



**TEXAS TECH UNIVERSITY SYSTEM**

**BOARD OF REGENTS**

**AGENDA BOOK**

**December 12-13, 2019**

BOARD OF REGENTS  
TEXAS TECH UNIVERSITY SYSTEM

AGENDA

December 12-13, 2019

BOARD OF REGENTS

Mr. Christopher M. Huckabee, Chairman

Mr. J. Michael Lewis, Vice Chairman

Mr. Mark Griffin

Mr. Ron Hammonds

Mrs. Ginger Kerrick

Mr. Mickey L. Long

Mr. John D. Steinmetz

Mr. John B. Walker

Mr. Dusty Womble

Mr. Sean Lewis, Student-Regent

Standing Committees:

Academic, Clinical and Student Affairs:

Ginger Kerrick; Sean Lewis; John Steinmetz (Chair); John Walker

Audit:

Ron Hammonds (Chair); Ginger Kerrick; Dusty Womble

Facilities:

Mark Griffin; Ron Hammonds; Mickey Long (Chair)

Finance and Administration:

Mickey Long; John Walker (Chair); Dusty Womble

# **AGENDA**

## Board of Regents Meeting

Lubbock, Texas

December 12-13, 2019

Abbreviated Agenda with Approximate Times\*

**Thursday, December 12, 2019**

### Meeting of the Board

- |          |   |
|----------|---|
| 11:00 am | Call to Order; convene as Meeting of the Board and Committee of the Whole Board<br>Location: Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas    |
| 11:00 am | Executive Session<br>Location: Regents Committee Room (106), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas  |
| 1:00 pm  | Following Executive Session, reconvene into Open Session as Committee of the Whole<br>Location: Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas |
| 1:00 pm  | Recess  |

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\*For general information. All open session meetings of the Board of Regents will take place in the Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas. Any executive session meetings that should occur throughout the day will take place in the Regents Committee Room (106), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas. The times listed are estimates, with periodic recesses. On Thursday, December 12, 2019, the Board will convene as a Meeting of the Board/Committee of the Whole and convene in Executive Session. Upon recess of the Meeting of the Board, committee meetings will be conducted sequentially. Any committee meetings not completed on Thursday, December 12, 2019, will be completed on Friday, December 13, 2019. The last committee meeting of the day on Thursday, December 12, 2019 is expected to adjourn on or before 3:30 pm; however, if needed, the meeting may continue beyond 3:30 pm until completed. The Meeting of the Board will reconvene at 8:30 am on Friday, December 13, 2019. If necessary, the Meeting of the Board will recess after introductions/ recognitions at approximately 9:00 am to conduct any committee meetings which were not concluded on Thursday, December 12, 2019. The Meeting of the Board will reconvene upon adjournment of the any committee meeting(s), if applicable, at approximately 9:30 am to complete the remainder of its business. The Meeting of the Board is expected to adjourn on or before 12:00 pm; however, if needed, the meeting may continue beyond 12:00 pm until completed. The full board agenda is detailed on pages v through xiii. The agenda for each session of the board meeting or a meeting of a committee of the board is detailed behind the appropriate divider tab.

## Board of Regents Meeting

Lubbock, Texas

**December 12-13, 2019**

Abbreviated Agenda with Approximate Times\*

**Thursday, December 12, 2019**

Meeting of Standing Committees  
(Conducted sequentially)

*CONTINUED FROM PREVIOUS PAGE*

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|--|---|
| <p>1:00 pm<br/>(or upon recess of the Meeting of the Board)</p>          | <p>Audit Committee<br/>Location: Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas</p>                                  |
| <p>1:30 pm<br/>(or upon adjournment of the Audit Cmte meeting)</p>       | <p>Facilities Committee<br/>Location: Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas</p>                             |
| <p>2:10 pm<br/>(or upon adjournment of the Facilities Cmte. meeting)</p> | <p>Finance and Administration Committee<br/>Location: Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas</p>             |
| <p>2:55 pm<br/>(or upon adjournment of the Finance Cmte. meeting)</p>    | <p>Academic, Clinical and Student Affairs Committee<br/>Location: Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas</p> |

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## Board of Regents Meeting

Lubbock, Texas

December 12-13, 2019

Abbreviated Agenda with Approximate Times\*

**Friday, December 13, 2019**

### Meeting of the Board

- |                          |  |
|--------------------------|--|
| 8:30 am                  | <p>Call to Order; reconvene Meeting of the Board</p> <ul style="list-style-type: none"> <li>• Introductions and Recognitions</li> <li>• Meeting of the Committee of the Whole and the Board, or continuation of meetings of the Standing Committees of the Board, if necessary</li> </ul> <p>Location: Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas</p> |
| 9:00 am                  | <p>Executive Session</p> <p>Location: Regents Committee Room (106), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas – only if necessary</p>  |
| 9:30 am                  | <p>Following Executive Session, convene into Open Session, and continue as Meeting of the Committee of the Whole and the Board and/or continuation of meetings of the Standing Committees of the Board, if necessary</p> <p>Location: Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas</p>  |
| On or before<br>12:00 pm | <p>Adjournment</p>   |

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**Board of Regents Meeting**

**December 12-13, 2019**

**Agenda**

**Thursday, December 12, 2019**  
**Regents Conference Room (104A), First Floor,**  
**System Building, 1508 Knoxville Avenue,**  
**Lubbock, Texas**

- I. Meeting of the Board—Call to Order; convene into Open Session of the Board**
  
- II. Executive Session:** The Board may convene into Executive Session in the Regents Committee Room (106), First Floor, System Building, 1508 Knoxville Avenue to consider matters permissible under Chapter 551 of the *Texas Government Code*, including, for example: .....Chairman Huckabee
  - A. Consultation with attorney regarding privileged communications, pending or contemplated litigation and settlement negotiations – Section 551.071
  - B. Deliberations regarding real property: The purchase, lease, exchange, or value of real property – Section 551.072
  - C. Deliberations regarding prospective gifts – Section 551.073
  - D. Personnel matters: Discuss the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of employees – Section 551.074
  - E. Deliberations regarding security devices—deployment of security personnel or devices – Section 551.076
  
- III. Open Session:** The Board will reconvene in Open Session in the Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue and meet as a Committee of the Whole and Meeting of the Board to consider and act on:
  - A. Consideration of appropriate action, if any, on items discussed in Executive Session.....Vice Chairman Lewis
  
- IV. Recess** .....Chairman Huckabee

**V. Meeting of Standing Committees**

Location: Regents Conference Room (104A), First Floor, System Building,  
1508 Knoxville Avenue, Lubbock, Texas

A. Audit Committee

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1. TTUS: Report on audits..... 3
2. Executive Session: The Audit Committee will convene into Executive Session in the Regents Committee Room (106), First Floor, System Building, 1508 Knoxville Avenue, to consider matters permissible under Chapter 551 of the Texas Government Code, including:
  - a. Consultation with Attorney — Section 551.071.
  - b. Discussion of personnel matters – Section 551.074.
  - c. Discussion of security audit – Section 551.076.
3. Open Session: At the conclusion of Executive Session, the committee will convene into Open Session in the Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, to consider appropriate action, if any, on items discussed in Executive Session.
4. Adjournment

B. Facilities Committee

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1. ASU: Approve the purchase of improved real property in San Angelo, TX ..... 3
2. TTU: Approve naming of atrium within the J.T. & Margaret Talkington College of Visual & Performing Arts Theatre & Dance Complex..... 5



|    |   |    |
|----|---|----|
| 3. | TTU: Authorize expenditures for new School of Veterinary Medicine Amarillo Campus located in Amarillo, TX (GMP Bid Package 1) ..... | 6  |
| 4. | TTU: Authorize expenditures for the Rip Griffin Park Expansion & Renovation (DP Stage II and CMAR Pre-construction services) .....  | 8  |
| 5. | TTU: Approve concept and authorize expenditures for the Museum East Wing Addition (DP Stage I).....                                 | 10 |
| 6. | TTUS: Approve amendments to <i>Regents' Rules</i> , Chapter 08 (Facilities) relating to major construction projects.....            | 12 |
| 7. | TTUS: Report on Facilities Planning and Construction projects.....  | 13 |
| 8. | Adjournment   |    |

C. Finance and Administration Committee

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|    | FA  |   |
| 1. | TTUS: Approve tuition and fee assessment schedule effective fall semesters, 2020 and 2021                 |   |
| a. | ASU: Approve tuition and fee assessment schedule effective fall semesters, 2020 and 2021.....             | 3 |
| b. | TTU: Approve tuition and fee assessment schedule effective fall semesters, 2020 and 2021.....             | 5 |
| c. | TTUHSC: Approve tuition and fee assessment schedule effective fall semesters, 2020 and 2021 .....         | 6 |
| d. | TTUHSC El Paso: Approve tuition and fee assessment schedule effective fall semesters, 2020 and 2021 ..... | 7 |
| 2. | TTU: Approve contract for Blackboard Inc. for Technology Support Platform Licenses .....                  | 8 |
| 3. | TTUS: Approve amendments to the Investment Policy Statements for the Short/intermediate/Long              |   |

|    |  |                    |
|----|--|--------------------|
|    | Term Investment Funds and related amendments to Chapter 09, <i>Regents' Rules</i> .....  | 9                  |
| 4. | TTUSA: Approve establishment of Quasi-Endowment for Texas Tech University System Administration.....   | 12                 |
| 5. | TTUS: Authorize agreement for New England Pension Consultants (“NEPC”) to provide investment consulting services for the Short, Intermediate and the Long-Term Investment Fund ..... | 13                 |
| 6. | Adjournment  |                    |
| D. | Academic, Clinical and Student Affairs Committee   |                    |
|    |  | <u>Page</u><br>ACS |
| 1. | TTU: Approve appointments with tenure .....  | 2                  |
| 2. | TTUHSC: Approve the Master of Science in Graduate Medical Education Sciences.....  | 4                  |
| 3. | Adjournment  |                    |

**Friday, December 13, 2019**  
**Regents Conference Room (104A), First Floor,**  
**System Building, 1508 Knoxville Avenue,**  
**Lubbock, Texas**

- VI. Meeting of the Board—Call to Order; reconvene into Open Session of the Board** .....Chairman Huckabee
  - A. Introductions and Recognitions ..... Chancellor Mitchell,  
 President May,  
 President Schovanec,  
 President Lange and  
 Interim President Rice-Spearman
- VII. Recess** (if necessary, for standing committees to meet; otherwise continue in Open Session (X.))
- VIII. Meeting of Standing Committees** (if not concluded on Thursday)
- IX. Meeting of the Board—Call to Order; reconvene into Open Session of the Board** (only if the Meeting of the Board was recessed to conduct committee meetings)

- X. **Open Session:** The Board will continue in Open Session and meet as a Committee of the Whole and Meeting of the Board to consider and act on:
  - A. Approve minutes of board meetings held on October 4, 2019 and November 15, 2019 .....Chairman Huckabee
  - B. Committee of the Whole.....Vice Chairman Lewis

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|---|-------------|
|   | CW          |
| 1. ASU, TTU, TTUHSC, TTUHSC El Paso, TTUSA and TTUS: Approve Consent Agenda; acknowledge review of Information Agenda ..... | 9           |

**Consent Agenda**

- a. ASU: Approve emeritus appointments (ACS)
- b. TTU: Approve faculty development leave of absence (ACS)
- c. TTU: Approve exceptions to nepotism policy (ACS)
- c-1. TTU: Approve employee appointment to non-elective position (ACS)
- d. TTUHSC: Approve conferral of emeritus appointment (ACS)
- e. TTUS: Approve amendments to *Regents' Rules* Chapter 03 (Personnel) relating to the policy on nepotism (ACS)
- f. ASU, TTU, TTUHSC and TTUHSC El Paso: Acknowledge Campus Condition Index report and authorize submission to the Texas Higher Education Coordinating Board (F)
- g. TTU: Approve Permanent Right of Access and Use of Texas Tech University land to Lubbock Power & Light (F)
- g-1. TTU: Approve assignment of real property lease and acceptance of associated gift-in-kind (F)
- h. TTU: Approve naming a laboratory within the Mechanical Engineering North building (F)
- i. TTUHSC: Approve naming a classroom within the Academic Classroom Building on the TTUHSC Permian Basin campus (F)
- j. TTUHSC: Approve contract to provide 5 Year extension of existing lease at the TTMCSW Medical Office Building in Lubbock (F)
- k. ASU: Approve commissioning of police officers (FA)

- l. TTU: Approve commissioning of police officers (FA)
- m. TTU: Authorize President to execute contract with Pizza Hut, LLC (FA)
- n. TTU: Authorize President to execute contract with Einstein Bros. Bagels (FA)
- o. TTU: Approve Contract for Teamworks Innovations, Inc. for Platform License (FA)
- p. TTUS: Approve contract extension for Elsevier B.V. for Elsevier Books and Reference Materials Subscription (FA)

### **Information Agenda**

Information is provided as required by Section 01.02.7.d(4)(c),  
*Regents' Rules*

- (1) ASU, TTU, TTUHSC and TTUHSC El Paso: Summary of Revenues and Expenditures by Budget Category, FY 2019 (as of August 31, 2019), per Section 01.02.8.d(3)(g), *Regents' Rules* – All actual expenditures will be reviewed by the Finance and Administration Committee annually and provided as information. Financial reports for the most recently completed quarter for each of the component institutions are available at:  
<http://texastech.edu/offices/cfo/board-financial-reports.php>
- (2) TTUHSC: Contract Amendment per Sections 07.12.4.a and 07.12.6.b., *Regents' Rules*: A list of renewal, extended or amended contracts in excess of \$1,000,000 per annum, including the amount of the contract, shall be provided to the board as an information item at the next regular board meeting.
- (3) TTUHSC and TTUHSC El Paso: Contracts for ongoing and continuing health-related service relationships per Section 07.12.4.c, *Regents' Rules* – “Notwithstanding Section 07.12.3.a or Section 07.12.3.b, *Regents' Rules*, the board delegates to the presidents of health-related institutions the authority to approve the proposals and execute and sign contracts for health related services, as specified herein. This delegation is limited to contracts with entities for which the institution has an ongoing and continuing contractual relationship, to include: revenue contracts from which the institution receives payment for health related services; participation in health provider networks; resident or faculty support; and expense contracts with healthcare providers or suppliers necessary to fulfill the obligation to provide health related services as part of a revenue

contract. Before such a contract may be executed, the president shall obtain the prior review of the TTUS Office of General Counsel and the TTUS vice chancellor and chief financial officer, or their designees. A list of health related services contracts that have been executed under this delegation of authority since the previous regular board meeting shall be provided to the board as an information item at the next regular board meeting.”

- (4) TTUHSC El Paso: Consulting contracts with an initial consideration of \$25,000 or less per Section 07.12.4.e.(2), *Regents’ Rules* – “(a) Board approval is not required, but the vice chancellor and chief financial officer, in consultation with the chancellor, presidents, and chief financial officers of the institutions, shall review consulting contracts of \$25,000 or less prior to execution of the contract by the chancellor or president, as appropriate. (b) A report of the contract shall be provided as an Information Agenda item at the next board meeting.”
- (5) TTUHSC El Paso: Contracts that involve a stated or implied consideration that total in excess of \$1,000,000 over the entire term of the contract but the per annum amount is less than \$1,000,000 per section 07.12.4 of the *Regents’ Rules* – Notwithstanding Section 07.12.3.a, *Regents’ Rules*, the chancellor or president, as appropriate, is delegated the authority to approve: (i) contracts that involve a stated or implied consideration that total in excess of \$1,000,000 over the entire term of the contract but the per annum amount is less than \$1,000,000; and (ii) any amendment, extension, or renewal of a contract originally approved by the chancellor or president, as appropriate, so long as the amendment, extension, or renewal does not cause the per annum amount of the contract to exceed \$1,000,000. This requirement is applicable to both cash and non-cash considerations. Information about such contracts or contract amendments, extensions, or renewals that are approved by the chancellor or a president under this delegation of authority shall be provided to the board as an information item at the next regular board meeting.
- (6) TTU: Report of nepotism exception as provided by Section 03.01.11.h., *Regents’ Rules*: “All instances where an employee marries an administrative supervisor, is placed under the administrative supervision of a relative, or is made the administrative supervisor of a relative within the prohibited degree shall be reported to the board as an information item.”
- (7) TTU: Report of Distribution of Revenue from Commercialization and Licensing as provided by

Section 10.12.1, Regents’ Rules: “Where TTUS elects to protect intellectual property in its name, it shall award the creator a reasonable share of the net proceeds from royalties or other income or value after deduction of the directly assignable costs including patenting, copyrighting, marketing, licensing and protection of intellectual property rights.”

(8) TTUHSC: Contracts for Sponsored Program Projects per Section 07.12.4.b., *Regents’ Rules*: The board delegates to the presidents the authority to approve the proposals and execute and sign contracts for sponsored program projects in excess of \$1,000,000 per annum. Sponsored program projects are those grants, contracts, and cooperative agreements from either the public or private sectors that support research, instructional, and service projects. A list of such contracts for sponsored program projects in excess of \$1,000,000 per annum shall be provided to the board as an information item at the next regular board meeting.

(9) TTUHSC at El Paso: Report on establishment of new centers and institutes per Section 04.11.2., *Regents’ Rules* – “The establishment or substantive restructuring of a center, institute, or other academic unit or program not addressed in Section 04.11.1 herein shall be approval by the president, with notice provided to the board via an item in the information Agenda for the next meeting of the board.”

**XI. Reports of Standing Committees:** Standing Committee reports will be presented sequentially to the Committee of the Whole.

- A. Report of the Audit Committee ..... Regent Hammonds
- B. Report of the Facilities Committee .....Regent Long
- C. Report of the Finance and Administration Committee.....Regent Walker
- D. Report of the Academic, Clinical and Student Affairs Committee.....Regent Steinmetz

**XII. The Board will continue in Open Session as the Committee of the Whole and Meeting of the Board of Regents.**

- A. Schedule for Board meetings:
  - February 27-28, 2020, Amarillo, Texas
  - May 14-15, 2020, Lubbock
  - August 6-7, 2020, Lubbock
  - October 2020, Dates TBD, Lubbock
  - December 10-11, 2020, Lubbock ..... Ben Lock

- B. Student Government Association Reports .....Brayden Woods,  
David Rivero,  
Tobi Saliu,  
and Albert Romero

**XIII. Executive Session:** The Board may convene into Executive Session, in the Regents Committee Room (106), First Floor, System Building, 1508 Knoxville Avenue to consider matters permissible under Chapter 551 of the *Texas Government Code*, including, for example: .....Chairman Huckabee

- A. Consultation with attorney regarding privileged communications, pending or contemplated litigation and settlement negotiations – Section 551.071
- B. Deliberations regarding real property: The purchase, lease, exchange, or value of real property – Section 551.072
- C. Deliberations regarding prospective gifts – Section 551.073
- D. Personnel matters: Discuss the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of employees – Section 551.074
- E. Deliberations regarding security devices—deployment of security personnel or devices – Section 551.076

**XIV. Open Session:** The Board will convene into Open Session in the Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue and meet as a Committee of the Whole and Meeting of the Board to consider and act on:

- A. Consideration of appropriate action, if any, on items discussed in Executive Session .....Vice Chairman Lewis
- B. Chairman’s Announcements.....Chairman Huckabee

**XV. Adjournment** .....Chairman Huckabee

**AUDIT**



**Audit Committee**

Committee Meeting  
December 12, 2019

**Time:** 1:00 pm (or upon recess of the Meeting of the Board)

**Place:** Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas

Regents: Hammonds (Chair), Kerrick, Womble

Agenda

- Approve minutes of committee meeting held on October 4, 2019

**V.A.** Consideration of items to be recommended by the Audit Committee to the Board of Regents of the Texas Tech University System (“TTUS”) for and on behalf of Angelo State University (“ASU”), TTUS, the TTU System Administration (“TTUSA”), Texas Tech University (“TTU”), Texas Tech University Health Sciences Center (“TTUHSC”), and Texas Tech University Health Sciences Center at El Paso (“TTUHSC El Paso”)

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|----|---|---|
| 1. | TTUS: Report on audits .....  | 3 |
| 2. | Executive Session: The Audit Committee will convene into Executive Session in the Regents Committee Room (106), First Floor, System Building, 1508 Knoxville Avenue, to consider matters permissible under Chapter 551 of the <i>Texas Government Code</i> , including:         |   |
| a. | Consultation with Attorney — Section 551.071.   |   |
| b. | Discussion of personnel matters – Section 551.074.  |   |
| c. | Discussion of security audit – Section 551.076.   |   |
| 3. | Open Session: At the conclusion of Executive Session, the committee will convene into Open Session in the Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, to consider appropriate action, if any, on items discussed in Executive Session. |   |
| 4. | Adjournment   |   |

NOTE: Following consideration of the above items by the committee, the Committee Chair will present the Committee Report to the full Board of Regents for its consideration on Friday, December 13, 2019.

**1. TTUS: Report on audits.**

Presenter: Mrs. Kim Turner

Presentation Time: 10 minutes

Report to Board required by: Section 07.02.7, *Regents' Rules*; and Audit Committee Charter

Mrs. Kim Turner, Chief Audit Executive, will present a report on the System's audit projects.

# **FACILITIES**

**Facilities Committee**

Committee Meeting  
December 12, 2019

**Time:** 1:30 pm (or upon adjournment of the Audit Committee meeting)

**Place:** Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas

Regents: Long (Chair), Griffin, Hammonds

Agenda

- Approve minutes of committee meetings held on October 4, 2019
- V.B.** Consideration of items to be recommended by the Facilities Committee to the Board of Regents of the Texas Tech University System (“TTUS”) for and on behalf of Angelo State University (“ASU”), TTUS, the TTU System Administration (“TTUSA”), Texas Tech University (“TTU”), Texas Tech University Health Sciences Center (“TTUHSC”), and Texas Tech University Health Sciences Center at El Paso (“TTUHSC El Paso”)

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|----|---|----|
| 1. | ASU: Approve the purchase of improved real property in San Angelo, TX .....   | 3  |
| 2. | TTU: Approve naming of atrium within the J.T. & Margaret Talkington College of Visual & Performing Arts Theatre & Dance Complex ..... | 5  |
| 3. | TTU: Authorize expenditures for new School of Veterinary Medicine Amarillo Campus located in Amarillo, TX (GMP Bid Package 1).....    | 6  |
| 4. | TTU: Authorize expenditures for the Rip Griffin Park Expansion & Renovation (DP Stage II and CMAR Pre-construction services) .....    | 8  |
| 5. | TTU: Approve concept and authorize expenditures for the Museum East Wing Addition (DP Stage I) .....                                  | 10 |
| 6. | TTUS: Approve amendments to <i>Regents’ Rules</i> , Chapter 08 (Facilities) relating to major construction projects .....             | 12 |

7. TTUS: Report on Facilities Planning and Construction projects ..... 13
8. Adjournment

NOTE: Following consideration of the above items by the committee, the Committee Chair will present the Committee Report to the full Board of Regents for its consideration on Friday, December 13, 2019.

**1. ASU: Approve the purchase of improved real property in San Angelo, TX.**

Presenter: Dr. Brian May

Presentation Time: 5 minutes

Board approval required by: Section 07.12.3.d(1)a, *Regents' Rules*; Texas Administrative Code, §17.10

**RECOMMENDATION**

The president recommends and the chancellor concurs that the Board of Regents authorize the president to (i) negotiate and execute an agreement to purchase approximately 1.457 acres (63,466.92 square feet) of land to include a one-story, multi-tenant retail center building (17,662 gross square feet), located at 2408-2424 Vanderventer Street, San Angelo, TX. The land parcel is comprised of Lots 5-13 and the south 30 feet of Lot 4, Block 24, Delmar Place Annex, City of San Angelo, Tom Green County, Texas; together with the abandoned alley existing between Lots 8 and 9, 7 and 10, 6 and 11, 5 and 12, and the south 30 feet of Lots 4 and 13, Block 24, Delmar Place Annex, City of San Angelo, Tom Green County, TX; and (ii) report the purchase to the Texas Higher Education Coordinating Board. The property will provide future surface parking for employee and student use. The purchase will be funded with Gifts and Institutional funds.

The property has been assessed by a certified appraiser and the Tom Green County Appraisal District. Angelo State University will negotiate a purchase price up to the appraised value for the improved real property.

The president further recommends that the chancellor authorize the president to negotiate and execute any and all agreements with the state, county agencies, utility companies, and other entities required to successfully complete the project.

**BACKGROUND INFORMATION**

The purchase of this improved real property is vital to fulfill the mission of Angelo State University ("ASU"). This neighboring property is across the street from the campus and has existing surface parking that can be utilized for increased enrollment, staff and visitor needs. The commercial buildings provide potential expansion or relocation of ASU services in the future.

Title 19, Chapter 17, Subchapter A of the Texas Administrative Code requires approval of the governing board before submitting the appropriate documentation to the Texas Higher Education Coordinating Board for their information on the purchase of real property.

The vice president and chief financial officer has verified the source of funds. The vice chancellor and chief financial officer of the TTU System also acknowledges the source of the funds for this project.



**2. TTU: Approve naming of atrium within the J.T. & Margaret Talkington College of Visual & Performing Arts Theatre & Dance Complex.**

Presenter: Mr. Patrick Kramer

Presentation Time: 5 minutes

Board approval required by: Section 08.05.1, *Regents' Rules*

**RECOMMENDATION**

The president recommends and the chancellor concurs that the Board of Regents approve naming the atrium within the J.T. & Margaret Talkington College of Visual & Performing Arts Theatre & Dance Complex the "Helen DeVitt Jones Atrium". The donor concurs with the naming of this interior space. Appropriate signage for the room will specify the approved name.

**BACKGROUND INFORMATION**

The Helen Jones Foundation ("Foundation") made a generous contribution of \$10 million to support the J.T. & Margaret Talkington College of Visual & Performing Arts Theatre & Dance Complex. To honor and recognize the contribution, the atrium will be named "Helen DeVitt Jones Atrium". Appropriate interior signage for the atrium will specify the approved name.

The Foundation owes its existence to Helen DeVitt Jones, a great humanitarian and patroness of education and the fine arts, whose personal generosity resulted in the creation of the Foundation. Jones funded the Foundation in 1984, and she passed in 1997. The Foundation has generously contributed over \$71 million to support the initiatives and students of the Texas Tech University System.

The gift meets the minimum fifty percent (50%) threshold requirement for naming a subunit within a facility, as verified by the vice chancellor of facilities planning and construction.

*Regents' Rules*, Section 08.05.1 require board approval of the naming of all buildings, subunits, and other facilities within the TTU System.

**3. TTU: Authorize expenditures for new School of Veterinary Medicine Amarillo Campus located in Amarillo, TX (GMP Bid Package 1).**

Presenter: Mr. Billy Breedlove

Presentation Time: 5 minutes

Board approval required by: Section 08.01.3, *Regents' Rules*

**RECOMMENDATION**

The president recommends and the chancellor concurs that the Board of Regents authorize the chancellor or the chancellor's designee to (i) approve expenditures of \$15,994,175 for a total of \$20,899,835 for the new School of Veterinary Medicine Amarillo Campus located in Amarillo, TX, with an anticipated total project budget of \$90,000,000; (ii) accept the Guaranteed Maximum Price ("GMP") for construction of Bid Package 1; and (iii) amend the Construction Manager At Risk ("CMAR") Agreement. The increase will be funded through the Revenue Finance System ("RFS") repaid with Gift funds. The current total of expenditures includes the previously board authorized expenditures from RFS repaid with gift funds related to Stage II services (\$4,905,660).

The Board reasonably expects to incur debt obligations for the design, planning and construction of the project, and all or a portion of the debt proceeds are reasonably expected to be used to reimburse the System for project expenditures previously expended. The maximum principal amount of debt obligations to be issued for the Project is \$90,000,000.

The president further recommends that the chancellor authorize the president to negotiate and execute any and all agreements with city, state, and county agencies, utility companies and other entities required to successfully complete the project.

**BACKGROUND INFORMATION**

This approval grants authority to construct Bid Package 1 which includes the following scope of work: general conditions, earthwork, site utilities, limited concrete scope, elevators, underground utility lines for fire protection, and underground mechanical, electrical and plumbing service lines.

The School of Veterinary Medicine Amarillo Campus facility is programmed as an 185,200 GSF academic building. The facility is comprised of two learning wings with a central double-height lobby. The lobby serves as the "front door" of the program and is designed to also serve as a gathering space to foster collaboration and interaction between faculty, students, and visitors. This space will provide opportunities for donors to be highlighted, have a strong Texas Tech atmosphere, and connect the entry to the courtyard. The courtyard offers additional seating areas and an outdoor classroom.

The program of this new 2-story facility is divided amongst two learning wings. The east wing houses three large classrooms, one of which offers tiered seating to accommodate 400 students, break out rooms, and office suites to serve student affairs on level one. On the second floor, this wing contains additional leadership and faculty offices as well as graduate study and work rooms. The majority of lab and research spaces for the school are allocated to the west wing. Separated via controlled access, this wing contains locker rooms, specialty labs, surgery suites, and small animal housing on level one. Teaching labs and support rooms for Anatomy and Pathology will be temperature-controlled spaces, linked together by a monorail conveying system. To enhance clinical and professional skills development in small animal medicine and surgery, a secondary lobby for animal drop-off by partners will open into exam rooms, holding areas, and surgery. Additional labs designated to research are located on level two of the west wing.

In October 2019, the Board of Regents authorized (i) transfer of real property from Texas Tech University Health Sciences Center ("TTUHSC") of 6.57 acres located on the TTUHSC Amarillo campus, with a value of \$1,628,926; (ii) approved execution of the deeded land to Texas Tech University ("TTU") for the benefit of the School of Veterinary Medicine Amarillo Campus; (iii) TTUHSC will reserve an easement in the deed of 0.11 acres for future utilities and ingress and egress; and (iv) report the change in ownership to the Texas Higher Education Coordinating Board ("THECB").

In June 2019, the Board of Regents approved expenditures to authorize the Design Professional Stage II services. The expenditures were funded through the Revenue Finance System ("RFS") repaid with Gift Funds.

In October 2018, the Board of Regents approved a budget adjustment for execution of a Construction Manager at Risk Agreement in order to provide pre-construction activities associated with the planning and design process, i.e., project evaluation; site analysis; constructability review; value engineering; scheduling; cost control; and concept budget development.

In August 2018, the Board of Regents approved the Design Professional to move forward on the project's vision through the schematic design phases and provide a Statement of Probable Cost and project schedule.

The vice president for administration and finance and chief financial officer has verified the source of funds. The vice chancellor and chief financial officer of the TTU System also acknowledges the source of the funds for this project.

**4. TTU: Authorize expenditures for the Rip Griffin Park Expansion & Renovation (DP Stage II and CMAR Pre-construction services).**

Presenter: Mr. Billy Breedlove

Presentation Time: 5 minutes

Board approval required by: Section 08.01.3, *Regents' Rules*

**RECOMMENDATION**

The president recommends and the chancellor concurs that the Board of Regents authorize the chancellor or the chancellor's designee to (i) approve expenditures of \$894,660 for a total of \$1,104,660 for the Rip Griffin Park Expansion & Renovation project, with an anticipated total project budget of \$13,000,000; (ii) authorize Design Professional Stage II services; and (iii) award a Construction Manager At Risk ("CMAR") Agreement for pre-construction services. The increase will be funded through the Revenue Finance System ("RFS") repaid with Gift Funds. The current total of expenditures includes the previously authorized expenditures from Institutional Funds (\$210,000 cash).

