington agreement. The U. T. Arlington RFP addressed specific collective requirements of internet, telephone, and television services for residential halls at U. T. institutions.

The services are being secured through a group purchasing organization (GPO) in accordance with U. T. System and U. T. San Antonio purchasing procedures. The procurement documentation was approved by U. T. San Antonio's Purchasing Office and documents U. T. San Antonio's compliance with the best value requirements in *Texas Education Code* Section 51.9335.

45. Request for Budget Change - U. T. San Antonio: New award of tenure and emeritus appointments -- amendment to 2017-2018 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2018 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Business		
Department of Information Systems and Cyber Security		
Srinivasan Rao	Professor (T)	Professor Emeritus
College of Engineering		
Department of Biomedical Engineering		
Nehal Abu-Lail	New Hire	Associate Professor (T)
Amina Qutub	New Hire	Associate Professor (T)
College of Liberal and Fine Arts		
Department of Modern Languages and Literatures		
Santiago Daydi-Tolson	Professor (T)	Professor Emeritus
Nathan Richardson	New Hire	Professor (T)
Department of Music		
Diana Allan	Associate Professor (T)	Professor Emeritus
Tracy Cowden	New Hire	Professor (T)
John Silantien	Professor (T)	Professor Emeritus
Department of Psychology		
Kimberly Andrews Espy	New Hire	Professor (T)

46. Request for Budget Change - U. T. San Antonio: New award of tenure and emeritus appointments

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Architecture		
Department of Architecture		
Ian Caine	Assistant Professor	Associate Professor (T)
Angela Lombardi	Assistant Professor	Associate Professor (T)
Antonio Petrov	Assistant Professor	Associate Professor (T)
College of Business		
Department of Information Systems and Cyber Security		
Diane Walz	Professor	Professor Emeritus
Department of Management		
Jonathan Clark	Assistant Professor	Associate Professor (T)
Bruce Rudy	Assistant Professor	Associate Professor (T)
College of Education and Human Development		
Department of Bicultural-Bilingual Studies		
Sonya Aleman	Associate Professor	Associate Professor (T)
Hsuan-hua Huang	Assistant Professor	Associate Professor (T)
Jorge Solis	Assistant Professor	Associate Professor (T)
Department of Educational Leadership and Policy Studies		
Juan Manuel Nino	Assistant Professor	Associate Professor (T)
Department of Educational Psychology		
Nancy Martin	Professor (T)	Professor Emeritus
Department of Interdisciplinary Learning and Teaching		
Vittorio Marone	Assistant Professor	Associate Professor (T)
Department of Kinesiology, Health and Nutrition		
Sakiko Oyama	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
College of Engineering		
Department of Civil and Environmental Engineering Arturo Montoya	Assistant Professor	Associate Professor (T)
Department of Mechanical Engineering Adel Alaeddini	Assistant Professor	Associate Professor (T)
College of Liberal and Fine Arts		
Department of Anthropology Carolyn Ehardt	Professor (T)	Professor Emeritus
Department of Art and Art History Christie Blizard	Assistant Professor	Associate Professor (T)
Kent Rush	Professor (T)	Professor Emeritus
Juliet Wiersema	Assistant Professor	Associate Professor (T)
Department of English Jackie Cuevas	Assistant Professor	Associate Professor (T)
Department of History John Reynolds	Professor (T)	Professor Emeritus
Department of Modern Languages and Literatures Francisco Marcos-Marin	Professor (T)	Professor Emeritus
Department of Political Science and Geography Nazgol Bagheri	Assistant Professor	Associate Professor (T)
Francisco Durand	Professor (T)	Professor Emeritus
Matthias Hofferberth	Assistant Professor	Associate Professor (T)
Department of Psychology Raymond Garza	Professor (T)	Professor Emeritus
College of Science		
Department of Biology Mark Eppinger	Assistant Professor	Associate Professor (T)
Department of Computer Science Matthew Gibson	Assistant Professor	Associate Professor (T)
Abdullah Muzahid	Assistant Professor	Associate Professor (T)
Kay Robbins	Professor (T)	Professor Emeritus
Department of Mathematics Su Liang	Assistant Professor	Associate Professor (T)

