



TEXAS TECH UNIVERSITY SYSTEM

BOARD OF REGENTS

AGENDA BOOK

August 7-8, 2014

BOARD OF REGENTS
TEXAS TECH UNIVERSITY SYSTEM

AGENDA

August 7-8, 2014

BOARD OF REGENTS

Mr. Mickey L. Long, Chair
Mr. Larry K. Anders, Vice Chair
Mr. John D. Esparza
Mr. L. Frederick "Rick" Francis
Mr. Tim Lancaster
Mrs. Debbie Montford
Mrs. Nancy Neal
Mr. Coby Ray, Student-Regent
Mr. John D. Steinmetz
Mr. John B. Walker

Standing Committees:

Academic, Clinical and Student Affairs:
Nancy Neal (Chair), Tim Lancaster, Debbie Montford, Coby Ray

Audit:

Rick Francis (Chair), Nancy Neal, John Steinmetz

Facilities:

Debbie Montford (Chair), John Esparza, John Walker

Finance and Administration:

John Steinmetz (Chair), Rick Francis, John Walker

AGENDA

**Board of Regents Meeting
Lubbock, Texas**

August 7-8, 2014

Abbreviated Agenda with Approximate Times*

Thursday, August 7, 2014

9:55 am	Swearing in of new student regent Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue
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Board of Trustees Meeting of the Carr Scholarship Foundation
(Shown for informational purposes only.)

10:00 am	Call to Order; convene Meeting of the Board of Trustees of the Carr Scholarship Foundation Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue
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10:45 am	Adjourn
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*For general information: Unless otherwise noted, all open session meetings will take place in the Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue, Lubbock, Texas. Any executive session meetings that should occur throughout the day will take place in the Masked Rider Room (Room 220), Second Floor, Student Union Building, 15th Street and Akron Avenue, Lubbock, Texas. The times listed are estimates, with periodic recesses. The meeting of the Board of Trustees of the Carr Scholarship Foundation will begin at 10:00 am on Thursday, August 7. Committee meetings will commence upon the adjournment of the Carr Scholarship Foundation meeting at approximately 10:45 am. Any committee meetings not completed on Thursday, August 7, 2014, will be completed on Friday, August 8, 2014. The Board has the option to convene as a Meeting of the Board/Committee of the Whole and convene into Executive Session whenever deemed necessary on Thursday, August 7. The Meeting of the Board will commence at 8:30 am on Friday, August 8. 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, August 7, 2014. The Meeting of the Board will reconvene, if applicable, upon adjournment of the Committee meetings on Friday, August 8. The Meeting of the Board is expected to adjourn at approximately 11:30 am; however, if needed, the meeting may continue beyond 11:30 am until completed. The full board agenda is detailed on pages vi 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

August 7-8, 2014

Abbreviated Agenda with Approximate Times*

Thursday, August 7, 2014

Meeting of Standing Committees
(Conducted sequentially)

CONTINUED FROM PREVIOUS PAGE

10:45 am (or upon adjournment of the Carr Scholarship Foundation meeting)	Academic, Clinical and Student Affairs Committee Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue
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11:30 am (or upon adjournment of the ACS Cmte. meeting)	Audit Committee Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue
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1:00 pm (after a lunch break or upon adjournment of the Audit Cmte. meeting)	Facilities Committee Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue
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1:50 pm (or upon adjournment of the Facilities Cmte. meeting)	Finance and Administration Committee Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue
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Board of Regents Meeting

Lubbock, Texas

August 7-8, 2014

Abbreviated Agenda with Approximate Times*

Thursday, August 7, 2014

Meeting of the Board

CONTINUED FROM PREVIOUS PAGE

2:45 pm or TBD (or upon adjournment of the Facilities Cmte. meeting	Call to Order; Convene Meeting of the Board Meeting of the Committee of the Whole and the Board Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue
2:45 pm	Executive Session Location: Masked Rider Room (Room 220) Second Floor, Student Union Building, 15th and Akron Avenues
4:45 pm	Following Executive Session, convene into Open Session, and Meeting of the Committee of the Whole and the Board Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue
5:00 pm	Recess

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Board of Regents Meeting

Lubbock, Texas

August 7-8, 2014

Abbreviated Agenda with Approximate Times*

Friday, August 8, 2014

Meeting of the Board

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| 8:30 am | Call to Order; reconvene Meeting of the Board
Introductions and Recognitions
Meeting of the Committee of the Whole and the Board, or continuation of meetings of the Standing Committees of the Board, if necessary
Location: Matador Room (Room 227),
Second Floor, Student Union Building, 15th Street and Akron Avenue |
| 10:00 am | Executive Session
Location: Masked Rider Room (Room 220)
Second Floor, Student Union Building, 15th and Akron Avenues |
| 11:30 am | Following Executive Session, convene into Open Session, and Meeting of the Committee of the Whole and the Board
Location: Matador Room (Room 227),
Second Floor, Student Union Building, 15th Street and Akron Avenue |
| 11:30 am | Adjournment |

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Board of Regents Meeting

August 7-8, 2014

Agenda

Thursday, August 7, 2014

**Matador Room (Room 227), Second Floor, Student Union Building,
15th Street and Akron Avenue,
Lubbock, Texas**

Board of Trustees of the Carr Scholarship Foundation: This meeting will take place after the swearing in of the new student regent at approximately 10:00 am; refer to agenda provided by the Chief Financial Officer's Office

Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue, Lubbock, Texas)

I. Meeting of Standing Committees

A. Academic, Clinical and Student Affairs Committee

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	ACS
1. ASU: Approve granting of academic tenure	3
2. ASU: Approve emeritus appointments	4
3. ASU: Approve revisions to the International Undergraduate Student Admission policy at Angelo State University, effective fall 2014	5
4. TTU: Approve appointments with tenure	8
5. TTU: Approve a Bachelor of Science in Early Child Care in the College of Human Sciences.....	10
6. TTU: Approve text, installation and location of plaque for Dr. Jon Whitmore, former president of Texas Tech University.....	11
7. TTUHSC: Approve appointment with tenure	13
8. TTUHSC at El Paso: Authorize the process to establish a Graduate School of Biomedical	

Sciences at Texas Tech University Health Sciences Center at El Paso		14
9.	TTUHSC and TTUHSC at El Paso: Approve revised Tenure and Promotion Policy.....	16
10.	TTUHSC at El Paso: Approve conferral of emeritus appointment.....	18
11.	Adjournment	
 B. Audit Committee		
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1.	TTUS: Approve 2015 annual audit plan for the Texas Tech University System	3
2.	TTUS: Report on audits.....	4
3.	Executive Session: The Audit Committee will convene into Executive Session in the Masked Rider Room (Room 220), Second Floor, Student Union Building, 15th Street and Akron Avenue, to consider matters permissible under Chapter 551 of the <i>Texas Government Code</i> , including:	
	a. Discussion of personnel matters – Section 551.074.	
	b. Consultation with Attorney — Section 551.071.	
	 At the conclusion of Executive Session, the committee will convene into Open Session in the Matador Room (Room 227), Second Floor, Student Union Building, 15 th Street and Akron Avenue to consider appropriate action, if any, on items discussed in Executive Session.	
3.	Adjournment	
 C. Facilities Committee		
		<u>Page</u> F

1.	ASU: Approve renaming Varsity Drive	3
2.	ASU, TTU and TTUHSC: Acknowledge the Campus Condition Index Report and submission to the THECB	
a.	ASU: Acknowledge the Campus Condition Index Report and submission to the THECB	4
b.	TTU: Acknowledge the Campus Condition Index Report and submission to the THECB	7
c.	TTUHSC: Acknowledge the Campus Condition Index Report and submission to the THECB	10
3.	TTU: Approve Phase II and budget increase to the Campus Beautification Initiative	13
4.	TTU: Approve a ground lease with right of access and use of Texas Tech University land	14
5.	TTUS: Approve draft of the TTU / TTUHSC Lubbock Campus Master Plan Update	16
6.	TTUS: Report on Facilities Planning and Construction projects.....	17
7.	Adjournment	
D.	Finance and Administration Committee	
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		FA
1.	TTUSA, TTU, ASU and TTUHSC: Approve FY 2015 operating budgets	
a.	TTUSA: Approve FY 2015 operating budget	3
b.	TTU: Approve FY 2015 operating budget	4
c.	ASU: Approve FY 2015 operating budget.....	5
d.	TTUHSC: Approve FY 2015 operating budget.....	6
2.	TTU: Approve renewal of Citibus agreement.....	7

- 3. TTU and TTUHSC: Authorize engagement of consultant for Child Care Center feasibility study 8
- 4. TTU: Approve extension of contract with Under Armour..... 9
- 5. TTUS: Approve amendments to Chapter 09 of the *Regents' Rules* 11
- 6. TTUS: Approve FY 2015 premium rates for the Medical Liability Self-Insurance Plan 12
- 7. Adjournment

II. Meeting of the Board—Call to Order; convene into Open Session of the Board Chairman Long

III. Executive Session: The Board may convene into Executive Session, in the Masked Rider Room (Room 220), Second Floor, Student Union Building, 15th Street and Akron Avenue, to consider matters permissible under Chapter 551 of the *Texas Government Code*, including, for example: Chairman Long

- 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

IV. Open Session: The Board will reconvene in Open Session 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 Anders

V. Recess Chairman Long

Friday, August 8, 2014

**Matador Room (Room 227), Second Floor, Student Union Building,
15th Street and Akron Avenue,
Lubbock, Texas**

VI. Meeting of the Board—Call to Order; reconvene into Open Session of the Board

Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th and Akron Avenues

VII. Introductions and Recognitions Chancellor Duncan,
President May
President Nellis,
President Mitchell, and
President Lange

- A. **Recess** (if necessary, for standing committees to meet; otherwise continue in Open Session (VIII.))
- B. **Meeting of Standing Committees** (if not concluded on Thursday)
- C. **Meeting of the Board—Call to Order; reconvene into Open Session of the Board**
Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th and Akron Avenues

VIII. 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 May 15-16, 2014 and June 12, 2014..... Chairman Long
- B. Committee of the Whole..... Vice Chairman Anders

1. ASU, TTU, TTUHSC, TTUHSC at El Paso, TTUSA and TTUS: Approve Consent Agenda; acknowledge review of Information Agenda 7

Consent Agenda

- a. TTU: Approve transfer of the Department of Communication Studies in the College of Arts and Sciences to the College of Media and Communication (ACS)
- b. TTUHSC: Approve title correction (ACS)
- c. TTU: Approve renaming of the Psychology building (F)
- d. TTU: Approve Permanent Right of Access and Use of Texas Tech University land to the City of Lubbock (F)
- e. TTU: Approve Permanent Right of Access and Use of Texas Tech University land to the Atmos Energy (F)
- f. TTU: Approve commissioning of police officers (FA)
- g. TTUS: Approve appointment of members to the Board of Directors of Texas Tech Foundation, Inc (FA)
- h. ASU, TTUS, TTUSA, TTU, TTUHSC and TTUHSC at El Paso: Approve delegation of signature authority (FA)

Information Agenda

Information is provided as required by Section 01.02.6.b(2)(c), *Regents' Rules*

- (1) ASU, TTU and TTUHSC: Summary of Revenues and Expenditures by Budget Category, FY 2014, per Section 01.02.8.d(3)(f), *Regents' Rules*: All actual expenditures will be reviewed by the Finance and Administration Committee annually and provided as information.
- (2) TTUHSC: Contract Renewals per Section 07.12.4.b., *Regents' Rules*: “Approval of the President is required for all component institution contract renewals or amendments. A list of those renewal contracts in excess of \$500,000 per annum, including the amount of the contract, will be provided to

the board as an information item at the next board meeting.”

