

**Regents' Rules – comprehensive reviews/updates  
and amendments since 08-09-2013**

<b>Regents' Rules chapters</b>	<b>Comprehensive update approved</b>	<b>Chapter amendments since comprehensive update adopted</b>
Missions	12-12-2014	<b>05-19-2017:</b> revised TTUHSC's Mission statement
00 - Definitions	10-10-2014	
01 – Bylaws	02-28-2014	<p><b>10-10-2014:</b> technical corrections to:</p> <ol style="list-style-type: none"> <li>1. §01.02.1.f re: new acronym for TTUHSC El Paso per Ch. 00 changes</li> <li>2. §01.02.6.b(6) re: section citation updates due to changes in Ch. 00</li> </ol> <p><b>12-12-2014:</b> technical correction to section citation in §01.02.6.b(5) due to Ch. 12 changes</p> <p><b>10-09-2015:</b> revisions to statute citations and wording in §01.02.1 due to System clean-up legislation</p>
02 - Administration	02-28-2014	<p><b>10-09-2015:</b> amendments to conform the <i>Regents' Rules</i> to changes in state contracting laws ... added §02.01.3.n &amp; §02.04.2.o ... revised Ch. 07 section citations in §02.03.2.c &amp; §02.03.3.b</p> <p><b>05-20-2016:</b> amendments to conform the <i>Regents' Rules</i> to changes in state contracting laws ... added §02.04.2.p ... revised Ch. 07 section citations in §02.03.2.c &amp; §02.03.3.b</p>
03 – Personnel	10-11-2013	<p><b>10-10-2014:</b> technical correction to §03.01.5.b(2) re: new acronym for TTUHSC El Paso per Ch. 00 changes</p> <p><b>10-09-2015:</b> amendments re: ... revised §03.01.2.e to conform to changes in state contracting laws ... technical adjustments to §03.07.2.a(2)</p> <p><b>05-20-2016:</b> updates relating to: state contracting law changes; EEO requirements; and the approving authority for outside employment</p>
04 – Academic Affairs	08-09-2013	<p><b>10-10-2014:</b> technical correction to §04.04.1 re: new acronym for TTUHSC El Paso per Ch. 00 changes</p> <p><b>10-09-2015:</b> added "department" in §04.11 header and §04.11.3</p>
05 – Student Affairs	08-09-2013	
06 – Inst'l Advancement	08-09-2013	<p><b>10-11-2013:</b> added §06.01.5</p> <p><b>10-10-2014:</b> technical correction to §06.05.4.b re: new acronym for TTUHSC El Paso per Ch. 00 changes</p> <p><b>03-06-2015:</b> amended §06.03.2 &amp; §06.03.3 re: roles of the Chancellor and Presidents in fund raising</p> <p><b>10-09-2015:</b> revisions to statute citations and wording in §06.01.2.b due to System clean-up legislation</p>
07 – Fiscal Management	02-28-2014	<p><b>03-06-2015:</b> amended §07.03.6 re: fraud disciplinary actions</p> <p><b>10-09-2015:</b> due to changes in state contracting laws, many amendments made to multiple sections, including: §07.02.4.a, §07.02.6, §07.02.7.o, §07.03.2.b, and extensively throughout §07.12</p> <p><b>05-20-2016:</b> additional revisions throughout due to changes in state contracting laws, plus revisions in: audit standards ... emergency approval of a budget adjustment or contract ... 'early start' approval for an over-\$25,000 consulting contract.</p> <p><b>10-14-2016:</b> amended §07.05.2.b to bring the use-of-debt-proceeds provision in line with U.S. Treasury reg's.</p>

<b>Regents' Rules chapters</b>	<b>Comprehensive update approved</b>	<b>Chapter amendments since comprehensive update adopted</b>
08 – Facilities	02-28-2014	<b>12-12-2014:</b> 1. revised FP&C fee structure (§08.01.9) 2. added policy on honorary statuses (§08.02.4.e) 3. added a system-wide alcohol policy (§08.07.5)
09 – Investments	08-08-2014	<b>10-09-2015:</b> amendments to conform the process for Board approval of mineral leases in §09.07.3 to that used for Board approval of other matters
10 – Intellectual Prop.	10-09-2015	
11 – Athletics	10-11-2013	
12 – Honorifics & Seals	08-09-2013	<b>12-12-2014:</b> added new §12.06 re: honorary statuses; subsequent sections were re-numbered <b>05-19-2017:</b> added new §12.09 to authorize a seal monument for TTU–Costa Rica

### **Board Policy Statements – comprehensive reviews/updates and amendments since 08-09-2013**

<b>Board Policy Statements</b>	<b>Comprehensive reviews/updates</b>	<b>Amendments since comprehensive update adopted</b>
Audit Committee Charter	07-28-2014	← <i>Reviewed by Regents Rules Review Cmte, but no changes recommended or adopted</i>
Investment Policy Statement – SITIF	08-08-2014	<b>10-14-2016:</b> amended §7.1.a to add a requirement that investment in money market funds is limited to those offered at a constant \$1.00 net asset value.
Investment Policy Statement – LTIF	08-08-2014	<b>05-19-2017:</b> various amendments throughout to conform policy to practice
Seals of the TTU System	08-09-2013	<b>10-10-2014:</b> TTUHSC El Paso seal revised; plus technical correction re: new acronym for TTUHSC El Paso per Ch. 00 changes <b>12-12-2014:</b> technical corrections to section citations in §1 and §3 due to Ch. 12 changes <b>05-19-2017:</b> added authorization for a TTU–Costa Rica seal monument

**See following pages for:**

- summaries of the substantive revisions adopted as the result of the comprehensive reviews of the *Regents' Rules* chapters and Board Policy Statements; and
- amendments approved since the comprehensive updates were adopted.

## **Missions**

**Summary of comprehensive updates adopted on: [December 12, 2014](#)**

*Substantive revisions include the following .....*

### **Texas Tech University System:**

The only change to the System's mission statement was the addition of Texas Tech University Health Sciences Center at El Paso to the list of the System's component institutions.

### **Texas Tech University Health Sciences Center at El Paso:**

The addition of a mission statement for TTUHSC El Paso was adopted. Although the El Paso campus became a free-standing institution on September 1, 2013, the development of a Board-approved mission statement for the new institution was pending the arrival of a permanent president of the institution.

President Richard Lange took office on July 1, 2014, and submitted a proposed mission statement for TTUHSC El Paso.

### **Amendments to "Missions" adopted since Dec. 12, 2014:**

**05-19-2017** ... Revised the Mission statement of TTUHSC.

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## **Chapter 00 – Definitions, Styles and Citations**

**Summary of comprehensive updates adopted on: October 10, 2014**

*All revisions proposed for Chapter 00 are non-substantive in nature.*

### **Definitions (Sec. 00.01):**

The definitions contained in Section 00.01 define words, phrases, acronyms and/or other abbreviations that are used in more than one chapter of the *Regents' Rules*. As such, definitions that apply only within a particular chapter typically are not included in Chapter 00.

Many of the proposed changes in the attached draft relate to a reorganization of the definitions currently in Section 00.01.