47. Request for Budget Change - U. T. Tyler: New award of tenure and emeritus appointments

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
College of Arts and Sciences		
Political Science and History Colin Snider	Assistant Professor	Associate Professor (T)
Social Sciences Marco Castaneda	Assistant Professor	Associate Professor (T)
Luis Gautier	Assistant Professor	Associate Professor (T)
Richard Helfers	Assistant Professor	Associate Professor (T)
Soules College of Business		
Computer Science Robert Schumaker	Associate Professor	Associate Professor (T)
Management and Marketing Gopalakrishna-Remani Venugopal	Assistant Professor	Associate Professor (T)
Human Resource Development Judy Sun	Assistant Professor	Associate Professor (T)
Business Administration Jim Tarter	Professor (T)	Professor Emeritus
College of Education and Psychology		
School of Education Annamary Consalvo	Assistant Professor	Associate Professor (T)
Larry Kraus	Professor (T)	Professor Emeritus
College of Engineering		
Civil Engineering Michael Gangone	Assistant Professor	Associate Professor (T)
Mechanical Engineering Nael Barakat	New Hire	Professor (T)
Thomas Crippen	Professor (T)	Professor Emeritus

College, Department, and Name	From	To
College of Nursing and Health Sciences		
Health and Kinesiology		
Arturo Arce-Esquivel	Assistant Professor	Associate Professor (T)
Fletcher Njororai	Assistant Professor	Associate Professor (T)
School of Nursing		
Jenifer Chilton	Assistant Professor	Associate Professor (T)
Ellen Fineout-Overholt	Professor	Professor (T)
Pamela Martin	Professor (T)	Professor Emeritus

48. Other Matters - U. T. Tyler: Proposal to accept invitation from the Lone Star Conference and to negotiate and finalize terms for athletic conference membership

Authorization is requested for U. T. Tyler to accept an invitation from the Lone Star Conference (LSC) to become a member and to negotiate and finalize terms for athletic conference membership.

Officials of the LSC contacted U. T. Tyler in August 2017, to initiate a discussion about the possibility of U. T. Tyler joining the LSC, should the NCAA approve U. T. Tyler’s Division II application. U. T. Tyler sought application from the NCAA to move from Division III to Division II in February 2018. The NCAA approved the application in July 2018.

President Tidwell and Howard Patterson, Athletic Director at U. T. Tyler, have engaged in several discussions with Carine Feyten, Chairman of the LSC Presidents, regarding U. T. Tyler joining the LSC. The formal invitation to join the LSC as a member was extended on August 18, 2017. U. T. Tyler has been granted a scheduling alliance with the Division III American Southwest Conference (ASC) through the 2018-2019 academic year, but would play a full LSC schedule in 2019-2020.

Current members of the LSC are: Angelo State University, Cameron University, Eastern New Mexico University, Midwestern State University, Tarleton State University, Texas A&M-Commerce, Texas A&M-Kingsville, Texas Woman’s University, U. T. Permian Basin, West Texas A&M, and Western New Mexico.

U. T. Tyler has determined that the LSC is the most suitable conference because all of its member institutions are comprehensive universities and share many of the same opportunities and challenges. The LSC is the most competitive Division II conference in the nation, making it a good fit with U. T. Tyler’s strong history of athletics.

There are no exit fees involved with U. T. Tyler’s departure from the ASC. The LSC has also agreed to waive the entry fee. The annual dues to the LSC will be \$20,000, and will be covered through athletic department funds. The current fee to ASC for 2018-19 is \$20,024.

HEALTH AFFAIRS COMMITTEE

49. Other Fiscal Matters - 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 Chancellor *ad interim* concurs in the recommendation of The University of Texas System Professional Medical Liability Benefit Plan (Plan) Management Committee, chaired by the Vice Chancellor and General Counsel and comprised of the Chair, the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Academic Affairs, after consultation with Milliman, Inc., actuary for the Plan, that:

- a. overall premium rates remain unchanged;
- b. \$6 million in premiums be returned to the participating U. T. institutions based on a methodology that considers each institution's losses; and
- c. \$2.5 million be designated for Health Affairs Collaborative Projects, as identified by the Executive Vice Chancellor for Health Affairs.