- (3) ASU and TTU: Contracts for the services of a consultant with an initial consideration of \$25,000 or less per Section 07.12.2d(2)(b), *Regents’ Rules*: “A report of the contract shall be provided as an information Agenda item at the next board meeting.”
- (4) TTU and TTUHSC at El Paso: Emergency approval of contract as provided by Section 07.12.2.h, *Regents’ Rules*: “Unless prohibited by law and upon recommendation of the chancellor, when an emergency or exigent circumstances exist and it is not feasible or practical to convene a quorum of the board within the time in which action is needed, approval may be given for a contract by verbal approval of the chair or of the chair of the Finance and Administration Committee. Contracts approved in this manner shall be presented to the board as an information item at the next board meeting.”

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

- A. Report of the Academic, Clinical and Student Affairs Committee..... Regent Neal
- B. Report of the Audit Committee..... Regent Francis
- C. Report of the Facilities CommitteeRegent Montford
- D. Report of the Finance and Administration Committee..... Regent Steinmetz

X. 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:
 - October 10, 2014, Lubbock
 - December 11-12, 2014, Lubbock
 - February 26-27, 2015, San Angelo
 - May 14-15, 2015, Lubbock
 - August 6-7, 2015, Lubbock
 - December 10-11, 2015, Lubbock Ben Lock

- B. The Chancellor’s Report Chancellor Duncan
- C. The President’s Report, ASU President May
- D. The President’s Report, TTU President Nellis
- E. The President’s Report, TTUHSC President Mitchell
- F. The President’s Report, TTUHSC at El Paso..... President Lange

XI. Executive Session: The Board may convene into Executive Session, in the Masked Rider Room (Room 220), Second Floor, Student Union Building, 15th Street and Akron Avenue, to consider matters permissible under Chapter 551 of the *Texas Government Code*, including, for example: Chairman Long

- 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

XII. Open Session: The Board will convene into Open Session in the Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron 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 Anders
- B. Chairman’s Announcements..... Chairman Long

XIII. Adjournment Chairman Long

**ACADEMIC,
CLINICAL AND
STUDENT AFFAIRS**

Academic, Clinical and Student Affairs Committee

Committee Meeting
August 7, 2014

Time: 10:45 am (or upon adjournment of the Carr Scholarship Foundation meeting)

Place: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue, Lubbock, Texas

Regents: Neal (Chair), Lancaster, Montford, Ray

Agenda

- Approve minutes of committee meeting held on May 15, 2014
- I.A.** 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 System (“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 at El Paso”)

	<u>Page</u> ACS
1. ASU: Approve granting of academic tenure	3
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3. ASU: Approve revisions to the International Undergraduate Student Admission policy at Angelo State University, effective fall 2014	5
4. TTU: Approve appointments with tenure	8
5. TTU: Approve a Bachelor of Science in Early Child Care in the College of Human Sciences	10
6. TTU: Approve text, installation and location of plaque for Dr. Jon Whitmore, former president of Texas Tech University	11
7. TTUHSC: Approve appointment with tenure	13

8. TTUHSC at El Paso: Authorize the process to establish a Graduate School of Biomedical Sciences at Texas Tech University Health Sciences Center at El Paso..... 14
9. TTUHSC and TTUHSC at El Paso: Approve revised Tenure and Promotion Policy 16
10. TTUHSC at El Paso: Approve conferral of emeritus appointment 18
11. 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, August 7, 2014.

1. ASU: Approve granting of academic tenure.

Presenter: Dr. Nancy Allen

Presentation Time: 1 minute

Board approval required by: Section 04.02, *Regents' Rules*; ASU Operating Policy 06.23

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve granting tenure to the following faculty member of Angelo State University, effective with the 2014-2015 academic year.

Wrennah Gabbert, PhD, RN, CPNP, FNP-BC, professor, Department of Nursing, College of Health and Human Services. Dr. Gabbert was hired as professor and program chair in the Department of Nursing June 1, 2014. On September 1, 2014, she will assume responsibility as the department chair, and her appointment to the James A. "Buddy" Davidson Foundation Chair in Nursing Excellence will be effective. Dr. Gabbert earned tenure at the Texas Tech University Health Sciences Center, where she performed a variety of faculty/administrative roles from 2008 to 2014.

BACKGROUND INFORMATION

The faculty member whose name appears above has been judged by the appropriate committees and administrative personnel as worthy of academic tenure. The procedure established by OP 06.23: Tenure and Promotion Standards and Procedures has been carefully followed.

Approval of this individual brings the number of tenured faculty at Angelo State University to 131. After this appointment, the percentage of tenure-track faculty who have been awarded tenure will be 65 percent.

2. **ASU: Approve emeritus appointments.**

Presenter: Dr. Nancy Allen

Presentation Time: 1 minute

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

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve to confer the title of distinguished professor emeritus on the individuals listed below at their retirement for their long, faithful service to Angelo State University.

Dr. Gil R. Engdahl received a B.S. in Animal Science, M.S. in Sheep and Goat Production, and Ph.D. in Animal Nutrition from Texas A&M University. He joined the Department of Agriculture as an assistant professor in 1976. Dr. Engdahl served as department chair and director of the Management, Instruction, and Research (MIR) Center for 14 years. His accomplishments during his 37 years at ASU include increasing enrollment in the department by almost 50 percent, establishing an internationally recognized Rambouillet sheep flock, and leading the development of four new degree programs. Additionally, Dr. Engdahl's initiation of numerous collaborative research efforts with the Texas AgriLife Research and Extension service was instrumental in the development of the department's graduate program, and his research efforts developed the foundation for a strong multi-disciplinary research program. Dr. Engdahl retired on May 31, 2013.

Dr. Terry C. Maxwell received a B.S. in Wildlife Management from Texas A&M University, M.S. in Biology from Angelo State University, and Ph.D. in Wildlife and Fisheries Sciences from Texas A&M University. He joined the Department of Biology as an Instructor in 1976 with appointment to the tenure-track position of Assistant Professor in 1979. During his 37 year tenure at ASU, Dr. Maxwell served as department chair for 7 years, during which time the Department of Biology grew into one of the leading departments in the state with emphases in organismic biology and pre-health professions. Dr. Maxwell has received numerous awards for his teaching and has distinguished himself in the area of research, which has taken him all over North and South America. Dr. Maxwell retired on May 31, 2014.

BACKGROUND INFORMATION

Letters of recommendation were submitted by the respective department chairs to the dean of the College of Arts and Sciences and reviewed by the Academic Deans Council, which recommended approval to the president.

3. **ASU: Approve revisions to the International Undergraduate Student Admission policy at Angelo State University, effective fall 2014.**

Presenter: Dr. Javier Flores

Presentation Time: 1 minute

Board approval required by: Sections 05.02.1 and 5.02.2., *Regents' Rules* and Section 51.0352, *Texas Education Code*

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve the revisions to the International Undergraduate Student Admission Operating Policy (OP 10.17) at Angelo State University, effective fall 2014. The proposed changes to OP 10.17 are included on the following pages.

BACKGROUND INFORMATION

The proposed changes to the requirements for international undergraduate student admissions follow:

- Inclusion of the Director of Undergraduate Admissions in the review process;
- Exclusion of required ACT or SAT scores for international students;
- Corrections to webpage addresses;
- Inclusion of requirements for international students to be admitted to the university on a conditional basis; and
- Explanation of the role of the Center for International Studies in the admission of international students participating in a reciprocal exchange, study abroad, hybrid or ELLI program.

Section 05.02.1 and 5.02.2, *Regents' Rules*, require Board approval of the school's admission policies and inclusion in the institution's operating manuals.

[Minor revision: approved by Board of Regents August 10, 2012]



Angelo State University Operating Policy and Procedure

OP 10.17: International Undergraduate Student Admissions

DATE: Approved by Board of Regents on August 10, 2012 (Effective Fall 2012)

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to clarify policies concerning international student admissions.

REVIEW: This OP will be reviewed in April ~~every three years, or as needed, or even-numbered years~~ by the ~~Executive Director-director~~ of the Center for International Studies ~~and the Director of Undergraduate Admissions~~ with recommended revisions forwarded through the provost and vice president for academic affairs to the president by May 15. This policy may be amended only by action of the Board of Regents of the Texas Tech University System (*Regents' Rules 05.02.1*).

POLICY/PROCEDURE

Admission of International Undergraduate Students

1. Graduates of foreign secondary schools who have completed the equivalent of at least an American high school diploma (12th grade) may apply for admission to Angelo State University by writing to the Center for International Studies and submitting the online application at <https://www.applytexas.org>. The mailing address for the Center for International Studies is ASU Station #11035, San Angelo, TX 76909-1035, and the website address is <http://www.angelo.edu/dept/cis/index.html>.
- ~~4.—~~Applicants with foreign academic credentials must provide academic records in the original language with a certified English translation. Applicants who have attended school outside the United States must provide official results of secondary external examinations (e.g., GCE “Ordinary” level exams) on examination board letterhead, certificates of completion of a state secondary school examination, and official transcripts from any university-level studies already completed in the United States or elsewhere. Failure to provide complete information regarding post-secondary level study could result in cancellation of admission. ~~Students who have completed secondary school in the United States also must take and submit scores from the SAT or ACT.~~
2. Students whose native language is not English also must present a score of at least 550 (paper-based exam), 213 (computer-based exam), or 79 (internet-based exam) on the Test of English as a Foreign Language (TOEFL). Or students may present a score of at least 6.5 on the International English Language Testing System (IELTS). The TOEFL/IELTS

[Minor revision: approved by Board of Regents August 10, 2012]

- requirement may be waived if the student has attended a U.S. high school or college for at least ~~two~~ three consecutive years or if the student is a citizen in a country where English is the native language. Angelo State University will make the final decision regarding approved English speaking countries. A list of approved English speaking countries is on file in the Center for International Studies. Information concerning the TOEFL may be obtained from Educational Testing Service, P.O. Box 899, Princeton, New Jersey 08540, U.S.A. Information concerning the IELTS may be obtained from IELTS International, 825 Colorado Boulevard, Suite 112, Los Angeles, California 90041, U.S.A. Angelo State University does not require ACT or SAT scores of international applicants.
3. International students not living in the United States are encouraged to apply a year in advance. International students are required to verify their ability to support themselves financially. Please visit the Center for International Studies website for more information on the cost to attend. The website address is:
http://www.angelo.edu/dept/cis/admission_requirements.php
 4. A nonrefundable application fee is required. An International Money Order or U.S. Postal Money Order for the current application fee must accompany the international student application. Students who apply on-line through the Texas Common Application may pay the current application fee with a credit card at the time of application.
 5. CONDITIONAL ADMISSION - Conditional admission for international students may be considered for undergraduate students sponsored by a known and responsible organization, institution, corporation, or government, who would be eligible for admission to Angelo State University, except for a deficiency in English language skills as determined by the Center for International Studies. Applicants for conditional admission must be reviewed and approved by the Center for International Studies. While in this status, students will be enrolled in a recognized Intensive English Program. Upon successful completion of the Intensive English Program and meeting the language requirements for admission, students may then transfer into the appropriate department and college at Angelo State University. Courses completed in the Intensive English Program will not count as transferrable courses.
 - 4-6. PARTNER INSTITUTIONS - Reciprocal Exchange, Study Abroad, Hybrid and ELLI students are admitted to Angelo State University on the basis of a contract signed with the international partner university. The Center for International Studies oversees and implements all such agreements. Working with other offices on campus, the Center for International Studies coordinates admission of the students and, working within the framework of the contract and with the partner institution, advises and enrolls these students.