The Board reasonably expects to incur debt obligations for the design, planning and construction of the project, and all or a portion of the debt proceeds are reasonably expected to be used to reimburse the System for project expenditures previously expended. The maximum principal amount of debt obligations to be issued for the Project is \$13,000,000.

The president further recommends that the chancellor authorize the president to negotiate and execute any and all agreements with city, state, and county agencies, utility companies and other entities required to successfully complete the project.

**BACKGROUND INFORMATION**

This approval grants authority for execution of Design Professional Stage II services consisting of the Design Development, Construction Documents, Construction Administration Phases, and to provide a Statement of Probable Cost and project schedule. Also, execution of a Construction Manager at Risk ("CMAR") Agreement to allow the contractor to provide pre-construction activities associated with the planning and design process, i.e., project evaluation; site analysis; constructability review; value engineering; scheduling; cost control; and concept budget development.

The project will renovate approximately 10,000 SF within the existing Baseball Clubhouse and construct an approximate 9,500 GSF addition on the east side of the facility. The areas of work include an updated athletic training & hydrotherapy, relocated players locker room, players' lounge room,

nutrition/dining room, coach's locker/dressing area, classroom, film room, coach's office suite, and main recruiting lobby.

In September 2017, a Design Professional contract was executed with Populous, Inc. and a Notice to Proceed issued for Stage I services only. A planning budget of \$210,000 was established with Institutional Funds (cash).

The vice president for administration and finance and chief financial officer has verified the source of funds. The vice chancellor and chief financial officer of the TTU System also acknowledges the source of the funds for this project.

**5. TTU: Approve concept and authorize expenditures for the Museum East Wing Addition (DP Stage I).**

Presenter: Mr. Billy Breedlove

Presentation Time: 5 minutes

Board approval required by: Section 08.01.3, *Regents' Rules*

**RECOMMENDATION**

The president recommends and the chancellor concurs that the Board of Regents approve the concept for the project and authorize the chancellor or the chancellor's designee to (i) approve expenditures of \$233,034 for a total of \$333,034 in order to provide planning and design services for the Museum East Wing Addition, with an anticipated project budget of \$12,000,000; and (ii) award the Design Professional Agreement and authorize Stage I services. The expenditures will be funded through the Revenue Finance System ("RFS") repaid with Gifts, Higher Education Funds ("HEF") (cash), Institutional Funds, and Texas Research Incentive Program ("TRIP"). The Stage I budget includes the previously authorized budget from HEAF (\$100,000 cash).

The Board reasonably expects to incur debt obligations for the design, planning and construction of the project, and all or a portion of the debt proceeds are reasonably expected to be used to reimburse the System for project expenditures previously expended. The maximum principal amount of debt obligations to be issued for the Project is \$12,000,000.

The president further recommends that the chancellor authorize the president to negotiate and execute any and all agreements with city, state, and county agencies, utility companies and other entities required to successfully complete the project.

**BACKGROUND INFORMATION**

The Stage I budget will allow the Design Professional to move forward on the project's vision through the programming and schematic design phases and provide a Statement of Probable Cost and project schedule.

The Museum of Texas Tech University recently received a generous bequest of a large collection of glassware and other three-dimensional art forms from Dr. Robert N. and Louise Wilson Arnold.

The proposed location of the addition is an infill project on the east side of the Museum Building complex, a space originally designated in the 1970 construction as an outdoor sculpture courtyard and theater space. The footprint is approximately 6,000 square feet. Therefore, a basement and two-story addition will add approximately 18,000 GSF.

The scope of work envisioned includes: (1) the basement level to provide connection to other secured hallways, collections areas, and include the main storage room for the collection; (2) modification of various existing spaces/rooms to connect to a central basement hallway; (3) provide fresh air intakes for a mechanical room; (4) the first-floor level will primarily consist of gallery space for the collection and other display items; and (5) the second level will provide academic and staff space.

The vice president for administration and finance and chief financial officer has verified the source of funds. The vice chancellor and chief financial officer of the TTU System also acknowledges the source of the funds for this project.

**6. TTUS: Approve amendments to Regents' Rules, Chapter 08 (Facilities) relating to major construction projects.**

Presenter: Mr. Gary Barnes

Presentation Time: 3 minutes

Report requested by: Section 01.08, *Regents' Rules*

**RECOMMENDATION**

The Regents Rules Review Committee ("Rules Committee") recommends that the Facilities Committee consider adoption of amendments to Chapter 08 (Facilities) relating to major construction projects.

NOTE: The *Regents' Rules*, Chapter 08.01, Construction program, with proposed amendments is included as a supplemental attachment.

**BACKGROUND INFORMATION**

Various amendments are proposed for the policies that govern processes used to construct major facility projects. Examples include:

- increase the threshold for a major project from \$2 million to \$4 million;
- revise the requirements for use of a Construction Manager Agent on major projects;
- with the approval of the Board, a major project could be managed by the institution rather than by FP&C;
- upon a request by a President, FP&C could be designated to manage a minor construction project; and
- the public art fee and the landscape enhancement fee would each be set at up to 1% of a project's budget or \$500,000, whichever is less.

The language of the proposed amendments is included as a supplemental attachment to the agenda.

The Rules Committee (composed of Regents Michael Lewis-chair, Mark Griffin, Mickey Long, and John Steinmetz) is charged with considering and, when appropriate, submitting to the appropriate Board committee proposed amendments to the *Regents' Rules* of the Texas Tech University System. Any amendment to the *Regents' Rules* or a Board Policy Statement must be approved by the full Board in accordance with Section 01.08, *Regents' Rules*.



**7. TTUS: Report on Facilities Planning and Construction projects.**

Presenter: Mr. Billy Breedlove  
Report requested by: Board of Regents

Presentation Time: 5 minutes

Mr. Billy Breedlove, Vice Chancellor for Facilities Planning and Construction, TTUS, will present a report on Facilities Planning and Construction managed projects.



# **FINANCE AND ADMINISTRATION**

**Finance and Administration Committee**

Committee Meeting  
December 12, 2019

**Time:** 2:10 pm (or upon adjournment of the Facilities Committee meeting)

**Place:** Regents Conference Room (104A), First Floor, System Building, 1508  
Knoxville Avenue, Lubbock, Texas

Regents: Walker (Chair), Long, Womble

Agenda

- Approve minutes of committee meetings held on August 8, 2019
- V.C.** Consideration of items to be recommended by the Finance and Administration Committee to the Board of Regents of the Texas Tech University System (“TTUS”) for and on behalf of Angelo State University (“ASU”), TTUS, the TTU System Administration (“TTUSA”), Texas Tech University (“TTU”), Texas Tech University Health Sciences Center (“TTUHSC”), and Texas Tech University Health Sciences Center at El Paso (“TTUHSC El Paso”)

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- 2. TTU: Approve contract for Blackboard Inc. for Technology Support Platform Licenses ..... 8
- 3. TTUS: Approve amendments to the Investment Policy Statements for the Short/intermediate/Long Term Investment Funds and related amendments to Chapter 09, *Regents' Rules*..... 9
- 4. TTUSA: Approve establishment of Quasi-Endowment for Texas Tech University System Administration ..... 12
- 5. TTUS: Authorize agreement for New England Pension Consultants (“NEPC”) to provide investment consulting services for the Short, Intermediate and the Long-Term Investment Fund ..... 13
- 6. Adjournment

NOTE: Following consideration of the above items by the committee, the Committee Chair will present the Committee Report to the full Board of Regents for its consideration on Friday, December 13, 2019.

1. **TTUS: Approve tuition and fee assessment schedule effective fall semesters, 2020 and 2021.**

Presenter: Mr. Gary Barnes

Presentation Time: 15 minutes

Reports approval required by: Section 07.10 & 05.01.2, *Regents' Rules*

a. **ASU: Approve tuition and fee assessment schedule effective fall semesters, 2020 and 2021.**

Presenter: Ms. Angie Wright

Presentation Time: 5 minutes

Board approval required by: Section 07.10 & 05.01.2, *Regents' Rules*; Section 54.008, 54.017, 54.051, 54.216, 54.0513, 54.216, 54.218, 54.5035, 54.504 and 55.16, *Texas Education Code*

**RECOMMENDATION**

The president recommends and the chancellor concurs that the Board of Regents approve and adopt proposed revisions to the global fee document. Approved revisions will be incorporated into the complete global fee document, itemizing tuition and fees to be assessed and collected from regularly enrolled and prospective students effective with the fall semesters, 2020 and 2021. The global fee document includes an optional fixed tuition plan establishing the tuition rates to be assessed and collected for incoming undergraduate students opting into the plan effective the fall semesters 2020 and 2021. The institution's proposed revisions to the current year's global fee document are provided as an attachment.

As set forth in Section 54.017, *Texas Education Code*, affected students will be required to accept or reject participation in the offered fixed tuition price plan before the date of the student's initial enrollment at Angelo State University.

**BACKGROUND INFORMATION**

All tuition, fees, rentals, rates, and charges of Angelo State University are charged and collected under specific authorization of the laws of the State of Texas, including, but not limited to, the authorization in *Texas Education Code* Sections 54.008, 54.017, 54.051, 54.0513, 54.504, 55.16, and other applicable sections.

The Board of Regents, *Regents' Rules*, Section 07.10, has delegated to the president of Angelo State University the authority to establish waiver and exemption criteria and waiver and exemption approval procedures for the fees, rentals, rates, and charges in accordance with state laws, including but not limited to *Texas Education Code*, Sections 54.213(a), 54.261, and 54.5035.

The Board of Regents last approved the global fee document for the academic years beginning fall 2018 and fall 2019 at the December 14-15, 2017 meeting.



**c. TTUHSC: Approve tuition and fee assessment schedule effective fall semesters, 2020 and 2021.**

Presenter: Penny Harkey

Presentation Time:

Board approval required by: Section 7.10 & 05.01.2, *Regent's Rules*, Sections 54.008, 54.051, 54.0513, 54.218, 54.5035, 54.504, and 55.16, *Texas Education Code*

**RECOMMENDATION**

The president recommends and the chancellor concurs that the Board of Regents approve and adopt proposed revisions to the global fee document. Approved revisions will be incorporated into the complete global fee document, itemizing tuition and fees to be assessed and collected from regularly enrolled and prospective students effective with the fall semesters, 2020 and 2021. The institution's proposed revisions to the current year's global fee document are provided as an attachment.

**BACKGROUND INFORMATION**

All tuition, fees, rentals, rates, and charges of Texas Tech University Health Sciences Center are charged and collected under specific authorization of the laws of the State of Texas, including, but not limited to, the authorization in Texas Education Code Sections 54.008, 54.051, 54.0513, 54.504, 55.16, and other applicable sections.

The Board of Regents, Regents' Rules, Section 07.10, has delegated to the president of Texas Tech University Health Sciences Center the authority to establish waiver and exemption criteria and waiver and exemption approval procedures for the fees, rentals, rates, and charges in accordance with state laws, including but not limited to Texas Education Code, Sections 54.213(a), 54.261, and 54.5035.

The Board of Regents last approved the global fee document for the academic years beginning fall 2018 and fall 2019 at the December, 2017 meeting.



d. **TTUHSC El Paso: Approve tuition and fee assessment schedule effective fall semesters, 2020 and 2021.**

Presenter: Sue Fuciarelli

Presentation Time:

Board approval required by: Section 07.10 and 05.01.2, *Regents' Rules*, Sections 54.008, 54.051, 54.0513, 54.218, 54.504, and 55.16, Texas Education Code

**RECOMMENDATION**

The president recommends and the chancellor concurs that the Board of Regents approve and adopt proposed revisions to the global fee document. Approved revisions will be incorporated into the complete global fee document, itemizing tuition and fees to be assessed and collected from regularly enrolled and prospective students effective with the fall semesters, 2020 and 2021. The institution's proposed revisions to the current year's global fee document are provided as an attachment.

**BACKGROUND INFORMATION**

All tuition, fees, rentals, rates, and charges of Texas Tech University Health Sciences Center El Paso are charged and collected under specific authorization of the laws of the State of Texas, including, but not limited to, the authorization in Texas Education Code Sections 54.008, 54.051, 54.0513, 54.504, 55.16, and the other applicable sections.

The Board of Regents, Regents' Rules, Section 07.10, has delegated to the president of Texas Tech University Health Sciences Center El Paso the authority to establish waiver and exemption criteria and waiver and exemption approval procedures for the fees, rentals, rates, and charges in accordance with state laws, including but not limited to Texas Education Code, Sections 54.213 (a), 54.261, and 54.5035.

The Board of Regents last approved the global fee document for the academic years beginning Fall 2018 and Fall 2019 at the December 14-15, 2017 meeting.

## **2. TTU: Approve contract for Blackboard Inc. for Technology Support Platform Licenses.**

Presenter: Ms. Noel Sloan

Presentation Time: 5 minutes

Board approval required by: Section 7.12.3 (a) & (c) and 7.12.3 (d) (1) (b) *Regents' Rules*

### **RECOMMENDATION**

The president recommends and the chancellor concurs that the Board of Regents authorize the president or his designee to extend contracts with Blackboard ("Blackboard") for Texas Tech University ("TTU") technology support platform licenses for an additional year.

The contracts are required to support student academic services, course services, continuing education, distance student services, K-12 services, emergency notifications, and point of sale systems. The contracts are governed by a master agreement that was first executed in 2007 and renewed in 2012.

**Term and termination.** The contract extension will expire October 1, 2020. The existing contract does not include any additional renewals and does not allow TTU to terminate without cause. The previous commitment of resources has exceeded four years, and the overall contract amount has exceeded \$6,300,000 since 2007. The expense associated with the extension is estimated to be approximately \$1,275,000. Currently, the parties are negotiating a new master contract and support agreements expected to be executed by October 1, 2020.

### **BACKGROUND INFORMATION**

Section 07.12.3.d.1.b *Regents' Rules*, requires Board approval on contracts that involve a sale or lease of land and/or improvements thereon, or a commitment of funds or other resources for more than four years.

Section 07.12.3.a *Regents' Rules*, requires Board approval on contracts that involve a stated or implied consideration that totals in excess of \$1,000,000 over the term of the contract.

Section 07.12.3.c also provides that, for all contracts that exceed a total value of \$5,000,000 over the life of the contract (even if the annual amount is less than \$1,000,000), the Board must be provided:

- (1) verification that the solicitation and purchasing method and contractor selection process comply with state law and TTU System policies; and
- (2) information on any potential issue(s) that may arise in the solicitation, purchasing, or contractor selection process.

The chief procurement officer has verified the solicitation method and contractor selection process and is not aware of any potential issues that may arise in the process.

**3. TTUS: Approve amendments to the Investment Policy Statements for the Short/intermediate/Long Term Investment Funds and related amendments to Chapter 09, Regents' Rules.**

Presenter: Mr. Gary Barnes

Presentation time: 10 minutes

Board approval required by: Sec. 01.08, *Regents' Rules*

**RECOMMENDATION**

The Regents Rules Review Committee ("Rules Committee") recommends that the Finance & Administration Committee consider adoption of amendments to the Investment Policy Statements for the Short/Intermediate Term Investment Fund (SITIF) and the Long Term Investment Fund (LTIF), and to Chapter 09 (Investments & Endowments).

NOTE: The Investment Policy Statement for the Short Term Investment Fund with proposed amendments; the Investment Policy Statement for the Intermediate Term Investment Fund with proposed amendments; the Investment Policy Statement Long Term Investment Fund with proposed amendments; and the *Regents' Rules* Chapter 09, Investments and Endowments, with proposed amendments are included as a supplemental attachments.

**BACKGROUND INFORMATION**

Various amendments are proposed that would:

- split the Short/Intermediate Term Investment Fund (SITIF) policy statement into separate investment policy statements ... one for the Short Term Investment Fund (STIF) and another for the Intermediate Term Investment Fund (ITIF);
- update the LTIF policy statement to: conform references to the new STIF and ITIF policies ... update the strategic asset class ranges terminology and policy ranges ... update management report requirements and ... align the investment management fee assessment with the annual budget process (no changes to the fee rate at this time); and
- update Chapter 09, Regents' Rules, to reflect references to the new STIF and ITIF policies and add language to handle exceptions to investments requested by donors.

A summary of the proposed amendments is provided herein. The language of the proposed amendments is included as supplemental attachments to the agenda.

The Rules Committee (composed of Regents Michael Lewis-chair, Mark Griffin, Mickey Long, and John Steinmetz) is charged with considering and, when appropriate, submitting to the appropriate Board committee proposed amendments to the Regents' Rules of the Texas Tech University System. Any amendment to the *Regents' Rules* or a Board Policy Statement must be approved by the full Board in accordance with Section 01.08, *Regents' Rules*.

**SUMMARY OF THE PROPOSED CHANGES TO THE INVESTMENT POLICY STATEMENTS AND CHAPTER 09, *REGENTS' RULES*:**

Due to significant differences in investment objectives and the day-to-day management as carried out by Office of Treasury and Office of Investments, it is proposed that the Investment Policy Statement for the Short/Intermediate Term Investment Fund (SITIF) be split into separate policy statements. The two new investment policy statements would be for the Short Term Investment Fund (STIF) and for the Intermediate Term Investment Fund (ITIF).

In order to split the SITIF policy statement into two separate statements, the existing SITIF policy statement would be deleted in its entirety and replaced with two entirely new policy statements. Certain amendments also would be needed for the Long Term Investment Fund (LTIF) policy statement and for Chapter 09 (Investments & Endowments), *Regents' Rules*. These proposed changes are summarized below.

Summary of new STIF Policy Statement

- Investment objectives same as current SITIF:
  - preservation and safety of principal;
  - liquidity; and
  - return.
- Day-to-day operations by the Office of Treasury.
- Investment Vehicles:
  - Short Term Pool; and
  - New – Municipal Bonds rated A or better, Bond mutual funds of high quality as defined in the current policy.
- New sections – to outline administration of Cash Pool relationships with depositories and Broker/Dealer selection for the Short-Term Pool.
- Line up management fee assessment with the annual budget process.

Summary of new ITIF Policy Statement

- Investment objectives are:
  - maximize investment returns;
  - achieve incremental growth to preserve purchasing power of ITIF assets; and
  - prudently diversify with appropriate liquidity.
- Day-to-day operations by the Office of Investments:
  - can be invested in unitized pools of the LTIF.
- Update asset allocation target, ranges and benchmarks
- Revise section for rebalancing between STIF and ITIF.
- Line up management fee assessment with the annual budget process.

Amendments to LTIF Investment Policy Statement

- Update SITIF reference to new STIF and ITIF.
- Update strategic asset class ranges terminology and policy ranges (on Schedule A).
- Update management report requirements.
- Line up management fee assessment with the annual budget process.

Amendments to Chapter 09 (Investments & Endowments), *Regents' Rules*

- Update SITIF reference to new STIF and ITIF.
- Add language to handle exceptions to investments requested by donors.

**4. TTUSA: Approve establishment of Quasi-Endowment for Texas Tech University System Administration.**

Presenter: Mr. Barnes

Presentation time: \_\_ minutes

Board approval required by: Section 02, Investment Policy Statement for the Long Term Investment Fund

**RECOMMENDATION**

The chancellor recommends approval to create a new quasi endowment for the Texas Tech University System Administration ("TTUSA") in the amount of \$1,570,440 from the net proceeds of the sale of the Chancellor's Residence. Proceeds from the disbursement/spending on the quasi-endowment will be used to support System Administration operations.

**BACKGROUND INFORMATION**

The Chancellor's Residence, located at 4708 21<sup>st</sup> Street, was purchased by TTUS in 2006. A public auction was held on September 21, 2019. There were several active bidders at the auction. The highest/successful bid amount was for \$1,600,000 plus 5% buyer's premium. The net proceeds after expenses was \$1,570,440.

**5. TTUS: Authorize agreement for New England Pension Consultants (“NEPC”) to provide investment consulting services for the Short, Intermediate and the Long-Term Investment Fund.**

Presenter: Mr. Gary Barnes

Presentation Time: 10 minutes

Board approval required by: Section 07.12.4.e(1), *Regent's Rules*

**RECOMMENDATION**

The chancellor recommends that the Board of Regents authorize the chancellor to enter into an agreement with New England Pension Consultants (“NEPC”) for investment consulting services. Said services will include advising the Investment Advisory Committee (“IAC”) and the Chief Investment Officer (“CIO”) with regards to investment policy, asset allocation, investment manager searches and selection, and other matters concerning the System’s investments.

This will be a continuation of the current relationship. The cost for these services will be \$600,000 annually. The contract terms will be for one year with three one-year extensions.

This contract will be funded with the management fee assessed against the funds to support the offices responsible for managing the funds.

**BACKGROUND INFORMATION**

NEPC has been engaged in providing investment services for TTUS for several years. The latest agreement was effective July 1, 2013 with a three-year term it has been renewed for an additional three years. The current agreement expires on December 31, 2019

A Request for Proposal for investment services was issued in July 2019. Eight investment consulting firms responded to the RFP. NEPC was selected as providing the best value.

**ACADEMIC,  
CLINICAL AND  
STUDENT AFFAIRS**



**Academic, Clinical and Student Affairs Committee**

Committee Meeting  
December 12, 2019

**Time:** 2:55 pm (or upon adjournment of the Finance and Administration Committee meeting)

**Place:** Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas

Regents: Steinmetz (Chair), Kerrick, Walker, Lewis (Student Regent)

Agenda

- Approve minutes of committee meeting held on October 4, 2019
- V.D.** Consideration of items to be recommended by the Academic, Clinical and Student Affairs Committee to the Board of Regents of the Texas Tech University System (“TTUS”) for and on behalf of Angelo State University (“ASU”), TTUS, the TTU System Administration (“TTUSA”), Texas Tech University (“TTU”), Texas Tech University Health Sciences Center (“TTUHSC”), and Texas Tech University Health Sciences Center at El Paso (“TTUHSC El Paso”)

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NOTE: Following consideration of the above items by the committee, the Committee Chair will present the Committee Report to the full Board of Regents for its consideration on Friday, December 13, 2019

## 1. **TTU: Approve appointments with tenure.**

Presenter: Dr. Michael Galyean

Presentation Time: 2 minutes

Board approval required by: Section 04.02, *Regents' Rules*; TTU Operating Policy 32.17

### **RECOMMENDATION**

The president recommends and the chancellor concurs that the Board of Regents approve the granting of tenure for the faculty as listed below concurrently with their respective appointments.

Dr. Gerardine Botte, Ph.D., Professor and Chairperson of the Department of Chemical Engineering in the Whitacre College of Engineering. She previously held faculty tenure as the Distinguished Professor of Chemical and Biomolecular Engineering at Ohio University. Her appointment at TTU was effective August 2019.

Dr. Christy Bratcher, Ph.D., Professor in the Department of Animal and Food Sciences and Associate Dean for Research in the College of Agricultural Sciences and Natural Resources. She came to Texas Tech from Auburn University where she was a tenured professor and Director of the Food Systems Institute. Her appointment at TTU was effective June 2019.

Dr. Kristin Hales, Ph.D., Associate Professor and Thornton Distinguished Chair in Animal Sciences in the Department of Animal and Food Sciences, College of Agricultural Sciences and Natural Resources. Dr. Hales was previously a Research Animal Scientist at the USDA-ARS U.S. Meat Animal Research Center in Nebraska. Although Dr. Hales' previous appointment was not at a tenure-granting institution, she held a GS-14 government employment rank which is roughly equivalent to the university's tenured professorial ranks. Her appointment at Texas Tech was effective June 2019.

### **BACKGROUND INFORMATION**

The faculty members whose names appear above have been judged by the respective department faculty, appropriate committees and administrative personnel as worthy of academic promotion and tenure. University procedures (OP 32.01) for recommending promotion and tenure of qualified members of the faculty have been carefully followed.

Approval of these three faculty members will bring the number of full-time tenured faculty at Texas Tech University to 808. There are 1,141 full-time tenured and tenure-track faculty. After these appointments, the percentage of tenure-track faculty who have been awarded tenure will be 71%, and tenured faculty

represent 49% of all faculty (including part-time). Together, tenured and tenure-track faculty represent 69% of all faculty, and 75% of all full-time faculty.



|                      |                  |              |                  |
|----------------------|------------------|--------------|------------------|
| Facilities/Equipment | \$0              | Fees         | \$136,975        |
| Other                | \$9,500          |              |                  |
| <b>Total</b>         | <b>\$875,968</b> | <b>Total</b> | <b>\$876,028</b> |

**MEETING OF THE  
BOARD &  
COMMITTEE OF  
THE WHOLE**

**Meeting of the Board**  
Thursday, December 12, 2019

**Time:** 11:00 am

**Place:** Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas

Agenda

- I. **Meeting of the Board—Call to Order; convene into Open Session of the Board**.....Chairman Huckabee
  
- II. **Executive Session:** The Board may convene into Executive Session in the Regents Committee Room (106), First Floor, System Building, 1508 Knoxville Avenue to consider matters permissible under Chapter 551 of the *Texas Government Code*, including, for example: .....Chairman Huckabee
  - A. Consultation with attorney regarding privileged communications, pending or contemplated litigation and settlement negotiations – Section 551.071
  - B. Deliberations regarding real property: The purchase, lease, exchange, or value of real property – Section 551.072
  - C. Deliberations regarding prospective gifts – Section 551.073
  - D. Personnel matters: Discuss the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of employees – Section 551.074
  - E. Deliberations regarding security devices—deployment of security personnel or devices – Section 551.076
  
- III. **Open Session:** The Board will reconvene in Open Session in the Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue and meet as a Committee of the Whole and Meeting of the Board to consider and act on:
  - A. Consideration of appropriate action, if any, on items discussed in Executive Session.....Vice Chairman Lewis
  
- IV. **Recess** .....Chairman Huckabee

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- V. Meeting of Standing Committees:** Conducted sequentially and separately from the Meeting of the Board starting upon adjournment of the Trustees meeting of the Carr Scholarship Foundation—refer to agenda for each respective committee meeting.

Location: Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas

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**Meeting of the Board**  
Friday, December 13, 2019

**Time:** 8:30 am

**Place:** Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue, Lubbock, Texas

Agenda

- VI. Meeting of the Board—Call to Order; reconvene into Open Session of the Board**.....Chairman Huckabee
  - A. Introductions and Recognitions ..... Chancellor Mitchell,  
President May,  
President Schovanec,  
President Lange and  
Interim President Rice-Spearman
- VII. Recess** (if necessary, for standing committees to meet; otherwise continue in Open Session (X.)).....Chairman Huckabee
- VIII. Meeting of Standing Committees** (if not concluded on Thursday)
- IX. Meeting of the Board—Call to Order; reconvene into Open Session of the Board** (only if the Meeting of the Board was recessed to conduct committee meetings)
- X. Open Session:** The Board will continue in Open Session and meet as a Committee of the Whole and Meeting of the Board to consider and act on:
  - A. Approve minutes of Board meetings held on October 4, 2019 and November 15, 2019 .....Chairman Huckabee
  - B. Committee of the Whole.....Vice Chairman Lewis

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- 1. ASU, TTU, TTUHSC, TTUHSC El Paso, TTUSA, and TTUS: Approve Consent Agenda; acknowledge review of Information Agenda..... 9

**Consent Agenda**

- a. ASU: Approve emeritus appointments (ACS)
- b. TTU: Approve faculty development leave of absence (ACS)

- c. TTU: Approve exceptions to nepotism policy (ACS)
- c-1. TTU: Approve employee appointment to non-elective position (ACS)
- d. TTUHSC: Approve conferral of emeritus appointment (ACS)
- e. TTUS: Approve amendments to *Regents' Rules* Chapter 03 (Personnel) relating to the policy on nepotism (ACS)
- f. ASU, TTU, TTUHSC and TTUHSC El Paso: Acknowledge Campus Condition Index report and authorize submission to the Texas Higher Education Coordinating Board (F)
- g. TTU: Approve Permanent Right of Access and Use of Texas Tech University land to Lubbock Power & Light (F)
- g-1. TTU: Approve assignment of real property lease and acceptance of associated gift-in-kind (F)
- h. TTU: Approve naming a laboratory within the Mechanical Engineering North building (F)
- i. TTUHSC: Approve naming a classroom within the Academic Classroom Building on the TTUHSC Permian Basin campus (F)
- j. TTUHSC: Approve contract to provide 5 Year extension of existing lease at the TTMCSW Medical Office Building in Lubbock (F)
- k. ASU: Approve commissioning of police officers (FA)
- l. TTU: Approve commissioning of police officers (FA)
- m. TTU: Authorize President to execute contract with Pizza Hut, LLC (FA)
- n. TTU: Authorize President to execute contract with Einstein Bros. Bagels (FA)
- o. TTU: Approve Contract for Teamworks Innovations, Inc. for Platform License (FA)
- p. TTUS: Approve contract extension for Elsevier B.V. for Elsevier Books and Reference Materials Subscription (FA)

### **Information Agenda**

Information is provided as required by Section 01.02.7.d(4)(c), *Regents' Rules*

- (1) ASU, TTU, TTUHSC and TTUHSC El Paso: Summary of Revenues and Expenditures by

Budget Category, FY 2019 (as of August 31, 2019), per Section 01.02.8.d(3)(g), *Regents' Rules* – All actual expenditures will be reviewed by the Finance and Administration Committee annually and provided as information. Financial reports for the most recently completed quarter for each of the component institutions are available at:  
<http://texastech.edu/offices/cfo/board-financial-reports.php>

- (2) TTUHSC: Contract Amendment per Sections 07.12.4.a and 07.12.6.b., *Regents' Rules*: A list of renewal, extended or amended contracts in excess of \$1,000,000 per annum, including the amount of the contract, shall be provided to the board as an information item at the next regular board meeting.
- (3) TTUHSC and TTUHSC El Paso: Contracts for ongoing and continuing health-related service relationships per Section 07.12.4.c, *Regents' Rules* – “Notwithstanding Section 07.12.3.a or Section 07.12.3.b, *Regents' Rules*, the board delegates to the presidents of health-related institutions the authority to approve the proposals and execute and sign contracts for health related services, as specified herein. This delegation is limited to contracts with entities for which the institution has an ongoing and continuing contractual relationship, to include: revenue contracts from which the institution receives payment for health related services; participation in health provider networks; resident or faculty support; and expense contracts with healthcare providers or suppliers necessary to fulfill the obligation to provide health related services as part of a revenue contract. Before such a contract may be executed, the president shall obtain the prior review of the TTUS Office of General Counsel and the TTUS vice chancellor and chief financial officer, or their designees. A list of health related services contracts that have been executed under this delegation of authority since the previous regular board meeting shall be provided to the board as an information item at the next regular board meeting.”
- (4) TTUHSC El Paso: Consulting contracts with an initial consideration of \$25,000 or less per Section 07.12.4.e.(2), *Regents' Rules* – “(a) Board approval is not required, but the vice chancellor and chief financial officer, in consultation with the chancellor, presidents, and chief financial officers of the institutions, shall review consulting contracts of \$25,000 or less prior to execution of the contract by the chancellor or president, as appropriate. (b) A report of the contract shall be provided as an Information Agenda item at the next board meeting.”