Some of the existing definitions are revised for the sake of clarity or to conform the Chapter 00 definitions to their common usage in other chapters of the *Regents' Rules*.

A few of the amendments add new definitions to reflect changes made in other chapters over the past year ... for example, to reflect the addition of TTUHSC El Paso as a stand-alone institution within the Texas Tech system.

### **Style (Sec. 00.02) and Citations (Sec. 00.03):**

The minor revisions in these two sections are all housekeeping or clarifying in nature.

### **Conforming changes needed in other chapters and Board Policy Statements:**

Due to the changes proposed for Chapter 00, there will need to be a limited number of conforming or technical corrections made in other chapters of the *Regents' Rules* and the Board Policy Statements. It is proposed that the Board secretary be authorized to make such changes, which include the following:

- (1) Conforming changes where a provision in another chapter of the *Regents' Rules* cites a section number in Chapter 00 that has changed: Sec. 01.02.6.b(6).
- (2) Conforming changes due to a new abbreviation in Chapter 00 ... specifically, where the abbreviation added for Texas Tech University Health Sciences Center at El Paso is "**TTUHSC El Paso**" – but elsewhere in the *Regents' Rules* and Board Policy Statements, there currently are a total of 5 references to "**TTUHSC-El Paso**" ... one each in: Sec. 01.02.1.f ... Sec. 03.01.5.b(2) ... Sec. 04.04.1 ... Sec. 06.05.4.b ... the Board Policy Statement on Seals, on the page for the seal of the Texas Tech University Health Sciences Center at El Paso.

## **Chapter 01 – Bylaws**

**Summary of comprehensive updates adopted on: [February 28, 2014](#)**

### INTRODUCTORY NOTE:

Where needed and appropriate, references and/or provisions relating to the Texas Tech University Health Sciences Center at El Paso are added, since the El Paso campus now is a stand-alone institution.

*Substantive revisions include the following:*

### **Responsibilities of the Board:**

A state law provision regarding the Board having the legal responsibility of a fiduciary is added. This is not a new statutory requirement, so its addition to the *Regents' Rules* simply emphasizes that this is a fundamental duty of the Board. [*§01.01.3*]

### **Board chair:**

A SACS-required provision regarding the eligibility of a Board member to serve as chairman of the Board is added. Per SACS, the Board chair "must be free of any contractual, employment, or personal or familial financial interest" in a component institution under the Board's control. [*§01.02.3.a(1)*]

### **Board secretary:**

- A statement regarding the mission of the Board secretary and the Office of the Board of Regents is added. [*§01.02.6.a(3)*]
- New provisions are added regarding:
  - the ability of the Board secretary and assistant secretary to function as agents of the Board; and ...
  - a requirement that the Board secretary and assistant secretary maintain information as confidential when so directed by the Board or required by law. (Note: A related provision is added for the General Counsel in Chapter 02.) [*§01.02.6.a(5)*]

### **Duties and responsibilities of the standing committees of the Board:**

The chairs of the Board's standing committees have reviewed the charge for their respective committees and proposed certain revisions.

- Academic, Clinical & Student Affairs Committee. [*§01.02.8.d(1)*]
- Facilities Committee. [*§01.02.8.d(2)*]
- Finance & Administration Committee. [*§01.02.8.d(3)*]
- Audit Committee. [*§01.02.8.d(4)*]

**Executive Committee:**

The Executive Committee would be eliminated, as there is no longer a need to keep this committee on the books. Under the requirements of today's Open Meetings Act, the timeframe and process it takes to convene a meeting of the 5-member Executive Committee is the same as for gathering a quorum of the Board for a special called teleconference meeting. [see former §01.02.8.d(5)]

**Advisory nature of special committees and the IAC:**

New provisions would clarify that, unless the Board makes a specific delegation of authority to a special committee or the Investment Advisory Committee (IAC), those committees serve only in an advisory capacity. [§01.02.8.e(4) and §01.02.8.f(2)]

**Procedure for suspension of the Regents' Rules:**

A procedure for motions to suspend the *Regents' Rules* is added. The vote required to approve a suspension of the *Rules* would be a simple majority of members who are present at the meeting. [§01.02.9.f]

**Board members' participation at commencement ceremonies:**

Given the new, expanded schedule of commencement ceremonies for TTUHSC and TTUHSC at El Paso, Board members would be "encouraged" (as opposed to "expected") to participate in the commencement ceremonies of the component institutions. [§01.06]

**Regents' Rules review:**

The schedule for reviews of the *Regents Rules* would be changed from "every four years" to one that is an ongoing process ... which in turn would require the Regents Rules Review Committee to be a special "advisory" committee that's always in place and available to study and recommend changes to the *Regents' Rules* whenever needed and appropriate. [§01.07]

**Amendments to the Regents' Rules:**

The Board would be able to adopt amendments to the *Regents' Rules* at special called meetings as well as at regularly-scheduled meetings. [§01.08.1]

[see next page for amendments to Chapter 01 since 02-28-2014 comprehensive review/amendments]

## **Amendments to Chapter 01 adopted since February 28, 2014:**

**10-10-2014** ... The following technical adjustments were made:

- In §01.02.1.f, a reference to "TTUHSC-El Paso" was changed to "TTUHSC El Paso" to conform to the Chapter 00 acronym for that institution.
- In §01.02.6.b(6), citations to sections in Chapter 00 were revised to reflect the renumbering of sections in Chapter 00.

**12-12-2014** ... The following technical adjustment was made: In §01.02.6.b(5), a section citation was revised due to changes made in Chapter 12.

**10-09-2015** ... Revisions were made to §01.02.1 (in .c, .e & .g) to conform state law citations and wording to changes made to Texas Tech's enabling statutes by the System clean-up legislation (S.B. 907).

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## **Chapter 02 – Administration**

### **Summary of comprehensive updates adopted on: February 28, 2014**

#### **Responsibilities of the System Administration ... service provision:**

The System Administration, under the direction of the Chancellor, provides system-wide leadership and coordination of various functions and priorities. Such functions/priorities currently include coordination and oversight of "cultural diversity" and "customer-oriented instruction." As these are better coordinated at the institutional level, these functions/priorities are reassigned to the respective Presidents. [*§02.02.3.a ... and §02.04.2.c-d*]

#### **President searches:**

When there is a vacancy in a President position, current policy requires that a new President be appointed by a vote of the Board, with the Chancellor providing a recommendation to the Board. Currently, there are no provisions that govern the process by which a search for a President is conducted. The following provisions would guide that process.

- If the Board determines that a presidential search committee is needed, the Board appoints the members of the search committee and determines the process to be used by that committee ... with the Chancellor being able to make recommendations to the Board about the use, members, and process of such a search committee.  
**But**, the Board also has the option to delegate to the Chancellor the authority to establish a presidential search committee and determine the process to be used by that committee.
- The recommendations of a presidential search committee must be submitted to the Board, with a copy to the Chancellor.
- With a recommendation from the Chancellor, the Board determines which, if any, of the candidates recommended by the search committee will be interviewed by the Board and the Chancellor prior to the Board naming a finalist.