4. **TTU: Approve appointments with tenure.**

Presenter: Dr. Lawrence Schovanec

Presentation Time: 4 minutes

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

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve the granting of tenure to the following faculty of Texas Tech University contemporaneously with their appointments:

David Becker, M.M., new professor in the School of Music, College of Visual and Performing Arts. Professor Becker is currently a Visiting Professor and Interim Director of Orchestral Studies in the School of Music, at Texas Tech University and was previously a tenured professor at Lawrence University Conservatory of Music, Appleton, WI;

Warren Conway, Ph.D., new professor and Bricker Chair in the Department of Natural Resources Management, College of Agricultural Sciences and Natural Resources. Professor Conway was previously a tenured Professor, at Stephen F. Austin State University, Nacogdoches, TX;

Yitzhak Fried, Ph.D., new professor in the Area of Management, and holder of the Trinity Endowed Professorship in Management, Rawls college of Business Administration. Professor Fried was previously a tenured Professor, at the Whitman School of Management, Syracuse University, Syracuse, NY;

Benjamin Owen, Ph.D., new professor in the Department of Physics, College of Arts & Sciences. Professor Owen was previously a tenured Professor at The Pennsylvania State University, University Park, PA; and

Paul Sylvester, Ph.D., new professor and Joe and Beverly Pevehouse Chair in the Department of Geosciences, College of Arts & Sciences. Professor Sylvester was previously a tenured professor in the Department of Earth Sciences at Memorial University of Newfoundland.

BACKGROUND INFORMATION

The faculty members whose names appear above have been judged by the appropriate committees and administrative personnel as worthy of academic tenure. The procedure established by the Tenure Policy for the awarding of tenure to qualified members of the faculty has been carefully followed.

Approval of these individuals brings the number of full-time tenured faculty at Texas Tech University to 757. There is a total of 1,088 tenured and tenure-track faculty. After these appointments, the percentage of tenure track faculty who have been awarded tenure will be 70.1 percent. The number of non-tenure track faculty is 436.

5. TTU: Approve a Bachelor of Science in Early Child Care in the College of Human Sciences.

Presenter: Dr. Lawrence Schovanec

Presentation Time: 3 minutes

Board approval required by: Section 04.09.1, *Regents' Rules*; TTU Operating Policy 36.04; and Chapter 5, subchapter C, THECB Laws and Rules

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve the proposal to create a Bachelor of Science in Early Child Care and authorize submission by the Office of the Provost and the senior vice president to the Texas Higher Education Coordinating Board and the Southern Association of Colleges and Schools Commission on Colleges for their review.

BACKGROUND INFORMATION

The proposed degree will be offered via distance education and as part of the Great Plains Interactive Distance Education Alliance, a consortium of 20 public universities that offer a variety of degrees. The College of Human Sciences at Texas Tech University is a GPIDEA member and offers Masters degrees in Family and Consumer Science Education and Gerontology as part of this consortium. Initially, TTU will offer one course toward the degree, and no one of the other 6 participating institutions (Michigan State University, Iowa State University, University of Missouri, South Dakota State University, University of Nebraska, Lincoln, and Oklahoma State University) will offer more than 2 courses. Students who register through TTU will receive a TTU diploma.

The degree consists of 51 Semester Credit Hours in the major in addition to required core curriculum courses as required at the university from which the degree will be conferred.

The primary audience for the program is U.S. military members, veterans, and their family members with an interest in a career working with young children. Because TTU will offer only one course in the program, program expenses will be low and restricted to costs of instruction for the course and administration. These costs will be underwritten by the College of Human Sciences.

6. TTU: Approve text, installation and location of plaque for Dr. Jon Whitmore, former president of Texas Tech University.

Presenter: Dr. M. Duane Nellis

Presentation Time: 3 minutes

Board approval required by: Section 12.03, *Regents' Rules*

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve the installation, location, and the following text of a plaque recognizing the tenure of Dr. Jon Whitmore, the fourteenth president of Texas Tech University.

Text of plaque:

Jon S. Whitmore
Fourteenth President
Texas Tech University
2003 – 2008

Dr. Jon Whitmore assumed the presidency in September, 2003. As former dean and provost at AAU universities, he was charged with advancing academic quality and bolstering research and graduate programs at Texas Tech. He won approval to shelter a Phi Beta Kappa chapter, whereby Texas Tech became only the third public university in Texas to receive such an academic distinction. He created seventy new research-oriented faculty positions, including 24 endowed chairs and professorships. New research facilities for interdisciplinary science, engineering, animal and food science, natural science, and human science were constructed. Dr. Whitmore launched the Four-Year Graduation Contract and Red Raider Guarantee, which increased diversity and led to a rapid growth in retention and graduation rates. He championed the creation of the College of Mass Communications and the Presidential Lecture and Performance Series. Dr. Whitmore is a Fellow of the College of Fellows of the American Theatre. He continued on to become President of San Jose State University and CEO of ACT, Inc.

The plaque will be situated on the wall of the breezeway of the Administration Building, alongside the recognition plaques of previous presidents of Texas Tech University, and will conform in composition and style to the other recognition plaques.

BACKGROUND INFORMATION

Section 12.03, *Regents' Rules*, requires Board approval of the text, installation and location of plaques recognizing the tenure of former presidents of Texas Tech University.

Per Section 12.03, *Regents' Rules*, plaques recognizing former presidents of Texas Tech shall be prepared and installed following a period of five years from the time of the president's leaving office. Dr. Whitmore resigned from the office of President of Texas Tech University effective July 31, 2008. The appropriate date for installation of the plaque recognizing his tenure will be September, 2014.

7. TTUHSC: Approve appointment with tenure.

Presenter: Dr. Steven L. Berk

Presentation Time: 2 minutes

Board approval required by: Section 04.02, *Regents' Rules*; and HSC Operating Policy 60.01

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve the granting of tenure to Vadivel Ganapathy, Ph.D., contemporaneous with his appointment as professor and chair of the School of Medicine's Department of Cell Biology and Biochemistry effective October 1, 2014. Dr. Ganapathy earned his Ph.D. in 1978 from Madras University, India, and post-doctoral training at Hyderabad University (India), the University of Georgia, Athens, GA, and the Medical College of Georgia, Augusta, GA.

Dr. Ganapathy currently serves as a tenured professor at the Medical College of Georgia, now known as Georgia Regents University, in the Department of Physiology and Endocrinology, and a Regents' Professor in the Departments of Biochemistry and Molecular Biology. Since 2004 he has held the position of chair in the Department of Biochemistry and Molecular Biology. Dr. Ganapathy is a highly productive researcher and has received thirty NIH grants throughout his career. The focus of his research over the past two decades has been on the physiological and biochemical functions of plasma membrane transport proteins, with special emphasis on the transporters for peptides, amino acids, vitamins, neurotransmitters, and drugs.

BACKGROUND INFORMATION

Pursuant to Section 04.02, *Regents' Rules*, the Board of Regents approves the awarding of academic tenure with initial appointment. Approval of tenure at this BOR meeting for this individual brings the number of tenured faculty in all academic schools of the Health Sciences Center to 181. There are a total of 261 faculty either in the tenure-track or tenured. After this appointment, the percentage of tenure track faculty who has been awarded tenure will be approximately 69.3 percent. The number of faculty on the non-tenure track is 685.

8. TTUHSC at El Paso: Authorize the process to establish a Graduate School of Biomedical Sciences at Texas Tech University Health Sciences Center at El Paso.

Presenter: Dr. Richard Lange

Presentation Time: 3 minutes

Board approval required by Sections 04.09 and 04.11, *Regents' Rules*; HSC Operating Policy 60.11 and Chapter 5, Subchapter C, THECB Laws and Rule

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents authorize the process of establishing a freestanding Graduate School of Biomedical Sciences at Texas Tech University Health Sciences Center at El Paso ("TTUHSC at El Paso"), offering a master's as well as a doctoral degree in biomedical sciences, by obtaining the required accreditation and related approvals from regulatory authorities including The Texas Higher Education Coordinating Board and the Southern Association of Colleges and Schools Commission on Colleges.

BACKGROUND INFORMATION

With the opening of the Paul L. Foster School of Medicine in 2009, TTUHSC at El Paso has placed increasing emphasis on biomedical research, particularly in the area of translational medicine. Currently, TTUHSC at El Paso has a regional program of the Graduate School of Biomedical Sciences ("GSBS") in Lubbock. The current regional program has 14 enrolled students and offers a master's degree with an emphasis in biomedical studies. We anticipate that establishing a separate GSBS at TTUHSC at El Paso will impact the overall institutional academic activities in a number of ways. 1) The establishment of this separate graduate program will complement and enhance the existing programs and expand the educational opportunities within the graduate school. 2) A consensus is growing within the medical community on the need to hasten the translation of bench to bed discoveries. This new program will facilitate interactions between basic science researchers and healthcare providers. 3) The establishment of this program will enhance the ability of TTUHSC at El Paso to recruit top graduate students who will participate in institutional research efforts. 4). TTUHSC at El Paso is located on the US-Mexico border, an area with approximately twelve million residents, and the research focus of this new graduate program will be on health issues related to the border region. By recruiting and training exceptional students on health-related aspects of the border region, they are likely to stay and apply their expertise in the border area. TTUHSC at El Paso's experience will serve as a model for the establishment of other translational medical programs on the border. 5). This new graduate program will have binational implications by stimulating collaborations and student exchanges.

Dr. Rajkumar Lakshmanaswamy is currently the interim associate dean for the Graduate School of Biomedical Sciences at the El Paso campus. He has spearheaded the development of the curriculum and syllabus for all the core courses in the current curriculum and leads a very active research program.

COSTS AND FUNDING

The cost starting September 2015, when the first cohort of students are expected to be seated, will be approximately \$700,000 per year for the first five years which includes the use of current faculty, staff and infrastructure. Expenses will be covered by existing funds from the Paul L. Foster School of Medicine and anticipated formula funding starting in FY 2018.

9. TTUHSC and TTUHSC at El Paso: Approve revised Tenure and Promotion Policy.

Presenter: Dr. Steven L. Berk

Presentation Time: 5 minutes

Board approval required by: Section 04.02, *Regents' Rules*, TTUHSC Operating Policy 60.01

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve revisions to the tenure and promotion policy of Texas Tech University Health Sciences Center (“TTUHSC”) and Texas Tech University Health Sciences Center at El Paso (“TTUHSC at El Paso”). The proposed changes to OP 60.01 is included as an attachment in your notebook.