- (5) TTUHSC El Paso: Contracts that involve a stated or implied consideration that total in excess of \$1,000,000 over the entire term of the contract but the per annum amount is less than \$1,000,000 per section 07.12.4 of the *Regents' Rules* – Notwithstanding Section 07.12.3.a, *Regents' Rules*, the chancellor or president, as appropriate, is delegated the authority to approve: (i) contracts that involve a stated or implied consideration that total in excess of \$1,000,000 over the entire term of the contract but the per annum amount is less than \$1,000,000; and (ii) any amendment, extension, or renewal of a contract originally approved by the chancellor or president, as appropriate, so long as the amendment, extension, or renewal does not cause the per annum amount of the contract to exceed \$1,000,000. This requirement is applicable to both cash and non-cash considerations. Information about such contracts or contract amendments, extensions, or renewals that are approved by the chancellor or a president under this delegation of authority shall be provided to the board as an information item at the next regular board meeting.
- (6) TTU: Report of nepotism exception as provided by Section 03.01.11.h., *Regents' Rules*: "All instances where an employee marries an administrative supervisor, is placed under the administrative supervision of a relative, or is made the administrative supervisor of a relative within the prohibited degree shall be reported to the board as an information item."
- (7) TTU: Report of Distribution of Revenue from Commercialization and Licensing as provided by Section 10.12.1, *Regents' Rules*: "Where TTUS elects to protect intellectual property in its name, it shall award the creator a reasonable share of the net proceeds from royalties or other income or value after deduction of the directly assignable costs including patenting, copyrighting, marketing, licensing and protection of intellectual property rights."
- (8) TTUHSC: Contracts for Sponsored Program Projects per Section 07.12.4.b., *Regents' Rules*: The board delegates to the presidents the authority to approve the proposals and execute and sign contracts for sponsored program projects in excess of \$1,000,000 per annum. Sponsored program projects are those grants, contracts, and cooperative agreements from either the public or private sectors that support research, instructional, and service projects. A list of such contracts for sponsored program projects in excess of \$1,000,000 per annum shall be provided to the board as an information item at the next regular board meeting.

- (9) TTUHSC at El Paso: Report on establishment of new centers and institutes per Section 04.11.2., *Regents' Rules* – “The establishment or substantive restructuring of a center, institute, or other academic unit or program not addressed in Section 04.11.1 herein shall be approval by the president, with notice provided to the board via an item in the information Agenda for the next meeting of the board.”

**XI. Reports of Standing Committees:** Standing Committee reports will be presented sequentially to the Committee of the Whole.

- A. Report of the Audit Committee ..... Regent Hammonds
- B. Report of the Facilities Committee ..... Regent Long
- C. Report of the Finance and Administration Committee ..... Regent Walker
- D. Report of the Academic, Clinical and Student Affairs Committee ..... Regent Steinmetz

**XII. The Board will continue in Open Session as the Committee of the Whole and Meeting of the Board of Regents.**

- A. Schedule for Board meetings:
  - February 27-28, 2020, Amarillo, Texas
  - May 14-15, 2020, Lubbock
  - August 6-7, 2020, Lubbock
  - October 2020, Dates TBD, Lubbock
  - December 10-11, 2020, Lubbock ..... Ben Lock
- B. Student Government Association Reports ..... Brayden Woods, David Rivero, Tobi Saliu, and Albert Romero

**XIII. Executive Session:** The Board may convene into Executive Session in the Regents Committee Room (106), First Floor, System Building, 1508 Knoxville Avenue to consider matters permissible under Chapter 551 of the *Texas Government Code*, including, for example: ..... Chairman Huckabee

- A. Consultation with attorney regarding privileged communications, pending or contemplated litigation and settlement negotiations – Section 551.071

- B. Deliberations regarding real property: The purchase, lease, exchange, or value of real property – Section 551.072
- C. Deliberations regarding prospective gifts – Section 551.073
- D. Personnel matters: Discuss the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of employees – Section 551.074
- E. Deliberations regarding security devices—deployment of security personnel or devices – Section 551.076

**XIV. Open Session:** The Board will reconvene in the Regents Conference Room (104A), First Floor, System Building, 1508 Knoxville Avenue and meet as a Committee of the Whole and Meeting of the Board to consider and act on:

- A. Consideration of appropriate action, if any, on items discussed in Executive Session ..... Vice Chairman Lewis
- B. Chairman’s Announcements ..... Chairman Huckabee

**XV. Adjournment** ..... Chairman Huckabee

1. **ASU, TTU, TTUHSC, TTUHSC El Paso, TTUSA and TTUS: Approve Consent Agenda; acknowledge review of Information Agenda.**

**RECOMMENDATION**

The chancellor recommends that the Board of Regents (i) approves the Consent Agenda for the meeting of December 12-13, 2019; and (ii) acknowledge its review of the Information Agenda for the same meeting.

**BACKGROUND INFORMATION**

Pursuant to Section 01.02.6.b(2), *Regents' Rules*, the Board of Regents approves certain administrative actions.

This action is required to authorize the various officers and officials of Texas Tech to perform the tasks and duties delineated in the policies of the Board of Regents. This action also confirms the authority to prepare reports, execute contracts, documents, or instruments approved within the Consent Agenda and further confirms that such authority has been delegated to the officer or official preparing and/or executing the said item.

**CONSENT/  
INFORMATION  
AGENDA**



BOARD OF REGENTS  
TEXAS TECH UNIVERSITY SYSTEM

CONSENT AGENDA  
and  
INFORMATION AGENDA

December 12-13, 2019

BOARD OF REGENTS

Mr. Christopher M. Huckabee, Chairman

Mr. J. Michael Lewis, Vice Chairman

Mr. Mark Griffin

Mr. Ron Hammonds

Mrs. Ginger Kerrick

Mr. Mickey L. Long

Mr. John D. Steinmetz

Mr. John B. Walker

Mr. Dusty Womble

Mr. Sean Lewis, Student-Regent

Standing Committees:

Academic, Clinical and Student Affairs:  
Ginger Kerrick; Sean Lewis; John Steinmetz (Chair); John Walker

Audit:  
Ron Hammonds (Chair); Ginger Kerrick; Dusty Womble

Facilities:  
Mark Griffin; Ron Hammonds; Mickey Long (Chair)

Finance and Administration:  
Mickey Long; John Walker (Chair); Dusty Womble

**TEXAS TECH UNIVERSITY SYSTEM  
BOARD OF REGENTS**

**December 12-13, 2019**

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m. TTU: Authorize President to execute contract with Pizza Hut, LLC (FA)..... 23

n. TTU: Authorize President to execute contract with Einstein Bros. Bagels (FA) ..... 24

o. TTU: Approve Contract for Teamworks Innovations, Inc. for Platform License (FA) ..... 25

p. TTUS: Approve contract extension for Elsevier B.V. for Elsevier Books and Reference Materials Subscription (FA)..... 25a

## INFORMATION AGENDA

*(Titles only; full agenda is on page 26)*  
Information is provided as required by  
Section 01.02.7.d(4)(c), *Regents' Rules*

NOTE: The following are reports or other documents which, according to the *Regents' Rules* or state law, must be made available to the Board of Regents. As such, the reports below are on file in the Board Office, and their listing on the Information Agenda constitutes notice that they are available to Board members upon request.

- (1) **ASU, TTU, TTUHSC and TTUHSC EI Paso: Summary of Revenues and Expenditures by Budget Category, FY 2019 (as of August 31, 2019), per Section 01.02.8.d(3)(g), *Regents' Rules***  
– All actual expenditures will be reviewed by the Finance and Administration Committee annually and provided as information. Financial reports for the most recently completed quarter for each of the component institutions are available at: <http://texastech.edu/offices/cfo/board-financial-reports.php>
- (2) **TTUHSC: Contract Amendment per Sections 07.12.4.a and 07.12.6.b., *Regents' Rules***: A list of renewal, extended or amended contracts in excess of \$1,000,000 per annum, including the amount of the contract, shall be provided to the board as an information item at the next regular board meeting.
- (3) **TTUHSC and TTUHSC EI Paso: Contracts for ongoing and continuing health-related service relationships per Section 07.12.4.c, *Regents' Rules*** – “Notwithstanding Section 07.12.3.a or Section 07.12.3.b, *Regents' Rules*, the board delegates to the presidents of health-related institutions the authority to approve the proposals and execute and sign contracts for health related services, as specified herein. This delegation is limited to contracts with entities for which the institution has an ongoing and continuing contractual relationship, to include: revenue contracts from which the institution receives payment for health related services; participation in health provider networks; resident or faculty support; and expense contracts with healthcare providers or suppliers necessary to fulfill the obligation to provide health related services as part of a revenue contract. Before such a contract may be executed, the president shall obtain the prior review of the TTUS Office of General Counsel and the TTUS vice chancellor and chief financial officer, or their designees. A list of health related services contracts that have been executed under this delegation of authority since the previous regular board meeting shall be provided to the board as an information item at the next regular board meeting.”
- (4) **TTUHSC EI Paso: Consulting contracts with an initial consideration of \$25,000 or less per Section 07.12.4.e.(2), *Regents' Rules*** – “(a) Board approval is not required, but the vice chancellor and chief financial officer, in consultation with the chancellor, presidents, and chief financial officers of the institutions, shall review consulting contracts of \$25,000 or less prior to execution of the contract by the chancellor or president,

as appropriate. (b) A report of the contract shall be provided as an Information Agenda item at the next board meeting.”

- (5) **TTUHSC El Paso: Contracts that involve a stated or implied consideration that total in excess of \$1,000,000 over the entire term of the contract but the per annum amount is less than \$1,000,000 per section 07.12.4 of the *Regents’ Rules* –** Notwithstanding Section 07.12.3.a, *Regents’ Rules*, the chancellor or president, as appropriate, is delegated the authority to approve: (i) contracts that involve a stated or implied consideration that total in excess of \$1,000,000 over the entire term of the contract but the per annum amount is less than \$1,000,000; and (ii) any amendment, extension, or renewal of a contract originally approved by the chancellor or president, as appropriate, so long as the amendment, extension, or renewal does not cause the per annum amount of the contract to exceed \$1,000,000. This requirement is applicable to both cash and non-cash considerations. Information about such contracts or contract amendments, extensions, or renewals that are approved by the chancellor or a president under this delegation of authority shall be provided to the board as an information item at the next regular board meeting.
- (6) **TTU: Report of nepotism exception as provided by Section 03.01.11.h., *Regents’ Rules*:** “All instances where an employee marries an administrative supervisor, is placed under the administrative supervision of a relative, or is made the administrative supervisor of a relative within the prohibited degree shall be reported to the board as an information item.”
- (7) **TTU: Report of Distribution of Revenue from Commercialization and Licensing as provided by Section 10.12.1, *Regents’ Rules*:** “Where TTUS elects to protect intellectual property in its name, it shall award the creator a reasonable share of the net proceeds from royalties or other income or value after deduction of the directly assignable costs including patenting, copyrighting, marketing, licensing and protection of intellectual property rights.”
- (8) **TTUHSC: Contracts for Sponsored Program Projects per Section 07.12.4.b., *Regents’ Rules*:** The board delegates to the presidents the authority to approve the proposals and execute and sign contracts for sponsored program projects in excess of \$1,000,000 per annum. Sponsored program projects are those grants, contracts, and cooperative agreements from either the public or private sectors that support research, instructional, and service projects. A list of such contracts for sponsored program projects in excess of \$1,000,000 per annum shall be provided to the board as an information item at the next regular board meeting.
- (9) **TTUHSC at El Paso: Report on establishment of new centers and institutes per Section 04.11.2., *Regents’ Rules* –** “The establishment or substantive restructuring of a center, institute, or other academic unit or program not addressed in Section 04.11.1 herein shall be approval by the president, with notice provided to the board via an item in the information Agenda for the next meeting of the board.”

a. **ASU: Approve emeritus appointments.**

Board approval required by: Section 04.01.2, *Regents' Rules*; ASU Operating Policy 02.03

The request is to approve to confer the title of distinguished professor emeritus onto Dr. Laurence F. Jones, Ph.D., and Dr. John J. Miazga, Jr., Ed.D., for their long and faithful service to Angelo State University. This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents.

**BACKGROUND INFORMATION**

Dr. Laurence F. Jones received his Ph.D. in Urban Administration from the University of Texas at Arlington. Dr. Jones served the Angelo State University with extraordinary distinction for a period of twenty-five years, including two appointments as department chair for both Security Studies and Criminal Justice and Political Science and Philosophy. At the same time, he served as a model for students and enhanced his own knowledge and skills by maintaining active participation in professional pursuits such as research, writing, publishing, and presentations at professional conferences. After 25 years of distinguished service, Dr. Jones retired on May 14, 2016.

Dr. John J. Miazga, Jr., joined the faculty in the fall 1980 as an Associate Professor. In the fall of 1999, he was named Department Head and as Dean of the School in Education in 2000. He earned his Ed.D. from East Texas State University. Dr. Miazga completed 39 years of dedicated service not only to the departments within the College of Education, but also to Angelo State University and the community. Under the leadership of Dr. Miazga, the College of Education earned accreditation from the Council for the Accreditation of Educator Preparation ("CAEP") and the National Council for Accreditation of Teacher Education ("NCATE") and maintained Texas Education Agency accreditation. Dr. Miazga retired August 31, 2019.

**b. TTU: Approve faculty development leave of absence.**

Board approval required by: Section 04.05, *Regents' Rules*; TTU Operating Policy 32.15

The request is to approve the leave of absence as listed below. This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents.

**FACULTY DEVELOPMENT LEAVE**

Sabrina Chi, Ph.D., Assistant Professor in the Area of Accounting, Rawls College of Business, leave without pay for the period of January 1, 2020 through May 31, 2020. The purpose of her leave is to spend full-time during the Spring semester participating in teaching development activities at professional conferences, with Texas Tech's Teaching, Learning, and Professional Development Center, and with faculty colleagues in the Area of Accounting. These activities will enable Dr. Chi to incorporate and contribute best practices in accounting education to complement her outstanding record of research.

**c. TTU: Approve exceptions to nepotism policy.**

Board approval required by: Section 03.01.11, *Regents' Rules*; TTU Operating Policy 70.08

The request is to approve an exception to the nepotism policy in the following instance. This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents.

Ms. Betty Ingram is to be appointed a part-time Teacher of Business for TTU K-12, Texas Tech's print-based and online accredited kindergarten through 12<sup>th</sup> grade school. Ms. Ingram is the mother of another TTU K-12 employee, Ms. Cari Ingram Moye, TTU-K-12 Principal who is the supervisor of Mr. Jeff Oldham, the Assistant Principal for TTU K-12 and who would be Ms. Ingram's immediate supervisor. In order to avoid any potential conflict of interest due to this line of reporting, assessments of Ms. Ingram's performance, pay, and other personnel matters will be done by Dr. Lisa Leach, Director of Instructional Design and Curriculum Development, a position outside the line of Principal, Assistant Principal, and teacher. Dr. Leach reports to Dr. Justin Louder, Associate Vice Provost and Interim Superintendent for TTU K-12. This reporting arrangement will be reviewed annually to determine the need for any modifications.

**BACKGROUND INFORMATION**

*Regents' Rules* 03.01.11 and TTU OP 70.08 prohibit a person related to an administrator by a prohibited degree to have an initial appointment to a position in an area of responsibility over which the administrator has appointive authority, in whole or in part, regardless of the source of funds from which the position's salary is to be paid. Furthermore, no employee may approve, recommend, or otherwise take action with regard to the appointment, reappointment, promotion, salary, or supervision of an individual related to the employee within a prohibited degree. If an appointment, reappointment, reclassification or promotion of an employee places the employee under an administrative supervisor who is related within a prohibited degree, all subsequent personnel and compensation actions affecting the employee shall become the responsibility of the next higher administrative supervisor.



**c-1. TTU: Approve employee appointment to non-elective position.**

Board approval required by: Article 16, Section 33, Texas Constitution; Chapter 667.007, Texas Government Code and 70.15 TTU Operating Policy

The request is to approve an employee appointment to a non-elective position as listed below. It is further recommended that the Board of Regents find, with respect to the appointee, that her service is of benefit to the State of Texas and Texas Tech University and does not conflict with her position of employment at Texas Tech University. This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents.

Ms. Kimberly Gramm, Associate Vice President of Innovation & Entrepreneurship has been appointed by Governor Abbott to the Product Development and Small Business Incubator (PDSBI) Board. Her appointment is set to expire February 1, 2021. The PDSBI fund is a revolving loan program administered by the Texas Economic Development Bank within the Governor's Office of Economic Development Finance Division at the direction of the PDSBI Board. The purpose of the fund is aid in the development, production and commercialization of new or improved products and to foster and stimulate small business in the state.

This appointment is not in conflict with the Ms. Gramm's employment at Texas Tech University. She will serve without compensation, but may be reimbursed for necessary travel and per diem in the performance of her duties.

**BACKGROUND INFORMATION**

The Texas Constitution, *Texas Government Code*, and Texas Tech University Operating Policy require a finding of fact before a university employee may accept an appointment to serve in a non-elective office.

**d. TTUHSC: Approve conferral of emeritus appointment.**

Board approval required by: Section 04.01.2, *Regents' Rules*, and HSC OP 10.12

The request is to approve conferral of the title of professor emeritus on Robert Stephen Urban, M.D., and John Jennings, M.D. for their distinguished service to the School of Medicine ("SOM") and the Texas Tech University Health Sciences Center ("TTUHSC"). This request has been approved administratively by the chancellor and the president and is recommended for approval by the Board of Regents.

**BACKGROUND INFORMATION**

In accordance with the HSC OP 10.12 and the *Regents' Rules* 04.01.2, the Faculty Council Executive Committee unanimously recommended the professor emeritus appointments for Dr. Urban and Dr. Jennings.

Dr. Robert S. Urban joined the TTUHSC SOM in 1981 with the Department of Internal Medicine on the Amarillo campus. He served as the interim regional chair of the department from June 1989 until being appointed the regional chair in September 1990. Since that time, Dr. Urban served in leadership roles as the Residency Program Director and Medical Student Clerkship Director for Internal Medicine.

Evidence of Dr. Urban's strong record of distinguished service is demonstrated through his many achievements and service to the community and patients. Contributions from grateful patients established the Dr. Robert Stephen Urban Endowed Professorship in Internal Medicine in 2010. He served on the Potter Randall County Medical Society since 1981 holding many officer positions including the Editor of the organization's journal, *Panhandle Health*. He was a member of the Texas Chapter of American College of Physicians (ACP) serving as president elect and president of the organization. Dr. Urban received the ACP Chapter Laureate Award in 2014, which honors Fellows and Masters of the ACP as one of the most prestigious awards in all of Internal Medicine for a Texas physician. In 2018, he was awarded the title of Master of the American College of Physicians.

Dr. Urban received numerous awards and accolades from TTUHSC and the SOM. In 2007 he received the President's Excellence in Teaching Award and the Chancellor's Council Award for Excellence in Teaching, and in 2017 he was recognized as the Dean's Distinguished Faculty Service Award recipient, to name a few. Dr. Urban retired on September 30, 2019.

Dr. John C. Jennings joined the TTUHSC SOM in 1999 as Professor and chair of the Department of Obstetrics and Gynecology on the Amarillo campus. He also served as the Residency Program Director until 2002. In 2006, he became the Regional Dean of the SOM Permian Basin campus until his resignation in 2012.

He was an active medical professional, including President of the American College of Obstetricians and Gynecologists for many years, working on women's health issues with other national and world leaders of organized medicine and government.

Over a very distinguished career in medicine, Dr. Jennings was a Captain, General Medical Officer with the United States Air Force (active duty 1971-1973) and Reserve Medical Officer from 1973-1977. He was in private practice for many years in San Angelo and held many key leadership roles (Vice President Medical Staff, Chief-Division of Obstetrics and Gynecology, etc.) at the Shannon Medical Center. At TTUHSC, Dr. Jennings was co-founder of the Women's Health Research Institute on the Amarillo campus and the Laura W. Bush Institute for Women's Health. During his service as the Regional Dean, he represented the TTUHSC SOM on the Ector County Hospital Board, Odessa Chamber of Commerce Board, Midland Chamber of Commerce, and the Community Advisory Board. Dr. Jennings retired April 30, 2019.

e. **TTUS: Approve amendments to *Regents' Rules* Chapter 03 (Personnel) relating to the policy on nepotism.**

Board approval required by: Sec. 01.08, *Regents' Rules*

The Regents Rules Review Committee (“Rules Committee”) recommends that the Academic, Clinical and Student Affairs Committee consider adoption of amendments to Chapter 03 (Personnel) relating to the nepotism policy.

NOTE: The *Regents' Rules*, Chapter 03.01.11, Nepotism, with proposed amendments is included as a supplemental attachment.

**BACKGROUND INFORMATION**

It is proposed that a clarification be added to more fully specify the steps that must be taken to assure proper supervisory relationships when a nepotism exception is granted. The proposed amendments are attached.

The Rules Committee (composed of Regents Michael Lewis-chair, Mark Griffin, Mickey Long, and John Steinmetz) is charged with considering and, when appropriate, submitting to the appropriate Board committee proposed amendments to the Regents' Rules of the Texas Tech University System. Any amendment to the Regents' Rules or a Board Policy Statement must be approved by the full Board in accordance with Section 01.08, Regents' Rules.

f. **ASU, TTU, TTUHSC and TTUHSC El Paso: Acknowledge Campus Condition Index report and authorize submission to the Texas Higher Education Coordinating Board.**

1. **ASU: Acknowledge the Campus Condition Index Report and authorize submission to the THECB.**

Board approval required by: *Texas Education Code*, §61.05821

The request is to acknowledge Angelo State University's Campus Condition Index Report ("CCIR") and authorize submission of the report to the Texas Higher Education Coordinating Board ("THECB"). This request has been approved administratively by the president and the chancellor and is recommended for acknowledgement by the Board of Regents.

[NOTE: The ASU Campus Condition Index Report is attached on the following page.]

**BACKGROUND INFORMATION**

Submission of the annual Campus Condition Index Report ("CCIR") is now required to be submitted to the Texas Higher Education Coordinating Board ("THECB"), as stated in 19 TAC §17.101(2)(B). *Texas Education Code*, §61.05821 requires institutions report Campus Condition Index Report ("CCIR") to their governing boards each year. In order to maintain simplicity and consistency, Texas Tech will continue to use the Texas Higher Education Coordinating Boards' CCIR summary format.

This report identifies (1) the current accumulated deferred maintenance needs; (2) the projects planned to address accumulated deferred maintenance needs in the next five years; and (3) the actual expenditures on accumulated deferred maintenance in the most recent fiscal year. The categories indicate the type of reinvestment required to maintain existing facilities; whether to stay on schedule, catch up, or convert existing facilities to an optimal condition. The CCI, a ratio, compares the unexpended critical and deferred maintenance to an index value (replacement value) and estimates the institutions' overall facilities condition. Institutions are rated as good (5% or less), fair (between 5% and 10%), or poor (10% or greater).

Based on the institutions data (1) the Educational and General Campus Condition Index ("EGCCI") or Ratio of Critical and Deferred Maintenance for Educational and General spaces to Educational and General Campus Condition Index Value is 0.1081%; and (2) the Institution-wide Campus Condition Index ("IWCCI") or Ratio of Critical and Deferred Maintenance (for all spaces) to the Institution-wide Campus Condition Index Value is

0.1532%. The comparable measures reported in the THECB's fall 2018 CCIR were 0.0753% and 0.0771%, respectively.

A copy of the report was submitted to the THECB for their information.



## **2. TTU: Acknowledge the Campus Condition Index Report and authorize submission to the THECB.**

Board approval required by: *Texas Education Code*, §61.05821

The request is to acknowledge Texas Tech University's Campus Condition Index Report ("CCIR") and authorize submission of the report to the Texas Higher Education Coordinating Board ("THECB"). This request has been approved administratively by the president and the chancellor and is recommended for acknowledgement by the Board of Regents.

[NOTE: The TTU Campus Condition Index Report is attached on the following page.]

### **BACKGROUND INFORMATION**

Submission of the annual Campus Condition Index Report ("CCIR") is now required to be submitted to the Texas Higher Education Coordinating Board ("THECB"), as stated in 19 TAC §17.101(2)(B). *Texas Education Code*, §61.05821 requires institutions report Campus Condition Index Report ("CCIR") to their governing boards each year. In order to maintain simplicity and consistency, Texas Tech will continue to use the Texas Higher Education Coordinating Boards' CCIR summary format.

This report identifies (1) the current accumulated deferred maintenance needs; (2) the projects planned to address accumulated deferred maintenance needs in the next five years; and (3) the actual expenditures on accumulated deferred maintenance in the most recent fiscal year. The categories indicate the type of reinvestment required to maintain existing facilities; whether to stay on schedule, catch up, or convert existing facilities to an optimal condition. The CCI, a ratio, compares the unexpended critical and deferred maintenance to an index value (replacement value) and estimates the institutions' overall facilities condition. Institutions are rated as good (5% or less), fair (between 5% and 10%), or poor (10% or greater).

Based on the institutions data (1) the Educational and General Campus Condition Index ("EGCCI") or Ratio of Critical and Deferred Maintenance for Educational and General spaces to Educational and General Campus Condition Index Value is 0.1091%; and (2) the Institution-wide Campus Condition Index ("IWCCI") or Ratio of Critical and Deferred Maintenance (for all spaces) to the Institution-wide Campus Condition Index Value is 0.2115%. The comparable measures reported in the THECB's fall 2018 CCIR were 0.1567% and 0.2079%, respectively.

A copy of the report was submitted to the THECB for their information.



| Texas Tech University                 |   |                               |                      |                      |                       |  |
|---------------------------------------|---|-------------------------------|----------------------|----------------------|-----------------------|--|
| CCI Summary Report - FY2019           |   |                               |                      |                      |                       |  |
| November 11, 2019                     |   |                               |                      |                      |                       |  |
| <b>Summary by Period and Category</b> |   |                               |                      |                      |                       |  |
| Period                                | Critical  | Deferred                      | Planned              | Adaptation           | Total                 |  |
| Budgeted - Current Year               | \$ -  | \$ 5,536,999                  | \$ 15,807,642        | \$ 61,874,817        | \$ 83,219,458         |  |
| Previous Expenditures                 | \$ -  | \$ 2,977,478                  | \$ 10,701,422        | \$ 35,463,016        | \$ 49,141,916         |  |
| Projected - Years 2 Through 5         | \$ -  | \$ 5,885,000                  | \$ 21,061,720        | \$ -                 | \$ 26,946,720         |  |
| Unbudgeted - Current Year             | \$ -  | \$ -                          | \$ -                 | \$ -                 | \$ -                  |  |
| <b>Total</b>                          | <b>\$ -</b>   | <b>\$ 14,399,477</b>          | <b>\$ 47,570,784</b> | <b>\$ 97,337,833</b> | <b>\$ 159,308,094</b> |  |
| <b>Summary by Type and Category</b>   |   |                               |                      |                      |                       |  |
| Maintenance Type                      | Critical  | Deferred                      | Planned              | Adaptation           | Total                 |  |
| Architectural                         | \$ -  | \$ 7,457,376                  | \$ 6,902,883         | \$ 84,590,885        | \$ 98,951,144         |  |
| HVAC                                  | \$ -  | \$ 2,012,613                  | \$ 19,916,421        | \$ 4,248,800         | \$ 26,177,834         |  |
| Plumbing and Electrical               | \$ -  | \$ 4,118,926                  | \$ 6,178,591         | \$ 3,729,982         | \$ 14,027,499         |  |
| Safety                                | \$ -  | \$ 468,162                    | \$ 468,162           | \$ 2,234,269         | \$ 11,745,716         |  |
| Legal and Mandatory                   | \$ -  | \$ 142,400                    | \$ 2,452,884         | \$ 1,365,972         | \$ 3,961,256          |  |
| Other                                 | \$ -  | \$ 200,000                    | \$ 3,076,720         | \$ 1,167,925         | \$ 4,444,645          |  |
| <b>Total</b>                          | <b>\$ -</b>   | <b>\$ 14,399,477</b>          | <b>\$ 47,570,784</b> | <b>\$ 97,337,833</b> | <b>\$ 159,308,094</b> |  |
| <b>Top Five Priority Projects</b>     |   |                               |                      |                      |                       |  |
| Priority                              | Project Name  | Period                        | Category             | Type                 | Amount                |  |
| 1                                     | Replace Biology Greenhouse HVAC Controls (Rt 2)                       | Budgeted - Current Year       | Planned Maintenance  | HVAC                 | \$ 350,000            |  |
| 2                                     | Renovate Restrooms (2R2, 2R3) to Meet ADA                             | Budgeted - Current Year       | Planned Maintenance  | Legal and Mandatory  | \$ 150,000            |  |
| 3                                     | Roof Replacement and Gutter Repairs                                   | Projected - Years 2 Through 5 | Deferred Maintenance | Architectural        | \$ 250,000            |  |
| 4                                     | Repairs of Mathematics and Statistics Building (roof)                 | Budgeted - Current Year       | Deferred Maintenance | Architectural        | \$ 300,000            |  |
| 5                                     | 2014 Audit: 1129 - Paint Exterior Handrails & Make Structural Repairs | Projected - Years 2 Through 5 | Planned Maintenance  | Architectural        | \$ 50,000             |  |
|                                       | <b>E&amp;G Deferred Maintenance</b>                                   | \$ 2,207,118                  |                      |                      |                       |  |
|                                       | <b>Non-E&amp;G Deferred Maintenance</b>                               | \$ 9,214,881                  |                      |                      |                       |  |
|                                       | <b>Total Deferred Maintenance</b>                                     | \$ 11,421,999                 |                      |                      |                       |  |
|                                       | <b>Fall 2018 Amount</b>   | <b>DM Index Value</b>         |                      |                      |                       |  |
|                                       | <b>Educational and General Campus Condition Index Value (EGCCIV)</b>  | \$ 2,023,560,020              | 0.1091%              |                      |                       |  |
|                                       | <b>Institution-Wide Campus Condition Index Value (IWCCIV)</b>         | \$ 5,400,720,159              | 0.2115%              |                      |                       |  |

### **3. TTUHSC: Acknowledge the Campus Condition Index Report and authorize submission to the THECB.**

Board approval required by: *Texas Education Code*, §61.05821

The request is to acknowledge Texas Tech University Health Sciences Center's Campus Condition Index Report ("CCIR") and authorize submission of the report to the Texas Higher Education Coordinating Board ("THECB"). This request has been approved administratively by the president and the chancellor and is recommended for acknowledgement by the Board of Regents.

[NOTE: The TTUHSC Campus Condition Index Report is attached on the following page.]

#### **BACKGROUND INFORMATION**

Submission of the annual Campus Condition Index Report ("CCIR") is now required to be submitted to the Texas Higher Education Coordinating Board ("THECB"), as stated in 19 TAC §17.101(2)(B). *Texas Education Code*, §61.05821 requires institutions report Campus Condition Index Report ("CCIR") to their governing boards each year. In order to maintain simplicity and consistency, Texas Tech will continue to use the Texas Higher Education Coordinating Boards' CCIR summary format.