[*§02.03.1.b(4)*]

#### **Notification to the Board for positions appointed by the Chancellor and President:**

Currently, the Board receives prior notification when certain executive and/or administrative positions are filled by the appointment of the Chancellor or a President (such as vice chancellors, vice presidents, provosts, deans, athletic directors and head coaches). Provisions are added that also require prior notice to the Board when the Chancellor or a President terminates or reassigns a person who holds one of those positions. [*§02.03.2.a ... and §02.03.3.a*]

#### **General Counsel:**

- The duties of the General Counsel are enhanced to clarify that the General Counsel:
  - represents the System Administration and each component institution in all legal matters; and ...
  - when approved by the Attorney General, the General Counsel retains and manages any outside counsel that provides services to the System Administration or the component institutions. [*§02.03.2.b(2)*]
- Provisions are added regarding the General Counsel being governed by the Texas Rules of Ethics when providing legal services or advice to the Board or individual members of



[Summary of changes to Chapter 02, continued]

the Board. As such, when the Board or individual members of the Board seek legal services from the General Counsel, they will be deemed "client representatives," and they may expect the confidentiality that the rules provide for such individuals. (see Texas Rules of Ethics rule 1.05) [§02.03.2.b(3)]

### **Employment contracts for certain appointees of the Chancellor:**

A new general provision that governs the approval of employment agreements is established in Chapter 07 (in Sec. 07.12.2.f). Accordingly, the provisions in Chapter 02 regarding approval of employment contracts for certain appointees of the Chancellor (*which include vice chancellors and other members of the System Administration executive team*) are tied to and governed by the new guidelines in Chapter 07 when specified thresholds are exceeded. [§02.03.2.c]

### **Presidents' appointments:**

**SELECTION:** The Chancellor shall provide input when the President is considering the appointment, termination or reassignment of certain institutional officers. Then, after a decision is reached, the President must give the Chancellor and Board advance notice before an announcement is made regarding the position. [§02.03.3.a]

**CONTRACT:** A new Chapter 07 provision that governs approval of employment contracts will require a contract for one of these institutional officers to be approved by the Board if certain thresholds are exceeded. Otherwise, the President must have the input of the Chancellor before the President approves a contract for such an officer. [§02.03.3.b]

### **Performance evaluations of Presidents:**

Current policy has the Board conducting the annual performance evaluations of each President, with a recommendation from the Chancellor being provided to the Board. Under the proposed change, the Chancellor would evaluate each President ... but before the evaluation is shared with a President, the Chancellor and the Board would discuss and come to an agreement on the evaluation. [§02.03.4.b]

### **Salaries of certain System Administration and institutional officers:**

- Currently when the Chancellor sets the salary of a vice chancellor or other System Administration officer, the Board is to be given prior notice of what that officer's salary will be. Instead of giving the Board prior notice each time the salary of a new officer is appointed or a current officer's salary is increased or decreased, the Chancellor would present to the Board an annual report of the salaries for all such officers at the time that operating budgets are approved by the Board. [§02.03.6]
- Currently, the salaries of certain positions appointed by a President – including a vice president, provost, vice provost or dean – are set by the President, with prior approval by the Chancellor and prior notice to the Board. Instead, the salaries of these institutional officers would be set by the President, with the President presenting to the Chancellor and the Board an annual report of the salaries for all such officers at the time that operating budgets are approved by the Board. [§02.03.8]

[see next page for amendments to Chapter 02 since 02-28-2014 comprehensive review/amendments]

## **Amendments to Chapter 02 adopted since February 28, 2014:**

- 10-09-2015** ... Legislative changes in state contracting and purchasing laws made by S.B. 20 required conforming changes to Chapter 02, including:
- adding to the duties of the Chancellor and Presidents the responsibility for the development and implementation of programs and policies that promote and ensure ethical behavior for the Texas Tech system and the component institutions [§02.01.3.n and §02.04.2.o]; and
  - making conforming changes to Chapter 07 section citations in §02.03.2.c and §02.03.3.b due to changes in Chapter 07 resulting from the legislative statute revisions.

- 05-20-2016** ... Legislative changes in state contracting and purchasing laws made by S.B. 20 required conforming changes to Chapter 02, including:
- adding to the duties of the Presidents the responsibility for the development and implementation of a contract management handbook [§02.04.2.p]; and
  - making additional conforming changes to Chapter 07 section citations in §02.03.2.c and §02.03.3.b due to changes in Chapter 07 resulting from the legislative statute revisions.
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## **Chapter 03 – Personnel**

### **Summary of comprehensive updates adopted on: October 11, 2013**

#### **Benefits, gifts and honoraria:**

GENERALLY — Clarifies and strengthens the general restrictions on benefits, gifts and honoraria. [*first paragraph of §03.01.4*]

FOOD, LODGING, TRANSPORTATION AND ENTERTAINMENT — Clarifies that officers or employees who have discretion or control over contracts, purchases, payments, claims and other financial transactions are not allowed to accept food, lodging, transportation or entertainment from persons or entities the officer or employee knows or should reasonably know are interested in a contract, purchase, payment, claim, or other financial decision or transaction with Texas Tech for which the officer or employee exercises discretion or control. [*§03.01.4.c(1)*]

HONORARIA — Clarifies that an officer or employee can accept payment for providing services when the officer or employee is asked to provide the service because of the officer's or employee's expertise and not because of the officer's or employee's official status with Texas Tech. [*§03.01.4.f*]

#### **Conflict of commitment:** [*to complement the existing conflict of interest policies*]

Creates a broad conflict of commitment policy into which the current provisions on consulting and outside employment are merged. [*§03.01.5*]

Clarifies/enhances provisions on the primary responsibility of employees and employees' external activities while working on official time. [*§03.01.5.a-c*]

#### **Preservation of Texas Tech resources:**

Adds specific language regarding: • when employees are at work, they may not use official time for personal or external activities, and ... • someone in a supervisory capacity may not require a subordinate to perform personal activities for the supervisor. [*§03.01.7*]

#### **Discriminatory conduct:**

Merges and updates current provisions regarding sexual harassment and affirmative action/equal employment opportunity into a broader policy that addresses discriminatory conduct. [*§03.01.8*]

#### **Familial/household or consensual relationships for faculty and students:**

Adds 2 new policies that address familial or household relationships and consensual relationships involving faculty members and students. [*§03.01.9 and §03.01.10*]

Prohibits a faculty member from having instructional or supervisory oversight of the student when such relationships exist.

Requires the faculty member to disclose such a relationship ... and then the relationship must either cease or a management plan must be developed and followed under which alternative arrangements are made for the student's continued education.

## Amendments to Chapter 03 adopted since October 11, 2013:

**10-10-2014** ... The following technical adjustment was made: In §03.01.5.b(2), a reference to "TTUHSC-El Paso" was changed to "TTUHSC El Paso" to conform to the Chapter 00 acronym for that institution.

**10-09-2015** ... Two amendments were made, as follows:

- Due to legislative changes in state contracting and purchasing laws made by S.B. 20, the provision relating to the protection and conservation of public property was augmented by the addition of "including all institutional resources".
- Due to the renumbering of sections in Chapter 10 as a result of the comprehensive rewrite of that chapter, section citations in §03.07.2.a(2) to provisions in Chapter 10 were adjusted.