BACKGROUND INFORMATION

TTUHSC Operating Policy 60.01, Tenure and Promotion, provides tenure and promotion guidelines as required by Section 04.02, *Regents' Rules*. In December 2009, the regents voted to off-load (delete) the Texas Tech University and Texas Tech University Health Sciences Center policies on tenure from Chapter 4 to reside only in institutional operating policies (TTU OP 32.01 and TTUHSC OP 60.01).

The need for clarification of the review process for the operating policy, the academic responsibilities of faculty, and application of the appeals process for non-reappointment necessitated the review and subsequent proposed revisions to the operating policy. Specifically, the revisions include:

1. Notation of the review process involving the deans, the executive vice president for Academic Affairs and the president;
2. Clarification of faculty responsibility for obtaining and maintaining all licenses and certifications necessary for commencement of and continued employment;
3. Clarification that clinical, non-clinical, adjunct, and visiting faculty are non-tenure track appointments and are subject to a notice of non-reappointment at any time;
4. Clarification of the notice provision for the non-reappointment of non-tenure track faculty;
5. Clarification that a reason for a decision of non-reappointment of both non-tenure track and tenure track faculty cannot be based on legally impermissible reasons;
6. Reduction in the timeline for appealing a non-reappointment or dismissal to fifteen TTUHSC business days from the current twenty business days; and,
7. General grammatical updates to the operating policy and repositioning of text for improved clarity and flow.

These proposed revisions were approved by the president and deans at the May 28th, 2014 special meeting of the Council of Deans. The review process was done in close consultation with the Texas Tech University System Office of General Counsel and TTUHSC's assistant vice president for Human Resources. The revised document with the proposed changes is included for review. It was also presented to the faculty senate for comment.

10. TTUHSC at El Paso: Approve conferral of emeritus appointment.

Presenter: Richard Allen Lange, M.D.

Presentation Time: 1 minute

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

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve to confer the title of professor emeritus at the time of his retirement on David J. Steele, Ph.D., senior associate dean for Medical Education and professor of Family Community Medicine for his excellent service to the Texas Tech University Health Sciences Center El Paso Paul L. Foster School of Medicine. Dr. Steele will retire on August 31, 2014.

BACKGROUND INFORMATION

Since arriving at our institution in July of 2007, Dr. Steele has served as the Senior Associate Dean for Medical Education for the Paul L. Foster School of Medicine, Director of the Office of Curriculum, Evaluation, and Accreditation, and as Chair of the Liaison Committee on Medical Education (“LCME”) Accreditation Task Force. He has also served on nearly all the Standing Committees in our institution.

Dr. Steele’s contributions to our new medical school have been nothing short of phenomenal. It is because of Dr. Steele’s exemplary leadership and attention to detail that the Paul L. Foster School of Medicine was successfully steered through preliminary, provisional, and final full LCME status in February of 2013. His work ethic inspired both his colleagues and learners which led to the successful roll out of our innovative four year medical school curriculum. An appointment as Professor Emeritus will honor his dedicated exemplary years of service and longstanding contributions and will enable the PLFSOM to retain his services as a valued advisor to students, residents, faculty, and administrators. The value of emeritus appointment is invaluable for the future growth of Texas Tech Health Sciences Center El Paso.

AUDIT

Audit Committee

Committee Meeting
August 7, 2014

Time: 11:30 am (or upon adjournment of the Academic, Clinical and Student Affairs Committee meeting)

Place: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue, Lubbock, Texas

Regents: Francis (Chair), Neal, Steinmetz

Agenda

- Approve minutes of committee meeting held on May 15, 2014
- I.B.** 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 System (“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 at El Paso”)

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1. TTUS: Approve 2015 annual audit plan for the Texas Tech University System	3
2. TTUS: Report on audits	4
3. Executive Session: The Audit Committee will convene into Executive Session in the Masked Rider Room (Room 220), Second Floor, Student Union Building, 15th Street and Akron Avenue, to consider matters permissible under Chapter 551 of the <i>Texas Government Code</i> , including:	
a. Discussion of personnel matters – Section 551.074.	
b. Consultation with Attorney — Section 551.071.	

At the conclusion of Executive Session, the committee will convene into Open Session in the Matador Room, Second Floor, Room 227, Student Union Building, 15th Street and Akron 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, August 8, 2014.

1. **TTUS: Approve 2015 annual audit plan for the Texas Tech University System.**

Presenter: Mrs. Kim Turner

Presentation Time: 10 minutes

Board approval required by: Section 01.02.8, *Regents' Rules*; Section 07.02.7, *Regents' Rules*; Chapter 2102, *Texas Government Code*; and Audit Committee Charter

RECOMMENDATION

The chief audit executive recommends that the Board of Regents approve the annual audit plan.

BACKGROUND INFORMATION

The *Regents' Rules* and the Texas Internal Auditing Act require that the Board of Regents approve the annual audit plan. The projects included in the 2015 annual audit plan have been selected as a result of an enterprise-wide risk assessment process.

2. TTUS: Report on audits.

Presenter: Mrs. Kim Turner

Presentation Time: 15 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
August 7, 2014

Time: 1:00 pm (following a lunch break or upon adjournment of the Audit Committee meeting)

Place: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue, Lubbock, Texas

Regents: Montford (Chair), Esparza, Walker

Agenda

- Approve minutes of committee meetings held on May 15, 2014
- I.C.** 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 System (“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 at El Paso”)

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1.	ASU: Approve renaming Varsity Drive	3
2.	ASU, TTU and TTUHSC: Acknowledge the Campus Condition Index Report and submission to the THECB	
	a. ASU: Acknowledge the Campus Condition Index Report and submission to the THECB.....	4
	b. TTU: Acknowledge the Campus Condition Index Report and submission to the THECB.....	7
	c. TTUHSC: Acknowledge the Campus Condition Index Report and submission to the THECB.....	10
3.	TTU: Approve Phase II and budget increase to the Campus Beautification Initiative	13
4.	TTU: Approve a ground lease with right of access and use of Texas Tech University land	14

- 5. TTUS: Approve draft of the TTU / TTUHSC Lubbock Campus Master Plan Update 16
- 6. TTUS: Report on Facilities Planning and Construction projects 17
- 7. 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, August 8, 2014.

1. ASU: Approve renaming Varsity Drive.

Presenter: Dr. Brian May

Presentation Time: 2 minutes

Board approval required by: Section 08.05, *Regents' Rules*

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve renaming Varsity Drive to Phil George Drive on the campus of Angelo State University in honor of Mr. Phil George, former Director of Men's Athletics and Head Men's Basketball Coach at Angelo State University.

Phil George joined the San Angelo College coaching staff in 1949 and retired at the Director of Men's Athletics in 1986. Mr. George continues his dedication and loyalty to Angelo State University.

BACKGROUND INFORMATION

Per Section 08.05, *Regents' Rules*, naming of all buildings, auditoriums, rooms, laboratories, streets, athletic fields, landscape features, and other facilities within the Texas Tech University System must be approved by the Board of Regents. Mr. Phil George spent 37 years at San Angelo College and Angelo State University as coach and the University's first athletic director. He led the basketball team to eight Pioneer Conference titles and the 1957 National Junior College Athletic Association Championship. He stepped down as basketball coach in 1978 but remained athletic director until 1986.

Mr. George was recognized as the Honorary Alumnus in 2006. Mr. George continues to bring honor and distinction to the University.

2. **ASU, TTU and TTUHSC: Acknowledge the Campus Condition Index Report and submission to the THECB.**

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

Presenter: Mr. Michael Molina

Presentation Time: 5 minutes

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

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents acknowledge Angelo State University's Campus Condition Index Report ("CCIR") and submission of the report to the Texas Higher Education Coordinating Board ("THECB").

[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 (0.05 or less), fair (between 0.05 and 0.10), or poor (0.10 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 0.0%; 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 0.1644%. The comparable measures reported in the THECB's fall 2012 CCIR were 0.2% and 0.2%, respectively.

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

Angelo State University									
2013 CCI Summary Report									
September 2013									
Summary by Period and Category									
	Critical	Deferred	Planned	Adaptation	Total				
Budgeted - Current Year	\$0	\$0	\$2,408,150	\$267,652	\$2,675,802				
Expenditures - Previous Year	\$18,353	\$110,000	\$3,360,235	\$107,145	\$3,595,733				
Projected - Years 2 through 5	\$0	\$1,085,000	\$7,025,733	\$823,500	\$8,934,233				
Unbudgeted - Current Year	\$0	\$3,000	\$950,800	\$225,500	\$1,206,300				
Summary by Type and Category									
Architectural	\$553	\$230,000	\$4,746,741	\$1,338,499	\$6,315,793				
HVAC	\$0	\$0	\$515,000	\$0	\$515,000				
Plumbing and Electrical	\$0	\$0	\$2,516,539	\$0	\$2,516,539				
Safety	\$0	\$110,000	\$182,712	\$14,780	\$307,492				
Legal and Mandatory	\$0	\$0	\$0	\$0	\$0				
Other	\$17,800	\$885,000	\$5,783,926	\$70,518	\$6,757,244				
Total	\$18,853	\$1,225,000	\$13,744,918	\$1,423,797	\$16,412,068				
Top Five Priority Projects									
Priority	Name	Period	Category	Type	Amount				
1	LAB UP GRADES	Budgeted - Current Year	Facility Adaptation	Other	\$250,000				
2	ROOF REPLACEMENT	Budgeted - Current Year	Critical Deferred Maintenance	Other	\$175,000				
3	RESTROOM RENOVATION	Budgeted - Current Year	Planned Maintenance	Plumbing and Electrical	\$150,000				
4	RAINWATER TANKS	Budgeted - Current Year	Planned Maintenance	Other	\$120,000				
5	XERISCAPING	Budgeted - Current Year	Planned Maintenance	Other	\$50,000				
	E&G Deferred Maintenance	\$							
	Non-E&G Deferred Maintenance	\$ 1,243,853							
	Total Deferred Maintenance	\$ 1,243,853							
	2013 Amount		DM Index Value						
	Educational and General Campus Condition Index Value (EGCCIV)	\$ 256,628,359	0.0000%						
	Institution-Wide Campus Condition Index Value (IWCCIV)	\$ 756,656,788	0.1644%						

b. TTU: Acknowledge the Campus Condition Index Report and submission to the THECB.

Presenter: Mr. Michael Molina

Presentation Time: 5 minutes

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

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents acknowledge Texas Tech University's Campus Condition Index Report ("CCIR") and submission of the report to the Texas Higher Education Coordinating Board ("THECB").

[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 (0.05 or less), fair (between 0.05 and 0.10), or poor (0.10 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 0.0020%; 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 0.0018%. The comparable measures reported in the THECB's Fall 2012 CCIR were 0.0% and 0.4%, respectively.