This report identifies (1) the current accumulated deferred maintenance needs; (2) the projects planned to address accumulated deferred maintenance needs in the next five years; and (3) the actual expenditures on accumulated deferred maintenance in the most recent fiscal year. The categories indicate the type of reinvestment required to maintain existing facilities; whether to stay on schedule, catch up, or convert existing facilities to an optimal condition. The CCI, a ratio, compares the unexpended critical and deferred maintenance to an index value (replacement value) and estimates the institutions' overall facilities condition. Institutions are rated as good (5% or less), fair (between 5% and 10%), or poor (10% or greater).

Based on the institutions data (1) the Educational and General Campus Condition Index ("EGCCI") or Ratio of Critical and Deferred Maintenance for Educational and General spaces to Educational and General Campus Condition Index Value is 0.0984%; and (2) the Institution-wide Campus Condition Index ("IWCCI") or Ratio of Critical and Deferred Maintenance (for all spaces) to the Institution-wide Campus Condition Index Value is 0.1307%. The comparable measures reported in the THECB's fall 2018 CCIR were 0.0168% and 0.0221%, respectively.

A copy of the report was submitted to the THECB for their information.

| Texas Tech University Health Sciences Center |  |                         |                       |                     |                      |  |  |  |  |
|--|--|-------------------------|-----------------------|---------------------|----------------------|--|--|--|--|
| CCI Summary Report - FY2019                  |  |                         |                       |                     |                      |  |  |  |  |
| November 20, 2019                            |  |                         |                       |                     |                      |  |  |  |  |
| Summary by Period and Category               |  |                         |                       |                     |                      |  |  |  |  |
| Period                                       | Critical   | Deferred                | Planned               | Adaptation          | Total                |  |  |  |  |
| Budgeted - Current Year                      | \$ -   | \$ 1,518,684            | \$ 5,301,344          | \$ 2,070,098        | \$ 8,890,127         |  |  |  |  |
| Expenditures - Previous Year                 | \$ -   | \$ 1,618,214            | \$ 4,283,097          | \$ 3,829,592        | \$ 9,730,903         |  |  |  |  |
| Projected - Years 2 through 5                | \$ -   | \$ -                    | \$ 23,284,000         | \$ 1,175,000        | \$ 24,459,000        |  |  |  |  |
| Unbudgeted - Current Year                    | \$ -   | \$ -                    | \$ -                  | \$ -                | \$ -                 |  |  |  |  |
| <b>Total</b>                                 | <b>\$ -</b>  | <b>\$ 3,136,898</b>     | <b>\$ 32,868,441</b>  | <b>\$ 7,074,691</b> | <b>\$ 43,080,029</b> |  |  |  |  |
| Summary by Type and Category                 |  |                         |                       |                     |                      |  |  |  |  |
| Maintenance Type                             | Critical   | Deferred                | Planned               | Adaptation          | Total                |  |  |  |  |
| Architectural                                | \$ -   | \$ 1,515,366            | \$ 6,266,376          | \$ 5,221,119        | \$ 13,002,860        |  |  |  |  |
| HVAC   | \$ -   | \$ 903,810              | \$ 17,903,742         | \$ 585,280          | \$ 19,392,831        |  |  |  |  |
| Plumbing and Electrical                      | \$ -   | \$ 257,160              | \$ 6,074,629          | \$ 50,878           | \$ 6,382,667         |  |  |  |  |
| Safety                                       | \$ -   | \$ 29,553               | \$ 2,174,668          | \$ 487,395          | \$ 2,691,615         |  |  |  |  |
| Legal and Mandatory                          | \$ -   | \$ 47,852               | \$ 71,570             | \$ 39,145           | \$ 158,567           |  |  |  |  |
| Other  | \$ -   | \$ 383,158              | \$ 377,457            | \$ 690,874          | \$ 1,451,488         |  |  |  |  |
| <b>Total</b>                                 | <b>\$ -</b>  | <b>\$ 3,136,898</b>     | <b>\$ 32,868,441</b>  | <b>\$ 7,074,691</b> | <b>\$ 43,080,029</b> |  |  |  |  |
| Top Five Priority Projects                   |  |                         |                       |                     |                      |  |  |  |  |
| Priority                                     | Name   | Period                  | Category              | Type                | Amount               |  |  |  |  |
| 1  | Refurbish AHU 5B02 - Lubbock   | Budgeted - Current Year | Planned Maintenance   | HVAC                | \$ 300,000           |  |  |  |  |
| 2  | Refurbish AHU 4B01 - Lubbock   | Budgeted - Current Year | Planned Maintenance   | HVAC                | \$ 300,000           |  |  |  |  |
| 3  | Refurbish AHU 4B02 - Lubbock   | Budgeted - Current Year | Planned Maintenance   | HVAC                | \$ 300,000           |  |  |  |  |
| 4  | 1 Chiller Replacement- Odessa RAHC                                   | Budgeted - Current Year | Planned Maintenance   | HVAC                | \$ 650,000           |  |  |  |  |
| 5  | 2 Chilliers Replacement- Amarillo SOP                                | Budgeted - Current Year | Planned Maintenance   | HVAC                | \$ 900,000           |  |  |  |  |
|  | <b>E&amp;G Deferred Maintenance</b>                                  | \$ 812,008              |                       |                     |                      |  |  |  |  |
|  | <b>Non-E&amp;G Deferred Maintenance</b>                              | \$ 706,676              |                       |                     |                      |  |  |  |  |
|  | <b>Total Deferred Maintenance</b>                                    | \$ 1,518,684            |                       |                     |                      |  |  |  |  |
|  | <b>Fall 2018 Amount</b>  |                         | <b>DM Index Value</b> |                     |                      |  |  |  |  |
|  | <b>Educational and General Campus Condition Index Value (EGCCIV)</b> | \$ 825,429,396          |                       | 0.0984%             |                      |  |  |  |  |
|  | <b>Institution-Wide Campus Condition Index Value (IWCCIV)</b>        | \$ 1,162,211,463        |                       | 0.1307%             |                      |  |  |  |  |

**4. TTUHSC El Paso: Acknowledge the Campus Condition Index Report and authorize submission to the THECB.**

Board approval required by: *Texas Education Code*, §61.05821

The request is to acknowledge Texas Tech University Health Sciences Center El Paso's Campus Condition Index Report ("CCIR") and authorize submission of the report to the Texas Higher Education Coordinating Board ("THECB"). This request has been approved administratively by the president and the chancellor and is recommended for acknowledgement by the Board of Regents.

[NOTE: The TTUHSC El Paso Campus Condition Index Report is attached on the following page.]

**BACKGROUND INFORMATION**

Submission of the annual Campus Condition Index Report ("CCIR") is now required to be submitted to the Texas Higher Education Coordinating Board ("THECB"), as stated in 19 TAC §17.101(2)(B). *Texas Education Code*, §61.05821 requires institutions report Campus Condition Index Report ("CCIR") to their governing boards each year. In order to maintain simplicity and consistency, Texas Tech will continue to use the Texas Higher Education Coordinating Boards' CCIR summary format.

This report identifies (1) the current accumulated deferred maintenance needs; (2) the projects planned to address accumulated deferred maintenance needs in the next five years; and (3) the actual expenditures on accumulated deferred maintenance in the most recent fiscal year. The categories indicate the type of reinvestment required to maintain existing facilities; whether to stay on schedule, catch up, or convert existing facilities to an optimal condition. The CCI, a ratio, compares the unexpended critical and deferred maintenance to an index value (replacement value) and estimates the institutions' overall facilities condition. Institutions are rated as good (5% or less), fair (between 5% and 10%), or poor (10% or greater).

Based on the institutions data (1) the Educational and General Campus Condition Index ("EGCCI") or Ratio of Critical and Deferred Maintenance for Educational and General spaces to Educational and General Campus Condition Index Value is 0.8723%; and (2) the Institution-wide Campus Condition Index ("IWCCI") or Ratio of Critical and Deferred Maintenance (for all spaces) to the Institution-wide Campus Condition Index Value is 1.1948%. The comparable measures reported in the THECB's fall 2018 CCIR were 0.2706% and 0.3149%, respectively.

A copy of the report was submitted to the THECB for their information.

| Texas Tech University Health Sciences Center - El Paso |  |                         |                     |               |               |      |      |      |               |
|--|--|-------------------------|---------------------|---------------|---------------|------|------|------|---------------|
| CCI Summary Report - FY19                              |  |                         |                     |               |               |      |      |      |               |
| November 5, 2019                                       |  |                         |                     |               |               |      |      |      |               |
| Summary by Period and Category                         |  |                         |                     |               |               |      |      |      |               |
| Period   | Critical   | Deferred                | Planned             | Adaptation    | Total         |      |      |      |               |
| Budgeted - Current Year                                | \$ -   | \$ 1,948,500            | \$ -                | \$ 635,287    | \$ 1,228,803  | \$ - | \$ - | \$ - | \$ 3,812,590  |
| Expenditures - Previous Year                           | \$ -   | \$ 93,705               | \$ -                | \$ 2,206,565  | \$ 5,819,052  | \$ - | \$ - | \$ - | \$ 8,119,321  |
| Projected - Years 2 through 5                          | \$ -   | \$ 2,425,000            | \$ -                | \$ 13,650,000 | \$ 23,646,205 | \$ - | \$ - | \$ - | \$ 39,721,205 |
| Unbudgeted - Current Year                              | \$ -   | \$ 470,500              | \$ -                | \$ 2,532,500  | \$ 5,260,000  | \$ - | \$ - | \$ - | \$ 8,263,000  |
| Total  | \$ -   | \$ 4,937,705            | \$ -                | \$ 19,024,352 | \$ 35,954,060 | \$ - | \$ - | \$ - | \$ 59,916,116 |
| Summary by Type and Category                           |  |                         |                     |               |               |      |      |      |               |
| Maintenance Type                                       | Critical   | Deferred                | Planned             | Adaptation    | Total         |      |      |      |               |
| Architectural  | \$ -   | \$ 1,026,075.68         | \$ -                | \$ 7,095,814  | \$ 20,064,957 | \$ - | \$ - | \$ - | \$ 28,186,847 |
| HVAC   | \$ -   | \$ 2,634,584.60         | \$ -                | \$ 1,842,125  | \$ 900,000    | \$ - | \$ - | \$ - | \$ 5,376,710  |
| Plumbing and Electrical                                | \$ -   | \$ 379,350.90           | \$ -                | \$ 2,650,818  | \$ 150,000    | \$ - | \$ - | \$ - | \$ 3,180,169  |
| Safety   | \$ -   | \$ 474,607.72           | \$ -                | \$ 684,652    | \$ 55,144     | \$ - | \$ - | \$ - | \$ 1,214,404  |
| Legal and Mandatory                                    | \$ -   | \$ 188,085.86           | \$ -                | \$ 810,160    | \$ 14,553,309 | \$ - | \$ - | \$ - | \$ 15,551,555 |
| Other  | \$ -   | \$ 235,000.00           | \$ -                | \$ 5,940,782  | \$ 230,650    | \$ - | \$ - | \$ - | \$ 6,406,431  |
| Total  | \$ -   | \$ 4,937,705            | \$ -                | \$ 19,024,352 | \$ 35,954,060 | \$ - | \$ - | \$ - | \$ 59,916,116 |
| Top Five Priority Projects                             |  |                         |                     |               |               |      |      |      |               |
| Priority   | Name   | Period                  | Category            | Type          | Amount        |      |      |      |               |
| 1  | 4950 Gateway East Building Buildout                                  | Budgeted - Current Year | Planned Maintenance | ARCH          | \$ 600,000    |      |      |      |               |
| 2  | TT Medical Center Clinical Area Relocations                          | Budgeted - Current Year | Planned Maintenance | ARCH          | \$ 500,000    |      |      |      |               |
| 3  | MEB Controls Upgrades  | Budgeted - Current Year | Planned Maintenance | HVAC          | \$ 150,000    |      |      |      |               |
| 4  | Fire Alarm Upgrades - TTMC and System Upgrade                        | Budgeted - Current Year | Planned Maintenance | SFT           | \$ 150,000    |      |      |      |               |
| 5  | Campus Wide Sprinkler Upgrades and Repairs                           | Budgeted - Current Year | Planned Maintenance | SFT           | \$ 100,000    |      |      |      |               |
|  | <b>E&amp;G Deferred Maintenance</b>                                  | \$ 2,079,693            |                     |               |               |      |      |      |               |
|  | <b>Non-E&amp;G Deferred Maintenance</b>                              | \$ 2,293,807            |                     |               |               |      |      |      |               |
|  | <b>Total Deferred Maintenance</b>                                    | \$ 4,373,500            |                     |               |               |      |      |      |               |
|  | <b>2018 Amount</b>   |                         |                     |               |               |      |      |      |               |
|  | <b>Educational and General Campus Condition Index Value (EGCCIV)</b> | \$ 238,411,728          |                     |               |               |      |      |      | 0.8723%       |
|  | <b>Institution-Wide Campus Condition Index Value (IWCCIV)</b>        | \$ 366,046,688          |                     |               |               |      |      |      | 1.1948%       |

**g. TTU: Approve Permanent Right of Access and Use of Texas Tech University land to Lubbock Power & Light.**

Board approval required by: Section 07.12.3.d, *Regents' Rules*

The request is to approve (i) a permanent right of access and use of a 128 square foot tract of Texas Tech University (TTU) land. This right of use will allow for the installation of a transformer by Lubbock Power & Light ("LP&L") for the City of Lubbock's Neighborhood Beautification & Safety Project; and (ii) allow TTU Operations to review and coordinate with LP&L's final engineering plans. This request has been approved administratively by the president and the chancellor and is recommended for acknowledgement by the Board of Regents.

**BACKGROUND INFORMATION**

Pinnacle Consulting Management Group, Inc., working on behalf of Lubbock Power & Light ("LP&L"), has requested use of a 128 square foot tract of Texas Tech University ("TTU") land. The right of use would allow LP&L to install a transformer in the parking lot associated with TTU's Downtown Center. The City of Lubbock's Neighborhood Beautification & Safety Project involves migrating all overhead power lines to underground service in the downtown area. This transformer would continue power service to the TTU property.

Lubbock Power & Light will pay all costs associated with planning, engineering, constructing and maintaining the proposed transformer location and any related work. Final engineering plans of the proposed utility site will be provided to TTU Operations for review and coordination. Additionally, LP&L will be required to return the property to original condition or an acceptable state.

Section 07.12.3, *Regent's Rules* require that Board approval is required for contracts that involve the sale or a lease of land for more than four years or that involve a commitment of funds or of other resources for more than four years except all multi-year employment contracts, employment contract modifications and extensions covered under the provisions of Section 02.03.1, *Regents' Rules*.

**g-1 TTU: Approve assignment of real property lease and acceptance of associated gift-in-kind.**

Board approval required by: Sections 07.12.3.d(1) and 06.01.2, *Regents' Rules*; and Section 04.01.13.b.v.2, *System Regulations*

The request is to approve assignment of a real property lease benefitting Texas Tech University, and acceptance of a gift-in-kind of associated equipment. This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents.

**BACKGROUND INFORMATION**

Texas Tech University desires to accept an assignment of a real property lease, for the benefit of the Center of Emerging Energy Studies, at the Reese Technology Center. The initial term of the lease is paid up through January 31, 2022 and assigned at no cost to the University. The University will have the option to extend the lease for a period of five (5) years. The lease also includes a gift of personal property, in the form of equipment and technology, valued at \$1,557,440.

The Board of Regents must approve:

- the execution of any contract that involves a lease of land and/or improvements thereon for more than four (4) years: and
- the acceptance of a gift-in-kind to a component institution, or the System, of restricted gifts and grants, including gifts-in-kind (such as personal property) valued in excess of \$250,000.



**h. TTU: Approve naming a laboratory within the Mechanical Engineering North building.**

Board approval required by: Section 08.05.1, *Regents' Rules*

The request is to approve naming a laboratory within the Mechanical Engineering North building the "Rentz Family Undergraduate Materials Testing and Metallurgy Laboratory". The donor concurs with the naming of this interior space. Appropriate signage for the room will specify the approved name. This request has been approved administratively by the president and the chancellor and is recommended for acknowledgement by the Board of Regents.

**BACKGROUND INFORMATION**

Jack and Becky Rentz ("Donors") made a generous contribution of approximately \$210,000 in stock to support the Materials Testing and Metallurgy lab in the Department of Mechanical Engineering, room 127 located in the Mechanical Engineering North building. To honor and recognize the contribution, the laboratory will be named "Rentz Family Undergraduate Materials Testing and Metallurgy Laboratory". Appropriate interior signage for the laboratory will specify the approved name.

Jack is a graduate of Texas Tech University, receiving a bachelor's in mechanical engineering in 1974. Becky is a graduate of Texas Tech University, receiving a bachelor's degree in home economics education in 1974. The Rentzes reside in Abilene, Texas.

The gift meets the minimum fifty percent (50%) threshold requirement for naming a subunit within a facility, as verified by the vice chancellor of facilities planning and construction.

*Regents' Rules*, Section 08.05.1 require board approval of the naming of all buildings, subunits, and other facilities within the TTU System.

i. **TTUHSC: Approve naming a classroom within the Academic Classroom Building on the TTUHSC Permian Basin campus.**

Board approval required by: Section 08.05.1, *Regents' Rules*

The request is to approve naming a classroom within the Academic Classroom Building on the TTUHSC Permian Basin campus the "Wood Family Foundation Classroom". The donor concurs with the naming of this interior space. Appropriate signage for the room will specify the approved name. This request has been approved administratively by the president and the chancellor and is recommended for acknowledgement by the Board of Regents.

**BACKGROUND INFORMATION**

The Wood Family Foundation ("Foundation") made a generous contribution of \$300,000 to support the School of Nursing at the Texas Tech University Health Sciences Center Permian Basin campus. To honor and recognize the contribution, the classroom will be named "Wood Family Foundation Classroom". Appropriate interior signage for the laboratory will specify the approved name.

The Foundation was created by Clay and Louise Wood and their family to help support worthwhile community causes for generations of West Texans now and in the future. Together with their sons, Jack and Don, they have achieved financial success through hard work and frugality in numerous industries. As an integral part of the Permian Basin community, the family's legacy continues to reinvest in the region and give back to West Texans by supporting those needs and causes that make Odessa and all of the Permian Basin a better place to live and raise families. The Foundation has generously contributed over \$525,000 to support the initiatives and students of the Texas Tech University System.

The gift meets the minimum fifty percent (50%) threshold requirement for naming a subunit within a facility, as verified by the vice chancellor of facilities planning and construction.

Section 08.05.1, *Regents' Rules*, require board approval of the naming of all buildings, subunits, and other facilities within the TTU System.

j. **TTUHSC: Approve contract to provide 5 Year extension of existing lease at the TTMCSW Medical Office Building in Lubbock.**

Board approval required by: Section 07.12.3.d, *Regents' Rules*

The request is to authorize a lease extension (AMEND588879-001) with Bio-Medical Applications of Texas, Inc. This request has been approved administratively with the president and the chancellor and is recommended for approval by the Board of Regents.

The extension would be for a period of five years, beginning February 1, 2020 and ending January 31, 2025. Annual fixed rent under the extension would amount to \$178,832 for Suites 101 and 133 consisting of approximately 12,293 square feet. TTUHSC's School of Medicine and Bio-Medical Applications of Texas, Inc. have collaborated successfully for the past 20+ years, and continuing this lease by extension would be beneficial for both parties.

**BACKGROUND INFORMATION**

TTUHSC began leasing to Bio-Medical Applications of Texas, Inc. (aka Fresenius Kidney Care South Plains), at the 6630 Quaker Ave, Lubbock location (CON588879) in August of 1998. The location is currently utilized as an outpatient dialysis facility with related offices.

Section 07.12.3.d. *Regents' Rules*, requires Board approval on contracts that involve a sale or lease of land and/or improvements thereon, or a commitment of funds or other resources for more than four years.

**k. ASU: Approve commissioning of police officers.**

Board approval required by: *Texas Education Code*, Section 51.203

This request is to commission the individuals as listed below as police officers, effective with the date indicated below. This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents:

Dominique Coverson, effective November 16, 2019

Jose Osornio, effective November 16, 2019

**BACKGROUND INFORMATION**

The Board of Regents routinely takes action to commission certain employees as peace officers in accordance with *Texas Education Code*, Section 51.203.

**I. TTU: Approve commissioning of police officers.**

Board approval required by: Section 51.203, *Texas Education Code*

The request is to commission the individuals as listed below as a police officer, effective on the date indicated below. This request has been approved administratively by the chancellor and the president and is recommended for approval by the Board of Regents:

Carlos Macias, effective August 1, 2019  
Christopher Wischkaemper, effective September 1, 2019  
Gomesindo Perez, effective October 1, 2019

**BACKGROUND INFORMATION**

The Board of Regents routinely takes action to commission certain employees as peace officers in accordance with *Texas Education Code*, Section 51.203.

**m. TTU: Authorize President to execute contract with Pizza Hut, LLC.**

Board approval required by: Section 07.12.3.d.1.b, *Regents' Rules*

The request is to authorize the president or his designee to approve and execute a contract with Pizza Hut, LLC in order to license a retail pizza operation at Texas Tech University's ("TTU") Murray Hall. This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents.

**BACKGROUND INFORMATION**

The President of TTU recognizes the need for TTU to operate a nationally branded quick service pizza concept at Murray Hall.

TTU, on behalf of its Department of Hospitality Services, issued a Request for Proposal (RFP) on December 12, 2018 seeking competitive responses from qualified vendors and selected Pizza Hut as the most qualified and possessing the best overall value to TTU. The estimated costs are: (1) \$5,000 for the license fee, (2) a monthly royalty of 10% of the gross sales, (3) a design service fee of \$2,000, (4) an annual \$1,500 marketing fee, (5) an annual renewal fee of \$1,000 per year, and (6) the costs of training and regular audits.

TTU estimates the annual net revenue, after expenses, to be approximately \$325,000.

**Term and termination.** The contract will be effective the date of last signature (estimated to be no later than March 1, 2020) and will expire after four (4) full years from that date. The contract may be renewed for up to eight (8) optional one-year terms if parties agree in writing. The contract does not allow TTU to terminate without cause.

Section 07.12.3.d.1.b *Regents' Rules*, requires Board approval on contracts that involve a sale or lease of land and/or improvements thereon, or a commitment of funds or other resources for more than four years. For the purpose of determining whether a contract requires the approval of the board, any option(s) to extend or renew a contract shall be counted in the overall term of the contract.

n. **TTU: Authorize President to execute contract with Einstein Bros. Bagels.**

Board approval required by: Section 07.12.3.d.1.b, *Regents' Rules*

The request is to authorize the president or his designee to approve and execute a contract with Einstein Bros. Bagels in order to license a retail bagel operation at TTU's Rawls College of Business Administration. This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents.

**BACKGROUND INFORMATION**

The President of TTU recognizes the need for TTU to operate a national branded quick service bagel concept at the Rawls College of Business Administration.

TTU, on behalf of its Department of Hospitality Services, issued a Request for Proposal (RFP) on February 28, 2019 seeking competitive responses from qualified vendors and selected Einstein Bros. Bagels as the most qualified and possessing the best overall value to TTU. The estimated costs are: (1) The license fee is waived due to the existing relationship, (2) a monthly royalty of 6.5% of the gross sales, (3) start up fees of approximately \$4,000, (4) an annual renewal fee of \$1,250 per year, and (5) and additional equipment and operating costs as determined by TTU Department of Hospitality Services.

TTU estimates the annual net revenue, after expenses, to be approximately \$700,000.

**Term and termination.** The contract will be effective the date of last signature (estimated to be no later than March 1, 2020) and will expire after four (4) full years from that date. The contract may be renewed for up to eight (8) optional one-year terms if parties agree in writing. The contract does not allow TTU to terminate without cause.

Section 07.12.3.d.1.b *Regents' Rules*, requires Board approval on contracts that involve a sale or lease of land and/or improvements thereon, or a commitment of funds or other resources for more than four years. For the purpose of determining whether a contract requires the approval of the board, any option(s) to extend or renew a contract shall be counted in the overall term of the contract.

**o. TTU: Approve Contract for Teamworks Innovations, Inc. for Platform License.**

Board approval required by: Section 7.12.3 (d) (1) (b) *Regents' Rules*

The request is to authorize the president or his designee to extend the contract with Teamworks Innovations, Inc. ("Teamworks") for the Texas Tech University Department of Intercollegiate Athletics ("Athletics") platform license for five additional years. This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents.

**BACKGROUND INFORMATION**

The Teamworks platform is an athletics software solution that is utilized to manage all student-athlete communications, profile management, and NCAA time balancing management. TTU Athletics entered into an initial contract with Teamworks for the use of the platform on April 10, 2017. The existing contract will expire August 31, 2020. TTU Athletics wishes to continue the use of the platform. Teamworks is offering a discount in return for entering into a five-year agreement. The cost savings associated with executing a five-year contract compared to a three-year contract is \$46,899. The renewal term of the contract will be September 1, 2020 and will expire August 31, 2025. The contract renewal does not allow TTU to terminate without cause.

Section 07.12.3.d.1.b *Regents' Rules*, requires Board approval on contracts that involve a sale or lease of land and/or improvements thereon, or a commitment of funds or other resources for more than four years.



**p. TTUS: Approve contract extension for Elsevier B.V. for Elsevier Books and Reference Materials Subscription.**

Board approval required by: Section 7.12.3.a & c and 7.12.3.d(1)(b), *Regents' Rules*

The request is to approve a one-year contract extension with Elsevier B.V. ("Elsevier") for the Texas Tech University System ("TTUS") Elsevier Books and Reference Materials Subscription to December 31, 2020. This request has been approved administratively by the chancellor and is recommended for approval by the Board of Regents.

**BACKGROUND INFORMATION**

The Elsevier subscription is required in order to support research and allow for expanded access to books and reference materials at each respective campus. The contract is governed by a master agreement that was originally executed in 2015. TTUS intends to extend the agreement with Elsevier for one additional year. The agreement amount to date is \$11,280,515.29, with the additional one-year renewal amount set at \$3,157,242.54.

The original term was January 1, 2016 through December 31, 2019. The existing contract does not include any additional renewals and does not allow TTUS to terminate without cause. Currently, the parties are negotiating a new longer-term master contract and expect to seek future Board approval for its execution before December 31, 2020.

Section 07.12.3.d.(1)(b) *Regents' Rules*, requires Board approval on contracts that involve a sale or lease of land and/or improvements thereon, or a commitment of funds or other resources for more than four years.

Section 07.12.3.a *Regents' Rules*, requires Board approval on contracts that involve a stated or implied consideration that totals in excess of \$1,000,000 over the term of the contract.

Section 07.12.3.c also provides that, for all contracts that exceed a total value of \$5,000,000 over the life of the contract (even if the annual amount is less than \$1,000,000), the Board must be provided:

- (1) verification that the solicitation and purchasing method and contractor selection process comply with state law and TTU System policies; and
- (2) information on any potential issue(s) that may arise in the solicitation, purchasing, or contractor selection process.

The chief procurement officer has verified the solicitation method and contractor selection process and is not aware of any potential issues that may arise in the process.

## CONTENTS OF THE INFORMATION AGENDA

Section 01.02.7.d(4)(c), *Regents' Rules*, provides: “material required by a provision of the *Regents' Rules* to be furnished to the Board as information will be listed in the information agenda.”

NOTE: The following are reports or other documents which, according to the *Regents' Rules* or state law, must be made available to the Board of Regents. As such, the reports below are on file in the Board Office, and their listing on the Information Agenda constitutes notice that they are available to Board members upon request.

## INFORMATION AGENDA

Information is provided as required by  
Section 01.02.7.d(4)(c), *Regents' Rules*

NOTE: The following are reports or other documents which, according to the *Regents' Rules* or state law, must be made available to the Board of Regents. As such, the reports below are on file in the Board Office, and their listing on the Information Agenda constitutes notice that they are available to Board members upon request.

- (1) **ASU, TTU, TTUHSC and TTUHSC El Paso: Summary of Revenues and Expenditures by Budget Category, FY 2019 (as of August 31, 2019), per Section 01.02.8.d(3)(g), *Regents' Rules***  
– All actual expenditures will be reviewed by the Finance and Administration Committee annually and provided as information. Financial reports for the most recently completed quarter for each of the component institutions are available at: <http://texastech.edu/offices/cfo/board-financial-reports.php>
  
- (2) **TTUHSC: Contract Amendment per Sections 07.12.4.a and 07.12.6.b., *Regents' Rules*:** A list of renewal, extended or amended contracts in excess of \$1,000,000 per annum, including the amount of the contract, shall be provided to the board as an information item at the next regular board meeting.
  - (a) AMEND1707064-001 (CON1707064) ABM Texas General Services Inc; Amendment to rates and space allocation for Custodial Services; Increase of \$57,176 to \$991,271 annually.
  - (b) AMEND1707064-002 (CON1707064) ABM Texas General Services Inc; Amendment to add Dallas Campus location Custodial Services; Increase of \$166,253 to \$ 1,157,524 annually.
  
- (3) **TTUHSC and TTUHSC El Paso: Contracts for ongoing and continuing health-related service relationships per Section 07.12.4.c, *Regents' Rules*** – “Notwithstanding Section 07.12.3.a or Section 07.12.3.b, *Regents' Rules*, the board delegates to the presidents of health-related institutions the authority to approve the proposals and execute and sign contracts for health related services, as specified herein. This delegation is limited to contracts with entities for which the institution has an ongoing and continuing contractual relationship, to include: revenue contracts from which the institution receives payment for health related services; participation in health provider networks; resident or faculty support; and expense contracts with healthcare providers or suppliers necessary to fulfill the obligation to provide health related services as part of a revenue contract. Before such a contract may be executed, the president shall obtain the prior review of the TTUS Office of General Counsel and the TTUS vice chancellor and chief financial officer, or their designees. A list of health related services contracts that have been executed under this delegation of authority since the previous regular board meeting shall be provided to the board as an information item at the next regular board meeting.”

**TTUHSC:**

- (a) CON2416601 Northwest Texas Healthcare System Inc; Master Services Agreement; \$9,481,471 annually.
- (b) CON2409643 Northwest Texas Healthcare System Inc; Offsite hospital services FY20-21; \$3,300,000 annually.
- (c) CON2407284 Childress Regional Medical Center – CRMC; Roach unit- onsite hospital services; \$1,679,547 annually.
- (d) CON2405894 Mitchell County Hospital District; MCHD Wallace/SAWC Onsite services FY20-21; \$1,220,859 annually.
- (e) CON2405893 Mitchell County Hospital District; MCHD Daniel Unit Onsite Services FY20-21; \$1,189,859 annually.
- (f) CON2395417 Texas Department of Criminal Justice 696; TDCJ MSA- Correctional Health Care Services FY20-21 - 696-HS-20-21-A059; \$118,740,912 annually.
- (g) CON2391857 Superior Health Plan Inc; Agreement to participate in the Network Access Improvement Program outlined by the Texas Health and Human Services Commission; \$3,700,000 annually.
- (h) CON2371958 Covenant Health System; Physician Services Agreement; \$4,932,636 annually.
- (i) CON2361716 Covenant Health System; Covenant Resident Rotation; \$3,515,981 annually.
- (j) AMEND597614-002 University of Texas Medical Branch; Amendment to Extend Term - Interagency coop-pharmaceutical services for TDCJ units; decrease of \$1,480,000 to \$9,920,000 annually.
- (k) AMEND595882-006 Permian Basin Clinical Services Inc; Addendum/Extension to Master Coordinating Agreement; decrease of \$63,618 to \$4,786,632 annually.
- (l) AMEND592422-009 Northwest Texas Healthcare System Inc; Amendment to Extend Term - Master Services Agreement; increase of \$2,028,123 remains \$8,112,497 annually.
- (m) AMEND591690-002 Laboratory Corporation of America; Amendment to add Smith Unit - Laboratory Services Agreement; increase of \$60,000 to \$1,171,600 annually.
- (n) AMEND1737602-001 Hendrick Medical Center; Amendment to Include additional term (Sept 2019) - HMC Offsite Services Robertson Unit; increase of \$327,263 remains \$3,588,177 Annually
- (o) AMEND1737600-001 Hendrick Medical Center; Amendment to Include additional term (Sept 2019) - HMC Offsite Services Middleton; increase of \$223,441, remains 2,453,093 annually
- (p) AMEND1737598-001 Hendrick Medical Center; Amendment to Include additional term (Sept 2019) - HMC offsite services; increase of \$263,000, remains \$3,160,000 annually.