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.

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.

In addition to the \$6 million to be distributed to participating institutions, \$2.5 million is recommended for U. T. System efforts in patient safety enhancement through projects identified by the Executive Vice Chancellor for Health Affairs.

The proposed distribution of \$8.5 million is set forth on the following page as Exhibit 1.

Exhibit 1
The University of Texas System Professional Medical Liability Benefit Plan
Proposed Distribution of Plan Returns
 FY 2018

<i>Institution</i>	<i>Premium Paid</i>	<i>Claims Expense</i>	<i>Net Contribution Amount</i>	<i>Rebate based on Net Contribution</i>
	<i>2016-2018</i>	<i>2016-2018</i>		
UT Arlington	6,902	-	6,902	2,307
UT Austin	253,556	114,333	139,223	46,526
UT Dallas	1,596	-	1,596	533
UT El Paso	948	-	948	317
UT Rio Grande Valley	583,557	10,102	573,456	191,639
UT San Antonio	3,834	-	3,834	1,281
UTSWMC	6,781,183	3,310,601	3,470,582	1,159,809
UTMB	4,533,510	1,834,639	2,698,872	901,917
UTHSCH	6,431,720	2,644,790	3,786,930	1,265,527
UTHSCH Medical Foundation	2,664,550	1,095,690	1,568,860	524,286
UTHSCSA	5,061,590	1,292,726	3,768,864	1,259,490
UTMDACC	3,607,782	1,844,872	1,762,910	589,134
UTHSCT	443,852	272,587	171,265	57,234
Subtotal	\$ 30,374,581	\$ 12,420,339	\$ 17,954,242	\$ 6,000,000
Patient Safety Enhancement Projects				\$ 2,500,000
TOTAL PROPOSED DISTRIBUTION				<u>\$ 8,500,000</u>

50. Contract (funds coming in) - U. T. Southwestern Medical Center: Amendment to agreement to provide professional pediatric anesthesiologist services to Anesthesiologists for Children

Agency: Anesthesiologists for Children, a Texas nonprofit corporation

Funds: \$18,754,506

Period: September 1, 2018 through August 31, 2019; seventh amendment to existing contract

Description: U. T. Southwestern Medical Center to provide professional pediatric anesthesiologist services.

51. 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: \$8,940,520

Period: September 1, 2018 through August 31, 2019

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.

52. Contract (funds coming in) - U. T. Southwestern Medical Center: Interagency agreement with the Texas Health and Human Services Commission for participation in Network Access Improvement Program

Agency: Texas Health and Human Services Commission

Funds: \$8,885,461

Period: September 1, 2018 through August 31, 2019

Description: Interagency agreement is for participation in Health and Human Services Commission's Network Access Improvement Program that includes federal matching funds. This program is focused on serving Managed Medicaid patients. U. T. Southwestern Medical Center will receive project payments.

53. Contract (funds going out) - U. T. Southwestern Medical Center: Solid IT Networks, Inc. to provide network equipment and services

Agency: Solid IT Networks, Inc.

Funds: \$6,000,000

Period: June 1, 2018 through May 31, 2024

Description: Solid IT Networks, Inc. to provide Hewlett Packard Enterprise (HPE) Aruba Networks Equipment, software, and licensing on campus.

54. Contract (funds going out) - U. T. Southwestern Medical Center: Sodexo Services of Texas Limited Partnership to provide operation and management of nutrition services

Agency: Sodexo Services of Texas Limited Partnership

Funds: The total cost of services under this agreement, including all renewals, will not exceed \$12,000,000

Period: May 1, 2018 through April 30, 2023; with the option to renew for five additional one-year terms

Description: Sodexo Services of Texas to provide operation and management of hospital nutrition services at University Hospitals and oversee and manage personnel.