**05-20-2016** ... Various amendments were made, as follows:

- Due to legislative changes in state contracting and purchasing laws made by S.B. 20 in 2015, several provisions were updated to conform to current interpretations of the statute changes; sections amended included: §03.01 ... §03.01.1.d ... §03.01.1.f ... §03.01.2.a ... §03.01.2.j-k ... §03.01.5.
  - In response to EEO requirements of Title IX, Title VII and U.S. Executive Order 11246, conforming changes were made to various sections, including: §03.01.2.h ... §03.01.8.a.
  - The General Counsel and the Board Secretary identified a clarifying change that was needed for §03.01.5.b(3)-(4) regarding the approving authority for outside employment.
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## **Chapter 04 – Academic Affairs**

### **Summary of comprehensive updates adopted on: August 9, 2013**

- The title of the chapter is changed from "Faculty" to "Academic Affairs" as the content of the proposed new chapter includes more than just faculty matters.
- A process is added by which the previous award of a Horn or Murray Professorship may be rescinded. [*§04.01.1.e*]
- Policies and procedures are added governing Board approval of the establishment, consolidation, restructuring and deletion of degree programs. [*§04.09 and §04.10*]  
DETAILS: A new state law that went into effect on September 1, 2013 eliminates the Coordinating Board's authority to require the consolidation or deletion of low-producing degree programs, leaving the Board of Regents as the final authority for low-producing degree programs. Since the *Regents' Rules* currently do not contain any provisions regarding the creation, revision or deletion of degree programs, language is added to require Board of Regents approval for degree programs.
- Policies and procedures are added governing approvals required to establish, restructure, or name schools, colleges, centers, institutes and other academic units. [*§04.11*]  
DETAILS:
  - Board approval would be required to establish or restructure schools/colleges or departments within a school/college ... but the President would be delegated that authority over other academic units (e.g., centers, institutes, and so forth).
  - If the naming of an academic unit is not governed by other provisions in the *Regents' Rules* (e.g., a facility naming, a gift-related naming, or other naming in honor of a person or entity) ... then the naming of a school or college must be approved by the Board, but the President would be delegated the authority to approve the naming of other academic units.
- A reference to TTUHSC-El Paso is added where a current provision regarding "public purpose" in the "Faculty responsibility" section mentions TTU, ASU and TTUHSC ... as the El Paso campus now is a separate institution. [*§04.04.1*]

### **Amendments to Chapter 04 adopted since August 9, 2013:**

- 10-10-2014** ... The following technical adjustment was made: In §04.04.1, a reference to "TTUHSC-El Paso" was changed to "TTUHSC El Paso" to conform to the Chapter 00 acronym for that institution.
  - 10-09-2015** ... The word "department" was added to the header of §04.11 and in §04.11.3 to eliminate any confusion as to whether a department was encompassed within "other academic unit or program."
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## **Chapter 05 – Student Affairs**

### **Summary of comprehensive updates adopted on: August 9, 2013**

- A reference to the Board's statutory duty to approve admission standards is added to clarify within the *Regents' Rules* that this is one of the core duties of an institution's governing board. [*§05.02.1*]
  
  - A new provision clarifies that the Board of Regents does not serve as a hearing or appellate body for appeals by students of decisions regarding admission, academic progress, disciplinary measures, dismissal or other such matters. Similar provisions already exist in the *Regents' Rules* in sections that deal with requests to speak to the Board during Board meetings and for personnel grievances ... but it would be helpful to include a specific provision in the student affairs chapter. [*§05.05*]
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## **Chapter 06 – Institutional Advancement**

### **Summary of comprehensive updates adopted on: August 9, 2013**

- The section on gift evaluation and acceptance has been reorganized so it flows in the proper sequence, as follows: evaluation of the gift ... acceptance of the gift via either Board approval or Chancellor approval (depending upon certain thresholds) ... and notification to the donor. [*§06.01.2*]
- The section on Board approval of gifts adds a reference to existing statutes that authorize the Board to accept gifts and grants for the benefit and use of the institutions. [*§06.01.2.b*]
- The current requirement that an unrestricted gift of real property be placed in an endowment is deleted to provide flexibility in the disposition of such gifts. In most cases, the gifted real property will be sold as quickly as possible so the real property can be converted to a more useful asset, and putting the real property into an endowment could impair that flexibility. The board would still approve the acceptance of any gift of real property, and a determination about whether real property should be put into an endowment can be made on a case-by-case basis at the time the Board approves acceptance. [*§06.01.2.b*]
- The provision regarding modification of the purpose of a gift as designated by the donor is revised so it will conform to state law. [*§06.02.2*]
- A minimum level for research endowments is added for TTUHSC-El Paso. The dollar amount required to establish a research endowment at TTUHSC-El Paso will be the same as for TTUHSC. [*§06.05.4.b*]
- The ability to rescind a gift-related naming is added. A similar provision already is in place for facility namings, and proposed changes to Chapters 04 and 12 will add such a provision for other namings. [*§06.06.3*]

*[see next page for amendments to Chapter 06 since 08-09-2013 comprehensive review/amendments]*

## Amendments to Chapter 06 adopted since August 9, 2013:

**10-11-2013** ... Added a new §06.01.5 regarding a prohibition on acceptance of gifts designated for use as salary supplementation.

**10-10-2014** ... The following technical adjustment was made: In §06.05.4.b, a reference to "TTUHSC-El Paso" was changed to "TTUHSC El Paso" to conform to the Chapter 00 acronym for that institution.

**03-06-2015** ... In §06.03.2: • the reference to fund raising being a "centralized" service was changed to a "coordinated" service; and ... • President's were specifically authorized to have a development director that reports directly to the President, with the President and the institutional development director working in collaboration with the Chancellor and the Vice Chancellor for Institutional Advancement. In §06.03.3, it was clarified that the coordination of fund raising activities is a shared role for the Chancellor and Presidents.

**10-09-2015** ... Revisions were made to §06.01.2.b to conform state law citations and wording to changes made to Texas Tech's enabling statutes by the System clean-up legislation (S.B. 907).

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## **Chapter 07 – Fiscal Management**

### **Summary of comprehensive updates adopted on: February 28, 2014**

#### INTRODUCTORY NOTE:

Where needed, references to the Texas Tech University Health Sciences Center at El Paso are added, since the El Paso campus now is a stand-alone institution.