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

Texas Tech University									
2013 CCI Summary Report									
July 2014									
Summary by Period and Category									
	Critical	Deferred	Planned	Adaptation	Total				
Budgeted - Current Year	\$0	\$0	\$6,121,848	\$12,170,996	\$18,292,844				
Expenditures - Previous Year	\$0	\$61,534	\$17,152,962	\$25,278,096	\$42,492,592				
Projected - Years 2 through 5	\$0	\$0	\$14,951,000	\$0	\$14,951,000				
Unbudgeted - Current Year	\$0	\$0	\$0	\$0	\$0				
Summary by Type and Category									
Architectural	\$0	\$0	\$8,588,185	\$27,224,229	\$35,812,414				
HVAC	\$0	\$0	\$4,119,581	\$722,387	\$4,841,968				
Plumbing and Electrical	\$0	\$35,034	\$14,118,001	\$954,176	\$15,107,211				
Safety	\$0	\$26,500	\$8,979,043	\$4,305,000	\$13,310,543				
Legal and Mandatory	\$0	\$0	\$1,566,000	\$4,193,300	\$5,759,300				
Other	\$0	\$0	\$855,000	\$50,000	\$905,000				
Total	\$0	\$61,534	\$38,225,810	\$37,449,092	\$75,736,436				
Top Five Priority Projects									
Priority	Name	Period	Category	Type	Amount				
1	ELEVATOR JACK ASSEMBLY REPLACEMENT	Budgeted - Current Year	Planned Maintenance	Legal and Mandatory	\$60,000				
2	REPAIR ROOF VENTS (OLD DORM AREA)	Budgeted - Current Year	Planned Maintenance	Architectural	\$20,000				
3	REPLACE WINDOWS - PH 3	Budgeted - Current Year	Planned Maintenance	Architectural	\$325,000				
4	REPAIR TUNNEL FROM VAULT 5 TO MARSHA SHARP CNTR	Budgeted - Current Year	Planned Maintenance	Plumbing and Electrical	\$200,000				
4	REPAIR TUNNEL FROM VAULT 5 TO MARSHA SHARP CNTR	Budgeted - Current Year	Planned Maintenance	Architectural	\$100,000				
5	REPAIR EXTERIOR STONEWORK	Budgeted - Current Year	Planned Maintenance	Architectural	\$150,000				
	E&G Deferred Maintenance	\$	26,500						
	Non-E&G Deferred Maintenance	\$	35,034						
	Total Deferred Maintenance	\$	61,534						
		2013 Amount	DM Index Value						
	Educational and General Campus Condition Index Value (EGCCIV)	\$	1,317,522,662				0.0020%		
	Institution-Wide Campus Condition Index Value (IWCCIV)	\$	3,349,827,751				0.0018%		

c. TTUHSC: Acknowledge the Campus Condition Index Report and submission to the THECB.

Presenter: Mr. Michael Molina

Presentation Time: 5 minutes

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

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents acknowledge Texas Tech University Health Sciences Center's Campus Condition Index Report ("CCIR") and submission of the report to the Texas Higher Education Coordinating Board ("THECB").

[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 (0.05 or less), fair (between 0.05 and 0.10), or poor (0.10 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 0.1075%; 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 0.2014%. The comparable measures reported in the THECB's Fall 2012 CCIR were 0.0% and 0.0%, respectively.

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

Texas Tech University Health Sciences Center									
2013 CCI Summary Report									
September 2013									
Summary by Period and Category									
	Critical	Deferred	Planned	Adaptation	Total				
Budgeted - Current Year	\$0	\$1,099,433	\$8,233,036	\$5,741,735	\$15,074,204				
Expenditures - Previous Year	\$0	\$1,196,195	\$3,582,408	\$4,546,104	\$9,324,707				
Projected - Years 2 through 5	\$0	\$0	\$15,345,900	\$1,300,000	\$16,645,900				
Unbudgeted - Current Year	\$0	\$335,538	\$693,650	\$0	\$1,029,188				
Summary by Type and Category									
Architectural	\$0	\$1,077,102	\$9,732,724	\$9,804,093	\$20,613,919				
HVAC	\$0	\$266,814	\$8,523,537	\$0	\$8,790,351				
Plumbing and Electrical	\$0	\$611,354	\$4,245,349	\$400,000	\$5,256,703				
Safety	\$0	\$132,605	\$1,534,559	\$519,834	\$2,186,998				
Legal and Mandatory	\$0	\$0	\$522,177	\$127,257	\$649,434				
Other	\$0	\$543,291	\$3,296,647	\$736,656	\$4,576,594				
Total	\$0	\$2,631,166	\$27,854,993	\$11,587,840	\$42,073,999				
Top Five Priority Projects									
Priority	Name	Period	Category	Type	Amount				
1	Interior Renewal (Family Medicine Clinic)	Budgeted - Current Year	Planned Maintenance	Architectural	\$135,000.00				
2	Joliet Street Repairs	Budgeted - Current Year	Planned Maintenance	Other	\$175,000.00				
3	Replace Air Handling Unit - 2B01	Budgeted - Current Year	Planned Maintenance	HVAC	\$550,000.00				
4	HVAC Upgrades and Repairs	Budgeted - Current Year	Planned Maintenance	HVAC	\$800,000.00				
5	Exterior Façade & Interior Repairs (South)	Budgeted - Current Year	Planned Maintenance	Architectural	\$565,000.00				
	E&G Deferred Maintenance	\$	1,094,971						
	Non-E&G Deferred Maintenance	\$	1,536,195						
	Total Deferred Maintenance	\$	2,631,166						
	2013 Amount		DM Index Value						
	Educational and General Campus Condition Index Value (EGCCIV)	\$	1,018,799,755		0.1075%				
	Institution-Wide Campus Condition Index Value (IWCCIV)	\$	1,306,153,532		0.2014%				

3. TTU: Approve Phase II and budget increase to the Campus Beautification Initiative.

Presenter: Mr. Michael Molina

Presentation Time: 5 minutes

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

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents authorize the Office of Facilities Planning and Construction to (i) proceed with the Campus Beautification Initiative – Phase II scope of work to provide enhancements to Urbanovsky Park and surrounding recreational fields; (ii) increase the project budget by \$2,450,000 for a total budget of \$4,950,000; (iii) complete the contract documents; (iv) report project to the Texas Higher Education Coordinating Board; and (v) amend the construction contract. The project will be funded with donations and the remaining balance will be funded with auxiliary and Institutional funds.

The chancellor further recommends that the president be authorized 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

In December 2013, the board approved a project to provide aesthetic enhancements to the campus landscape with a total project budget of \$2,500,000. That project focused on two areas within the academic core: (1) the Broadway Entrance to Memorial Circle; and (2) the Library Mall. This initiative was realized through the generosity of one donor.

The original project scope included another area of focus; Urbanovsky Park and the surrounding recreational field area. However at that time, emphasis was placed on the two initiatives within the academic core. Texas Tech will again be the recipient of this donor's generosity. The Phase II scope of work will provide enhancements to Urbanovsky Park and the surrounding recreational fields by constructing a new jogging trail, new basketball and volleyball courts, pavilion, picnic area, seating, enhanced area lighting, and numerous plantings of trees, ornamental plantings, various landscaping materials, and a pond with an aeration fountain feature to create a more inviting environment within the park and recreational fields.

The vice president for administration and finance and chief financial officer has verified the source of funds.

4. TTU: Approve a ground lease with right of access and use of Texas Tech University land.

Presenter: Mr. Michael Molina

Presentation Time: 5 minutes

Board approval required by: Section 07.12.2.e, *Regents' Rules*

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents authorize the president to negotiate (i) a ground lease ("Lease") for 0.0574 acres of Texas Tech University ("TTU") land ("Site") to New Cingular Wireless PCS, LLC ("New Cingular"), a Delaware limited liability company, for construction of an unmanned telecommunication facility ("Tower"); (ii) a right of access and use granted within the Lease of 0.0985 acres of TTU land to New Cingular to allow for utility connections and access to the Tower Site during the term of the Lease; and (iii) authorize the Office of Facilities Planning and Construction to coordinate the Tower's location, plans, and construction.

The initial Lease term will be for a five-year period from September 1, 2014 through August 31, 2019 ("Initial Term") with two 5 year automatic renewal periods, exercisable at New Cingular's option (each a "Renewal Term"). The Lease provisions will include requirements for remediation by the Lessee upon termination. The Lease will allow for the installation, transmission and reception of communications signals for better wireless service in the area. The project's planning, construction, maintenance, and operation will be funded totally by New Cingular.

New Cingular will pay TTU rent in the amount of \$18,000 per year during the Initial Term, to be paid on a monthly basis. If New Cingular opts to renew the Lease, rent will increase during each Renewal Term to \$21,000 per year and \$24,000 per year, respectively. TTU will have the right to cancel the Lease after the Initial Term by giving New Cingular one year's prior notice. New Cingular will have the right to cancel the Lease at any time by giving TTU 60 days' prior notice. Early termination by either party will result in an early termination fee payable by the terminating party of twelve month's rent.

BACKGROUND INFORMATION

New Cingular Wireless PCS, LLC is requesting a Lease, including a right of access and use, to a total of 0.1559 acres of land from TTU to be utilized for the installation of an unmanned telecommunication facility to provide better wireless service to the Texas Tech campus and surrounding area. The Lease will consist of a 0.0574 acre tract (2,500 sq. ft.) for the Tower Site, plus two tracts totaling 0.0985 acres for which New Cingular will have a right of access and use for utility connections and access to the Tower Site. A metes and bounds survey of each of the three tracts will be attached to the Lease.

New Cingular will construct (i) the Tower (a 60 foot telecommunication monopole with associated power and equipment cabinets inside a 50 feet x 50 feet x 8 feet tall brick masonry screen wall); and (ii) a 12 foot wide access drive from the north bound lane of Indiana Avenue to the Site.

The Lease will allow for the transmission and reception of communications signals and the installation, construction, maintenance, operation, repair, replacement and upgrade of New Cingular's Tower and related equipment, cables, accessories and improvements, including a suitable support structure, antennas, equipment shelters and other items necessary for the successful and secure use of the Site. New Cingular will pay all costs associated with planning, constructing, operating, and maintaining the Tower and the Site.

Section 07.12.2.e, *Regents' Rules*, require that the Board of Regents approve lease of land for more than four years.

5. TTUS: Approve draft of the TTU / TTUHSC Lubbock Campus Master Plan Update.

Presenter: Mr. Michael Molina

Presentation Time: 5 minutes

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

RECOMMENDATION

The chancellor in concurrence with the Texas Tech University president and the Texas Tech University Health Sciences Center president recommends that the Board of Regents (i) approve the draft of the TTU / TTUHSC Lubbock Campus Master Plan Update; (ii) authorize the Office of Facilities Planning and Construction to revise the draft as necessary; (iii) report the approved draft Master Plan Update to The Southern Association of Colleges and Schools ("SACS"); and (iv) present the final document for approval at the October Board of Regents meeting.

BACKGROUND INFORMATION

Texas Tech established the TTU/TTUHSC Master Planning Committee with a core group from each institution's administration, major departments, student government, as well as civic, community, and business leaders. Support staff and three outside design firms provided general information, scenarios, and industry criteria throughout each step of the planning process. The initial kickoff meeting was on October 15, 2012 with numerous planning and visioning sessions to follow.

The planning sessions were held to review and evaluate past decisions along with the proposed new opportunities. Intense discussions helped build consensus as to the confirmation of past planning initiatives and framework for implementing new opportunities. Community input was evaluated as to the direction and partnerships required along the campus edges.

Meetings with the presidents, chancellor, and individual members of Board of Regents provided leadership and assurance that the plan had the full support required for implementation.

This campus master plan update provides a flexible framework for the future development of the campus to support the vision and mission of each institution. This framework will guide the physical organization of the Texas Tech campus.