55. 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 Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
College of Advanced Imaging Research Center Advanced Imaging Research Center Ian Corbin	Assistant Professor	Associate Professor (T)
College of Children's Research Institute Children's Research Institute Hao Zhu	Assistant Professor	Associate Professor (T)
College of Internal Medicine Internal Medicine Rana Gupta	Assistant Professor	Associate Professor (T)
Vishal Patel	Assistant Professor	Associate Professor (T)
Michael Shilol	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
College of Molecular Genetics Molecular Genetics Arun Radhakrishnan	Assistant Professor	Associate Professor (T)
College of Neuroscience Neuroscience Julian Meeks	Assistant Professor	Associate Professor (T)
College of Obstetrics and Gynecology Obstetrics and Gynecology Xin Liu	Assistant Professor	Associate Professor (T)
College of Physiology Physiology Jen Liou	Assistant Professor	Associate Professor (T)
College of Radiation Oncology Radiation Oncology Kenneth Westover	Assistant Professor	Associate Professor (T)
College of Simmons Comprehensive Cancer Center Simmons Comprehensive Cancer Center Daniel Siegwart	Assistant Professor	Associate Professor (T)

56. Request for Budget Change - U. T. Southwestern Medical Center: Approval of Emeritus Title

James Richardson, from Professor to Professor Emeritus, Department of Pathology in the Medical School (RBC No. 9292) -- amendment to the 2017-2018 budget

57. Lease - U. T. Southwestern Medical Center: Authorization to renew and extend existing lease of approximately 32,286 rentable square feet in an office building, located at 6300 Harry Hines Boulevard, Dallas, Dallas County, Texas, to Children's Medical Center of Dallas

Description: Extension of the term of the existing lease of approximately 32,286 rentable square feet located at 6300 Harry Hines Boulevard, Dallas, Dallas County, Texas, for general office and clinic use.

Lessee: Children's Medical Center of Dallas, a Texas nonprofit corporation

Term: The term of the lease is extended for a five-year and two-month period commencing on December 1, 2018, and continuing through January 31, 2024.

Lease Income: The institution will receive a total of approximately \$2,913,983 in base rent during the extended lease term. The lease is a gross lease, with the institution paying all operating expenses.

58. Lease - U. T. Southwestern Medical Center: Authorization to extend existing lease term of approximately 144,094 square feet of space located at 6300 Harry Hines Boulevard, Dallas, Dallas County, Texas, to Dallas County Hospital District, dba Parkland Health & Hospital System

Description:	Extension of the term of the existing lease of approximately 144,094 rentable square feet located at 6300 Harry Hines Boulevard, Dallas, Dallas County, Texas, for general office and clinic use
Lessee:	Dallas County Hospital District, dba Parkland Health & Hospital System (“Parkland”)
Term:	The term of the lease is extended for a five-year and two-month period commencing on March 1, 2019, and continuing through April 30, 2024.
Lease Income:	The institution will receive a total of approximately \$12,144,794 in base rent during the extended lease term. Parkland will have the right to terminate the lease of 48,139 rentable square feet of space after November 30, 2020, with nine months’ notice and the payment of the unamortized tenant improvement allowance applicable to such space, which, if exercised, will reduce the total base rent. The lease is a gross lease with the institution paying all operating expenses.
Allowance:	The institution will provide Parkland with a Tenant Improvement Allowance of approximately \$792,517 for use in upgrading the premises.

59. Contract (funds coming in and going out) - U. T. Medical Branch - Galveston: Amended and Restated Collaboration and Clinical Services Coordination Agreement with U. T. M. D. Anderson Cancer Center

Agency: U. T. M. D. Anderson Cancer Center

Funds: Undetermined amount

Period: July 6, 2018 through August 31, 2040

Description: This amendment and restatement modifies the Collaboration and Clinical Services Coordination Agreement entered effective September 1, 2015 ("Original Agreement"), which was approved by the Board on August 20, 2015. It expands upon the Original Agreement by providing that U. T. M. D. Anderson Cancer Center appoint and employ certain U. T. Medical Branch - Galveston oncology program faculty and staff to furnish medical oncology, radiation oncology, and gynecological oncology services at the U. T. Medical Branch - Galveston's League City and Galveston campuses. The Amended and Restated Agreement continues to provide for the same joint-governance structure under which the operational agreements specific to the institutional campuses are implemented and monitored.