**TTUHSC El Paso:**

- (a) 03671-A02; Kantex Anesthesia Services LLC, “Professional Service Agreement” for TTUHSC El Paso campus, RE: Certified Registered Nurse Anesthetist (CRNA) services for TTUHSC El Paso at hospital affiliates, annual amount not to exceed \$475,000, total contract value over term \$1,589,583.
- (b) 06764; Kirk Victorian, “Professional Service Agreement” for TTUHSC El Paso campus, RE: Certified Registered Nurse Anesthetist (CRNA) services for TTUHSC El Paso at hospital affiliates, annual amount not to exceed \$300,000, total contract value over term \$1,175,000.
- (c) 06777; Kim Jones, DNAP, MSN, CRNA, “Professional Service Agreement” for TTUHSC El Paso campus, RE: Certified Registered Nurse Anesthetist (CRNA) services for TTUHSC El Paso at hospital affiliates, annual amount not to exceed \$300,000, total contract value over term \$1,200,000.

- (d) 06788; Christopher Asa Locklear Lundy, "Professional Service Agreement" for TTUHSC El Paso campus, RE: Certified Registered Nurse Anesthetist (CRNA) services for TTUHSC El Paso at hospital affiliates, annual amount not to exceed \$300,000, total contract value over term \$1,200,000.
- (e) 06790; Rosario Arroyo, "Professional Service Agreement" for TTUHSC El Paso campus, RE: Certified Registered Nurse Anesthetist (CRNA) services for TTUHSC El Paso at hospital affiliates, annual amount not to exceed \$300,000, total contract value over term \$1,200,000.
- (f) 06855; K Hayes LLC, "Professional Service Agreement" for TTUHSC El Paso campus, RE: Certified Registered Nurse Anesthetist (CRNA) services for TTUHSC El Paso at hospital affiliates, annual amount not to exceed \$300,000, total contract value over term \$1,200,000.
- (g) 03605-A02; Texas Department of State Health Services, "Epilepsy Neurology Service Agreement" for El Paso campus, RE: Extension of epilepsy service contract for El Paso County and outlying counties, annual amount not to exceed \$229,736, total contract value over term \$1,148,680.
- (h) 04512; El Paso County Hospital District DBA University Medical Center, "Master Service Agreement" for El Paso campus, RE: Multiple physician services to be provided at academic teaching hospital for El Paso County, annual amount not to exceed \$44,693,378, total contract value over term \$108,954,790.

**(4) TTUHSC El Paso: Consulting contracts with an initial consideration of \$25,000 or less per Section 07.12.4.e.(2), Regents' Rules** – "(a) Board approval is not required, but the vice chancellor and chief financial officer, in consultation with the chancellor, presidents, and chief financial officers of the institutions, shall review consulting contracts of \$25,000 or less prior to execution of the contract by the chancellor or president, as appropriate. (b) A report of the contract shall be provided as an Information Agenda item at the next board meeting."

- (a) 06769; Heidi J. Taylor, PhD RN, "Consultant Services Agreement" for TTUHSC El Paso campus, RE: Commission on Collegiate Nursing Education (CCNE) preparation for on-site mock review in anticipation of formal accreditation visit, \$9,000.

**(5) TTUHSC El Paso: Contracts that involve a stated or implied consideration that total in excess of \$1,000,000 over the entire term of the contract but the per annum amount is less than \$1,000,000 per section 07.12.4 of the Regents' Rules** – Notwithstanding Section 07.12.3.a, Regents' Rules, the chancellor or president, as appropriate, is delegated the authority to approve: (i) contracts that involve a stated or implied consideration that total in excess of \$1,000,000 over the entire term of the contract but the per annum amount is less than \$1,000,000; and (ii) any amendment, extension, or renewal of a contract originally approved by the chancellor or president, as appropriate, so long as the amendment, extension, or renewal does not cause the per annum amount of the contract to exceed \$1,000,000. This requirement is applicable to both cash and non-cash considerations. Information about such contracts or contract amendments, extensions, or renewals that are approved by the chancellor or a president under this delegation of authority shall be provided to the board as an information item at the next regular board meeting.

- (a) See attachment of contracts that meet the above criteria.

**TTUHSC El Paso: Approved contracts to be reported to the Board of Regents**

Regents' Rules 07.12.4

| Component      | Vendor   | Services or Goods to be Provided  | Estimated Per Annum Consideration | Estimated Term Consideration (includes renewals) | Start    | End      | Procurement Method         |
|----------------|--|-----------------------------------|-----------------------------------|--|----------|----------|----------------------------|
| TTUHSC El Paso | 03671-A02: Kantex Anesthesia Services PLLC           | Anesthesia: CRNA Services amended | 475,000                           | 1,589,583  | 09/01/19 | 08/31/23 | N/A: Professional Services |
| TTUHSC El Paso | 06764: Kirk Victorian                                | Anesthesia: CRNA Services         | 300,000                           | 1,175,000  | 10/01/19 | 08/31/23 | N/A: Professional Services |
| TTUHSC El Paso | 06777: Kim Jones, DNAP, MSN, CRNA                    | Anesthesia: CRNA Services         | 300,000                           | 1,175,000  | 10/01/19 | 08/31/23 | N/A: Professional Services |
| TTUHSC El Paso | 06788: Christopher Asa Locklear                      | Anesthesia: CRNA Services         | 300,000                           | 1,175,000  | 10/01/19 | 08/31/23 | N/A: Professional Services |
| TTUHSC El Paso | 06790: Rosario Arroyo                                | Anesthesia: CRNA Services         | 300,000                           | 1,175,000  | 10/01/19 | 08/31/23 | N/A: Professional Services |
| TTUHSC El Paso | 06855: K Hayes, LLC                                  | Anesthesia: CRNA Services         | 300,000                           | 1,150,000  | 11/01/19 | 08/31/23 | N/A: Professional Services |
| TTUHSC El Paso | 03605-A02: Texas Department of State Health Services | Epilepsy Services extension       | 229,736                           | 1,148,680  | 09/01/16 | 08/31/20 | N/A: Professional Services |

**(6) TTU: Report of nepotism exception as provided by Section 03.01.11.h., Regents' Rules:** "All instances where an employee marries an administrative supervisor, is placed under the administrative supervision of a relative, or is made the administrative supervisor of a relative within the prohibited degree shall be reported to the board as an information item."

Mr. Bradly Johnson was recently appointed to the position of Unit Manager of the Experimental Sciences Building. This position falls under the jurisdiction of the Office of Research & Innovation. Mr. Johnson's direct supervisor is David Dorsett, Director of Research Facilities. Mr. Dorsett reports to Michele Hamilton Johnson, spouse of Bradly Johnson, and Senior Director of Finance and Administration. Mr. Johnson's supervision, including his performance evaluations and compensation decisions, will be provided by the Director of Research Facilities (currently Mr. David Dorsett) in conferral with Dr. Joseph Heppert, Vice President for Research & innovation, thereby by-passing the office of Michele Hamilton Johnson, Senior Director of Finance and Administration, Office of Research & Innovation. This arrangement will be evaluated at the end of each academic year to assure there is effective management of the conflict of interest and to determine whether modifications are necessary.

**(7) TTU: Report of Distribution of Revenue from Commercialization and Licensing as provided by Section 10.12.1, Regents' Rules:** "Where TTUS elects to protect intellectual property in its name, it shall award the creator a reasonable share of the net proceeds from royalties or other income or value after deduction of the directly assignable costs including patenting, copyrighting, marketing, licensing and protection of intellectual property rights."

For these items, the values tabulated represents 40% of the Net Revenue received as described in Chapter 10, page 13 under 14 a. of the December 12, 2008 Regents Rules governing these Technologies/Agreements for values \$500,000-up. The OR&I requests that the distribution of these monies be made according to Distribution of Net Revenue adopted in Revised Regents Rules Chapter 10 adopted October 9, 2015 section 10.12.2 on page 14. Based on the revised Regents Rules October 9, 2015, this money would be split equally four ways between the Creator, Component Institution, Department, and Unit.

| D#           | Date     | Entity  | Payment Amount      |
|--------------|----------|---------|---------------------|
| D-0485       | 7/27/15  | NPC     | 354.10              |
| D-0158       | 8/26/16  | Acadian | 2,600.32            |
| D-0485       | 6/12/17  | NPC     | 13,136.76           |
| D-0485       | 7/25/17  | NPC     | 7,682.00            |
| D-0485       | 8/30/17  | NPC     | 8,252.67            |
| D-0485       | 10/17/17 | NPC     | 3,455.00            |
| D-0485       | 1/18/18  | NPC     | 7,470.40            |
| D-0485       | 4/5/18   | NPC     | 7,209.60            |
| D-0485       | 4/6/18   | NPC     | 20,000.00           |
| D-0158       | 4/27/18  | Acadian | 29,333.28           |
| D-0485       | 7/20/18  | NPC     | 9,280.20            |
| D-0158       | 9/7/18   | Acadian | 14,508.58           |
| D-0158       | 11/9/18  | Acadian | 4,200.00            |
| D-0485       | 11/9/18  | NPC     | 8,464.40            |
| D-0485       | 1/24/19  | NPC     | 5,976.00            |
| D-0485       | 4/12/19  | NPC     | 7,620.00            |
| D-0485       | 7/16/19  | NPC     | 10,234.40           |
| <b>TOTAL</b> |          |         | <b>\$159,777.71</b> |

**(8) TTUHSC: Contracts for Sponsored Program Projects per Section 07.12.4.b., Regents’ Rules:** The board delegates to the presidents the authority to approve the proposals and execute and sign contracts for sponsored program projects in excess of \$1,000,000 per annum. Sponsored program projects are those grants, contracts, and cooperative agreements from either the public or private sectors that support research, instructional, and service projects. A list of such contracts for sponsored program projects in excess of \$1,000,000 per annum shall be provided to the board as an information item at the next regular board meeting.

(a) Cancer Prevention and Research Institute of Texas grant funding entitled “TTUHSC Cancer Animal Facility”; grant year 08/31/2019 through 08/30/2020; award amount \$2,138,357.

**(9) TTUHSC at El Paso: Report on establishment of new centers and institutes per Section 04.11.2., Regents’ Rules –** “The establishment or substantive restructuring of a center, institute, or other academic unit or program not addressed in Section 04.11.1 herein shall be approval by the president, with notice provided to the board via an item in the information Agenda for the next meeting of the board.”

(a) The Center for Neurogastroenterology, Functional Bowel Problems and Gastrointestinal Motility Disorders provides the resources necessary to diagnose and treat an array of disorders that have previously been undiagnosed. This referral center is the only one in Texas, and one of six in the country. The Center’s technology includes brain imaging and high resolution gastroenterology studies. A \$50,000 donation by Dr. Graham Bell will be used as startup funds for the center.

The Center maximizes the concept of teamwork for treating the patient by incorporating nutritionists, psychologists and psychiatrists, complementary

medicine, relaxation and meditation, as well as agents to address anxiety, modulate and re-balance the brain-gut axis.

Dr. Richard McCallum serves as the Director.



# **ATTACHMENTS**

# ATTACHMENT

# 1

**TTUS *Regents' Rules*, Chapter 08.01,  
Construction program with proposed amendments  
(Facilities Item 6.)**

## Attachment to Facilities Committee Item #6

RELATING TO THE POLICIES ON CONSTRUCTION PROJECTS, AMEND  
CHAPTER 08, *REGENTS' RULES*, AS FOLLOWS:

• • •

### 08.01 Construction program

• • •

08.01.2 Authorization. Construction projects are either new construction projects or repair and renovation projects, and each category of construction projects shall be governed as follows:

- a. Major projects are construction projects with a total budget of ~~[\$2,000,000]~~ \$4,000,000 or more. These projects are governed by Section 08.01.3, *Regents' Rules*.
- b. Minor projects are construction projects with a total budget of less than ~~[\$2,000,000]~~ \$4,000,000. These projects are governed by Section 08.01.4, *Regents' Rules*.

08.01.3 Major construction projects. Major construction projects include new construction projects and repair and renovation projects with a total project budget of ~~[\$2,000,000]~~ \$4,000,000 or more. A major construction project will be managed by FP&C unless an exception is approved by the board.

- a. For major construction projects:
  - (1) Project activities prior to Board approval (pre-construction services): The chancellor, or the chancellor's designated representative, upon the recommendation of the president if the project is being constructed for a component institution, may proceed with the following pre-construction activities before a project has received ~~[preliminary]~~ approval of the board under Section 08.01.3.a(3):

- (a) identify funding ~~[from the entity]~~ for ~~[which]~~ the project ~~[is]~~ being constructed ~~[so that planning activities for the project may begin]~~, with a ~~[preliminary estimate of the]~~ planned project budget ~~[(a budget goal)]~~ being provided along with the funding request;
  - (b) work with the component's CFO, Operations/Physical Plant representative, and facility user representatives, as designated by the president if the project is being constructed for a component institution, to develop ~~[a preliminary]~~ the scope of the project within planned budgets or adjusted budgets as approved by the chancellor and/or presidents, which shall be known as an Owner's Project Requirements (OPR) document; and
  - (c) engage in other preliminary pre-construction planning activities through the use of pre-qualified service providers (such as surveyors, civil engineers, asbestos consultants, and so forth) ~~[, with the commitments to such service providers not to exceed a cumulative total of \$100,000].~~
- (2) Project activities for the feasibility study option: In addition to activities authorized under Section 08.01.3.a(1), the chancellor, or the chancellor's designated representative, upon the recommendation of the president if the project is being constructed for a component institution, may utilize the option of engaging an architect/engineer team (a design professional) for pre-construction feasibility study planning services before a project has received preliminary approval of the board under Section 08.01.3.a(3), subject to the following limitations:
- (a) ~~[the commitment to such a service provider shall not exceed a cumulative total of \$250,000 for the feasibility study phase of the project;]~~
  - ~~[(b)]~~ the design professional shall be selected by means of a Request For Qualifications (RFQ) process that

was either specific to the project or selected from a prequalified list, with advance notice provided to the ~~[Board prior to the RFQ being issued]~~ board;

- (b) ~~[(e)]~~ no earlier than ten (10) days prior to the execution of such a contract with a design professional, the board shall be presented information that includes a preliminary project concept, the proposed feasibility study budget, and an overview of the selection process for the identified design professional that includes the information required under Section 08.01.3.a(3); and
  - (c) ~~[(d)]~~ authorization in writing by the chair of the board's Facilities Committee, with notification to all board members, is required before a contract with the design professional may be executed.
- (3) Preliminary approval by the board: A preliminary project approval, to include a ~~[project planning]~~ planned budget, is required before an architect/engineer team, a construction manager-agent, or a construction manager-at-risk may be engaged for pre-construction services. (If an architect/engineer team was previously engaged under the provisions of Section 08.01.3.a(2) and if a change in this service provider is not deemed necessary, board approval at this stage constitutes an authorization for the architect/engineer team to continue providing pre-construction design services for the project.) When such preliminary project approval is requested, the board shall be presented information that includes a summary of the project concept, the ~~[proposed project planning]~~ planned budget, an estimated total project budget, and an overview of the selection process for each proposed external partner that includes the following information:
- (a) Initial Submittal Phase:
    - i. weighted grading criteria used in the initial selection phase;

- ii. names of all submitting firms;
- iii. grading of the initial submittals by the members of the selection committee; and
- iv. a summary of the scores.

(b) Interview Phase:

- i. weighted grading criteria for this phase;
- ii. names of firms selected to interview for this phase;
- iii. scoring of each firm by the members of the selection committee; and
- iv. summary of final scores from the Interview Phase.

b. Approval to proceed with construction: For major construction projects, when approval to proceed with the construction phase of a project is requested, the board shall be presented information that includes the project design, the [proposed] project budget, and a detailed summary of proposed fees, cost, ~~[included and excluded consultants (for design professionals), proposed bonding, and general conditions (for construction managers)]~~ for each selected external partner. The chancellor or the chancellor's designated representative, upon the recommendation of the president, shall obtain the approval of the board prior to proceeding with the following actions as applicable to the project:

- (1) approve a total project budget;
- (2) proceed with design development and construction documents;
- (3) submit required reports to the Texas Higher Education Coordinating Board;
- (4) solicit and accept construction bids or proposals;

Added on 12-09-2019.

- (5) award a construction contract or execute a Guaranteed Maximum Price contract amendment; and
  - (6) amend any associated existing contracts to reflect the remaining scope of the project as well as construction management services for the project.
  - (7) When it is deemed necessary by the component president to included new furniture or equipment in a new building or renovation construction project, such facts justifying the acquisition shall be determined and documented. The furniture and equipment costs shall be included the in the project budget, with the approval of the board.
- c. Board approval: combining steps in the process; dividing projects.
- (1) Any of the steps listed in Section 08.01.3.b may be combined in the board approval process. The board, however, may choose to retain control over any or all of the steps listed above in the board approval process.
  - (2) Projects shall not be divided for the purpose of falling within a lower level of approval.
- d. The chancellor's designated representative for major construction projects shall be the FP&C Office. All major construction projects shall be managed by the FP&C Office.
- e. ~~[The board may choose to employ an outside entity that supplies Construction Manager-Agent Services to assist the FP&C Office.]~~
- [f.] All major construction projects ~~[that have a construction cost of more than \$10,000,000]~~ shall be conducted under the auspices of the FP&C Office ~~[but]~~ with the assistance of a Construction Manager-Agent (CMA) per Section 51.781, Texas Government Code, or an alternative method recommended by

FP&C, the institution's president, and the chancellor ~~[unless]~~  
and approved by the board ~~[approves an exception]~~.

~~f. [g-]~~ The following changes to a major construction project require re-approval by the board and may require re-submission of a report to the Texas Higher Education Coordinating Board:

- (1) the total cost of a project exceeds the initial board-approved budget by more than \$500,000 or ten percent (10%), whichever is more;
- (2) the TTU system administration or the component institution has not contracted for the project within 18 months of the date of final approval by the board; or
- (3) any funding source of an approved project is changed.

~~[h.—Even though the overall amount of a project budget may not increase, any amount for an architect/engineer team, a construction manager agent, or a construction manager at risk that will exceed the budgeted amount approved by the board shall be reported to the board prior to execution of the related amendment to that contract.]~~

~~g. [i-]~~ At each regular meeting of the board, a summary of each major construction project in progress shall be provided to the board that includes photos of the project and the status of the project's schedule and budget.

08.01.4 Minor construction projects. Minor construction projects include new construction projects and repair and renovation projects with a total project budget less than ~~[\$2,000,000]~~ \$4,000,000.

- a. The chancellor or the president, as applicable, or their designated representatives, are authorized to proceed with any minor construction project.
- b. The physical plant officers of the component institutions bear responsibility for management of minor construction projects as defined above. ~~[The FP&C Office maintains a database of the larger projects managed by the FP&C Office. In order to maintain a more complete database, the physical plant officers,~~



~~on a quarterly basis, should report the name, projected completion date, general scope and budget of significant new construction and repair and rehabilitation projects under their management for inclusion in the FP&C data base. This provision does not encompass the reporting of routine maintenance activities.]~~

c. The president of the institution for which the project is being constructed, with the concurrence of the chancellor, shall have the option of designating FP&C as the manager of the minor construction project when the complexity of the project warrants such action.

d. If changes in a minor construction project cause the project budget to fall within the definition of a major construction project, then:

- (1) the FP&C Office must be notified as soon as the revised total project cost is identified; and
- (2) in accordance with Section 08.01.3, the project must be brought to the chair of the Facilities Committee for board ~~[for]~~ approval.

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## 08.02 Campus planning and enhancements

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### 08.02.3 Public Art Program.

- a. The FP&C Office shall manage and be the chancellor's designated representative for the public art program. Each project shall include a statement from the chancellor and/or president as to whether public art is applicable based on the scope of the project, campus location, and proximity to other public art. ~~[One]~~ If applicable, up to one percent (1%) or a maximum of \$500,000, whichever is less, of the original board approved total project budget of each major construction project, as defined in Section 08.01.3, will be allocated for the acquisition of

original works of public art, unless an exception is approved by the board. [The president may request an exception in writing to FP&C, and with the approval of the chancellor, submit the request to the chair of the Facilities Committee for approval.](#) These works of public art shall be located at or near the site of the construction project or, insofar as is permissible under Texas Tech policies and applicable to the source of funds, the funds may be aggregated and expended pursuant to a comprehensive art and aesthetic improvement plan, as approved by the board.

- b. Each fiscal year, the Public Art ~~[Manager]~~ [Director](#) in the FP&C Office shall prepare a prioritized list of recommended maintenance and conservation actions, both reactive and proactive, to be performed by qualified professionals under the coordination of the Public Art ~~[Manager]~~ [Director](#). Each TTU system component institution shall be provided the list, and annually the president of each institution shall report to the board and chancellor the maintenance and conservation work that has been done, is in progress, or is planned.

#### 08.02.4 University Public Art Committee.

- a. The chancellor, in consultation with the presidents, shall approve nominations of members to serve on the University Public Art Committee (“UPAC”) to recommend major public art acquisitions. The nominations provided to the chancellor and presidents shall be submitted by the UPAC. The UPAC shall be composed of the FP&C vice chancellor, the Public Art ~~[Manager]~~ [Director](#), students, faculty, and staff of the TTU system, individuals from the communities surrounding the various campuses of the component institutions, and professional artists who are alumni of a component institution of the TTU system. The president of the appropriate component institution shall appoint a representative to the UPAC for the selection of works of public art for inclusion in a major construction project on a case by case basis.
- b. The UPAC will review all proposed new commissions of campus public art and take into consideration the Campus Master Plan, [location of the install](#), the cost of installation,

maintenance requirements, and other factors deemed appropriate by the UPAC. The UPAC shall provide a final recommendation to the respective president for the inclusion of the artwork in the Public Art Collection. [Upon the president's approval, the UPAC will provide the final recommendation to the chancellor.](#)

- c. Proposed gifts to the public art program must be made in accordance with the respective institution's operating policies and procedures. To qualify for acceptance, such proposed gifts must meet the UPAC's acquisition criteria and standards. The UPAC shall review each proposed gift of public art, and this review shall take into consideration the following factors: the Campus Master Plan; the cost of installation; maintenance requirements; and any other factors deemed appropriate by the UPAC. If the UPAC votes to recommend acceptance of a proposed gift for inclusion in the Public Art Collection, the Public Art Manager shall provide a final recommendation to the respective president regarding the gift's inclusion in the Public Art Collection. [Upon the president's approval, the UPAC will provide the final recommendation to the chancellor.](#)
- d. Except as provided in Section 08.02.4.e, herein, the respective president shall make a recommendation to the chancellor regarding proposed new artwork, and the chancellor shall make the final determination of whether the proposed new artwork is to be included in the Public Art Collection.
- e. Inclusion of an honorary statue, sculpture, or other artistic representation in the Public Art Collection.
  - (1) If a proposed new commission of campus public art (per Section 08.02.4.b, herein) or a proposed gift to the public art program (per Section 08.02.4.c, herein) involves an honorary statue, sculpture, or other artistic representation that depicts one or more specific individuals, or that otherwise honors any specific individual, group, foundation, corporation, or other business entity:

- (a) the UPAC shall conduct its review and make its recommendation in accordance with Section 08.02.4.b or Section 08.02.4.c, as appropriate;
  - (b) the respective president shall make a recommendation to the chancellor;
  - (c) the chancellor shall make a recommendation to the board; and
  - (d) the board shall grant the final approval of the proposed new statue, sculpture, or other artistic representation.
- (2) For the purposes of this subdivision, a statue, sculpture, or other artistic representation includes any such work of art that:
- (a) is planned and executed with the specific intention of being sited, staged, or exhibited permanently in or on any building or structure, any improved or unimproved land, or any part of any such buildings, structures, or land that is owned, used, or occupied by the TTU system;
  - (b) is accessible to the public.
  - (c) is not a work of art that is or will be owned or held by the Museum of Texas Tech University, the National Ranching Heritage Center, or any other institutional gallery or museum entity owned or maintained by the TTU system.
- (3) In unusual and unforeseen circumstances, the board reserves the right to rescind a previous approval and require the removal of an honorary statue, sculpture, or other artistic representation.

08.02.5 Landscape Enhancement Program. The FP&C Office shall manage and be the chancellor's designated representative for the landscape enhancement program. [Each project shall include a statement from the chancellor and/or president as to whether landscape](#)

enhancement is applicable based on the scope of the project, campus location, and proximity to other landscaping. ~~One~~ If applicable, up to one percent (1%) or a maximum of \$500,000, whichever is less, of the original board approved total project budget of each new major construction project will be allocated to the enhancement of exterior landscape, hardscape, and waterscape features unless an exception is granted by the board. The president may request an exception in writing to FP&C, and with the approval of the chancellor, submit the request to the chair of the Facilities Committee for approval. These enhancements shall be located either at or near the site of the construction project or, insofar as is permissible under Texas Tech policies and applicable to the source of funds, the funds may be aggregated and expended pursuant to a comprehensive art and aesthetic improvement plan, as approved by the board.

08.02.6 Combining programs. The chancellor or the chancellor's designated representative may combine the landscape enhancement and public art allocations for a single acquisition when such a combination is appropriate and necessary to meet the unique requirements of a specific project.

08.02.7 Private development. Prior approval of the board is required for the private development of TTU system land.

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# **ATTACHMENT**

# **2**

**TTUS Investment Policy Statement,  
Short Term Investment Fund with proposed amendments  
(Finance and Administration Item 3.)**

## Attachment to Finance & Administration Committee Item #3

*It is proposed that the Investment Policy Statement for the Short/Intermediate Term Investment Fund be split into separate policy statements — one for the Short Term Fund and another for the Intermediate Term Fund.*

**Texas Tech University System**  
**INVESTMENT POLICY STATEMENT**  
**Short Term Investment Fund**

*In order to split the SITIF policy statement into two statements, the existing SITIF policy statement would be deleted in its entirety and replaced with 2 new policy statements. This document provides the language of the proposed new **STIF** policy statement.*

**Date adopted:** \_\_\_\_\_

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### Section 1 Introduction.

This policy statement shall guide the investment of the subset of institutional funds known as the Short Term Investment Fund (“STIF”) of the Texas Tech University System (“TTU system”). As a pooled fund for the collective investment of the TTU system’s operating funds, non-operating funds and other funds, the STIF will consolidate cash and reserve balances to optimize system-wide liquidity management, improve diversification, and increase efficiencies regarding depository and investment pricing, custody, and administration.

Balances in excess of current operating needs will be placed into the Intermediate Term Investment Fund (ITIF). Refer to the ITIF policy statement for specifics.

### Section 2 Roles and Responsibilities.

- 2.1 **Board of Regents (the “Board”).** The Board will establish the investment policy, return objectives, risk tolerance, pool allocation ranges (as defined in Section 4) and monitor performance. In addition, the Board will hire consultants, as necessary, to advise on the management of these funds. The Board grants the authority to manage the STIF in accordance with this policy to the Vice Chancellor and Chief Financial Officer of the TTU system.
- 2.2 **Vice Chancellor and Chief Financial Officer of the TTU system (“CFO”).** The CFO shall manage the STIF in accordance with this policy under the oversight of the Finance and Administration Committee of the Board. The CFO is responsible for all cash management activities and is authorized to set pool allocation targets within pre-approved ranges. The CFO may delegate investment and transaction responsibilities to the Treasurer.
- 2.3 **Operating Funds Investment Committee (“OFIC”).** The CFO will establish an Operating Funds Investment Committee, comprised of chief financial officers the

from various system components. The OFIC may meet periodically to provide guidance and oversight regarding STIF investment policy and strategic direction. Members will be appointed at the discretion of the CFO.

2.4 **Treasurer.** The Treasurer, under the supervision of the CFO, is charged with implementing and administering the STIF (defined in Section 4) in line with the rules and guidelines set forth in this Investment Policy Statement. The Treasurer is responsible for day-to-day portfolio management activities, investment vehicle recommendations, and operating procedures. In addition, the Treasurer shall be responsible for:

- a. Monitoring and reporting on the performance of investments in the STIF.
- b. Recommending new investment vehicles to the CFO and OFIC.
- c. Evaluating the effectiveness of policies, procedures, objectives and strategy, and proposing, when appropriate, modifications for recommendation to the CFO.
- d. Maintaining internal controls to provide for responsible separation of duties and adequacy of an audit trail.
- e. Complying with applicable laws regarding the essential safekeeping and trading of STIF assets.

2.5 **Investment Consultant/Advisor.** The investment consultant's/s' primary responsibility is to provide independent information and advice to the Board, CFO, OFIC, Treasurer and staff. Within its broad scope of services, the consultant/s will focus on the following:

- a. Investment policy development;
- b. Strategic asset allocation studies;
- c. Assist in manager searches and selection;
- e. Monitor investment performance; and
- f. Provide investment education.

### **Section 3 Investment Objectives.**

The investment of funds for the STIF shall provide incremental return to assist in meeting the operating needs of the TTU system.

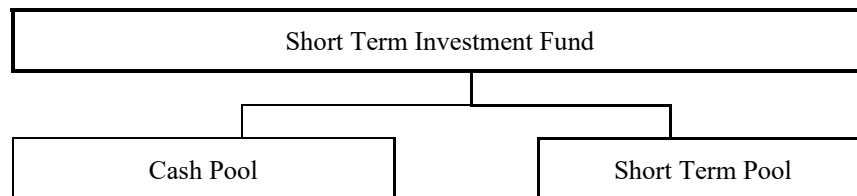


### 3.1 Investment objectives of the STIF.

- a. The investment of funds shall consider asset diversification, suitability, and the experience, quality, and capability of financial firm and personnel. The fund shall consider the relevant investment horizon and shall be governed by the following investment objectives, in the following order of priority:
  - (1) preservation and safety of principal;
  - (2) liquidity; and
  - (3) return.
- b. In determining whether the objectives in Section 3.1.a have been met, the following shall be taken into consideration:
  - (1) The investment of all funds, rather than a consideration as to the prudence of a single investment.
  - (2) Whether the investment decision was consistent with this written policy.

## Section 4 Investment Structure.

STIF assets will be segmented into two tiers of liquidity based on the cash flow requirements of the TTU system.