#### *Substantive revisions include the following:*

##### **Increase in the dollar threshold above which Board approval is required:**

- For budget item/adjustment approvals ... the threshold is increased from \$500,000 to \$1.0 million so that:
  - in excess of \$1.0 million = Board approves [*§07.04.4.a*]
  - \$1.0 million or less = Chancellor or President approves [*§07.04.4.b and §07.04.4.c*]
- For contract approvals ... the threshold is increased from \$500,000 to \$1.0 million so that:
  - in excess of \$1.0 million = Board approves [*§07.12.2.a*]
  - \$1.0 million or less = Chancellor or President approves [*§07.12.3 and §07.12.4*]

##### **Debt management policy:**

- Language is added to ensure that the Board must approve any and all use of debt. [*§07.05.1.a*]
- A reference to a statutory exception is added regarding long-term debt issuances that are not reviewed and approved by the Texas Bond Review Board. [*§07.05.2.b(7)*]
- A provision is added that requires Texas Tech's Office of Treasury and Cash Management to have procedures in place to ensure that interest earned by holders of Texas Tech's tax-exempt debt does not become taxable. [*§07.05.6*]

##### **Contracting in general:**

- A clarification is added that, for the purpose of determining whether Board approval of a contract is required, options to extend a contract are counted in the overall term of the contract. [*§07.12.1.d(1)*]

##### **Emergency approval of contracts:**

- The potential that a "walking quorum" could be used is deleted from the provision that governs emergency approval of contracts. [*§07.12.2.h*]

### **Consulting contracts:**

- Currently, Board approval is required for consulting contracts that cost more than \$25,000. There are occasions, though, when the initial intention is to pay a consultant more than \$25,000, but the consultant needs to start work prior to the date of a Board meeting at which Board approval can be granted. An informal process that's been used in these situations is codified within Chapter 07 whereby an "over \$25,000" consultant can begin work prior to Board approval **if**:
  - the contract includes a provision that limits the amount the consultant can be paid to no more than \$25,000 unless and until the Board has approved the contract; and
  - the Board chair and the Finance & Administration Committee chair authorize the use of this process in advance.[§07.12.2.d(1)(b)]
- Search firms would be deemed to be service providers and not consultants ... and thus are not be subject to the consulting contract approval requirements.  
[§07.12.2.d(3)]

### **Employment agreements:**

- A new general provision that governs the approval of employment agreements is established. [§07.12.2.f]
- Unless a specific exemption is provided, all employment agreements are subject to certain thresholds, above which Board approval is required. The thresholds include:
  - total compensation over the entire term of the agreement exceeds \$1.0 million;
  - term of the agreement is longer than 4 years; or
  - certain other factors, any of which would trigger a requirement for Board approval.[§07.12.2.f(2)]
- Exceptions that have special approval provisions include:
  - Chancellor and President contracts ... which will continue to be governed by their current provisions in Chapter 02. [§07.12.2.f(3)(a)]
  - Employment contracts for athletics directors and coaches ... with higher thresholds set for athletics directors and head coaches than for assistant coaches (with the current provisions and thresholds for assistant coach contracts kept as-is). [§07.12.2.f(3)(b)]
  - Health-related institution faculty employment contracts ... Current policy delegates to the President the authority to approve all such contracts. It is proposed that this special provision be modified so that health-related faculty contracts would be governed by the general policy for employment contract approvals ... but:
    - for determining whether the faculty member's compensation exceeds the dollar threshold that triggers Board approval, only the faculty member's compensation that is paid from state funds would be counted; and
    - a process for quick Board approval (by the Board chair or the chair of the Finance & Administration Committee) is available when needed.[§@07.12.2.f(3)(c)]
- The summary table for contract approvals is supplemented with a new Appendix A that provides a more detailed and "plain English" explanation of the provisions that govern the approval of employment agreements.

[see next page for amendments to Chapter 07 since 08-09-2013 comprehensive review/amendments]

## Amendments to Chapter 07 adopted since August 9, 2013:

**03-06-2015** ... §07.03.6 was revised to require that, when a fraud investigation leads to disciplinary action against an employee, the employee's supervisor must consult with both the institution's Office of Human Resources and the Office of General Counsel before any disciplinary action is taken.

**10-09-2015** ... Due to changes in state contracting and purchasing laws made by S.B. 20, many amendments were needed to multiple sections of Chapter 07, including: §07.02.4.a ... §07.02.6 ... §07.02.7.o ... §07.03.2.b ... and extensively throughout §07.12. The following is a more comprehensive summary of these changes:

S.B. 20 required changes in the *Regents' Rules* to clearly set forth requirements for the Board's approval of contracts and/or to provide for a delegation of authority by the Board to approve contracts. Notable changes required were due to the following S.B. 20 provisions:

Per new §51.9337(e), Texas Education Code: *"An institution of higher education's policies governing contracting authority must clearly specify the types and values of contracts that must be approved by the board of regents and the types and values of contracts for which contracting authority is delegated by the board to the chief executive officer and by the chief executive officer to other officers and employees of the institution. An officer or employee may not execute a document for the board unless the officer or employee has authority to act for the board and the authority is exercised in compliance with applicable conditions and restrictions."*

Per new §51.9337(f), Texas Education Code: *"An institution of higher education may not enter into a contract with a value of more than \$1 million, including any amendment, extension, or renewal of the contract that increases the value of the original contract to more than \$1 million, unless the institution's board of regents approves the contract, expressly delegates authority to exceed that amount, or expressly adopts an exception for that contract. ..."*

In order to conform §07.12 (contracting policies and procedures) of the *Regents' Rules* to these requirements, the following changes were adopted:

- (1) A current Board policy [§07.12.2.a] establishes the general threshold for Board approval of a contract at \$1.0 million per year. This provision remained unchanged, but the amendments [in §07.12.3.a] clarified this threshold as follows:
  - If the total amount of the contract over the entire term of the agreement exceeds \$1.0 million and the per-year amount exceeds \$1.0 million — Board approval is required.
  - If the total amount of the contract over the entire term of the agreement exceeds \$1.0 million but the per-year amount is \$1.0 million or less — the Board delegates its approval authority to the Chancellor or President, as appropriate.
- (2) Various subsections of §07.12 were relocated and grouped together to more clearly define the Board's delegations of authority, such as:
  - PROVISION RELOCATED WITHOUT CHANGE ... The Board delegates to the Presidents the authority to approve the proposals and to execute contracts for sponsored program (i.e., research) projects that exceed \$1.0 million per year. [§07.12.3.b]
  - PROVISION RELOCATED WITHOUT CHANGE ... The Board delegates to the Chancellor and Presidents the authority to execute contracts for minor construction projects (projects that total less than \$2 million). [§07.12.3.c]

[Amendments to Chapter 07, continued]

- PROVISION RELOCATED WITHOUT CHANGE ... Contracts that provide for the services of a consultant. [§07.12.3.d]
- PROVISION RELOCATED WITHOUT CHANGE ... The clarification that the contract approval policy does not apply to purchasing documents, which are processed in accordance with state laws and regulations that govern such purchases. [§07.12.3.e]

Changes also were needed to the sections on audits [§07.02] and on fraud policy [§07.03] to conform those policies to the following changes in statute made by S.B. 20:

Per new §51.9337(b)(2), Texas Education Code: *“The board of regents of an institution of higher education by rule shall establish for each institution under the management and control of the board: ... (2) policies for the internal investigation of suspected defalcation, misappropriation, and other fiscal irregularities and an institutional or systemwide compliance program designed to promote ethical behavior and ensure compliance with all applicable policies, laws, and rules governing higher education, including research and health care to the extent applicable; ...”*

Per new §51.9337(g), Texas Education Code: *“The board of regents of an institution of higher education shall adopt standards for internal audits conducted by the institution to provide a systematic, disciplined approach to evaluate and improve the effectiveness of the institution's risk management, control, and governance processes related to contracts and to require risk-based testing of contract administration. The internal auditor must have full and unrestricted access to all institutional property, personnel, and records. An internal auditor must report directly to the board of regents in accordance with Chapter 2102, Government Code.”*

Per new §51.9337(h), Texas Education Code: *“The chief auditor of an institution of higher education shall annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings to the state auditor. In auditing the purchase of goods and services by the institution, the state auditor shall determine whether an institution has adopted the required rules and policies.”*

**05-20-2016** ... Due to changes in state contracting and purchasing laws made by S.B. 20, additional amendments were needed to multiple sections of Chapter 07. Various other changes included:

**AUDIT:** The provisions that govern audit practices needed to be updated to reflect the new mission of internal auditing that was recently adopted by the Institute of Internal Auditors in its International Professional Practices Framework, which also addresses the code of ethics and standards for auditing.