Emerging out of this collaborative process is a document that sets forth a conceptual framework for the future of the Texas Tech campus built around agreed-upon planning principles.

Texas Tech is committed to a comprehensive and continuous land use planning process that results in a flexible framework to guide the leadership's future decision making.

6. TTUS: Report on Facilities Planning and Construction projects.

Presenter: Mr. Michael Molina

Presentation Time: 5 minutes

Report requested by: Board of Regents

Mr. Michael Molina, 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
August 7, 2014

Time: 1:50 pm (or upon adjournment of the Facilities Committee meeting)

Place: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue, Lubbock, Texas

Regents: Steinmetz (Chair), Francis, Walker

Agenda

- Approve minutes of committee meetings held on May 15, 2014
- I.D.** 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 System (“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 at El Paso”)

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FA

1. TTUSA, TTU, ASU and TTUHSC: Approve FY 2015 operating budgets
 - a. TTUSA: Approve FY 2015 operating budget..... 3
 - b. TTU: Approve FY 2015 operating budget..... 4
 - c. ASU: Approve FY 2015 operating budget 5
 - d. TTUHSC: Approve FY 2015 operating budget 6
2. TTU: Approve renewal of Citibus agreement 7
3. TTU and TTUHSC: Authorize engagement of consultant for Child Care Center feasibility study 8
4. TTU: Approve extension of contract with Under Armour 9

5. TTUS: Approve amendments to Chapter 09 of the
Regents' Rules..... 11
6. TTUS: Approve FY 2015 premium rates for the Medical
Liability Self-Insurance Plan..... 12
7. 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, August 8, 2014.

1. **TTUSA, TTU, ASU and TTUHSC: Approve FY 2015 operating budgets.**

a. **TTUSA: Approve FY 2015 operating budget.**

Presenter: Mr. Jim Brunjes

Presentation Time: 10 minutes

Reports requested by: Section 07.04.2.d, *Regents' Rules*

RECOMMENDATION

The Texas Tech University System Administration FY 2015 Operating Budget has been approved by the chancellor and is recommended for approval by the Texas Tech University System Board of Regents. In addition, it is recommended that the Board appropriate the fund balances of income generating accounts for specific activities usually supported by the accounts unless otherwise appropriated by the Board.

BACKGROUND INFORMATION

The Board is required to approve on or before September 1, 2014, an itemized budget covering operations for the ensuing fiscal year.

The FY 2015 budget has been prepared on the basis of funds appropriated by the 83rd Legislature, Regular Session, including estimated local income.

The State Auditor has requested that all fund balances be appropriated by the Board of Regents or be classified as unreserved or unallocated. It is our opinion that it would be best for the Board of Regents to appropriate fund balances for the activities usually supported by the accounts unless otherwise appropriated by the Board of Regents.

b. TTU: Approve FY 2015 operating budget.

Presenter: Ms. Noel Sloan

Presentation Time: 10 minutes

Reports requested by: Section 07.04.2.d, Regents' Rules

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve the Texas Tech University FY 2015 operating budget. In addition, it is recommended that the Board appropriate the fund balances of income generating accounts for specific activities usually supported by the accounts unless otherwise appropriated by the Board.

BACKGROUND INFORMATION

The Board of Regents is required to approve on or before September 1, 2014, an itemized budget covering operations for the ensuing fiscal year.

The FY 2015 budget has been prepared on the basis of funds appropriated by the 83rd Legislature, Regular Session, including estimated local income.

The State Auditor has requested that all fund balances be appropriated by the Board of Regents or be classified as unreserved or unallocated. It is our opinion that it would be best for the Board of Regents to appropriate fund balances for the activities usually supported by the account unless otherwise appropriated by the Board of Regents.

c. ASU: Approve FY 2015 operating budget.

Presenter: Ms. Angie Wright

Presentation Time: 10 minutes

Reports requested by: Section 07.04.2.d, *Regents' Rules*

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve the Angelo State University FY 2015 operating budget. In addition, it is recommended that the Board appropriate the fund balances of income generating accounts for specific activities usually supported by the accounts unless otherwise appropriated by the Board.

BACKGROUND INFORMATION

The Board of Regents is required to approve on or before September 1, 2014, an itemized budget covering operations for the ensuing fiscal year.

The FY 2015 budget has been prepared on the basis of funds appropriated by the 83rd Legislature, Regular Session, including estimated local income.

The State Auditor has requested that all fund balances be appropriated by the Board of Regents or be classified as unreserved or unallocated. It is our opinion that it would be best for the Board of Regents to appropriate fund balances for the activities usually supported by the accounts unless otherwise appropriated by the Board of Regents.

d. TTUHSC: Approve FY 2015 operating budget.

Presenter: Mr. Elmo Cavin

Presentation Time: 10 minutes

Reports requested by: Section 07.04.2.d, *Regents' Rules*

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents approve the Texas Tech University Health Sciences Center FY 2015 operating budget. In addition, it is recommended that the board appropriate the fund balances of income generating accounts for specific activities usually supported by the accounts unless otherwise appropriated by the board.

BACKGROUND INFORMATION

Section 07.04.2 of the Regents' Rules requires the Board to approve on or before September 1, 2014, an itemized budget covering operations for the ensuing fiscal year.

The FY 2015 budget has been prepared on the basis of funds appropriated by the 83rd Legislature, Regular Session, including estimated local income.

The State Auditor has requested that all fund balances be appropriated by the Board of Regents or be classified as unreserved or unallocated. It is our opinion that it would be best for the Board of Regents to appropriate fund balances for the activities usually supported by the accounts unless otherwise appropriated by the Board of Regents.

2. TTU: Approve renewal of Citibus agreement.

Presenter: Mrs. Noel Sloan

Presentation Time: 2 minutes

Board approval required by: Section 07.12.2.a, *Regents' Rules***RECOMMENDATION**

The chancellor concurs with the recommendation of the president that the Board of Regents authorize the president or his designee to finalize negotiations and enter into a contract for an amended extension of the current agreement with the City of Lubbock ("Citibus") and City Transit Management Company to provide on-campus and off-campus student transportation services with no higher than a two percent (2%) increase for the initial term year. Texas Tech University will have the option to renew for two additional one-year terms with no higher than a four percent (4%) increase over the two years.

Further, the Board of Regents authorizes the president or his designee to begin the request for proposals process to obtain the services of a consultant to evaluate and assess student transportation services, the terms of the selected proposal to be reviewed and approved by the Board of Regents at a subsequent meeting.

The original contract was approved by the Board of Regents on August 17, 2004 (Minute Order VII.B.1.f), with subsequent renewals reported as information items to the Board of Regents on August 12, 2005, August 11, 2006, August 10, 2007, and August 8, 2008. The Board of Regents approved the annual renewal of the contract for FY 2009-2010 on August 7, 2009, as an action item on the Finance and Administration Committee agenda (Minute Order V.A.2.). The renewals for FY 2010-2011 and FY 2011-2012 were reported as information items to the Board of Regents on August 12, 2010 and August 5, 2011, respectively. The Board of Regents approved the annual renewal of the contract for FY 2012-2013 on August 10, 2012, as an action item out of Executive Session (Minute Order X.A.2). The renewal for FY 2013-2014 was reported as an information item to the Board of Regents on August 9, 2013.

BACKGROUND INFORMATION

Section 07.12.2.a., *Regents' Rules*, requires Board of Regents approval of contracts which exceed \$1,000,000.

3. TTU and TTUHSC: Authorize engagement of consultant for Child Care Center feasibility study.

Presenter: Mrs. Noel Sloan

Presentation Time: 5 minutes

Board approval required by: Section 07.12.2.d, *Regents' Rules*

RECOMMENDATION

The chancellor concurs with the recommendation of the presidents of Texas Tech University (“TTU”) and Texas Tech University Health Sciences Center (“TTUHSC”) that the Board of Regents authorize the presidents or their designees to negotiate and enter into a consulting agreement with Bright Horizons to provide a feasibility study for a child care facility to be located in the proximity of both campuses.

TTU and TTUHSC issued a Request for Proposal (“RFP”) on June 12, 2014 seeking proposals from vendors with experience in feasibility studies for child care centers/services. An evaluation committee composed of members with expertise in child care or an interest in the project evaluated the proposals and selected Bright Horizons as the most qualified and possessing the best value.

The core scope of work of the feasibility study will provide the campuses with information on financing, facility requirements, operational needs, and develop pricing structures for services. Additionally, the consultant will conduct a child care utilization study which will provide data relevant to the potential use of the child care facility, as well as an understanding of the services and tuition strategy that will meet the needs of faculty, staff and students. The total cost of the agreement includes the fee of \$12,000 plus expenses for the core scope of work and \$14,250 plus expenses for the child care utilization survey. TTU and TTUHSC will reimburse the consultant’s actual travel, lodging, and out-of-pocket expenses related to the engagement.

BACKGROUND INFORMATION

The presidents of TTU and TTUHSC recognize the need to provide affordable, quality child care for students, faculty, and staff. The faculty and staff of TTU and TTUHSC have created resolutions to explore the feasibility of a child care facility in proximity to their campuses.

Section 07.12.2.d., *Regents' Rules*, requires Board approval of consulting agreements that exceed \$25,000.

4. TTU: Approve extension of contract with Under Armour.

Presenters: Mrs. Noel Sloan & Mr. Kirby Hocutt Presentation Time: 2 minutes
Board approval required by: Section 07.12.2.a, *Regents' Rules*

RECOMMENDATION

The chancellor concurs with the recommendation of the president that the Board of Regents authorize the president or his designee to finalize negotiations and enter into a contract for an amended extension of the current agreement with Under Armour to provide apparel, footwear and accessories to the NCAA intercollegiate athletics teams sponsored by the University.

The current contract was approved by the Board of Regents at its October 31, 2008 meeting (Minute Order V.B.4), for a term covering fiscal years 2009-10 through 2013-14, and provides for an extension of the original term upon mutual agreement of the parties.

BACKGROUND INFORMATION

In 2008, Texas Tech University requested proposals from athletics apparel, footwear and accessory companies throughout the nation to be the exclusive supplier for such equipment to Texas Tech University and its athletics teams. After consideration of the proposals received, Under Armour's proposal was selected as the most beneficial to the university and its Department of Intercollegiate Athletics. Under the terms of that contract, Under Armour is the official outfitter of, and currently provides apparel, footwear and accessories to, the Texas Tech athletics teams through June, 2014. That contract provides for an extension upon mutually agreeable terms and conditions.

The amended extension of the contract would cover a term from July 1, 2014 through June 30, 2020. The amended extension provides for increases each year in the "rights fee" (right to be recognized as the "Official Outfitter of the Texas Tech University Department of Athletics") and the "product allowance" (the value of Under Armour equipment and apparel provided without charge based on wholesale prices).

Section 07.12.2.a., *Regents' Rules*, requires Board of Regents approval of contracts which exceed \$1,000,000.