The approved liquidity tiers and a general investment strategy for each are as follows:

- 4.1 **Cash Pool (Tier 1).** The Cash Pool is designed to meet the current operating needs of the TTU system. This tier is expected to offer the highest level of liquidity and protect the nominal value of principal. These funds will be invested primarily in high quality money market funds or other instruments widely considered as cash equivalents, such as collateralized depository demand accounts, local government investment pools, and fully collateralized repurchase agreements.
- 4.2 **Short Term Pool (Tier 2).** The Short Term Pool is a designed to provide a margin of safety in the unlikely event that the Cash Pool is insufficient to meet any current or unplanned expenditures. A secondary objective is to provide enhanced financial flexibility during any unexpected market disruptions, when commingled funds can be susceptible to redemption risk. This tier will seek preservation of capital and incremental investment income typically above money market fund yields. These

funds will be invested only in fixed income securities issued by the United States government, US agencies and instrumentalities, or US municipalities or the highest quality commercial paper. Only securities with maturities ranging between overnight and three years are eligible.

## Section 5 Asset Class Allocation, Target Ranges and Policy Benchmarks.

Asset class allocation, subject to the ranges specified herein, is the responsibility of the CFO, as approved by the OFIC. Changes to the asset class target ranges and limitations are the responsibility of the Board and may be changed from time to time based on the economic and investment outlook.

- 5.1 **Target Ranges.** The Board will approve any changes to the target ranges for each asset class.
- 5.2 **Target Allocation.** The CFO is responsible for determining the appropriate asset allocation within each pool.
- 5.3 **Benchmarks.** A customized total portfolio benchmark will be designed to measure the overall performance of the STIF. This benchmark will blend the returns of the two benchmarks specified below, weighted according to the target allocation for each respective tier.

Table 1 – Asset Allocation Target, Ranges & Policy Benchmarks

| Asset Class     | Benchmark  | Target Allocation | Target Ranges |
|-----------------|--|-------------------|---------------|
| Cash Pool       | Barclays Capital 1-3 Month U.S. Treasury Bill Index        | 30%               | 15% – 40%     |
| Short Term Pool | ICE BofA Merrill Lynch 0-3 Year US Treasury & Agency Index | 70%               | 60% – 80%     |

- 5.4 **Investment Return objectives.**
  - a. The incremental return goal for each category of investments is expected to match or exceed the performance of the appropriate benchmark index over a rolling five-year period.
  - b. Each investment vehicle will be evaluated versus a benchmark and/or a peer universe, as defined by the CFO in consultation with the Investment Consultant. Investment vehicles should rank above the median over a rolling five-year period.

## Section 6 Guidelines for Investments.

The following list is indicative of the investment classes which are appropriate for each pool based on return objectives and liquidity requirements. It should not be construed as an

exhaustive list of “allowable” asset types. Security types and/or strategies not specifically enumerated, but which the CFO determine are appropriate, may also be held.

- 6.1 **Cash Pool.** The Cash Pool will be invested primarily in money market funds and other cash instruments:
- a. Collateralized bank deposits with a state or national bank domiciled in the State of Texas, provided:
    - (1) Such deposits must be insured by the Federal Deposit Insurance Corporation or its successor, with the remainder fully collateralized as required in the *Texas Education Code*, except that surety bonds are not authorized as collateral. The pledged collateral shall be placed in a custodian bank or banks named by the TTU system. Deposits will be collateralized in an amount equal to or greater than 102% of the amount of funds on deposit at the bank. In no event will the custodian be affiliated with the depository bank.
    - (2) On any given day, no depository bank shall have STIF funds on deposit in an amount that exceeds any one of the following limits:
      - (a) 25% of the total funds available for investment by the TTU system; or
      - (b) based upon the bank’s latest regularly published statement of financial condition: 15% of its total deposits; or an amount equal to the sum of its capital, permanent surplus, retained earnings, and reserves.
  - b. Any money market fund or mutual fund, provided:
    - (1) Such funds is AAA rated, or its equivalent, by at least two nationally recognized rating services.
    - (2) Such funds must be offered at a constant \$1.00 net asset value and comply with the diversification, quality, liquidity, and maturity requirements of SEC regulation 2a-7 under the Investment Company Act of 1940.
  - c. Local government investment pools, which are specialized money market funds designed to offer a convenient and cost-effective investment vehicle for public entities.
  - d. Repurchase agreements.
    - (1) For the purpose of this policy, a repurchase agreement is an investment transaction between an investor and a bank or securities dealer, in which the bank or dealer agrees to sell a particular instrument to the investor and

simultaneously agrees to repurchase that investment at a certain date in the future at a market value of not less than the principal amount of the funds disbursed.

- (2) A fully collateralized repurchase agreement is an authorized investment if the repurchase agreement is secured by U.S. Government Securities and require the securities being purchased to be pledged to the TTU system and deposited at the time the investment is made with a third party selected and approved by TTU system. The value of all collateral shall be maintained at 102% of the notional value of the repurchase agreement (valued daily). Repurchase agreements must be placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas.
- (3) There shall be no limitation on the amount invested, provided the vehicle is collateralized by U.S. government securities.
- (4) Reverse repurchase agreements are not permitted.

6.2 **Short Term Pool.** The Short Term Pool will be invested in the following types of securities with maturities of 36 months or less.

- a. Obligations issued or guaranteed by the United States Federal Government, United States Federal Agencies, or United States government-sponsored corporations and agencies.
- b. Obligations of states, agencies, counties, cities and other political subdivisions of any state and rated A or better.
- c. “Prime quality” commercial paper with a maturity of one year or less, issued by domestic corporations (corporations organized and operating under the laws of the United States or any state thereof) provided that the issuing corporation, or its guarantor, has a short-term debt rating of no less than “A-1” (or its equivalent) by at least two of the national rating services.
- d. The weighted average duration of the Short Term Pool should be 24 months or less.
- e. Bond mutual funds invested in securities defined in 6.2a-c are permitted.

## Section 8 Reporting.

The Treasurer will prepare quarterly investment reports on the STIF, which will be submitted to the CFO, presented to OFIC, and published on the Office of System CFO’s website. The reports will summarize asset allocation, liquidity, and performance.

## **Section 9 Cash Pool - Cash Management and Relationships with Depositories.**

- 9.1 The centralized Cash Pool will be maintained with the objective that all available cash and cash equivalents are invested and reported in accordance with applicable rules and regulations.
- 9.2 The CFO is responsible for the overall coordination and direction of banking relationships, to include investments, deposits, custody and other services with banking and similar financial institutions for the TTU system.
- 9.3 The system is authorized to maintain primary time and demand depository accounts with only those depositories recommended by the chancellor and approved by the board resulting in an executed a master depository agreement. Master depository agreements will be executed in accordance with Regents' Rule Chapter 7 Fiscal Management Section 07.12 Contracting policies and procedures. Primary depositories will be selected based on competitive bids, and the bids will be reviewed by the CFOs. The Treasurer is authorized to select secondary depository accounts and invest in bank funds with approval from member institution CFO as requested with an explicit business need.
- 9.4 The Cash Pool will provide competitive and enhanced returns for each member institution. Any and all depository fees assessed monthly through depository account analysis statements will be charged directly to the respective member institutions.

## **Section 10 Selection of Short Term Pool Broker/Dealers.**

The Treasurer and staff shall engage with vetted Broker/Dealers for the Short Term Pool investments. The selection shall be recommended by the Treasurer and approved by the CFO.

## **Section 11 Spending Policy.**

- 11.1 The Board recognizes the need for distributions to institutional funds comprising the STIF. Distributions are to be made on a monthly basis.
- 11.2 For the STIF, funds to be distributed will be current income earned on an accrual basis.

## **Section 12 Management Fee.**

- 12.1 The STIF will be assessed an investment management fee for expenses associated with the management of the pool.
- 12.2 The fee will be assessed on a quarterly basis, and average market value will be based on a 12-quarter rolling average of the total net asset value of the STIF.

- 12.3 The management fee rate shall be reviewed annually in conjunction with the preparation of annual operating budgets. Any recommendation will be communicated during the annual budget process as outlined in Section 07.04, *Regents' Rules*.

### **Section 13 Securities Lending.**

The STIF may not participate in securities lending unless approved by the CFO and OFIC. Any authorization for securities lending in separate accounts must be reported in advance to the Board. Also, any such authorization shall be reported as an Information Agenda item at the next Board meeting. Commingled funds are exempt from this restriction.

# **ATTACHMENT**

## **3**

**TTUS Investment Policy Statement,  
Intermediate Term Investment Fund with proposed amendments  
(Finance and Administration Item 3.)**

## Attachment to Finance & Administration Committee Item #3

*It is proposed that the Investment Policy Statement for the Short/Intermediate Term Investment Fund be split into separate policy statements — one for the Short Term Fund and another for the Intermediate Term Fund.*

### Texas Tech University System

#### INVESTMENT POLICY STATEMENT

### Intermediate Term Investment Fund

*In order to split the SITIF policy statement into two statements, the existing SITIF policy statement would be deleted in its entirety and replaced with 2 new policy statements. This document provides the language of the proposed new **ITIF** policy statement.*

*Date adopted:* \_\_\_\_\_

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### Section 1 Introduction.

This policy statement shall guide the investment of the subset of institutional funds known as the Intermediate Term Investment Fund (“ITIF”) of the Texas Tech University System (“TTU system”). As a pooled fund for the investment of the TTU system’s operating funds, non-operating funds and other funds, the ITIF will consolidate identified cash and reserve balances in excess of current operating needs invested over the intermediate term for diversification and return maximization.

### Section 2 Roles and Responsibilities.

- 2.1 **Board of Regents (the “Board”).** The Board will approve the investment policy, return objectives, risk tolerance, asset class target ranges (as defined in Section 5), and monitor performance. In addition, the Board will hire consultants, as necessary, to advise on the management of these funds. The Board grants the authority to manage the ITIF in accordance with this policy to the Vice Chancellor and Chief Financial Officer of the TTU system.
- 2.2 **Vice Chancellor and Chief Financial Officer of the TTU system (“CFO”).** The CFO shall manage funds in accordance with this policy. The CFO is responsible for all cash management activities and is authorized to set asset class targets within pre-approved ranges. The CFO may delegate asset allocation and/or investment decisions to the CIO.
- 2.3 **Operating Funds Investment Committee (“OFIC”).** The CFO will establish an Operating Funds Investment Committee, comprised of financial officers from various system components. The OFIC may meet periodically to provide guidance and oversight regarding the ITIF investment policy and strategic direction. Members will be appointed at the discretion of the CFO.
- 2.4 **Investment Advisory Committee (“IAC”).** The CFO may grant the IAC authority to provide guidance and oversight regarding Intermediate Pool (“ITIF”) asset



allocation and investment management. The IAC is comprised of persons as described in Section 01.02.8(f), *Regents' Rules* (the Bylaws of the Board of Regents of the TTU system).

- 2.5 **Treasurer.** The Treasurer, under the supervision of the CFO, is charged with monitoring and reporting the overall balances of the with the Short Term Investment Fund and ITIF for potential rebalancing between the two investment funds (defined in Section 6).
- 2.6 **Chief Investment Officer (“CIO”).** The CIO, under the supervision of the CFO and in consultation with the IAC, is charged with implementing and administering this investment policy statement in regard to the ITIF (defined in Section 4). The CIO is responsible for day-to-day portfolio management activities and operating procedures. In addition, the CIO shall be responsible for:
- a. Monitoring external investment managers of the ITIF.
  - b. Reporting performance, investment manager and fund updates to the CFO, IAC, OFIC and Board of Regents on a quarterly basis.
  - c. Evaluating the effectiveness of policies, procedures, objectives and strategy, and proposing, when appropriate, modifications for recommendation to the CFO, IAC and the OFIC.
- 2.7 **Investment Consultant/Advisor.** The investment consultant’s/s’ primary responsibility is to provide independent information and advice to the Board, CFO, IAC, OFIC, and staff. Within its broad scope of services, the consultants will focus on the following:
- a. Investment policy development;
  - b. Strategic asset allocation studies;
  - c. Assist in manager searches and selection;
  - d. External investment manager due diligence;
  - e. Monitor investment performance; and
  - f. Provide investment education.
- ~~[g. Performance measurement and reporting.]~~
- 2.8 **External Investment Managers.** External investment managers will be given full discretion, within established guidelines and policy limits, to select individual securities, and diversify their portfolios. Intermediate Term ~~[external investment managers will invest]~~ assets will be invested in unitized pools of the LTIF assets.

### **Section 3 Investment Objectives.**

The investment of funds for the ITIF shall provide incremental return to assist in meeting the operating needs of the TTU system. The ITIF shall employ a total return philosophy.

#### **3.1 Investment objectives of the ITIF.**

- a. The investment of funds shall consider asset diversification, total return, suitability, and the experience, quality, and capability of investment personnel. The total fund and each pool shall consider the relevant investment horizon and shall be governed by the following investment objectives, in the following order of priority:
  - (1) maximize investment returns
  - (2) achieve incremental growth to preserve the purchasing power of ITIF assets; and
  - (3) prudently diversify with appropriate liquidity;
- b. In determining whether the objectives in Section 3.1.a have been met, the following shall be taken into consideration:
  - (1) The investment of all funds, rather than a consideration as to the prudence of a single investment.
  - (2) Whether the investment decision was consistent with this written policy.

### **Section 4 Investment Structure.**

- 4.3 The ITIF is an intermediate and longer-term reserve fund designed to cover the needs of the TTU system over a time horizon of [~~three~~] 5 to 7 years [~~or greater~~]. As such, these assets will be invested with a total return objective. This pool has an investment objective of growth with income and will be invested in a diversified asset mix of liquid or semi-liquid securities. This pool will be more broadly diversified than of the STIF and will be structured to generate a higher return over longer periods while retaining a profile that will be liquid enough to serve as a source of funds under extreme circumstances. Because of the very low likelihood that these funds would be needed to meet cash flow requirements, a greater degree of principal risk is acceptable in order to obtain a higher return.

The ITIF, where possible and appropriate, can use the same external investment managers as the LTIF to take advantage of economies of scale and to achieve the most efficient use of TTU system resources.

## Section 5 Asset Allocation, Target Ranges and Policy Benchmarks.

- 5.1 The Board will approve any changes to the target ranges for each asset class. The CFO is responsible for determining the appropriate asset allocation within each pool.
- 5.2 Asset allocation, subject to the ranges specified herein, is the responsibility of the CFO, in consultation with the IAC and OFIC.
- 5.3 A customized total portfolio benchmark will be designed by the investment consultant to measure the overall performance of the ITIF. This benchmark will blend the returns of the benchmarks specified below, weighted according to the target allocation for each respective asset class.

Table 1 – Asset Allocation Target, Ranges & Policy Benchmark

| Asset Class         | Policy Benchmark   | Target Allocation | Target Range |
|---------------------|--|-------------------|--------------|
| Cash                | N/A  | 0%                | 0% - 15%     |
| Equity              | MSCI AC World (gross, USD)   | 25%               | 20% - 30%    |
| Debt                | BC Global Aggregate (unhedged)   | 25%               | 20% - 30%    |
| Diversifying Assets | HFRX Global  | 30%               | 25% - 35%    |
| Private Assets      | 70% MSCI ACWI IMI; 15% Barclays US High Yield; 15% Barclays Global High Yield Trailing 5-year rolled quarterly 250 bps premium | 20%               | 15% - 25%    |
| Portfolio Hedge     | N/A  | 0%                | 0% - 15%     |

- 5.4 Asset Class Investment Objectives.
- a. The total return goal for each asset class is expected to match or exceed the performance of the appropriate benchmark index over a rolling five-year period.
  - b. Each investment manager will be evaluated versus a benchmark and/or a peer universe, as defined by the CIO and approved by the IAC. Managers should rank above the median over a rolling five-year period.

## **Section 6 Rebalancing.**

### **6.1 Inter-portfolio Rebalancing.**

- a. It is the intent that the asset allocation for ITIF remains within the permissible target ranges and that the portfolio shall be rebalanced when the allocation deviates significantly from these ranges.
- b. The minimum and maximum allocations should not be exceeded, except in unusual circumstances. Rebalancing may occur before these limits.

### **6.2 Rebalancing between the STIF and the ITIF.**

- a. The asset allocation between the STIF and the ITIF is set at 40% and 60% respectively.
- b. Quarterly, the Treasurer will provide the CFO an asset summary of the STIF and ITIF. Periodically, the CFO may require the Treasurer and the CIO to rebalance between the STIF and ITIF. Contributions to the ITIF should be applied to, and payments by the ITIF withdrawn from, asset classes in such a way to bring the asset allocation back toward its target ranges.

## **Section 7 Guidelines for Investments.**

The following list is indicative of the investment classes which are appropriate for the ITIF based on return objectives and liquidity requirements. It should not be construed as an exhaustive list of “allowable” asset types. Security types and/or strategies not specifically enumerated, but which the CFO, IAC, and OFIC determine are appropriate, may also be held.

The ITIF will be structured as a total return portfolio. The investment strategy for this pool is that its time horizon, and flexibility, is such as to permit investments in a diversified mix of assets that will collectively offer greater returns than short term fixed income securities. The goal is to diversify investments across multiple asset classes, including equities, which will enhance total return over the long term, while avoiding undue risk concentrations in any single asset class or investment category.

The assets of the ITIF will be invested in unitized structures through external managers in separate accounts or commingled funds. The CIO is authorized to hire managers. The CIO may terminate an investment manager if necessary and will notify the IAC of the changes.

## **Section 8 Use of Pooled Funds.**

The use of pooled funds (e.g., commingled funds, mutual funds, common trust funds, etc.) is permitted when it is deemed to be in the best interest of the TTU system. These investment vehicles may have investment guidelines that are different than those described in the ITIF policy statement.

## **Section 9 Reporting.**

The CIO will prepare quarterly investment reports on the ITIF, which will be submitted to the CFO, IAC, OFIC and the Board. The reports will summarize asset allocation, liquidity, performance, and risk characteristics.

## **Section 10 Selection of Investment Managers.**

10.1 **External Investment Managers.** The CIO may appoint investment managers to invest the ITIF assets under the terms of this policy or within the unitized structures according to the LTIF Investment Policy Statement. Investment managers will be delegated with discretion to manage the assigned assets to best achieve the objectives of the ITIF. Any investment manager hired to invest ITIF assets shall be a registered investment advisor under the Investment Advisors Act of 1940, or qualify to be exempt from registration.

10.2 **Manager Selection.** The manager selection process should incorporate review and analysis of the following factors:

- a. Ability of the firm to achieve return and risk objectives of the investment pool.
- b. Length and quality of experience of key investment professionals.
- c. Consistency of investment strategy and results.
- d. Historical growth of, and future plans for, assets under management.
- e. Confidence that past performance can be sustained in the future.
- f. Existence of a clear, concise and effective decision-making process.
- g. Risk management tools and systems.
- h. Sufficient organizational depth and continuity of personnel.
- i. Adequate reporting, administration and back-office support.

## **Section 11 Responsibilities of Investment Managers.**

11.1 Invest the assets of the TTU system with the care, skill, prudence, and diligence that a prudent professional investment manager, familiar with such matters and acting in like capacity, would use in the investment of such assets, consistent with the guidelines outlined herein.

- 11.2 Adhere to the investment policies and guidelines prescribed by the TTU system and act in the best interest of the TTU system.
- 11.3 Each investment manager shall have full investment discretion regarding security selection, consistent with this policy and the manager's established guidelines.
- 11.4 Make no material departures from the strategy for which the manager was hired.
- 11.5 Inform the consultant and CIO about all significant matters pertaining to the investment of TTU system assets. These matters include the following:
  - a. Substantive changes in investment strategy or portfolio structure.
  - b. Significant changes in ownership, affiliations, organizational structure, financial condition and professional staffing of the investment management organization.
  - c. Any regulatory actions being pursued or taken against the firm or any of its employees.
- 11.6 All investment managers must report their performance on a monthly or quarterly basis, and the reporting methodology must be in compliance with the standards outlined by the CFA Institute.
- 11.7 Seek best price/execution when purchasing or selling securities at all times. Each investment manager must recognize that brokerage is an asset of the TTU system, not the investment manager. Also, investment managers must disclose any affiliated brokerage relationships.
- 11.8 Comply with CFA Institute Guidelines on Soft Dollar Standards.
- 11.9 Vote all proxies after careful assessment of the issues involved, with particular emphasis on items that might reduce the economic value of stockholders' rights of ownership and thereby adversely impact the performance of the TTU system's assets.
- 11.10 Meet with the CIO and other investment staff on a regular basis, either in person or by teleconference.
- 11.11 Provide the number of new clients and clients that have terminated on a quarterly basis.
- 11.12 Securities or positions in a single company or issuer must not exceed 10% of the investment manager's portfolio measured at market value. However, money market funds and obligations issued by the U.S. federal government are exempt from this restriction.
- 11.13 Securities or positions in any one industry should not exceed 25% of the investment manager's portfolio at market value.

- 11.14 The market value of any single investment manager account may not exceed 10% of the applicable pool.
- 11.15 Currency hedging decisions are at the discretion of the manager.

## **Section 12 Spending Policy.**

- 12.1 For the ITIF, a spending draw will be applied as it is managed on a total return basis. Distributions are to be made on a monthly basis. The following spending policy reflects an objective to distribute as much total return as is consistent with overall investment objectives defined herein while protecting the inflation-adjusted value of the principal. The following factors are considered in the spending policy:
- a. the duration and preservation of the ITIF portion;
  - b. the purposes of the TTU system and the ITIF portion;
  - c. general economic conditions;
  - d. the possible effect of inflation or deflation;
  - e. the expected total return from income and the appreciation of investments;
  - f. other resources of the TTU system; and
  - g. the overall investment policy.
- 12.2 The annual spending percentage applied to average market value of the ITIF shall not exceed 6% nor be less than 2%. The initial annual spending percentage is set at 3% and will be applied monthly by dividing the percentage by 12. The annual spending percentage will be reviewed and set each year by the CFO in consultation with OFIC based on inflation expectations and expected return.

## **Section 13 Management Fee.**

- 13.1 The ITIF will be assessed an investment management fee for expenses associated with the management of the pool.
- 13.2 The ITIF will be charged an annual management fee for fees and expenses associated with the management of the pool.
- 13.3 The fee will be assessed on a quarterly basis, and average market value will be based on a 12-quarter rolling average of the total net asset value of the ITIF.
- 13.4 The TTUS Office of Investments (“TTUS OI”) shall be funded by a management fee assessed upon the LTIF of the TTU system and the ITIF.

- 13.5 The management fee rate shall be reviewed annually in conjunction with the preparation of annual operating budgets. Any recommendation will be communicated during the annual budget process as outlined in Section 07.04, *Regents' Rules*.

#### **Section 14 Securities Lending.**

For funds managed in a separate account format, the ITIF may not participate in securities lending unless recommended by the CIO and approved by the IAC. Any authorization for securities lending in separate accounts must be reported in advance to the Board chair, the chair of the Finance and Administration Committee, and the IAC chair. Also, any such authorization shall be reported as an Information Agenda item at the next Board meeting. Commingled funds are exempt from this restriction.



# **ATTACHMENT**

# **4**

**TTUS Investment Policy Statement,  
Long Term Investment Fund with proposed amendments  
(Finance and Administration Item 3.)**

# Attachment to Finance & Administration Committee Item #3

## Texas Tech University System

### INVESTMENT POLICY STATEMENT

### Long Term Investment Fund

#### ***Dates Approved or Amended:***

- Initial adoption of policy statement..... 02-26-2010
  - Sec. 13.2.a amended & Schedule C added..... 02-25-2011
  - Sec. 15.1.c, 15.3.a-b & 15.5.a amended..... 12-16-2011
  - Sec. 11.2.a & 11.2.d + Schedule A amended ..... 03-02-2012
  - Comprehensive review/amendments ..... 08-08-2014
  - Various amendments throughout..... 05-19-2017
- 

#### **Section 0 Definitions.**

- 0.1 “Board” — Board of Regents, Texas Tech University System.
- 0.2 “CIO” — Chief Investment Officer of the Texas Tech University System.
- 0.3 “Foundation” — Texas Tech Foundation, Inc.
- 0.4 “IAC” — Investment Advisory Committee.
- 0.5 [“ITIF” — Intermediate Term Investment Fund.](#)
- [0.6](#) “LTIF” — Long Term Investment Fund.
- [0.7](#) ~~[0.6]~~ “NAV” — Net Asset Value.
- [0.8](#) ~~[0.7]~~ “SEC” — Securities and Exchange Commission.
- [0.9](#) ~~[0.8]~~ ~~[“SITIF”]~~ [“STIF”](#) — ~~[Short/Intermediate]~~ [Short](#) Term Investment Fund.
- [0.10](#) ~~[0.9]~~ “TTUS OI” — Office of Investments, Texas Tech University System.
- [0.11](#) ~~[0.10]~~ “TTUS OI employees” — the Chief Investment Officer and the Investments Manager.
- [0.12](#) ~~[0.11]~~ “TTU system” or “TTUS” — Texas Tech University System.

[0.13](#) ~~[0.12]~~ “TTUS VC and CFO” — the Vice Chancellor and Chief Financial Officer of the Texas Tech University System.

[0.14](#) ~~[0.13]~~ “UPMIFA” — Uniform Prudent Management of Institutional Funds Act.

## **Section 1 Introduction.**

This policy statement shall guide the investment of endowment and long-term institutional funds of the TTU system. This policy statement is issued for the guidance of the IAC, TTUS IO, consultants, and investment managers. This policy statement is intended to set forth an appropriate set of goals and objectives for the LTIF and to define guidelines within which the investment managers may formulate and execute their investment decisions.

## **Section 2 Endowment Funds.**

Endowment funds are funds given to the TTU system with a donor-imposed restriction that the corpus is not to be expended but is to be invested for the purpose of producing returns on invested capital. Endowment funds may also include: term endowment funds for which the donor stipulates that the principal may be expended after a stated period or upon the occurrence of a certain event; and funds functioning as endowments (quasi-endowments). A quasi-endowment fund is a fund established by the Board to function like an endowment fund, which may be totally expended at any time at the discretion of the Board.

## **Section 3 Funds Functioning as Endowments.**

The Board delegates to the Chancellor, or the Chancellor’s designee, the authority to establish a quasi-endowment fund when such a fund totals less than \$250,000.

## **Section 4 Investment of Non-Endowment Institutional Funds in the LTIF.**

Institutional funds are defined in Section 51.002, *Texas Education Code*, as amended or modified. In this policy statement, long-term institutional funds are all non-endowment institutional funds approved by the Board, for investment purposes, for inclusion in the LTIF.

## **Section 5 Fiduciary Responsibility.**

The Board recognizes its fiduciary responsibility to comply with the restrictions imposed by the donors of endowment funds. The Board acknowledges its legal responsibility to ensure that the management of endowment and other institutional funds is in compliance with state law, including the UPMIFA, per Section 163, *Texas Property Code*, as amended or modified.

## **Section 6 Management Procedures.**

- 6.1 No endowment or other institutional fund shall be considered for management under this policy unless it is under the sole control of the Board, with full discretion as to investment of principal and expenditure of funds eligible for distribution. Although certain assets of the Foundation are invested in the LTIF, the Foundation's Board of Directors and its officers are legally responsible for the management and control of those assets. The Vice Chancellor for Institutional Advancement shall ensure there are no donor-imposed restrictions preventing the use of the LTIF. ~~[Funds excluded from consideration under this policy statement will be invested in the SITIF, or, if instructed by the donor and approved by the Board, will be managed and safeguarded in their original form.]~~
- 6.2 The LTIF is the TTU system's commingled endowment/institutional fund. The LTIF shall be unitized and each new endowment gift added to the fund shall receive units in the fund based upon the market value of the gift and the NAV of the fund at the latest month-end preceding the date the gift is added to the fund. The NAV will be calculated as the month-end market value of the LTIF divided by the number of outstanding units in the LTIF. Earnings determined under the policy statement's spending policy shall be calculated on a unit basis for distribution purposes.
- 6.3 Professional services (investment managers and advisors) deemed appropriate for the management and investment of the fund may be retained. All investment managers and advisors who are required to be registered under the Investment Advisors Act of 1940 shall provide the most recent Form ADV filed with the SEC.

## **Section 7 Long-term Institutional Funds Authorized Withdrawal.**

Upon the approval of the TTUS VC and CFO and the appropriate Chief Fiscal Officer of the TTU system [components](#), long-term institutional funds may be withdrawn from their investment in the LTIF. This withdrawal/reallocation will be made one year from the date of approval by the TTUS VC and CFO. The dollar amount of the withdrawal will equal the number of units withdrawn times the NAV as of the end of the most recent valuation of the LTIF. Because of changes in the NAV from the time of initial deposit, the dollar amount of withdrawal may be more or less than the original investment.

## **Section 8 Administration and Management of the LTIF.**

- 8.1 The Board, IAC, and institutional personnel of the TTU system shall exercise ordinary business care and prudence under the facts and circumstances prevailing at

the time of the action or decision. In managing and investing the LTIF, the Board, IAC, and institutional personnel shall consider all of the following:

- a. general economic conditions;
- b. the possible effect of inflation or deflation;
- c. the expected tax consequences, if any, of investment decisions or strategies;
- d. the role that each investment or course of action plays within the overall investment portfolio of the fund;
- e. the expected return based on levels of liquidity and investment risk that are prudent and reasonable under present circumstances, and such circumstances may change over time;
- f. the expected total return from income and appreciation of investments;
- g. other resources of the TTU system;
- h. the needs of the TTU system and the fund to make distributions and to preserve capital; and
- i. an asset's special relationship or special value, if any, to the charitable purposes of the institution.

- 8.2 Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the LTIF's portfolio of investments as a whole and as part of an overall investment strategy having risk and return objectives reasonably aligned with the LTIF's stated goals and objectives.

## **Section 9 Spending Policy.**

- 9.1 The Board recognizes the need for distributions to the beneficiaries of the endowment and long-term institutional funds under its control. The following spending policy reflects an objective to distribute as much total return as is consistent with overall investment objectives defined herein while protecting the inflation-adjusted value of the principal. The following factors are considered in the spending policy:
- a. the duration and preservation of the LTIF;
  - b. the purposes of the TTU system and the LTIF;
  - c. general economic conditions;

- d. the possible effect of inflation or deflation;
  - e. the expected total return from income and the appreciation of investments;
  - f. other resources of the TTU system; and
  - g. the overall investment policy.
- 9.2 The distribution of spendable earnings to each unit of the LTIF shall not exceed 6% nor be less than 4% of the average NAV of the LTIF for the 12 quarters just ended. Distribution shall be made quarterly, as soon as practicable after the last calendar day of November, February, May, and August.
- 9.3 The target annual distribution rate shall be reviewed annually by the Board.

## **Section 10 Core Beliefs.**

This section outlines the core beliefs for the overall governance and investment of the LTIF. These beliefs will serve as guiding principles in the decision making and implementation of the LTIF's investment mandate.