**EMERGENCY APPROVAL OF A BUDGET ADJUSTMENT OR A CONTRACT:** Provisions that allow the Board chair or the chair of the Finance & Administration Committee to approve budget adjustments and contracts when an emergency exists were revised to:

- conform the budget adjustment provision to the contract provision so they both use the same “emergency or exigent circumstances” language; and
- require that proposals for the approval of budget adjustments and contracts proposals be submitted to the two chairs by the Chancellor or the Chancellor’s designee.

**‘EARLY START’ CLAUSE FOR “OVER \$25,000” CONSULTING CONTRACTS:** The provision that allows the Board chair and the chair of the Finance & Administration Committee to authorize an ‘early start’ for an “over \$25,000” consulting contract, with such contracts not progressing beyond the ‘early start’ stage unless approved by the Board, was revised to require that such ‘early start’ proposals must be submitted to the two chairs by the Chancellor or the Chancellor’s designee.

**10-14-2016** ... §07.05.2.b was amended to bring the provision on the use of debt proceeds in line with U.S. Treasury regulations.

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## **Chapter 08 – Facilities**

### **Summary of comprehensive updates adopted on: February 28, 2014**

#### **Major construction projects:**

- Dollar threshold for new construction projects that require Board approval made the same as the current threshold for repair and renovation projects. [*§08.01.3 and §08.01.4*]
- Codify and enhance the current informal policies and processes regarding pre-approval / pre-construction activities. [*§08.01.3.a*]
- Instead of allowing the cost of a major construction project to increase by up to 10% without re-approval by the Board, require any increase in the Board-approved project cost to come back to the Board for re-approval. [*§08.01.3.g(1)*]
- Add a provision to enhance data reporting and collection of projects managed by both FP&C and the institutions. [*§08.01.4.b*]

#### **FP&C fee structure:**

- Codify FP&C's project management fee structure in an official policy. [*§08.01.9*]
- Discontinue the 50% fee discount for ASU projects that had been an unofficial policy.

#### **Public art program:**

- Add a requirement that maintenance and conservation work needed for public artwork on an institution's campus be cataloged and prioritized, with the institution reporting annually to the Board and Chancellor on such work that's been done, is in progress, or is planned. [*§08.02.3.b*]

#### **Public Art Committee:**

- Clarify that the Chancellor approves the committee members from nominations submitted by the Public Art Committee. [*§08.02.4.a*]
- Provide that the Public Art Committee makes its recommendations about proposed new artwork to the respective President ... and the President makes a recommendation to the Chancellor ... and the Chancellor makes the final decision on whether the proposed new artwork is to be added to the public art collection. [*§08.02.4.b-d*]
- Add guidelines the Public Art Committee is to use in reviewing proposed gifts of public art. [*§08.02.4.c*]

#### **Preservation efforts:**

- Include "landmarks" as well as "buildings" for preservation efforts.
- Add a requirement that preservation activities for buildings and landmarks must conform to the institution's Campus Master Plan.  
[for both, *§08.03*]

**Building plaques:**

- Change from "date of construction contract award" to "date of board approval of the project" for the information that is included on building plaques (e.g., this includes names of the Board officers/members, Chancellor, and President that would go on the plaques). [§08.04.2]

**Use of space and facilities:**

- Add a new, fifth element to the list of priorities for use of Texas Tech space and facilities that authorizes "other leases" of space or facilities ... and for these "other leases," the use of space or facilities must be in accordance with the operating policies of the institution that owns the space or facilities. [§08.07.1.e]
- Revise/replace current provisions governing the use or lease of space or facilities by non-registered student groups or off-campus individuals or organizations. Establish a category of facilities that would be designated as "Community Cultural Facilities" – such as the TTU Museum – that are particularly suited to community outreach for private events ... with the institutions being "authorized and encouraged" to make those facilities available for rent for various events and with the institutions adopting operating policies to govern available times and space for such events, rental fees, event capacity, and the service of food/beverages. [§08.07.2]

**Amendments to Chapter 08 adopted since February 28, 2014:**

**12-12-2014** ... The following amendments were adopted:

- In §08.01.9, the FP&C project management fee rate and calculation methodology were revised.
  - In §08.02.4.e, a policy on honorary statues was added to the provisions that govern the Public Art Collection.
  - In §08.07.5, a system-wide policy on the sale or service of alcoholic beverages was added.
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## **Chapter 09 – Investments and Endowments**

### **Summary of comprehensive updates adopted on: [August 8, 2014](#)**

#### **Clarify that the Treasurer is responsible for the Short and Intermediate Term Investment Fund:**

- Add a definition for the Treasurer. [§09.00.05]
- The Treasurer is given the following responsibilities: “The Treasurer is responsible for the day-to-day investment activities related to the SITIF, with reporting responsibilities and delegated authority as defined in the Investment Policy Statement for the Short/Intermediate Term Investment Fund.” [§09.01.04]

#### **Identify the responsibilities of the investment consultant and investment managers:**

- The investment consultant will assist all the key stakeholders in developing policies. [§09.01.2]
- The Treasurer now has a role in managing the investment managers. [§09.01.5]

#### **Modification to reflect the authority of investment officers to authorize investment agreements:**

- The signature delegations have evolved through the Board of Regents and IAC discussions to allow the investment officers to authorize investment managers. [§09.02.3]

#### **Eliminate necessity of written reports when reports are available on-line:**

- Per state General Appropriation bills, certain investment reports must be posted on-line. Allowing investment status reports to be submitted on-line to the designated Board officers and executive administrators eliminates the need for written reports. [§09.02.7]

#### **Eliminate an arcane report:**

- Changes made to the Intermediate Pool eliminate the need to report on the weighted average maturity of investments. [§09.02.7.a(2)(e)]

### **Amendments to Chapter 09 adopted since August 8, 2014:**

- 10-09-2015** ... In §09.07.3, the process for Board approval of mineral leases was revised to conform that process to the process used for Board approvals of other matters.