		VALUE TO SCHOOL			
CY #	CY DATES	CASH	MKTING	PRODUCT @ RETAIL*	TOTAL VALUE
1	7/1/2014 - 6/30/15	\$725,000	\$125,000	\$1,625,000	\$2,475,000
2	7/1/2015 - 6/30/16	\$750,000	\$125,000	\$1,700,000	\$2,575,000
3	7/1/2016 - 6/30/17	\$775,000	\$125,000	\$1,775,000	\$2,675,000
4	7/1/2017 - 6/30/18	\$800,000	\$125,000	\$1,850,000	\$2,775,000
5	7/1/2018 - 6/30/19	\$825,000	\$125,000	\$1,925,000	\$2,875,000
6	7/1/2019 - 6/30/20	\$850,000	\$125,000	\$2,000,000	\$2,975,000
		\$4,725,000	\$750,000	\$10,875,000	\$16,350,000
	Annual Avg.	\$787,500	\$125,000	\$1,812,500	\$2,725,000
NOTES:					
* Product allotment includes \$70,000 per contract year for Camp Allotment.					
	2013-2014	\$700,000	\$125,000	\$1,520,000	\$2,345,000

5. TTUS: Approve amendments to Chapter 09 of the Regents' Rules.

Presenters: Mr. Jim Brunjes & Mr. Tim Barrett

Presentation Time: 5 minutes

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

RECOMMENDATION

The Regents Rules Review Committee (Rules Committee) recommends that the Board's Finance and Administration Committee consider amendments to one chapter of the *Regents' Rules* and two Board Policy Statements, including:

- Chapter 09 (Investments and Endowments), *Regents' Rules*;
- Investment Policy Statement for the Short/Intermediate Term Investment Fund;
and
- Investment Policy Statement for the Long Term Investment Fund.

An explanation of as well as the language for the changes proposed to Chapter 09 and the two investment policy statements are provided in the attachments found in the back flap of the Agenda Book.

BACKGROUND INFORMATION

Board chair Mickey Long re-established the Rules Committee on March 1, 2013 and appointed the following members to that advisory committee: Larry Anders (chair); Rick Francis; Nancy Neal, and John Walker.

Since then, the Board of Regents has approved revisions to *Regents' Rules* chapters and Board Policy Statements at the following meetings:

- August 9, 2013 — Chapters 04, 05, 06 and 12, and the Board Policy Statement on Seals of the Texas Tech University System;
- October 11, 2013 — Chapters 03 and 11; and
- February 28, 2014 — Chapters 01, 02, 07 and 08.

The Rules Committee 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*.

6. TTUS: Approve FY 2015 premium rates for the Medical Liability Self-Insurance Plan.

Presenter: Mr. John Huffaker

Presentation Time: 5 minutes

Board approval required by: TTU System Medical Liability Self Insurance Plan, PFA-32

RECOMMENDATION

The chancellor, as administrator of the Medical Liability Self-Insurance Plan ("Plan"), has reviewed and recommends that the Board of Regents approve the findings and recommendations contained in the March 19, 2014 Solvency Analysis & Rate Review of the Plan prepared by Fred R. White Company, Fred R. White, C.P.C.U. for the period September 1, 2014 through August 31, 2015. The recommendations are as follows: (i) premiums be maintained at current rates for FY 15 for resident physicians and clinical faculty physicians who are members of the academic clinical departments and contribute to the educational mission of the School of Medicine; (ii) premiums for all other physicians insured by the Plan be established as set forth in the annual rate schedule enumerated below; and (iii) premiums be abated for FY 15 for all clinical faculty physicians.

Annual Premium Rate Schedule (September 1, 2014 through August 31, 2015)

Risk Class	Clinical Physicians	Residents	All Other Physicians
1	\$1,136	\$1,136	\$2,276
2	1,446	1,446	2,884
3	3,202	3,202	6,391
4	5,269	5,269	10,514
5	7,335	7,335	14,637

If approved by the Board, it is further recommended that the chancellor may authorize an experience dividend in a sum which will not exceed \$4 million nor any amount that reduces the Plan fund balance below \$45 million.

BACKGROUND INFORMATION

The Board of Regents authorized establishment of the Plan August 2, 1985, and since that date has found it necessary and appropriate to amend the Plan as circumstances require and set the self-insurance premiums each year after considering the actuary's recommendation and evaluation of the Plan. An actuarial report is prepared a minimum of one time each year.

On May 16-17, 2013, (Item 9) premium levels for FY 14 were reduced by 10.38 percent for academic clinical faculty and resident physicians. Premiums were held at then-current levels for all other physicians. Premiums were abated for

clinical faculty physicians. An experience dividend not to exceed \$5 million was authorized.

In summary, the actuary found the Plan to be in sound financial condition, that Plan funding is sufficient to retire the Plan's likely liabilities through August 31, 2014 and an adequate contingent reserve and a capital base exist to absorb the expected experience in the FY 15 Plan year. Due to increased funds, the actuary believes it is safe to pay the Schools of Medicine an experience dividend.

**MEETING OF THE
BOARD**

Meeting of the Board
Thursday, August 7, 2014

Time: 2:45 pm (or if/whenever deemed necessary—possibly at the adjournment of the Finance and Administration Committee meeting)

Place: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue, Lubbock, Texas

Agenda

Board of Trustees of the Carr Scholarship Foundation: This meeting will take place prior to meetings of standing committees at approximately 10:00 am (or immediately after the swearing in of the new student regent); refer to agenda provided by the Chief Financial Officer’s Office
Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue, Lubbock, Texas)

I. Meeting of Standing Committees: Conducted sequentially and separately from the Meeting of the Board at the adjournment of the Board of Trustees meeting of the Carr Scholarship Foundation; refer to agenda for each respective committee meeting.
Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue, Lubbock, Texas

II. Meeting of the Board—Call to Order; convene into Open Session of the Board.....Chairman Long

III. Executive Session: The Board may convene into Executive Session, in the Masked Rider Room (Room 220), Second Floor, Student Union Building, 15th Street and Akron Avenue, to consider matters permissible under Chapter 551 of the *Texas Government Code*, including, for example:Chairman Long

- 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

IV. Open Session: The Board will reconvene in Open Session 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 Anders

V. RecessChairman Long

Meeting of the Board
Friday, August 8, 2014

Time: 8:30 am

Place: Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron Avenue, Lubbock, Texas

Agenda

VI. Meeting of the Board—Call to Order; reconvene into Open Session of the Board.....Chairman Long

VII. Introductions and Recognitions.....Chancellor Duncan,
President May
President Nellis,
President Mitchell, and
President Lange

A. Recess (if necessary, for standing committees to meet; otherwise continue in Open Session (VIII.))

B. Meeting of Standing Committees (if not concluded on Thursday)

C. Meeting of the Board—Call to Order; reconvene into Open Session of the Board
Location: Matador Room (Room 227), Second Floor, Student Union Building, 15th and Akron Avenues

VIII. 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 May 15-16, 2014 and June 12, 2014.....Chairman Long

B. Committee of the Whole..... Vice Chairman Anders

Page
CW

1. ASU, TTU, TTUHSC, TTUHSC at El Paso, TTUSA, and TTUS: Approve Consent Agenda; acknowledge review of Information Agenda..... 7

Consent Agenda

- a. TTU: Approve transfer of the Department of Communication Studies in the College of Arts and Sciences to the College of Media and Communication (ACS)
- b. TTUHSC: Approve title correction (ACS)
- c. TTU: Approve renaming of the Psychology building (F)
- d. TTU: Approve Permanent Right of Access and Use of Texas Tech University land to the City of Lubbock (F)
- e. TTU: Approve Permanent Right of Access and Use of Texas Tech University land to the Atmos Energy (F)
- f. TTU: Approve commissioning of police officers (FA)
- g. TTUS: Approve appointment of members to the Board of Directors of Texas Tech Foundation, Inc (FA)
- h. ASU, TTUS, TTUSA, TTU, TTUHSC and TTUHSC at El Paso: Approve delegation of signature authority (FA)

Information Agenda

Information is provided as required by Section 01.02.6.b(2)(c), *Regents' Rules*

- (1) ASU, TTU and TTUHSC: Summary of Revenues and Expenditures by Budget Category, FY 2014, per Section 01.02.8.d(3)(f), *Regents' Rules*: All actual expenditures will be reviewed by the Finance and Administration Committee annually and provided as information.
- (2) TTUHSC: Contract Renewals per Section 07.12.4.b., *Regents' Rules*: "Approval of the President is required for all component institution contract renewals or amendments. A list of those renewal contracts in excess of \$500,000 per annum, including the amount of the contract, will be provided to the board as an information item at the next board meeting."

- (3) ASU and TTU: Contracts for the services of a consultant with an initial consideration of \$25,000 or less per Section 07.12.2d(2)(b), *Regents' Rules*: "A report of the contract shall be provided as an information Agenda item at the next board meeting."
- (4) TTU and TTUHSC at El Paso: Emergency approval of contract as provided by Section 07.12.2.h, *Regents' Rules*: "Unless prohibited by law and upon recommendation of the chancellor, when an emergency or exigent circumstances exist and it is not feasible or practical to convene a quorum of the board within the time in which action is needed, approval may be given for a contract by verbal approval of the chair or of the chair of the Finance and Administration Committee. Contracts approved in this manner shall be presented to the board as an information item at the next board meeting."

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

- A. Report of the Academic, Clinical and Student Affairs Committee..... Regent Neal
- B. Report of the Audit Committee..... Regent Francis
- C. Report of the Facilities CommitteeRegent Montford
- D. Report of the Finance and Administration Committee.....Regent Steinmetz

X. 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:
 - October 10, 2014, Lubbock
 - December 11-12, 2014, Lubbock
 - February 26-27, 2015, San Angelo
 - May 14-15, 2015, Lubbock
 - August 6-7, 2015, Lubbock
 - December 10-11, 2015, Lubbock Ben Lock
- B. The Chancellor's Report Chancellor Duncan
- C. The President's Report, ASU President May

- D. The President’s Report, TTU President Nellis
- E. The President’s Report, TTUHSC President Mitchell
- F. The President’s Report, TTUHSC at El Paso..... President Lange

XI. Executive Session: The Board may convene into Executive Session, in the Masked Rider Room (Room 220), Second Floor, Student Union Building, 15th Street and Akron Avenue, to consider matters permissible under Chapter 551 of the *Texas Government Code*, including, for example: Chairman Long

- 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

XII. Open Session: The Board will convene into Open Session in the Matador Room (Room 227), Second Floor, Student Union Building, 15th Street and Akron 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 Anders
- B. Chairman’s Announcements.....Chairman Long

XIII. AdjournmentChairman Long

1. **ASU, TTU, TTUHSC, TTUHSC at 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 August 7-8, 2014; 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

August 7-8, 2014

BOARD OF REGENTS

Mr. Mickey L. Long, Chair
Mr. Larry K. Anders, Vice Chair
Mr. John D. Esparza
Mr. L. Frederick "Rick" Francis
Mr. Tim Lancaster
Mrs. Debbie Montford
Mrs. Nancy Neal
Mr. Coby Ray, Student-Regent
Mr. John D. Steinmetz
Mr. John B. Walker

Standing Committees:

Academic, Clinical and Student Affairs:
Nancy Neal (Chair), Tim Lancaster, Debbie Montford, Coby Ray