- 10.1 A well-defined governance structure with clearly delineated responsibilities is critical in achieving consistent, long term performance objectives.
- 10.2 Strategic Asset Allocation, through longer term, static risk, return and correlation estimates, sets the amount of risk spent on each asset class, and drives the overall volatility of the portfolio and the majority of the expected return.
- 10.3 Tactical Allocation should be exploited to take advantage of dislocations in markets, or changes in the expected risk, return and/or correlations.
- 10.4 Prices are driven by expectations – sentiment, technical and fundamental factors.
- 10.5 Absent a strategic or tactical view, the base case portfolio should be a risk balanced portfolio.
- 10.6 The opportunity for active manager out performance (alpha) is not uniformly distributed across asset classes or strategies.
- 10.7 Be “risk-focused” with an opportunistic mindset.
- 10.8 Leverage, both directly and indirectly, can improve a program's overall risk and return profile, but only when structured appropriately.

- 10.9 Management of liquidity risk is paramount in order to be opportunistic in market dislocations.
- 10.10 Contractual income is important in stabilizing portfolio volatility.

## **Section 11 Statement of Goals and Objectives.**

By achieving the detailed objectives consistently, the longer term goals of the LTIF are expected to be achieved. The majority of the LTIF return is attributable to the Asset Allocation approved by the Board. Staff and the consultant are expected to deliver excess return beyond the passive target Policy Index through manager selection and adjustments to allocations.

The multiple investment objectives and goals are outlined as follows:

### *Total Fund Objectives:*

- 11.1 To outperform the target weighted Policy Index over rolling three year periods.
- 11.2 To outperform a 60/40 portfolio consisting of the MSCI ACWI and Barclays Global Aggregate Bond Index (unhedged) over rolling three year periods.
- 11.3 Each investment manager will be evaluated versus a benchmark and/or a peer universe, as defined by the CIO and approved by the IAC. Managers should rank above the median over a rolling three-year period.

### *Total Fund Goals:*

- 11.4 The financial goal for management of endowment and long-term institutional funds is to preserve the real (inflation-adjusted) purchasing power of principal and earnings after accounting for endowment spending, inflation, and costs of investment management. The total return goal for the LTIF is to exceed the Consumer Price Index plus 5% over rolling ten-year periods.
- 11.5 To consistently rank in the top half of the NACUBO universe, defined as peers with portfolios ranging from 750 million to 1.5 billion dollars, over rolling one-year periods and top quartile over rolling three-year periods.

Section 12 Governance.

| Governance Oversight  |                      |                    |                               |   |
|---|----------------------|--------------------|-------------------------------|---|
| For approval of:  | CIO                  | IAC                | Board                         | Comment   |
| <del>[Investment Policy]</del><br><u>Strategic Asset Class Ranges</u> <del>[/Targets]</del> | Recommend            | Recommend          | Approve                       | Long-term <u>strategic</u> ranges for broad asset classes <del>[,with ranges]</del> that provide the IAC flexibility to adjust the target <del>[asset allocation]</del> <u>and range within the Board approved strategic ranges</u> . See Schedule A, <u>Part 1</u> .                                   |
| <del>Tactical Allocation Ranges/Targets</del>   | <del>Recommend</del> | <del>Approve</del> | <del>Review</del>             | <del>Short to medium term targets and ranges, with tighter bands that provide guidelines to the CIO but still flexibility for tactical implementation. See Schedule A.</del>  |
| <del>Asset Class Structures</del>   | <del>Recommend</del> | <del>Approve</del> | <del>————</del>               | <del>The target allocation.</del>   |
| <u>Investment Policy Index &amp; Repositioning</u>  | <u>Recommend</u>     | <u>Approve</u>     | <u>Review</u>                 | <u>Corresponding policy index benchmarks are approved by the IAC as a performance measure. Repositioning the long-term targets for broad asset classes and their underlying policy benchmarks, within the Board approved ranges, provides flexibility. See Schedule A, Part 1.</u>                      |
| <u>CIO Rebalancing</u>  | <u>Approve</u>       | <u>Review</u>      | <u>N/A</u>                    | <u>The CIO is authorized to tactically over or underweight against the targets as defined in Schedule A, Part 2.</u>  |
| <b>Manager Selection &amp; Redemption</b>   | Approve              | Review             | <del>————</del><br><u>N/A</u> | The CIO, in conjunction with the consultant, is authorized to hire <del>[and redeem]</del> managers, absent a majority negative consent from IAC members within 5 business days. <u>The CIO is authorized to redeem from a manager and will notify the IAC at the next regularly scheduled meeting.</u> |
| <del>Tactical Rebalancing</del>   | <del>Approve</del>   | <del>Review</del>  | <del>————</del>               | <del>The CIO is authorized to tactically over or underweight against the targets as defined in Schedule A, part II.</del>   |



## 12.1 Determination and implementation of asset allocation.

- a. Asset allocation is the primary mechanism to select the types of broad categorical risks which drive investment return. To achieve the goal and objectives of the LTIF, the fund's assets may be invested in the categories listed in Schedule A of this policy statement ("Schedule A").
- b. The LTIF shall be diversified both by asset class and, within asset classes. Consideration shall be given to economic sectors, industries, global regions, market capitalizations (size), factors, and economic environments. The purpose of diversification is to limit the risk associated with any single security or class of securities.
- c. Any changes to the policy targets within the approved ranges for each asset class must be approved in advance by the ~~[Board, and Schedule A shall be revised accordingly]~~ IAC. The Board will be promptly updated upon approval.
- d. Any changes to the policy targets outside the approved ranges for each asset class must be approved in advance by the Board, and Schedule A shall be revised accordingly.
- e. Any changes to the policy benchmark must be approved in advance by the IAC, and Schedule A shall be revised accordingly. The Board will be promptly updated upon approval.
- ~~b. The CIO is responsible for implementing the target asset allocation. The CIO, in conjunction with the consultant and staff, will recommend asset class structures for review and approval by the IAC. An asset class structure represents the allocation to sub-strategies within an asset class. After approval of the target allocation and ranges of the structure, the CIO has authority to implement the approved structure.]~~

## 12.2 Monitoring and rebalancing of asset allocation.

- a. The asset allocation shall be monitored on an ongoing basis and rebalanced as needed by the CIO. The CIO may manage cash inflows and outflows among investment managers in accordance with the approved Tactical Rebalancing Ranges. The lower and upper bounds on the ranges should not be exceeded, except in unusual circumstances. In the event the bounds are exceeded, the IAC must be notified. However, the CIO may rebalance before reaching those limits, or set exposures anywhere within the Tactical Rebalancing Policy ranges.

- b. The CIO is considered in compliance with this policy if certain illiquid asset classes breach a range due to market volatility in other asset classes or substantial increases in unrecognized gains for illiquid investments.
- c. The CIO has the authority to substitute synthetic exposure in lieu of like physical exposure, and vice versa, within the portfolio or as an overlay, as approved by the IAC. In addition, buy-write and put-write strategies are acceptable as equity beta replacements, subject to the following:
  - (1) Buy-write strategies are limited to 25% of the equity allocation.
  - (2) Put-write strategies are limited to 5% of assets, with minimum 20% collateral.
  - (3) Over- or underweights to private asset classes will impact the allocation to other asset classes.
  - (4) OTC exposure is limited to 20% of plan assets.
- d. The CIO has the authority to physically rebalance between manager accounts and/or utilize forwards, futures, swaps, swaptions, options or other synthetic exposures as a way to adjust exposures tactically within Tactical Rebalancing ranges.

### **Section 13 Investment Manager Guidelines.**

Investment manager guidelines for the LTIF apply to investments in non-mutual and non-pooled funds, where the investment manager is able to construct a separate, discretionary account on behalf of the LTIF. Although policy cannot be dictated to pooled/mutual fund investment managers, the Board's intent is to select and retain only pooled/mutual funds with policies that are similar to this policy statement. In addition:

- 13.1 Specific guidelines may be established with each individual outside investment manager.
- 13.2 Each investment manager must agree to the performance objectives and asset allocation guidelines.
- 13.3 Each investment manager shall have full investment discretion with regard to security selection, consistent with this policy.
- 13.4 Each investment manager, where applicable, shall handle the voting of proxies and tendering of shares in a manner that is in the best interest of the LTIF and consistent with the investment objectives contained herein.

- 13.5 All purchases and sales transactions shall be conducted to obtain the best net execution.

#### **Section 14 Investment Manager Selection and Termination.**

- 14.1 The LTIF will be managed primarily by external investment management organizations. Investment managers will be delegated with the discretion to manage the assigned assets to best achieve the goal and objectives of the LTIF.
- 14.2 The CIO is authorized to hire and terminate external investment managers.
- a. In the exercise of this delegation of authority, standard actions regarding legal and due diligence review shall be conducted. Certain review considerations in hiring Hedge Funds and Private Equity managers are listed in Schedule C.
  - b. Investment managers hired under this delegation of authority will be reported to the IAC at a regularly scheduled meeting.
- 14.3 Investment manager termination. In most cases any action to terminate an investment manager should be taken by the CIO. If the CIO determines that termination is necessary, the IAC will be notified.

#### **Section 15 Standards of Conduct for Investment Managers and Advisors.**

The following standards of conduct for investment managers and advisors are derived from the *CFA Institute Code of Ethics and Standards of Professional Conduct* and include:

- 15.1 Code of ethics. Investment managers and advisors employed by the TTU system shall:
- a. act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, and colleagues in the investment profession and other participants in the global capital markets;
  - b. place the interest of clients, the interest of their employer, and the integrity of the investment profession above their own personal interest;
  - c. use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, or engaging in other professional activities;
  - d. practice, and encourage others to practice, in a professional and ethical manner that will reflect credit on themselves and the profession;

- e. promote the integrity of and uphold the rules governing global capital markets;  
and
- f. maintain and improve their professional competence.

15.2 Standards of professional conduct:

- a. Knowledge of the law. Investment managers and advisors must understand and comply with all applicable laws, rules, and regulations of any government agency, regulatory organization, licensing agency, or professional association governing their professional activities. Investment managers and advisors must not knowingly participate or assist in any violation of such laws, rules, or regulations.
- b. Independence and objectivity. Investment managers and advisors must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Investment managers and advisors must not offer, solicit, or accept any gift, benefit, compensation, or consideration that could be reasonably expected to compromise their own or another's independence and objectivity.
- c. Misrepresentation. Investment managers and advisors must not knowingly make any statement that misrepresents facts relating to investment analysis, recommendations, actions, or other professional activities.
- d. Misconduct. Investment managers and advisors must not engage in any conduct involving dishonesty, fraud, deceit, or commit any act that reflects adversely on their integrity, trustworthiness, or professional competence.

15.3 Investment analysis and recommendations. Investment managers and advisors shall:

- a. exercise diligence, independence, and thoroughness in conducting investment analysis, making investment recommendations, and taking investment actions;  
and
- b. have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, and action.

15.4 Disclosure and conflicts of interest:

- a. Managers, advisors, and potential managers must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with their respective duties to the TTU system.

- b. Managers and advisors must, on an annual basis, ensure that such disclosures are prominently set forth, are delivered in plain language, and communicate the relevant information using the Texas State Auditor’s Uniform Disclosure Form.
- c. Managers, advisors, and potential managers are investing public funds and are subject to the Texas Open Records Act.

**Section 16 Conflicts of Interest on Investments and Restrictions on Investments for Board Members, IAC Members, and Employees of the TTUS Office of Investments.**

16.1 Introduction.

- a. It is the policy of the TTU system that members of the Board, members of the IAC, and TTUS OI employees having authority over, or input into, the selection of investments or investment managers shall act in a manner consistent with their responsibilities to the TTU system and avoid circumstances in which their financial or other ties to outside persons or entities could present an actual, potential, or apparent conflict of interest or impair the reputation of the TTU system.
- b. Board members, IAC members, and TTUS OI employees should avoid any actions or situations that might result in or create the appearance of using their association with the TTU system for private gain, according unwarranted preferential treatment to any outside individual or organization, losing independence or impartiality, or adversely affecting the reputation of or public confidence in the integrity of the TTU system. Toward this end, it is the responsibility of each Board member, IAC member, and TTUS OI employee to ensure that the system is made aware of situations that involve personal, familial, or business relationships that could jeopardize the reputation of or public confidence in the TTU system by complying with this policy and making all disclosures and certifications as set forth herein.
- c. For the purposes of this section, “business entity” means: any entity recognized by law through which business is conducted, including a sole proprietorship, partnership, firm, corporation, limited liability company, holding company, joint stock company, receivership, or trust.

16.2 Conflict of interest. A conflict of interest arises when the TTU system has or is considering a transaction or other business relationship with a Board member, an IAC member, a TTUS OI employee, or a family member of one of these individuals (defined to include a spouse and any dependent relatives or household members). For this reason, any transaction or other business relationship between the TTU system and a Board member, an IAC member, a TTUS OI employee, or any family member of one of these individuals is prohibited.

### 16.3 Presumed conflict of interest.

- a. A conflict of interest is presumed to arise when the TTU system has or is considering an investment in a business entity in which a Board member, an IAC member, a TTUS OI employee, or a family member of any of these individuals has a substantial financial interest. A financial interest is presumed to be substantial if it entails:
  - (1) any ownership or investment interest in a business entity (including stock, options, a partnership interest, or any other ownership or investment interest) valued at more than \$10,000, except equity in a company amounting to less than 10% ownership interest in the company;
  - (2) receipt of funds from the business entity that exceed 10 percent of the Board member's gross income for the previous year, or the expectation of the receipt of such funds in the future;
  - (3) any ownership interest in real property, personal property, intellectual property or any other interest valued at \$10,000 or more;
  - (4) a position of real or apparent authority in a business entity such as director, officer, trustee, partner, agent, controlling shareholder, shareholder with a 10% or more voting interest, or a direct or indirect participating interest in any shares, stock or otherwise, regardless of whether voting rights are included, in 10% or more of the profits, proceeds or capital gains of the entity involved; or
  - (5) any position as an employee of the entity involved.
- b. A Board member, an IAC member, or a TTUS OI employee is not deemed to have a substantial financial interest in a publicly traded entity by reason of an investment in that entity by another publicly traded entity, such as through a mutual fund or non-discretionary managed account or PIPE, of which the Board member does not control investment decisions.

16.4 Determination of a conflict of interest. In a situation where a Board member, IAC member, or TTUS OI employee has a presumed conflict of interest but contends that there is no actual conflict of interest, the TTUS VC and CFO shall make the determination of whether there is an actual conflict of interest and shall advise all involved parties of the determination.

### 16.5 Restriction on parallel investments.

- a. A conflict of interest also may arise when a Board member, an IAC member, a TTUS OI employee, or a family member of any of these individuals has or is

considering an investment in a business entity, including a fund or partnership, that may or may not be publicly traded and in which the TTU system has or is considering an investment. Such parallel investments may create at least an appearance that the Board member, IAC member, or TTUS OI employee is benefiting from the TTU system's participation in the business entity. When these individuals have any financial interest in any such business entity in which the individual otherwise knows the TTU system has or is considering an investment, these individuals should promptly disclose to the TTUS VC and CFO as follows: in the case of a publicly traded business entity, any substantial financial interest; or in the case of a privately held or traded business entity, any financial interest. The individual should not participate in any decisions whatsoever regarding such investment by the TTU system.

- b. Privately held or traded business entity. In order to avoid the perception of a conflict of interest between the TTU system and any Board member, IAC member, or TTUS OI employee, the TTU system shall not invest in any privately held or traded business entity in which any of these individuals, or a family member has any financial interest. Likewise, these individuals shall not invest in a privately held or traded business entity in which the TTU system has a financial interest. Such restrictions on investments shall continue to apply for one year after the departure of the Board member from the Board, the IAC member from the IAC, or the TTUS OI employee from the TTU system.
- c. Any investment made on behalf of a Board member from the Board, the IAC member from the IAC, or the TTUS OI employee from the TTU system in any investment is not deemed in conflict if within a non-discretionary investment vehicle.

#### 16.6 Certification that no conflict exists on transactions with privately held entities.

- a. Prior to the TTU system entering into a private investment transaction, each Board member, IAC member and TTUS OI employee must certify in writing, or by electronic submission, that he or she does not have any financial interest in the entity being invested in and is not aware of any conflict of interest in connection with the proposed investment.
- b. In the instance where a conflict exists, the Board member, IAC member and TTUS OI employee must certify in writing, or by electronic submission, that he or she has not been involved in any decision regarding the proposed investment.

#### 16.7 Annual requirements.

- a. Each IAC member annually shall:
  - (1) review this policy on conflicts of interest and restrictions on investments;

- (2) acknowledge by his or her signature that he or she has read and understood the policy and is and has been in full compliance with the letter and spirit of this policy;
  - (3) disclose all publicly traded entities in which an IAC member, or the family members of an IAC member, has an ownership interest of 10% or more;
  - (4) disclose all employer-employee relationships of the IAC member and the family members of the IAC member; and
  - (5) disclose any position as a director or officer of a publicly traded company.
- b. All Board members and TTUS OI employees annually shall:
- (1) review this policy on conflicts of interest and restrictions on investments;
  - (2) acknowledge by his or her signature that he or she has read and understood the policy and is and has been in full compliance with the letter and spirit of this policy; and
  - (3) in the case of members of the Board, file financial disclosures as required by Section 03.03.4, *Regents' Rules*; or
  - (4) in the case of TTUS OI employees, file the disclosure statement as required by Section 03.04.4, *Regents' Rules*.
- c. All disclosures required under this section shall be filed with the office of the TTUS VC and CFO.

## **Section 17 Communications and Reporting.**

- 17.1 The investment managers are responsible for frequent and open communication to the TTU system administration on all significant matters pertaining to the investment policies and the management of the LTIF assets.
- 17.2 The reporting responsibilities include:
- a. communicating major changes in the investment managers' investment outlook, strategy, and portfolio structure;
  - b. communicating significant changes in the ownership, organizational structure, financial condition, or personnel staffing;



- c. communicating, on a monthly or quarterly basis, all investment activities during the preceding month or quarter and providing valuation reports of the month- or quarter-end portfolio holdings;
- d. communicating, on a quarterly basis, the performance of investment managers' activities; and
- e. meeting at least annually, to discuss the managers' performance, investment outlook, investment strategy and portfolio re-balancing strategies.

17.3 Any breach of guidelines will be promptly reported to the CIO.

## Section 18 Management Reports.

18.1 Not less than quarterly, the CIO shall submit to the Chair of the Board, the Chair of the Board's Finance and Administration Committee, the Chancellor, and the Presidents of the component institutions a written report of the status of the investments portfolio.

18.2 The report required by Section 18.1 shall contain a summary of the following:

a. ~~[asset balances, at book value, by asset class;]~~

~~[b.]~~ asset balances, at market value, by asset class; and

~~b. [e.]~~ performance, absolute, and relative ~~[and risk-adjusted]~~ measures ~~[and attribution analysis;]~~ to Policy Benchmarks over one-, three- and five-year periods.

~~[d.—benchmarks; and~~

~~e.—beginning and ending market values for the quarter, with additions and changes.]~~

## Section 19 Policy for Reporting Fair Market Value and Performance Measurement for Alternative Assets.

19.1 In order to assure timely reporting, market values for alternative assets will be recorded for performance measurement purposes using estimates. Staff will begin with the investment managers' reported fair market value from the past quarter and make adjustments for any interim cash flows (calls/distributions).

19.2 Once all quarterly reports have been received from the investment managers, staff will compare the recorded estimates to the actual reported fair market values for the quarter. If the difference between the estimates and actual represents greater than 1%

of the LTIF quarter ending fair market value, the appropriate adjusting entries will be made to correctly record these assets.

- 19.3 The corrected fair market value of the LTIF and corrected performance measures will be reported to the IAC in a timely manner on or before the next IAC meeting, along with an explanation of where and why the largest discrepancies occurred.

## Section 20 Management Fee.

~~[20.1 The IAC will review and recommend a budget annually for the TTUS OI consistent with the available management fee. This recommended budget will be submitted to the TTUS VC and CFO for his submission to the Chancellor. The Chancellor will determine and approve a proposed budget for submission to the Board for final approval as part of the Texas Tech University System Administration's annual operating budget.]~~

~~20.2 The TTUS OI shall be funded by a management fee assessed upon the endowments of the TTU system. The TTUS OI shall have available to support its operations 50% of this management fee. This assessment shall be used to manage the ongoing operational costs of managing the investment operations. Unused management fee shall be carried over for use by the TTUS OI in future budgets in accordance with Section 20.1.~~

~~20.3 The remainder of the management fee may be utilized to offset a portion of the costs of fund raising for those entities utilizing the services of the TTUS Office of Institutional Advancement or the Angelo State University Development Office. This budget will be approved through the regular budget process.]~~

20.1 The TTU System will assess and retain an investment management fee.

20.2 The fee will be assessed on a quarterly basis, and average market value will be based on a 12-quarter rolling average of the total net asset value of funds managed.

20.3 The IAC will review and recommend a budget annually for the TTUS OI to the TTUS VC and CFO as part of the annual operating budget process.

20.4 The TTUS OI shall be funded by a management fee assessed upon the LTIF and the ITIF.

20.5 [20.4] The management fee rate shall be reviewed annually by the [IAC and the] TTUS VC and CFO [ , with any recommended changes submitted to the Board for approval. The Board will approve the allocation of the fee to the TTUS OI and Office of Institutional Advancement, as set forth] in conjunction with the preparation of annual operating budgets. Any recommended changes will be communicated

during the annual budget process as outlined in ~~[the]~~ Section 07.04, *Regents' Rules* [~~regarding budget rules and procedures~~].

~~[20.5—If as the result of extraordinary and unexpected circumstances, the annual budgets may be amended by the Board.]~~

## **Section 21 Securities Lending.**

- 21.1 For funds managed in a separate account format, the LTIF may not participate in securities lending unless recommended by the CIO and approved by the IAC. Any authorization for securities lending in separate accounts must be reported in advance to the Chair of the Board, the Chair of the Board's Finance and Administration Committee, and the Chair of the IAC. Also, any such authorization shall be reported as an Information Agenda item at the next Board meeting.
- 21.2 Commingled funds are exempt from this restriction.

## **Section 22 Placement Agents and Other Third-Party Marketers.**

- 22.1 Placement agents are any person or entity hired by or acting on behalf of an investment manager to market, solicit, or raise money either directly or indirectly from the TTU system. The purpose of this policy is to bring transparency to placement agent activity in connection with the LTIF and to help ensure that all investment decisions are made solely on merit.
- 22.2 Prior to the LTIF investing with any manager, the CIO shall obtain a written representation from the investment manager stating that the investment manager has not used a placement agent in connection with the TTU system's investment, or if the manager has used a placement agent, it will disclose the following:
- a. the name of the placement agent;
  - b. the fee paid or payable to the placement agent;
  - c. a copy of the agreement between the manager and placement agent;
  - d. representation that the fee is the sole obligation of the investment manager and not of the TTU system or the LTIF;
  - e. current or former Board members, IAC members, TTUS OI employees, or consultants or a member of the immediate family of any such person that are either employed or receiving compensation from the placement agent;

- f. the regulatory agencies with which the placement agent or any of its affiliates are registered, such as the SEC, Financial Industry Regulatory Authority (“FINRA”), or any similar regulatory agency; and
- g. the licenses (Series 7, for example) held by the placement agent professional primarily used for solicitation of the TTU system’s investment.

**Section 23 Amendment of Investment Policy Statement.**

The Board will review and, if necessary, update the LTIF investment policy statement on an annual basis.

**Section 24 Effective Date.**

This investment policy was approved by the Board on ~~May 19, 2017~~ \_\_\_\_\_.

## Schedule A

### 1. POLICY ALLOCATION TARGET & RANGES

| Asset Class                    | Policy Benchmark   | Target                      | Range                            |
|--------------------------------|--|-----------------------------|----------------------------------|
| Cash                           | <del>[90-day T Bills]</del> N/A  | 0.0%                        | 0% – 10%                         |
| Equity                         | MSCI AC World (gross, USD)   | 30.0%                       | 20% – 50%                        |
| Fixed                          | BC Global Aggregate (unhedged)   | <del>[25.0%]</del><br>20.0% | 10% – 40%                        |
| Diversifying Assets            | HFRX Global  | <del>[15.0%]</del><br>20.0% | <del>[0%–20%]</del><br>10% – 40% |
| <del>Private Equity</del>      | <del>Venture Economics All PE Qtr Lag</del>  | <del>10.0%</del>            | <del>5%–20%</del>                |
| <del>Private Debt</del>        | <del>Venture Economics All PE Qtr Lag</del>  | <del>10.0%</del>            | <del>5%–20%</del>                |
| <del>Private Real Assets</del> | <del>Venture Economics All PE Qtr Lag</del>  | <del>5.0%</del>             | <del>0%–20%</del>                |
| <del>Real Estate</del>         | <del>NCREIF</del>  | <del>5.0%</del>             | <del>0%–20%</del>                |
| Private Assets                 | 70% MSCI ACWI IMI;<br>15% Barclays U.S. High Yield;<br>15% Barclays Global High Yield<br>Trailing 5 year rolled quarterly 250<br>bps premium | 30.0%                       | 20% – 40%                        |
| Trail Hedge                    | N/A  | N/A                         | 0% – 5%                          |
| TOTAL                          |  | 100.0%                      |                                  |

## 2. TACTICAL REBALANCING TARGET & RANGES

| Asset Class         | Policy Benchmark   | Target                      | Range                             |
|---------------------|--|-----------------------------|-----------------------------------|
| Equity              | MSCI AC World (gross, USD)   | 30.0%                       | <del>[20%—40%]</del><br>23% – 37% |
| Fixed               | BC Global Aggregate (unhedged)   | <del>[25.0%]</del><br>20.0% | <del>[20%—30%]</del><br>13% – 27% |
| Cash                | 90-day T Bills   | 0.0%                        | 0% – <del>[10%]</del><br>5.0%     |
| Diversifying Assets | HFRX Global  | <del>[15.0%]</del><br>20.0% | <del>[10%—20%]</del><br>13% – 27% |
| Private Equity      | Venture Economics All PE Qtrr Lag  | 10.0%                       | 5%—20%                            |
| Private Debt        | Venture Economics All PE Qtrr Lag  | 10.0%                       | 5%—20%                            |
| Private Real Assets | Venture Economics All PE Qtrr Lag  | 5.0%                        | 0%—15%                            |
| Real Estate         | NCREIF   | 5.0%                        | 0%—10%                            |
| Private Real Assets | 70% MSCI ACWI IMI;<br>15% Barclays U.S. High Yield;<br>15% Barclays Global High Yield<br>Trailing 5 year rolled quarterly 250<br>bps premium | 30.0%                       | 23% – 37%                         |
| Trail Hedge         | N/A  | N/A                         | 0% – 5%                           |
| TOTAL               |  | 100.0%                      |                                   |

## 3. ALPHA POOL AND BETA OVERLAY

The LTIF will target 25% of asset class exposure, or beta exposure, through low cost derivatives. The collateral will be invested in a diversified mix of absolute return strategies and liquid fixed income strategies referred to as the Alpha Pool. The use of derivatives (per Schedule D) will be implemented at the direction of the CIO through a derivatives manager acting as a fiduciary to the plan.

## 4. ASSET CLASS DESCRIPTIONS, INVESTMENT STRATEGIES, AND LEGAL STRUCTURES

### a. Equity:

- (1) Equity represents residual ownership of public and private companies after obligations to debt holders have been satisfied. Over longer periods of time, the higher risk of equity ownership should result in higher expected returns relative

to cash, bonds and other securities with more senior claims in the capital structure.

- (2) Investment strategies: U.S. Equity, Developed Market International Equity, Emerging Markets Equity, Private Equity, Hedge Funds, and derivatives and equity oriented or volatility based strategies, such as put-write and buy-write strategies.
- b. Fixed Income:
- (1) Credit and fixed-income instruments are securities issued by governments, government-related entities and public and private companies that generally contain contractual obligations from the issuer to make interest and principal repayments to investors over the duration of the negotiated term agreement.
  - (2) Investment strategies: Cash, Cash Equivalents, Government Debt, Debt Issued by Government Agencies, Investment Grade Debt, Below Investment Grade Debt, Private Placement Debt, Asset-backed Securities, Hedge Funds, and Distressed Debt.
- c. Diversifying Assets:
- (1) Diversifying assets are investments that may be liquid or semi-liquid with expected low correlation to public equities.
  - (2) Investment strategies: Commodities-related strategies, reinsurance, life settlements, trade finance, royalties, factoring, macro, CTA's and other less correlated arbitrage trading strategies. These may include inflation sensitive assets as well.
- d. Private Equity:
- (1) Any of several non-financial assets that are less liquid and less transparent than public equity, for which both risk and return are relatively higher. Private equity funds make investments directly into private companies and may also conduct buyouts of public companies.
  - (2) Investment strategies: Venture capital, growth equity, buyouts, distressed, mezzanine, secondaries and fund of funds.
- e. Private ~~Debt~~ [Credit](#):
- (1) Private debt investments that typically provide capital to private sector borrowers.
  - (2) Investment strategies: Direct lending, venture lending, mezzanine, distressed, private credit, structured credit, securitization of hard assets and fund of funds.

f. ~~[Real Estate]~~ Private Diversifying Assets:

- (1) Institutional real estate represents a range of properties (for example, office buildings, malls, industrial properties, apartment complexes, hotels) which provide income and/or appreciation potential. Investments in real estate can be structured as public or private debt and/or equity, and can be in the U.S. or foreign countries.
- (2) Investment strategies: Real estate investment trusts (REITS); core, value-add, and opportunistic real estate funds; direct real estate holdings; mezzanine debt investments; and fund of funds.

~~[g. — Illiquid Real Assets:]~~

- (3) ~~[(+)]~~ Illiquid real assets represent ownership claim to an actual, finite asset or property. Returns may be amplified by leverage and are generated from current income and capital appreciations. Relative to liquid real assets, these funds tend to provide greater return expectations but have longer investment horizons. Such assets serve as an inflation hedge and can also provide downside portfolio protection.
- (4) ~~[(2)]~~ Investment strategies: Energy, infrastructure, factoring, royalties, minerals, land rights, farmland, timber and commodities. Structured assets based on underlying hard assets, such as rail cars and commercial airlines, are additional examples of permissible strategies. ~~[Real estate also can be classified under the broader illiquid real asset umbrella.]~~

~~g. [(h.)]~~ Legal Structures (as defined in Schedule B.):

- (1) Separately Managed Accounts (SMA): A privately managed investment account where the investor has direct look-through (full transparency) and control of the underlying securities. This type of account has more liability than a pooled account, but also can be tailored to the investor's specific requirements, typically with staff discretion.
- (2) Mutual Funds or Pooled Accounts: A separate legal entity where funds from multiple investors are pooled together under the same investment strategy. All investors are treated the same. There is less liability, but also less transparency.
- (3) Limited Partnerships: A contractual agreement between two parties that explicitly defines an agent-principle relationship. In particular, the investor (or limited partner, "LP") becomes the agent and has limited liability while the investment manager (or general partner, "GP") becomes the principal and bears liability.



- (4) Joint Ventures: An enterprise with an expected terminal lifespan created by pooled equity capital between two parties. The parties involved control the enterprise, and thus, share revenues and expenses.
- (5) Master Limited Partnerships: A partnership whereby approximately 90% of the cash flows are generated from natural resources, commodities or real estate. The limited partners provide capital to the general partner who is responsible for managing the Master Limited Partnership.
- (6) Master Custody Accounts: An account that allows multiple products, allocation between products, as well as direct and/or co- investments to be structured with a single manager typically with substantial fee breaks and explicit guidelines, typically with staff discretion.