## **Chapter 10 – Intellectual Property Rights**

### **Summary of comprehensive updates adopted on: [October 9, 2015](#)**

This will provide a summary of changes to Regents' Rule 10 which governs Intellectual Property. With this summary you will receive the proposed rule in full. An important part of development of the revisions to Rule 10 has been a parallel process extensively involving the TTU Faculty Senate which has led to revisions to TTU Operating Policy 74.04. Because that process has been integral to the revisions of Rule 10, we make reference here to some of those important changes.

#### **Introduction and Status**

Current Rule 10 was last revised in 2008. The 2015 revisions to Rule 10 reflect the work of several constituencies. The Office of Research Commercialization ("ORC"), the Vice Presidents for Research, the Provosts and other administrators have provided helpful input. The faculty senates at Texas Tech University, Angelo State University and the Texas Tech University Health Science Center have also reviewed and approved the changes. (Currently, there is no separate Faculty Senate at Texas Tech University Health Science Center at El Paso. El Paso faculty is represented in the existing TTUHSC Faculty Senate.) The TTU Faculty Senate has been particularly involved. When proposed Rule 10 came under review by the Texas Tech University Faculty Senate, in addition to changes to the Rule, the Senate also suggested substantial revisions to OP 74.04. Working with the Texas Tech University Faculty Senate has resulted in two documents which, together, strike an appropriate balance with respect to intellectual property and which are ready for submission to the Board of Regents.

#### **Highlights and Points of Interest – 2015 Proposed Rule 10 and TTU OP 74.04**

**Scope:** As with prior versions of Regents' Rule 10, the proposed documents deal with intellectual property in its many varied forms including, but not limited to, patentable discoveries and copyrightable materials.

#### **Ownership Issues:**

In proposed Rule 10, the key statements of ownership are Sections 10.03.1 and 10.03.3. To fully understand those Sections, one should consult the definitions in Section 10.02. Section 10.03.1 sets up a dichotomy for determination of ownership. In that section, it should be noted that "covered persons" and "TTUS resources" are defined terms. While the definition of "TTUS resources" is broad (Section 10.02.16), the definition notes that "incidental" usage of TTUS resources is not sufficient to qualify under that definition. While this dichotomy may introduce some ambiguity, the concept included here represents a negotiated balance necessitated by the particular nature of employment of academic faculty.

Against that background, Section 10.03.1 provides automatic ownership by TTUS for intellectual property created by covered persons with the use of TTUS resources or during the course of their university responsibilities. However, intellectual property that is developed on a covered person's own time without the use of TTUS resources is not owned by TTUS or the component university. In OP 74.04, the same concepts are contained in paragraph 2. As in current policy, third-party research agreements may provide different ownership and, in such cases, the third-party research agreements will govern.

#### **Copyrightable Material:**

The ownership of copyrightable works is described in Section 10.03.3 of proposed Rule 10. The provision contains current exceptions related to traditional academic activity. Copyrightable material which qualifies as "work for hire" will be owned by the university. See proposed Rule 10, Section 10.03.3 (d). However, provisions in proposed Rule 10 and proposed

[Summary of changes to Chapter 10, continued]

OP 74.04 seek to clarify faculty work which is (or is not) work for hire. Those clarifications are in proposed Rule 10, Section 10.02.14 and OP 74.04, Section 11 (i).

Taken together, the general statement of ownership for copyrightable works and the clarification of work for hire is intended to recognize traditional views regarding academic copyrightable materials and course preparation. With respect to teaching materials, however, TTU does reserve a license for instructional use. See proposed Rule 10.03.3(a)&(f).

**Distance Learning:** Both proposed Rule 10 and proposed OP 74.04 seek to bring clarity to the ownership of distance learning course content. A definition of distance learning has been included in proposed Rule 10, Section 10.02.5 and proposed OP 74.04, Section 11(b) and a clarification of ownership with respect to distance learning material is a part of Section 10.03.3 (f) and proposed OP 74.04, Section 15a.(5).

**Disclosure of Intellectual Property to the ORC:** Proposed Rule 10 articulates a broad duty of disclosure of intellectual property by creators (see Section 10.05).

**Revenue Sharing:**

Current Regents' Rules Chapter 10 has a "three-tiered" formula for revenue sharing based on accumulated net revenue. The revised formula for revenue sharing in proposed Rule 10 (Section 10.12.2) is a single-tier approach providing 40% of net revenue to the creator.

In situations in which a disclosure is made to the Office of Research Commercialization (ORC) and the ORC determines that the university will not continue to pursue commercialization, provisions continue to provide for release of the intellectual property back to the creator. That provision in proposed Rule 10 is Section 10.08.1. If the university releases the intellectual property back to the creator, the university may retain a share of net revenue not to exceed 5%. However, the university reserves the ability to recover any out-of-pocket costs it generated with outside parties to protect the intellectual property.

**Conflicts and Consulting:** Proposed Rule 10 speaks to outside consulting activities and the extent to which such activities raise a conflict of interest. Proposed OP 74.04 similarly addresses this issue in Section 5. Neither proposed Rule 10 nor proposed OP 74.04 attempt to add additional rules for consulting or conflicts. However, both documents appropriately point the reader to existing conflict and consulting rules. For example, Texas Tech University has several relevant rules, including OP 10.20, an "over-arching" conflict of interest and commitment policy, OP 32.07 (Other Employment, Faculty Consulting, and Public Offices) and OP 74.17 (Disclosure of Significant Business or Financial Interests that may Represent Conflicts of Interest).

**Miscellaneous Issue:** Because proposed Rule 10 and proposed OP 74.04 create a broad duty of disclosure to the Office of Research Commercialization, the new rules also require the ORC to respond to disclosures with some indication of interest or lack thereof within 90 days of disclosure.

## **Chapter 11 – Athletics at TTU and ASU**

### **Summary of comprehensive updates adopted on: October 11, 2013**

- The section on institutional control of athletics is strengthened by adding language from the NCAA Constitution that designates the presidents as having “ultimate responsibility and final authority” for their athletic programs. [*§11.01.3*]
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## **Chapter 12 – Honorifics and Seals**

### **Summary of comprehensive updates adopted on: August 9, 2013**

- A current provision governs the naming of schools, colleges, centers, institutes, and other entities when the naming is not a facility naming or a gift-related naming but the naming is in honor of a person or entity. That current provision is revised to:
  - (1) govern any naming that’s in honor of a person or entity when the facility or gift-related naming provisions do not apply; and
  - (2) add the ability for the Board to rescind a previously-approved naming.

[*§12.05.1 and §12.05.2*]

- The current section on seals of the System and institutions:
  - has a reference to an out-dated set of “official Identity Guidelines” that was approved by the Board in 2005 as the document that governs the different styles and usage of seals; and
  - provides illustrations of the approved seals for the System and each institution.

The proposal is to off-load much of this section into a new and separate Board Policy Statement devoted to seals. This new Board Policy Statement would:

- (1) show all of the authorized seals and seal variations for each entity (including new seals for TTUHSC-El Paso);
- (2) address how and when each of the seal variations may be used; and
- (3) add illustrations of the TTU School of Law seal.

[*§12.06 and new Board Policy Statement on “Seals of the TTU System”*]

### **Amendments to Chapter 12 adopted since Aug. 9, 2013:**

**12-12-2014** ...The following amendments were adopted:

- A new §12.06 incorporated a policy on honorary statues.
- Subsequent sections were re-numbered accordingly.