Although Board approval of this contract is delegated to the institutional presidents by Regents' Rule 10501, Section 2.7, Board approval is sought at the recommendation of outside counsel.

60. Contract (funds going out) - U. T. Medical Branch - Galveston: Berkeley Research Group (BRG) to provide consulting services for high value care delivery implementation

Agency: Berkeley Research Group (BRG)

Funds: \$8,500,000

Period: July 9, 2018 through July 8, 2019

Description: BRG to provide consulting services for high value care delivery implementation. U. T. Medical Branch - Galveston has significant opportunity to improve the performance and efficiency of the delivery of health services. A redesign will focus on workforce management, cost of care, ambulatory network, and portfolio management initiatives to drive margin improvement and process optimization. In May 2018, BRG was retained under a competitive bid process for a limited scope and cost. The resulting findings revealed a significant opportunity for U. T. Medical Branch - Galveston. BRG was selected as the only viable contractor based on best value and specific institutional needs.

61. Request for Budget Change - U. T. Medical Branch - Galveston: New award of tenure and emeritus appointments

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
School of Health Professions		
Department of Respiratory Care Jose D. Rojas	Associate Professor	Associate Professor (T)
School of Medicine		
Department of Surgery V. Suzanne Klimberg	Professor	Professor (T)
Biochemistry and Molecular Biology Muge Kuyumcu-Martinez	Assistant Professor	Associate Professor (T)
Internal Medicine Robin Stephens Richard Goodgame	Associate Professor Professor	Associate Professor (T) Professor Emeritus
Neurology Partha Sarkar	Associate Professor	Associate Professor (T)
Obstetrics and Gynecology Ramkumar Menon	Associate Professor	Associate Professor (T)
Pathology Saravanan Thangamani	Associate Professor	Associate Professor (T)
Preventive Medicine and Community Health Suresh Bhavnani Heidi Spratt	Associate Professor Associate Professor	Professor (T) Associate Professor (T)
Radiation Oncology Brent Parker Todd Swanson	Associate Professor Associate Professor	Associate Professor (T) Associate Professor (T)
Department of Microbiology and Immunology Premkumar Christadoss	Professor	Professor Emeritus

College, Department, and Name	From	To
School of Nursing		
School of Nursing Master's Program		
M. Kathleen Murphy	Professor	Professor (T)
Dean of the School of Nursing		
Deborah Jones	Professor	Professor (T)

62. Lease - U. T. Medical Branch - Galveston: Authorization to renew and extend a lease of approximately 11,040 rentable square feet of space in a building located at 14823 Southwest Freeway, Sugar Land, Fort Bend County, Texas, from Norvin Sugar Land Medical Pavilion, LLC, for clinical use

Description:	Reinstatement, renewal, reduction in size, and extension of the lease of approximately 11,040 rentable square feet located at 14823 Southwest Freeway, Sugar Land, Fort Bend County, Texas, for clinical use
Landlord:	Norvin Sugar Land Medical Pavilion, LLC, a Delaware limited liability company
Term:	The lease commenced on January 1, 2011, but did not require Board authorization at that time. The current lease amendment will extend the term for five years from July 1, 2018, to June 30, 2023, with one five-year option to renew at 95% of fair market value rent.
Rent:	Base Rent, plus estimated operating expenses, totals approximately \$4,237,142 from commencement of the lease through the expiration of the current term and renewal term. The current rent rate starts at \$17.06 per rentable square foot annually and escalates 2.5% per year, plus monthly currently estimated operating expenses of \$5,740, for an estimated total operating expense of \$344,348 during the current five-year term of the lease.
Allowance:	Landlord will provide U. T. Medical Branch with a \$5 per rentable square foot tenant improvement allowance for the space.
Total Cost:	Estimated \$4,237,142 for initial term and all renewal options