## **Schedule B**

### **GLOSSARY OF INVESTMENT STRATEGY DESCRIPTIONS**

1. “Agency Debt” is debt issued by government-related agencies; level of government backing/sponsorship varies; primarily mortgages; domestic only; denominated in U.S. dollars.
2. “60/40” is a naive portfolio of 60% global equities and 40% global bonds. This 60/40 portfolio is essentially a measure of how a liquid, passively invested portfolio would perform.
3. “Alpha Pool” is a portfolio of investment strategies managed to have a low correlation with the overall program asset allocation, low to moderate volatility, and seeking to generate consistent returns above cash to enhance the total return of the overall program.
4. “Below Investment Grade Debt,” also known as high yield or junk bonds, are low-quality bonds that may be in danger of default because of relatively high levels of debt that the issuing company has relative to the amount of equity; under the current credit rating system, bonds with ratings below BB (S&P), Ba1 (Moody’s), or B (Fitch) are considered low credit quality and are commonly referred to as junk bonds or high-yield bonds.
5. “Cash Equivalents” encompass a wide spectrum of generally liquid assets, including bank deposits, money market mutual funds, U.S. Treasury bills, federal agency securities, repurchase agreements, stable value funds, short-term bond funds, some medium-term notes, and commercial paper.
6. “Commodities” are investments in global natural resources; includes physical commodities as well as derivative instruments (such as futures); generally, commodities are divided into the following categories: energy (such as oil and gas), precious metals (such as gold), industrial metals (such as aluminum and copper), agriculture (such as wheat and corn), and livestock (such as cattle and hogs).
7. “CTAs/Managed Futures” is a strategy that invests in listed financial and commodity futures markets and currency markets around the world; the managers are usually registered as Commodity Trading Advisors, or CTAs; trading disciplines are usually classified as systematic or discretionary; systematic traders tend to use price and market specific information (often technical) to make trading decisions, while discretionary managers use a judgmental approach based on fundamental analysis.
8. “Developed Market International Equity” are equity securities of non-companies located in the most developed countries and regions of the world such as Canada, the United Kingdom, the European Union, Switzerland, Scandinavia, Japan, New Zealand, and Australia.

9. “Derivatives” are securities or contractual agreements which derive their value from some underlying security, commodity, currency, or index. This includes both Derivative Contracts (Forwards, Futures, Swaps, and so forth) and Derivative Securities (CMOs, Structured Notes).
10. “Distressed Debt” are debt securities of companies or government entities that are either already in default, under bankruptcy protection, or in distress and heading toward such a condition; although there is no precise definition, fixed income securities with a yield to maturity in excess of 1000 basis points over the risk free rate of return are commonly thought of as being distressed.
11. “Event Driven” is a strategy by which managers take significant positions in a limited number of companies with special situations; the situations of these companies often are complex in a variety of ways and offer profit opportunities from depressed valuations, mergers and acquisitions, reorganizations, and so forth.
12. “Emerging Markets Equity” are equity securities of companies located in less-developed regions of the world such as Asia, Latin America, Africa, Eastern Europe, and the Middle East.
13. “Government Debt” is debt issued by sovereign governments, domestic or international, developed or emerging; may or may not be denominated in U.S. dollars.
14. “Global Macro” is a strategy by which global macro managers carry long and short positions in any of the world’s major capital or derivatives markets; these positions reflect their views on overall market direction as influenced by major economic trends and/or events; the portfolios of these managers can include stocks, bonds, currencies and commodities in the form of securities and/or derivative instruments.
15. “Hedge Funds” are not an asset class *per se*, but are a form of a privately organized, pooled investment vehicle, which seeks to achieve consistently positive absolute returns independent of market conditions, typically through the use of a wide range of traditional and non-traditional securities as well as directional and non-directional strategies.
  - a. “Long/Short Hedge Funds” is a directional strategy that involves equity or credit investing on both the long and short sides of the market; managers have the flexibility to shift from a net long position to a net short position; managers may use individual securities or futures and options to hedge their positions; some managers attempt to be market neutral which, if properly executed, is a non-directional strategy that eliminates market risk (beta) so that returns are driven purely by stock selection.
  - b. “Multi-Strategy Hedge Funds” are, by definition, multi-strategy funds that engage in a variety of investment strategies; under normal market conditions, the diversification may reduce volatility compared to single strategy funds; strategies employed in multi-strategy funds may include, but are not limited to, convertible bond arbitrage, equity long/short, merger arbitrage, and event driven.

16. “Infrastructure” is investments in the basic facilities, services and installations needed for the functioning of a community or society, such as transportation and communications systems, water and power lines, utilities and renewable energy.
17. “Inflation-linked Bonds” are bonds whose principal and/or coupon payments are adjusted with the general level of prices as measured by a commonly accepted price index; inflation-linked bonds, commonly referred to as TIPS, are designed to be a hedge against inflation.
18. “Investment Grade Debt” are high quality notes or bonds that are the least likely to default; under the current credit rating system, bonds with ratings above BBB (S&P), Baaa3 (Moody’s), or B (Fitch) are considered investment grade.
19. “Policy Index” is an index that is constructed to measure policy allocation decisions on a monthly basis. The equation for constructing the index is as follows:  $\text{Policy Index} = (\text{Target Asset Class Weights}) * (\text{Index Returns})$ .
20. “Private Debt” is debt issued by private companies and sold directly to an institutional investor; these securities are not required to be registered with the SEC. This broad category can include private placements, direct loans to companies, distressed debt, non-performing loans, and other non-traded or illiquid debt securities.
21. “Private Real Estate” is land or buildings held in private partnerships.
22. “Real Estate Investment Trusts” are a corporation or trust that uses pooled capital from many investors to purchase and manage income property (equity REIT) and/or mortgage debt (mortgage REIT); REITs are traded on exchanges just like common stocks.
23. “U.S. Equity” is ownership of publicly-traded shares of companies listed on U.S. exchanges; this category may include various styles, market capitalization ranges, and active management versus index funds.

## Schedule C

### **ALTERNATIVE INVESTMENTS POLICY**

Alternative investments provide added diversification and thereby reduce the risk of the portfolio, without sacrificing expected returns. To mitigate risks unique to alternative investments, the principles contained in this document reflect suggested best practices and are intended to serve as the basis for the due diligence process. Alternative investments are segmented into two broad categories: private markets; and hedge funds. Within the private markets category is encompassed private equity, private debt, private real estate, and illiquid real assets.

#### **1. PRIVATE EQUITY FUND MANAGER SELECTION**

The following guidelines will serve as a basis for due diligence and the selection of private market funds:

- a. History.
  - (1) Funds being offered by firms with proven and verifiable successful investment histories will be given preference. TTUS typically will only consider investment firms with at least a three- to five-year track record or a track record that is reasonably verifiable from another firm.
  - (2) Performance of past mature funds must be consistently above the median and preferably in the top quartile of similar managers from the same peer group.
  - (3) Firms must have a clearly described risk management program with an organizational structure and procedures that demonstrate successful implementation.
  - (4) Generally, first time funds will not be given serious consideration. Exceptions may be taken under consideration, if the following criteria are met:
    - A. Key Principals can provide a complete, successful and verifiable investment history attributable to themselves.
    - B. The fund's strategy is one which is a high priority for TTUS.
    - C. At that point in time, there is an absence of desirable proven managers raising a fund in a similar strategy.
- b. Investment Size. At the time of origination, the amount committed to individual private equity funds must be equal to at least 2.0% of the total market value of the LTIF, and the TTUS ownership position must not be greater than 10% of the private equity fund's

aggregate capital. In unique circumstances, staff may consider exceptions to these size parameters with prior approval of the IAC.

c. Strategy.

- (1) The strategy must target an inefficient space where returns are expected to be above public market opportunities in order to compensate for the illiquid nature of these investments.
- (2) The strategy must fit within current portfolio needs in terms of diversification and expected returns.

d. Personnel.

- (1) A stable team who has worked together where their interests are aligned for continued success is a must.
- (2) Personnel will be evaluated on integrity, and a “key man/person(s)” clause will be essential.

e. Terms.

- (1) Management fees should be adequate given the fund size and strategy to fund day to day operations.
- (2) Carried Interest should be within industry norms for the strategy.
- (3) Certain strategies, normally those with lower expected returns, will require a preferred return provision.

f. Transparency.

- (1) The firm will have a valuation policy that follows both industry best practices and FASB policy for valuing investments.
- (2) Complete portfolio reports will be made available quarterly along with annual audited financial statements prepared by a reputable accounting firm.
- (3) Capital Calls and Distributions will clearly delineate the following: investment capital, fees, recalled capital, return of capital, gains/(losses), and carried interest.

g. Other factors determined by the IAC.

## 2. HEDGE FUND MANAGER SELECTION

Hedge funds refer to a broad group of investment strategies, which can be utilized as a potent diversification tool to lower portfolio volatility and mitigate the severity of draw-downs. Over the long-term, we expect that our hedge funds will continue to produce attractive returns with lower volatility than long-only equity investments. To minimize strategy risk, the hedge fund allocation will be diversified among several strategies. The following guidelines will serve as a basis for due diligence and the selection of hedge funds:

- a. History.
  - (1) Funds being offered by firms with proven and verifiable successful investment histories will be given preference. TTUS typically will only consider funds with at least a three- to five-year track record or a track record that is reasonably verifiable from another firm.
  - (2) Annual performance must be consistently above the median and preferably top quartile results over a three-to-five year period compared to similar managers from the same peer group.
  - (3) Firms must have a clearly described risk management program with an organizational structure and procedures that demonstrate successful implementation.
  - (4) Generally, first time funds will not be given serious consideration. Exceptions may be taken under consideration, if the following criteria are met:
    - A. Key Principals can provide a complete, successful and verifiable investment history attributable to themselves.
    - B. The fund's strategy is one which is a high priority for TTUS.
    - C. At that point in time, there is an absence of proven managers in a particular strategy.
- b. Investment Size. At the time of origination, the amount invested in an individual hedge fund strategy must be equal to at least 2.0% of the total market value of the LTIF, and the TTUS ownership position must not be greater than 10.0% of the hedge fund strategy's aggregate capital. In unique circumstances, staff may consider exceptions to these size parameters with prior approval of the IAC.
- c. Strategy
  - (1) The strategy must fit within current portfolio needs in terms of diversification and expected returns.

- (2) As leverage is inherent in many of these strategies, leverage will be used in a manner prudent for the given strategy. As a general rule, TTUS will favor managers and strategies which use low levels of leverage.
- d. Personnel.
- (1) A stable team who has worked together where their interests are aligned for continued success is a must.
  - (2) Personnel will be evaluated on integrity, and a “key man/person(s)” clause will be essential.
- e. Terms.
- (1) Management fees should be adequate given the fund size and strategy to fund day to day operations.
  - (2) Carried Interest should be within industry norms for the strategy.
  - (3) Redemption terms should be appropriately matched with the investment strategy and the liquidity of the underlying securities.
- f. Transparency.
- (1) The firm will have comprehensive, written valuation policies and procedures, consistent with best industry practice.
  - (2) Firms must utilize third-party fund administrators.
  - (3) Quarterly (or preferably Monthly) reports will be made available that disclose aggregate risk exposures, leverage measures and return attribution for the portfolio.
  - (4) Annual audits, prepared by a reputable accounting firm, are required and should include independent valuations for the portfolio.
- g. Other factors determined by the IAC.



## Schedule D

### DERIVATIVES POLICY

A derivative is a security or contractual agreement which derives its value from some underlying security, commodity, currency, or index.

1. Types of and Amount of Derivative Contracts:
  - a. The CIO is limited to directing derivatives exposure, over-the-counter (OTC) and exchange traded, to a maximum amount of 40% of the portfolio.
  - b. Forward-based derivatives, including forward contracts, futures contracts, swaps, and similar instruments.
  - c. Option-based derivatives, including put options, call options, interest rate caps and floors, and similar instruments.
2. Types of Derivative Securities:
  - a. Collateralized Mortgage Obligations (CMOs).
  - b. Structured Notes.
3. Derivatives may be used as efficient substitutes for traditional securities, to reduce portfolio risks created by other securities, or in fully hedged positions to take advantage of market anomalies; the risks of derivatives, like more traditional securities, should be evaluated in the context of the total portfolio.
4. Where appropriate, the CIO, in conjunction with the Derivatives Overlay Manager and/or Investment Managers may use derivative contracts for the following reasons:
  - a. Hedging: To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts that can be used to reduce those risks, the Investment Managers, where allowed per the policy, are permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures.
  - b. Creation of Market Exposures is permitted through the use of derivatives to replicate the risk/return profile of an asset or asset class.
  - c. Foreign Currency Hedging: The CIO, in conjunction with the Derivatives Overlay Manager and/or Investment Managers may leave foreign currency investments unhedged or hedged backed into U.S. dollars. Hedging activity cannot create additional exposure to a currency greater than the underlying value of the

investments in that specific currency. The net exposure to any currency cannot be negative. Proxy hedging is not allowed.

- d. The CIO, in conjunction with the Derivatives Overlay Manager and/or Investment Managers, may sell (be short) interest rate futures or other derivatives as part of the overall process to manage portfolio risks.
  - e. The CIO, in conjunction with the Derivatives Overlay Manager and/or Active equity Investment Managers, may purchase options, or may sell options on securities that are held in their account.
  - f. The CIO, in conjunction with the Derivatives Overlay Manager and/or Active international equity Investment Managers, can short a country stock index to adjust their exposure to a particular country.
5. The CIO, in conjunction with the Derivatives Overlay Manager and/or Investment Managers, may use derivative contracts or securities for the following purposes:
- a. **Leverage:** This is a means of enhancing value and risk without increasing investment through borrowing. Derivatives shall not be used to magnify overall portfolio exposure to an asset, asset class, interest rate, or any other financial variable beyond that which would be allowed by a portfolio's investment guidelines if derivatives were not used, unless specifically approved by the IAC.
  - b. **Unrelated Speculation:** Derivatives shall not be used to create exposures to securities, currencies, indices, or any other financial variable unless such exposures would be allowed by a portfolio's investment guidelines if created with non-derivative securities. Leverage is permitted by hedge funds and risk parity managers, but must be consistent with the targets and limits as outlined by the managers' investment process and/or product that were approved by the IAC. The hedge fund and risk parity managers will notify staff and the Investment Consultant, of any leverage level above the targets and limits as previously outlined.
6. **Counterparty Risk:** External investment managers are required to measure and monitor exposure to counterparty credit risk. When over-the-counter derivative instruments are used, the investment manager is responsible for making an independent analysis of the counterparty credit risk and the appropriateness relative to the overall guidelines of the portfolio. Managers must have a Credit Support Annex (CSA) to their ISDA agreements with each counterparty. Based on their analysis of the counterparty's credit risk, managers are responsible for determining adequate collateral thresholds, minimum transfer amounts and contract valuation frequency to ensure adequate collateralization for all over-the-counter derivatives.
- a. All counterparties shall have a long-term credit rating of at least BBB/Baa2 or equivalent by at least one nationally recognized rating agency at the time the related derivative is executed. If the term of the derivative contract is less than one year, a

counterparty shall have a short-term credit rating of at least A1/P1 or equivalent by at least one nationally recognized rating agency at the time the related derivative is executed. If a counterparty is downgraded below the required levels, the manager must notify the CIO within one week to discuss options regarding termination of the contract.

- b. The maximum notional value of over-the-counter (OTC) derivative contracts entered into with any one counterparty shall be limited to 5% of total portfolio value, unless the notional exposure is collateralized and marked to market daily. The combination of the alpha pool and cash collateral is considered collateralized. In the case of OTC derivatives contracts with collateral movement based on a CSA, consolidation of counterparties is allowed to benefit from netting (rather than diversification across multiple counterparties), and the 5% maximum notional limit per counterparty would not apply in that case. Exception to this rule may apply to the Derivatives Overlay Manager with prior approval of the CIO.
- c. Investment Managers are responsible for adhering to approved counterparty credit guidelines. Any deviation from these guidelines requires the written approval from the CIO prior to executing any transactions.
- d. The preference is for exchange traded derivatives over OTC instruments due to counterparty risk and lack of transparency. While OTC instruments are permitted, the CIO will limit exposure to no more than 20% of assets. Higher OTC exposure is permitted, but only with IAC approval.

## **Schedule E**

### **CONSULTANT RESPONSIBILITIES**

The IAC may retain the services of a consultant in developing and modifying policy objectives and guidelines, including the development of asset allocation strategies and recommendations on the appropriate mix of Investment Manager styles and strategies. The consultant shall also provide assistance in manager searches and selection, and in investment performance calculation, evaluation and analysis. The consultant shall provide timely information on capital markets, investment strategies, managers, instruments and other related issues, as needed by the TTUS OI and the IAC.

# **ATTACHMENT**

# **5**

**TTUS *Regents' Rules*, Chapter 09, Investments  
and Endowments with proposed amendments  
(Finance and Administration Item 3.)**

## Attachment to Finance & Administration Committee Item #3

### Chapter 09 -- Investments and Endowments

*Date last revised: 08-10-2018*

*[see last page for list of amendments adopted]*

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#### 09.00 Chapter definitions.

09.00.1 "IAC" means the Investment Advisory Committee.

09.00.2 "LTIF" means the Long Term Investment Fund.

09.00.3 "ITIF" means the Intermediate Term Investment Fund.

09.00.4 [~~"STIF"~~] "STIF" means the [~~Short/Intermediate~~] Short Term Investment Fund.

09.00.5 [~~09.00.4~~] "CIO" means the Chief Investment Officer of the TTU system.

09.00.6 [~~09.00.5~~] "Treasurer" means the [~~Assistant Vice Chancellor of Treasury & Cash Management~~] director of the Office of Treasury of the TTU system.

#### 09.01 Roles and responsibilities.

09.01.1 Investment Advisory Committee. The IAC is a special committee of indefinite duration as authorized by the board and is charged with the following duties and responsibilities:

- a. To meet at least quarterly with the CIO, investment counsel, investment managers and other appropriate TTU system officers and staff for the purpose of reviewing with and [~~consulting with~~] advising these parties, and [~~advising~~] reporting to the

board and the board of directors of the Texas Tech Foundation on asset allocation, investment policy and performance; and

- b. For identifying fund managers, monitoring the performance of investments, evaluating fund manager performance and developing and recommending an asset allocation for the LTIF [and the ITIF](#).

09.01.2 Investment consultant. The investment consultant shall assist the board, the IAC, and all [fiscal and](#) investment officers in developing and modifying policy objectives and guidelines, including the development of asset allocation strategies, recommendations on long-term asset allocation and the appropriate mix of investment manager styles and strategies. The consultant also shall provide assistance in investment manager searches and selection, and in investment performance calculation, evaluation, and analysis. The consultant shall provide timely information, written and/or oral, on investment strategies, instruments, investment managers and other related issues, as requested by the board, the IAC, or any investment officer.

09.01.3 Chief investment officer.

~~[a.] The CIO is responsible for the day-to-day investment activities related to the LTIF [and ITIF, with reporting responsibilities and delegated authority as defined in the Investment Policy Statement for the Long Term Investment Fund and the Investment Policy Statement for the Intermediate Term Fund](#). [The CIO recommends to the board and IAC changes to the investment program as warranted.]~~

~~[b.] The CIO, based on a recommendation from the IAC, is responsible for actual asset allocation, subject to the limitations and ranges designated in the applicable investment policy statement.~~

~~c.—The board delegates to the CIO the authority to:~~

~~(1) — make investments recommended by the IAC; and~~

~~(2) — increase the amount of funds committed to existing investment managers.]~~

09.01.4 Treasurer. The Treasurer is responsible for the day-to-day investment activities related to the ~~[SITIF]~~ [STIF](#), with reporting responsibilities and delegated authority as defined in the Investment Policy Statement for the ~~[Short/Intermediate]~~ [Short Term Investment Fund](#) [and the Investment Policy Statement for the Intermediate Term Investment Fund](#).

- 09.01.5 Investment managers. The duties and responsibilities of each of the investment managers retained by the board include:
- a. Managing the assets under its management in accordance with the policy guidelines and objectives expressed herein.
  - b. Meeting or exceeding the manager specific benchmarks established by the CIO or Treasurer.
  - c. Exercising investment discretion within the guidelines and objectives stated herein; and such discretion includes decisions to buy, hold or sell securities in amounts and proportions reflective of the investment manager's current investment strategy and as compatible with the investment objectives.
  - d. Complying with all provisions pertaining to the investment manager's duties and responsibilities as a fiduciary, with fund assets being invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent professional investment manager, acting in a like capacity and familiar with such matters, would use in the investment of TTU system assets.
  - e. Using best efforts to ensure that portfolio transactions are placed on a "best execution" basis.



- f. Exercising ownership rights, where available, through proxy solicitations, doing so strictly for the economic benefit of the LTIF, [ITIF](#), or ~~[STIF]~~ [STIF](#), as applicable.
- g. Meeting with the CIO and IAC or Treasurer at least annually or more frequently upon request; additionally, each investment manager shall report to the IAC, investment consultant, CIO, and/or Treasurer as outlined in the specific ~~[STIF]~~ [ITIF](#) and LTIF investment policy statements.
- h. Acknowledging in writing to the CIO/Treasurer the investment manager's intention to comply with Section 09.01.5, *Regents' Rules*, as it currently exists or as modified in the future.

09.01.6 Bank custodian(s). The board shall ~~[select]~~ [approve](#) one or more unaffiliated custodian bank(s) [through a competitive bid process](#) that will be responsible for performing the following functions:

- a. accept daily instructions from designated investment staff;
- b. advise designated investment staff daily of changes in cash equivalent balances;
- c. immediately advise designated investment staff of additions or withdrawals from the custodial account;
- d. notify investment managers of proxies, tenders, rights, fractional shares or other dispositions of holdings;
- e. resolve any problems that designated investment staff may have relating to the custodial account;
- f. maintain safekeeping of securities;
- g. collect interest and dividends;
- h. perform daily cash sweep of idle principal and income cash balances;
- i. process all investment manager transactions;

- j. collect proceeds from maturing securities;
  - k. disburse all income or principal cash balances as directed;
  - l. provide monthly statements by investment account and a consolidated statement of all assets;
  - m. work with the investment consultant and the TTU system accountant to ensure accuracy in reporting;
  - n. manage the securities lending program; and
  - o. provide written statements revealing monthly reconciliation of custody and investment managers' accounting statements.
- 09.02 ~~[Short/Intermediate]~~ **Short Term Investment Fund.** The policies for the investment of funds in the ~~[Cash Pool, Short Term Pool, and Intermediate Pool of the STIF]~~ **STIF** shall be those outlined in the ~~[INVESTMENT POLICY STATEMENT FOR THE SHORT/INTERMEDIATE TERM INVESTMENT FUND]~~ Investment Policy Statement for the Short Term Investment Fund.
- 09.03 **Intermediate Term Investment Fund.** The policies for the investment of funds in the ITIF shall be those outlined in the Investment Policy Statement for the Intermediate Term Investment Fund.
- 09.04 **Long Term Investment Fund (Endowment).** The policies for the investment of funds for the LTIF shall be those outlined in the ~~[INVESTMENT POLICY STATEMENT FOR THE LONG TERM INVESTMENT FUND]~~ Investment Policy Statement for the Long Term Investment Fund.
- 09.05 **Investment Fund Exceptions.** In rare circumstances, the board may acknowledge the need to accommodate placement of funds held within the STIF, ITIF, and/or LTIF with a modification to asset allocation or placement of funds held in trust outside of the STIF, ITIF, and LTIF. The board shall approve all such investment exceptions.

[09.06](#) [~~09.04~~] **Proxy voting.**

[09.06.1](#) [~~09.04.1~~] Responsibility for the exercise of ownership rights through proxy solicitations shall rest solely with the investment managers, who shall exercise this responsibility strictly for the economic benefits of the SITIF and/or LTIF. Investment managers shall annually report to the CIO standing policies with respect to proxy voting, including any changes that have occurred in those policies.

[09.06.2](#) [~~09.04.2~~] Additionally, investment managers shall provide a written annual report of the proxy votes for all shares of stock in companies held in the SITIF and/or LTIF investment program. These reports shall specifically note and explain any instances where proxies were not voted in accordance with standing policy.

[09.07](#) [~~09.05~~] **Directed commissions.** Investment managers shall use their best efforts to ensure that portfolio transactions are placed on a “best execution” basis. Additionally, arrangements to direct commissions should only be implemented by specific authorization of the CIO.

[09.08](#) [~~09.06~~] **Commingled funds.** The board, in recognition of the benefits of commingled funds as investment vehicles (i.e., the ability to diversify more extensively than in a small, direct investment account and the lower costs that can be associated with these funds) may elect to invest in such commingled funds from time to time. The board recognizes that it cannot give specific policy directives to a commingled fund with pre-established policies; therefore, the board is relying on the CIO and the IAC to assess and monitor the investment policies of any commingled funds used by the TTU system.

[09.09](#) [~~09.07~~] **Mineral leases.** It is the intent of the board to lease oil, gas, sulfur, ore, water, and other mineral interests of the TTU system for development whenever there is a demand that will reasonably ensure that they may be leased advantageously and it is in the best interest of the TTU system. All leases will be executed in accordance with the applicable laws and with rules and regulations adopted by the board that are not inconsistent with the provisions of law. The reason for leasing minerals is to obtain additional income to be used by the board for the administration of the TTU system, for payment of principal of and interest on revenue bonds and notes issued by the board, and for any other purpose that in the judgment of the board may be for the good of the TTU system.

[09.09.1](#) [~~09.07.1~~] Lands under exclusive control of the board and owned by the state of Texas.

- a. Leases will be negotiated with prospective lessees to obtain their best offer above the minimum outlined in Section 09.07.1.c, *Regents' Rules*.
- b. Leases normally will be for oil and gas production only. Separate leases will be required for other mineral production, whether strip-mined or not.
- c. The board may not sell a lease for less than the royalty and rental terms demanded at that time by the General Land Office of the State of Texas in connection with the sale of oil, gas, and other mineral leases of the public lands of this state. In addition, no bid or proposal shall be accepted that offers a royalty of less than one-quarter of production, a primary term greater than five years or a delay rental of less than \$5 per acre per year.
- d. No state lands shall be sold unless the mineral rights are retained by the state, unless impractical.
- e. Use of TTU system standardized oil and gas lease or oil and gas and mineral lease forms will be required for all leases.
- f. Use of TTU system standardized division order forms will be required for all division orders.

[09.09.2](#) [~~09.07.2~~] Mineral and royalty interests derived from trusts and gifts.

- a. Leases will be negotiated with prospective lessees to obtain their best offer above the minimums outlined in Section 09.07.2.c, *Regents' Rules*.
- b. Leases will normally be for oil and gas production only. Separate leases will be required for other mineral production, whether strip-mined or not.
- c. No proposal shall be accepted that offers a royalty of less than one-quarter of production, a primary term of more than five

years or a delay rental of less than \$5 per year per mineral acre, beginning with the second year of the lease.

- d. Use of TTU system standardized oil and gas lease or oil and gas and mineral lease forms will be required for all leases.
- e. Use of TTU system standardized division order forms will be required for all division orders.

[09.09.3](#) [09.07.3] Approval. All leases and other documents relating to leasing shall be approved by the board, and then be signed by the chancellor.

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***Dates Approved or Amended:***

- *Comprehensive review of chapter* ..... 08-08-2014 • amendments throughout
- *Miscellaneous cleanup revisions* ..... 10-09-2015 • to §09.07.3
- *Amendments re: SITIF management* ..... 08-10-2018 • to §09.02 – to allow the SITIF investment policy statement to provide all of the policies that govern management of the SITIF

*See also the document entitled "Comprehensive Reviews and Updates" for a more complete explanation of the amendments listed above.*

# **ATTACHMENT**

# **6**

**TTUS *Regents' Rules*, Chapter 03.01.11,  
Neptism with proposed amendments  
(Consent Item e.)**

## **Attachment to Consent Item #e**

RELATING TO THE POLICY ON NEPOTISM, AMEND §03.01.11.e AND §03.01.11.f, AND ADD A NEW §03.01.11.l, AS FOLLOWS:

### 03.01.11 Nepotism

- a. Whenever an appointment is made, either on a full or part-time basis, it shall be made on the basis of the qualifications and suitability of the appointee, subject to applicable statutes and subject to the provisions of this policy.
- b. Prohibition applicable to TTU system and system component officials. No person related to any member of the board, to any component institution's president, or to the chancellor within the second degree by affinity (marriage) or within the third degree by consanguinity (blood) shall be eligible for appointment to any position in the TTU system.
  - (1) The above does not apply to any employee who has been continuously employed for thirty or more days prior to the appointment of a member to the board, a president, or the chancellor who is related to the employee within a prohibited degree, and it does not apply to honorary or non-remunerative positions.
  - (2) Any employee who has been continuously employed for less than thirty days prior to the appointment of a member to the board, a president, or the chancellor who is related within a prohibited degree shall be removed from the individual's position.
  - (3) When good cause exists, the board may grant an exception to this prohibition.
- c. Prohibition applicable to administrators, supervisors, and others. No person related to an administrator within a prohibited degree shall be eligible for initial appointment to a position in an area of responsibility over which an administrator has appointive authority, in whole or in part, regardless of the source of funds from which the position's

salary is to be paid. Exceptions to this restriction on the initial appointment of an individual may be made only by the board upon recommendations of the president and the chancellor and then only when the administrator in question does not directly supervise the person to be appointed.

- d. No employee may approve, recommend, or otherwise take action with regard to the appointment, reappointment, promotion, salary, or supervision of an individual related to the employee within a prohibited degree.
- e. If the appointment, reappointment, reclassification, or promotion of an employee places the employee under an administrative supervisor who is related within a prohibited degree, all subsequent personnel and compensation actions affecting the employee shall become the responsibility of the next higher administrative supervisor. [If the next higher administrative supervisor is in the same department, college or administrative unit, arrangements shall be made to shift the supervisory responsibility to another department, college or administrative unit.](#)
- f. If the appointment, reappointment, reclassification, or promotion of an employee makes the employee an administrative supervisor over an employee who is related within a prohibited degree, all subsequent personnel and compensation actions affecting the subordinate employee shall become the responsibility of the next higher administrative supervisor. [If the next higher administrative supervisor is in the same department, college or administrative unit, arrangements shall be made to shift the supervisory responsibility to another department, college or administrative unit.](#)
- g. The provisions of subsections e. and f. shall apply to situations where two employees marry and one spouse is the administrative supervisor of the other.



- h. All instances where an employee marries an administrative supervisor, is placed under the administrative supervision of a relative, or is made the administrative supervisor of a relative within the prohibited degree shall be reported to the board as an information item.
- i. Exception. The provisions of the policy do not apply to the appointment or employment of a personal attendant by any member of the board, a president, the chancellor, or an employee for attendance on the officer or employee who, because of physical infirmities, is required to have a personal attendant.
- j. Enforcement. An individual who is appointed in violation of this policy shall be removed from the individual's position.
- k. Persons related within the prohibited degrees are indicated in the Affinity Kinship/Consanguinity Kinship Chart displayed below.
- l. Arrangements designed to manage a conflict of interest that arises under this nepotism policy shall be evaluated at the end of each academic year to assure there continues to be effective management of the conflict of interest and to determine whether modifications are necessary.