**05-19-2017** ...A new §12.09 was added to authorize a seal monument for the TTU–Costa Rica campus.

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# **Investment Policy Statement for the Short/Intermediate Term Investment Fund**

## **Summary of comprehensive updates adopted on: [August 8, 2014](#)**

### **Changes to reflect organizational responsibility for Short/Intermediate Term Investment Fund (SITIF):**

- The Texas Tech system has organized and separated the two investment offices to align the offices with their fund responsibility. The Assistant Vice Chancellor of Treasury and Cash Management ("Treasurer") is responsible for the SITIF. [*see changes throughout the document*]

### **Simplify references to the Operating Funds Investment Committee to the "Committee."** [*see changes throughout the document*]

### **Compare investment manager performance against an index for the asset class, and set new performance goal for investment managers:**

- "The performance of each investment manager will be evaluated against a comparable index for its asset class and should outperform that index over a rolling three-year period. Managers underperforming over that period will be considered by the Committee for replacement." [*§9.1.b*]
- This is a change from the current policy of comparing investment manager performance against that of a peer group. An index for each asset class does exist, while finding a deep enough peer group would be difficult or impossible to identify.

### **Clarify the definition and methodology for calculation of the investment management fee:**

- Set the annual fee rate at 10 bps (0.1%) for management of the SITIF, and calculate the fee on a quarterly basis with a one-month lag on the Intermediate Fund. [*§14*]

## **Amendments to SITIF policy statement adopted since Aug. 8, 2014:**

- 10-14-2016** ... Securities and Exchange Commission rules revisions effective October 2016 included a change under which money market funds are no longer required to have a constant net asset value of \$1.00. It was recommended that Texas Tech's investment policy continue to require our money market fund purchases be in funds that are offered at a constant \$1.00 net asset value. Investment in "stable" net asset value funds offers better risk protection than investment in "floating" net asset value funds.

# **Investment Policy Statement for the Long Term Investment Fund**

## **Summary of comprehensive updates adopted on: August 8, 2014**

Changes in the Asset Allocation were presented to and approved by the Board of Regents on October 11, 2013. Additional changes are proposed now to the Investment Policy Statement for the Long Term Investment Fund ("LTIF") specifically to correlate with revisions proposed to Chapter 09, *Regents Rules*.

The Investment Advisory Committee ("IAC") undertook a thorough review and rework of the LTIF Investment Policy to address not only the approved Asset Allocation changes, but clearly define core beliefs, governance, as well as objectives and goals. In addition, a number of sections were added or updated to grant authority to the Chief Investment Officer ("CIO") in managing the overall investment strategy. The following is a summary of the changes proposed to the aforementioned sections.

### **Core Beliefs:**

- While not in the current policy, it is important to effectively communicate the core beliefs through an Investment Policy Statement. This section details 10 core beliefs that explicitly detail a framework for investing the assets of the LTIF. [*§10*]

### **Statement of Goals and Objectives:**

- This section was revised to detail the difference between an objective and a goal as well as set expectations for performance. [*§11*]
- The primary objective is to outperform the policy benchmark. The risk and return profile of a policy index is known, detailed, investable and transparent. It is expected that over time, the IAC, will outperform this policy. The goal is that, by focusing on achieving our objectives, we will outperform the vast majority of our peers in the NACUBO universe. The NACUBO universe, to be clear, is not investable, transparent or investable. However, the IAC expects that if we achieve our objective of beating the Policy benchmark, we will meet the goal of being top quartile in the NACUBO universe.

### **Governance:**

- The governance section was redrafted into a table format to easily communicate responsibilities from a policy and implementation perspective. [*§12*]
- Improvements were implemented to allow the CIO to restructure the portfolio in a more timely manner by allowing a negative consent voting process which, in many but not all cases, is conducted in an online process. [*see table entry in §12 re: "Manager Selection & Redemption"*]
- Also, the CIO is given the authority to tactically adjust the portfolio within explicit approved rebalancing ranges using futures, swaps or options, and combinations thereof. This policy change is congruent with the core beliefs detailed in Section 10. [*see table entry in §12 re: "Tactical Rebalancing" plus §12.2*]

### **Management Fee:**

- This section was updated to reflect the build-out of a professional team by codifying that the Office of Investments will receive 50% of the investment management fee approved by the Board of Regents. The CIO will prepare an annual budget for submission and preliminary approval by the IAC. The System CFO and Chancellor will, in turn, present the recommended budget to the Board of Regents for approval as part of the operating budget process. [§20]

### **Policy Allocation Target and Ranges:**

- Schedule A was updated to incorporate the Asset Allocation as approved by the Board of Regents on October 11, 2013. This section, in addition to the new derivatives policy, addresses guidelines and authorities related to implementing the Beta Overlay for the portable alpha program, along with the Tactical Allocation program. [see Schedule A: §1 and §2]
- The Beta Overlay program simply allows the CIO to gain passive exposure to markets, such as the equity market, through a derivative contract (i.e., a futures contract). The collateral for the derivatives is invested in a combination of cash (20%) and low, uncorrelated hedge fund strategies (80%). [see Schedule A: §3]

### **Derivatives Policy:**

- The Derivatives Policy was added to provide clear authorities and guidelines in the use of various derivatives for hedging, overlaying or structuring exposures with options. There are hard limits to the amount of overall derivatives exposure, as well as limits on OTC (over the counter) exposure. OTC exposure means that you have counterparty risk. This is also addressed by requiring credit support annexes and transfer thresholds, essentially turning an OTC swap into the same risk profile as an exchange traded futures contract. [see Schedule D]

### **Amendments to LTIF policy statement adopted since Aug. 8, 2014:**

- 05-19-2017** ... Various amendments throughout to conform policy to practice, including:
- increase target allocations to the overlay program and any related exposures;
  - change the policy benchmark; and
  - make minor or clarifying changes for definitions and practices.
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# **Board Policy Statement on Seals of the Texas Tech University System**

## **Summary of comprehensive changes adopted on: [August 9, 2013](#)**

On August 9, 2013, the Board of Regents created the Seals policy statement by off-loading from Chapter 12 (Honorifics & Seals), *Regents' Rules*, most of the details regarding the official seals and seal variations for each entity within the Texas Tech system. Section 12.06, *Regents' Rules*, continues to address the approval process for official seals along with the purposes for which such seals may be used. The Seals policy statement then provides illustrations of the seals that are authorized for official use as well as the manner in which various seal combinations may be used.

## **Amendments to the Seals policy statement adopted since Aug. 9, 2013:**

**10-10-2014** ...A revised seal for TTUHSC El Paso was adopted.

**12-12-2014** ...In §1 and §3, technical adjustments had to be made to section citations as the result of changes made in Chapter 12 [*where §12.06 was re-numbered as §12.07, and §12.07 was re-numbered as §12.08*].

**05-19-2017** ...An authorization for a seal monument for the TTU–Costa Rica campus was added via amendments to §2 and §3 plus insertion of a new, separate page that governs the use and design of the seal monument.