63. Lease - U. T. Medical Branch - Galveston: Authorization to extend the lease of approximately 5,038 square feet of space located at 400 West Parkwood Avenue, Friendswood, Galveston County, Texas, from 400 West Parkwood, LTD for medical, clinical, and related uses

- Description: Extend lease of approximately 5,038 square feet of space located at 400 West Parkwood Avenue, Friendswood, Galveston County, Texas, for medical, clinical, and related uses. U. T. Medical Branch - Galveston (UTMB) currently utilizes the space for an eye clinic. The original lease agreement was not previously brought to the Board of Regents for approval due to an inadvertent oversight. The Board of Regents is not being asked to approve the original lease agreement from 2008, nor prior amendments, only this new lease amendment. However, the cost of the original lease agreement and prior amendments when added to this new lease amendment are outside the scope of the institution's delegated authority and the matter is therefore being brought to the Board of Regents for approval.
- Lessor: 400 West Parkwood, LTD, a Texas limited partnership
- Term: The original lease commenced on July 7, 2008. The extended space lease term is for a period of five years commencing on July 7, 2018, and continuing through July 31, 2023, with one option to renew for an additional five-year term.
- Lease Cost: The average annual base rent is \$20.68 per square foot for a total approximate amount of \$520,843 over the initial five-year term. Annual operating expenses are estimated to be \$5.75 per square foot or \$28,968 yearly for the initial extended five-year extension. Base rent for the first year of the option to renew will be \$23.14 per square foot with 1.5% annual increases thereafter.
- UTMB has occupied the space since July 2008, and the base rental, along with the annual operating expenses since that time have been approximately \$1,471,452. The base rent and estimated annual operating expenses for the initial five-year extension, along with the option to renew is an additional cost of approximately \$1,425,976.
- Tenant Improvements: Lessor will install new carpet and tile, and paint the leased premises at Lessor's expense; estimated to be \$40,000.

Total Cost: Total base rent plus operating expenses from lease commencement, assuming the extension option is exercised, is estimated to be \$2,897,428.

64. Lease - U. T. Medical Branch - Galveston: Authorization to combine and extend leases of approximately 6,940 square feet and 5,180 square feet of adjacent space located at 6465 South Shore Blvd League City, Galveston County, Texas, from Lakes Medpro Partners, LLC for medical, clinical and related uses

Description: Extend the term of two adjacent leases of approximately 6,940 square feet and approximately 5,180 square feet of space located at 6465 South Shore Blvd in League City, Galveston County, Texas for clinical and related uses. The combined space will be a total of approximately 12,120 square feet. U. T. Medical Branch Galveston (UTMB) currently utilizes the combined space as a pediatric and adult care location. The original lease agreements did not require Board approval because each was within the institution's delegated authority. The lease amendment is now being brought to the Board of Regents for approval as it combines the space and takes the new space lease outside the scope of that delegated authority.

Lessor: Lakes Medpro Partners, LLC, a Texas limited liability company

Term: The term for the combined lease space commences on June 1, 2018 and continues through May 31, 2023, a period of five years, with two subsequent five-year renewal options.

Lease Cost: The average annual base rent is \$22.97 per square foot for an approximate total amount of \$1,391,820 for the initial extended five-year term. Annual operating expenses are estimated to be \$9.98 per square foot or \$121,000 yearly for the initial five-year extension.

The base rent for each of the additional five-year renewal options is at 95% of the then current market rates and is projected to increase by 3% annually. The total amount for the first renewal is estimated at \$1,613,550 while the second five-year renewal is estimated to be \$1,870,489. Operating expenses are projected to increase approximately 8% every five years.

Tenant Improvements: Lessor to provide a \$12,000 credit of first month's base rent to compensate Tenant for prior improvement costs incurred by UTMB in 2017.

Total Cost: \$6,840,809 base rent and operating expenses for combined space lease, assuming both renewal options are exercised

65. Sale of Surplus Property - U. T. Medical Branch - Galveston: Authorization to sell TomoTherapy TomoHDA Treatment System and TomoMobile Solution - Relocatable Coach

The following sale of surplus property has been administratively approved by the Executive Vice Chancellor for Health Affairs and requires Board of Regents approval to comply with Regents' *Rules and Regulations*, Rule 80201.

Item to be Sold: TomoTherapy TomoHDA Treatment System and TomoMobile Solution - Relocatable Coach previously operated from May 2016 through August 2018 at U. T. Medical Branch - Galveston's (UTMB) League City Campus; TomoTherapy is a type of radiation therapy

Amount: Appraisal has not been performed (not considering the system and trade-in discount, the original cost was \$5,500,000 for the TomoTherapy TomoHDA Treatment System, and \$800,000 for the Refurbished TomoMobile Solution - Relocatable Coach)

Purchaser: To be determined

Explanation: The TomoTherapy TomoHDA Treatment System and TomoMobile Solution - Relocatable Coach were installed at UTMB's League City Campus in May 2016. In September 2015, UTMB entered into a Collaboration and Clinical Services Coordination Agreement with U. T. M. D. Anderson Cancer Center (UTMDACC) to establish a collaborative relationship in which UTMDACC would open and operate an Outpatient Cancer Center at UTMB's League City Campus. Per the agreement, the parties were to develop an Initial Memorandum of Understanding (IMOU) prior to the opening of the Outpatient Cancer Center to avoid duplication of services among other things. As the IMOU developed, it became clear that selling UTMB's equipment to avoid duplication of services would be in the best interest of both parties.

Method of Sale: Competitive bidding process

Authorization: UTMB is requesting that the Board authorize the UTMB Chief Financial Officer to conduct the bidding process and consummate the sale of the TomoTherapy TomoHDA Treatment System and TomoMobile Solution - Relocatable Coach, following review by the U. T. System Office of General Counsel and consultation with the U. T. System Board Office to assure there are no conflicts of interest associated with the purchaser identified through the competitive bidding process.

66. Contract (funds going out) - U. T. Health Science Center - Houston: Signal Perfection, Ltd. to perform audiovisual and teleconferencing infrastructure implementation and support services

Agency: Signal Perfection, Ltd.

Funds: \$9,000,000

Period: April 1, 2018 through April 30, 2024

Description: Signal Perfection, Ltd. to provide audiovisual and teleconferencing infrastructure implementation and support services to update existing classrooms, meeting rooms, and auditoriums. U. T. Health Science Center - Houston competitively procured the services pursuant to a Request for Proposal.

67. Request for Budget Change - U. T. Health Science Center - Houston: New award of tenure and emeritus appointments

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
Cizik School of Nursing		
Nursing Systems Diane Santa Maria	Assistant Professor	Associate Professor (T)
McGovern Medical School		
Advanced Cardiopulmonary Therapies and Transplantation - Surgery Igor D. Gregoric	Professor	Professor (T)
Emergency Medicine Henry E. Wang	New Hire	Professor (T)
Institute of Molecular Medicine - Texas Therapeutics Institute Qingyun Liu	Professor	Professor (T)
Integrative Biology and Pharmacology Ilya Levental	Assistant Professor	Associate Professor (T)
Internal Medicine Siddharth Kumar Prakash	Assistant Professor	Associate Professor (T)
Neurology Jun Li	Associate Professor	Associate Professor (T)
Pediatrics - Research Center Yoshihiro Komatsu	Assistant Professor	Associate Professor (T)
School of Biomedical Informatics		
Xiaoqian Jiang	New Hire	Associate Professor (T)

College, Department, and Name	From	To
School of Dentistry		
Biomedical Sciences		
Junichi Iwata	Assistant Professor	Associate Professor (T)
Periodontics and Dental Hygiene		
Gena D. Tribble	Associate Professor	Associate Professor (T)
Jayne McWherter*	Associate Professor	Associate Professor Emeritus
School of Public Health		
Biostatistics		
Ruoshu Li	Assistant Professor	Associate Professor (T)
Hongyu Miao	Associate Professor	Associate Professor (T)
Epidemiology and Disease Control		
Alan G. Nyitray	Assistant Professor	Associate Professor (T)

*[Note: The title for Dr. McWherter has been corrected above to reflect the appointment as Associate Professor Emeritus rather than Professor Emeritus.]

68. Request for Budget Change - U. T. Health Science Center - Houston: Approval of Emeritus Title

Charles T. Van Buren, M.D., from Professor to Professor Emeritus, Department of Surgery in the McGovern Medical School (RBC No. 9265) -- amendment to the 2017-2018 budget

69. Contract (funds coming in) - U. T. Health Science Center - San Antonio: LC Vending Company to provide snack vending services

Agency: LC Vending Company

Funds: Estimated revenue is \$60,000 per year for an estimated total of \$600,000 for entire contract term with renewals

Period: The term of the contract will be September 1, 2018 through August 31, 2023 with five one-year renewal options

Description: LC Vending Company to provide snack vending services to U. T. Health Science Center - San Antonio's Main and North Campus facilities and various satellite campus sites.

Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food services provider should be selected by the institution.

70. Request for Budget Change - U. T. Health Science Center - San Antonio: New Hires with Tenure -- amendment to the 2017-2018 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Health Professions					
Physical Therapy					
Professor and Chair					
Alexis Ortiz (T)	5/21-8/31	100	12	145,000	9278
School of Nursing					
Office for Faculty Excellence					
Professor and Vice Dean					
Jing Wang (T)	5/1-8/31	100	12	200,000	9279

71. Request for Budget Change - U. T. Health Science Center - San Antonio: New award of tenure and emeritus appointments

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
School of Medicine		
Barshop Institute Adam Salmon	Assistant Professor	Associate Professor (T)
Cell Systems and Anatomy Charleen Moore	Professor (T)	Professor Emeritus
Neurosurgery Alexander Papanastassiou	Assistant Professor	Associate Professor (T)
Ophthalmology Constance Fry	Associate Professor	Professor (T)
Otolaryngology Philip Chen	Assistant Professor	Associate Professor (T)
Psychiatry Jennifer Potter	Associate Professor	Professor (T)
Radiology Achint Singh	Assistant Professor	Associate Professor (T)
School of Dentistry		
Periodontics Yong-Hee Chun	Associate Professor	Associate Professor (T)
School of Nursing		
Office for Faculty Excellence Lisa Cleveland Jing Wang	Assistant Professor New Hire	Associate Professor (T) Professor (T)
School of Health Professions		
Physical Therapy Alexis Ortiz	New Hire	Professor (T) and Chair

72. Request for Budget Change - U. T. M. D. Anderson Cancer Center: Approval of Emeritus Title

Thomas A. Buchholz, from Professor to Professor Emeritus, Department of Radiation Oncology (RBC No. 9287) -- amendment to the 2017-2018 budget

73. Request for Budget Change - U. T. Health Science Center - Tyler: New award of tenure appointments

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2019 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
School of Medical Biological Sciences		
Department of Cellular and Molecular Biology		
Hong-Long Ji	Professor	Professor (T)
Lella Vijaya Mohan Rao	Professor	Professor (T)

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

74. Contract (funds going out) - U. T. System: Bath Commissioning Corporation to perform miscellaneous technical commissioning services

Agency: Bath Commissioning Corporation

Funds: Anticipated total cost may exceed \$1,000,000 over the term of the contract for services provided on an as-needed basis

Period: May 1, 2014 through April 30, 2020
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold.)

Description: Bath Commissioning Corporation to perform miscellaneous technical commissioning services on building equipment and system operations, such as HVAC equipment, for specified performance on a job order basis. Services were competitively procured.

75. Contract (funds going out) - U. T. System: Surveying and Mapping, LLC, to perform professional surveying services

Agency: Surveying and Mapping, LLC

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis

Period: December 2, 2017 through December 1, 2023
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Surveying and Mapping, LLC, to perform professional surveying services on a job order basis. Services were competitively procured.