Audit:
Rick Francis (Chair), Nancy Neal, John Steinmetz

Facilities:
Debbie Montford (Chair), John Esparza, John Walker

Finance and Administration:
John Steinmetz (Chair), Rick Francis, John Walker

**TEXAS TECH UNIVERSITY SYSTEM
BOARD OF REGENTS**

August 7-8, 2014

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INFORMATION AGENDA

(Titles only; full agenda is on page 14)
Information is provided as required by
Section 01.02.6.b(2)(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 and TTUHSC: Summary of Revenues and Expenditures by Budget Category, FY 2014, per Section 01.02.8.d(3)(f), *Regents' Rules*:** All actual expenditures will be reviewed by the Finance and Administration Committee annually and provided as information.
- (2) **TTUHSC: Contract Renewals per Section 07.12.4.b., *Regents' Rules*:** "Approval of the President is required for all component institution contract renewals or amendments. A list of those renewal contracts in excess of \$500,000 per annum, including the amount of the contract, will be provided to the board as an information item at the next board meeting."
- (3) **ASU and TTU: Contracts for the services of a consultant with an initial consideration of \$25,000 or less per Section 07.12.2d(2)(b), *Regents' Rules*:** "A report of the contract shall be provided as an information Agenda item at the next board meeting."
- (4) **TTU and TTUHSC at El Paso: Emergency approval of contract as provided by Section 07.12.2.h, *Regents' Rules*:** "Unless prohibited by law and upon recommendation of the chancellor, when an emergency or exigent circumstances exist and it is not feasible or practical to convene a quorum of the board within the time in which action is needed, approval may be given for a contract by verbal approval of the chair or of the chair of the Finance and Administration Committee. Contracts approved in this manner shall be presented to the board as an information item at the next board meeting."

a. **TTU: Approve transfer of the Department of Communication Studies in the College of Arts and Sciences to the College of Media and Communication.**

Board approval required by: Section 04.11.1, *Regents' Rules*

The request is to approve the transfer of the Department of Communication Studies in the College of Arts and Sciences to the College of Media and Communication and authorize the Office of the Provost and the Senior Vice President to communicate this change to the Texas Higher Education Coordinating Board and the Southern Association of Colleges and Schools Commission on Colleges for their records. 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 Department of Communication Studies emanates from one of the first fields of study at Texas Tech – public speaking. For several decades known as the Department of Speech Communication, the Department of Communication Studies has always been a unit of the College of Arts and Sciences, recognizing its roots in the liberal studies of rhetoric and public address, and later the more social science oriented areas of interpersonal, cultural, and organizational communication. Recent developments in technology and society have begun to blur the lines of distinction between these traditional liberal arts aspects of communication and the subfields of mass communication, which have historically been focused on journalism, broadcasting, and public relations and advertising. Increasingly, faculty in Communication Studies are considering communication technologies, such as social media, in their courses and research, and faculty in Mass Communication are looking at the interpersonal, cultural, and organizational aspects of mediated communication. Accordingly, a common model at more universities is for all of these various aspects of the study of communication to be housed in one college or school. The advantages of such an arrangement are to have the faculty and students in more expedient proximity organizationally as well as physically, finding efficiencies in curriculum, recruiting, advising, and teaching. Other efficiencies may be seen in faculty research and engagement collaborations, providing teams to collaborate with faculty in other colleges and interdisciplinary programs across campus.

The Department of Communication Studies will remain a separate unit and become the fourth department in the College of Media and Communication (the other three departments are Advertising, Electronic Media and Communication, and Public Relations) and will continue to offer a bachelor's degree and a master's degree. Future consideration may be given to how the master's degree might be incorporated into the master's degree in Mass Communication. Also, faculty in Communication Studies will be eligible to contribute as committee members and chairs for students in the mass communication Ph.D. degree and may attract even

more students to the doctoral program. Ultimately, the doctoral degree may be modified into a more comprehensive Ph.D. in Communication.

This administrative change is expected to better meet the needs of undergraduate and graduate students who will have more direct and ongoing access to a greater breadth of Communication faculty. This strengthens the students' opportunities for internships, research activities, graduate committees, employment, and graduate or professional studies elsewhere.

The existing program budget for Communication Studies will be transferred directly to the College of Media and Communication, so this change requires no additional costs, nor does it require additional faculty or new facilities. In fact, the Department of Communication Studies has shared a building with Media and Communication, for many years. The loss of roughly 100 undergraduate majors and 20 masters majors in Communication Studies from the College of Arts and Sciences will be recovered in the growth of other programs in that college. The numbers of majors represent a more sizeable proportional increase to the College of Media and Communication.

b. TTUHSC: Approve title correction.

Board approval required by: Section 04.0.2, *Regents' Rules*

The request is to correct Dr. Teddy Jones' title **from** Professor Emerita and Founding Dean, University Professor **to** Professor Emerita and Founding Dean, University Distinguished Professor. This request has been approved by the dean of the School of Nursing, the Texas Tech University Health Sciences' president and the chancellor and is recommended to the Board of Regents for approval.

BACKGROUND INFORMATION

The title of professor emerita and founding dean, university professor was approved by the Board of Regents during its February 2000 meeting. The word "Distinguished" in Dr. Jones' university professor title was inadvertently omitted in the item. Approval of this request will correct the error.

c. TTU: Approve renaming of the Psychology building.

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

The request is to authorize the president to rename the former Psychology building the "Psychological Sciences" building for utilization of the newly-approved department name change by the Texas Higher Education Coordinating Board ("THECB"). This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents.

BACKGROUND INFORMATION

On May 14, 2014 the THECB notified Texas Tech University of its acknowledgement of the change in the name of the Department of Psychology to the Department of Psychological Sciences.

The change from Department of Psychology to Department of Psychological Sciences will highlight the research programs conducted and help attract the strongest faculty and students in the future. It will also foster a change in the way the department is perceived nationally; which will support TTU's push toward Tier One status. It is important to note that the department had eight (8) new faculty members join the department in the Fall 2013. Some of those hires were affiliated with the Texas Tech Neuroimaging Institute and have strong scientific credentials in MRI and neuroscience research. It is also important to note that the department currently produces over 100 published articles per year in scientific journals and books.

Several top universities across the nation have already made this change (e.g., Dartmouth, Missouri, Vanderbilt, and Purdue). These changes reflect the desire to enhance the perception of psychology as a science as well as reflect the ongoing integration of behavioral and brain research. It is clear at this point that the name Department of Psychology presents an inadequate picture of what goes on in many departments, including our own and this change will be good for TTU and the State of Texas. In fact, the name, as it stands now, does not indicate where research in the field is heading. Nationally, as well as here at TTU, there are a growing number of faculty who use neuroimaging techniques and the department is in discussion with other departments and colleges to create a cross-disciplinary program in neuroscience.

Section 08.05.1, *Regents' Rules*, require that the Board of Regents approve the naming of Texas Tech buildings and facilities.

d. TTU: Approve Permanent Right of Access and Use of Texas Tech University land to the City of Lubbock.

Board approval required by: Section 07.12.2.e, *Regents' Rules*

The request is to authorize the president to grant a permanent right of access and use by the City of Lubbock of (i) a 0.00459 acres (200 SF) Tract of Texas Tech University ("TTU") land; and (ii) a 0.0258 acres (1,124 SF) Tract of TTU land—this agreement will allow for the installation and maintenance of municipal water distribution improvements that will serve the new Texas Tech University Research & Technology Park – Phase I project; and (iii) authorize the Office of Facilities Planning and Construction to review and coordinate the project. This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents.

BACKGROUND INFORMATION

In February 2013, the Board of Regents approved a project to construct the Texas Tech University Research & Technology Park – Phase I. In order to provide water service to the new development the City of Lubbock will provide the infrastructure and tie into the city's existing 12" water line along the south side of 4th Street and tie into the service line at the southwest corner of the intersection of 4th Street and Quaker Avenue to complete the service loop..

The City of Lubbock will pay all costs associated with the engineering, construction and maintenance of the proposed connector. Final engineering plans of the proposed connector will be provided to Texas Tech for review, approval and coordination. The City of Lubbock will coordinate installation of the water line along 4th Street with the Texas Department of Transportation ("TxDOT"), Lubbock District Office. Additionally, the City will be required to return the property to an acceptable state.

Section 07.12.2.e, 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' Rule*.

e. **TTU: Approve Permanent Right of Access and Use of Texas Tech University land to the Atmos Energy.**

Board approval required by: Section 07.12.2.d, *Regents' Rules*

The request is to authorize the president to grant a permanent right of access and use to Atmos Energy Corporation, a Texas Corporation, for approximately 0.31 acres (13,400 SF) of Texas Tech University ("TTU") land. This right of use will allow for the installation and maintenance of a new natural gas line and meter to serve the new Bayer CropScience – Seeds Innovation Center / Trait Development facility. This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents.

BACKGROUND INFORMATION

On October 11, 2013, the Board of Regents approved a project to renovate the University College building and construct a Trait Development facility for lease by Bayer CropScience. This request allows Atmos Energy to tie into the International Cultural Center's existing natural gas service line and extend a new pipeline and meter to a location near the Trait Development building's service drive entry gates.

Atmos Energy Corporation will pay all costs associated with planning and maintaining this proposed connector and any related work; the university will share in the cost of construction. Final architectural and engineering plans of the proposed connector will be provided to TTUS for review and approval. Additionally, Atmos Energy Corporation will be required to return the property to an acceptable state.

Section 07.12.2, 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*.

f. TTU: Approve commissioning of police officers.

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

The request is to commission the following individuals as police officers, effective on 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.

Jesus Cobos, effective June 1, 2014
Brent Weaver, effective June 1, 2014

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.

g. TTUS: Approve appointment of members to the Board of Directors of Texas Tech Foundation, Inc.

Board approval required by: MOU between the Texas Tech University System and the Texas Tech Foundation, Inc.

The request is to approve the appointment of the individuals as listed below to the Board of Directors of Texas Tech Foundation, Inc. This request has been approved administratively by the president and the chancellor and is recommended for approval by the Board of Regents:

1st Term Expiring August 31, 2018

Chris Huckabee, Fort Worth
Thomas Mathiasmeier, Katy
Tom Stacy, Austin
Dory Wiley, Dallas

2nd Term Expiring August 31, 2018

Tony Austin, Dallas
Paula Key, Lubbock

BACKGROUND INFORMATION

This is an annual procedure whereby members of the Board of Directors of Texas Tech Foundation, Inc. are appointed to serve four-year terms. On June 27, 2014, the Membership and Development Committee of the Board of Directors of Texas Tech Foundation, Inc. recommended these individuals for appointment to the Board of Directors to serve a four-year term, beginning September 1, 2014 and ending August 31, 2018.

According to the MOU between the Texas Tech University System and the Texas Tech Foundation, Inc., "The members of the Foundation Board are appointed by and serve at the will of the University System Board of Regents."

**h. ASU, TTUS, TTUSA, TTU, TTUHSC and TTUHSC at El Paso:
Approve delegation of signature authority.**

Board approval required by: Section 2103.061, *Texas Government Code*; Title 34, Section 5.61, *Texas Administrative Code*; and Section 09.02.3, *Regents' Rules*, which requires the annual delegation of signature authority to appropriate officers and employees each fiscal year.

The request, in accordance with Texas Government Code, Sec. 2103.061, is to approve the following signature authority. This request has been approved administratively by the chancellor and respective component presidents, and is recommended for approval by the Board of Regents.

- (1) To authorize the chancellor to designate officers and employees of the System and its components, to approve all employee travel, except to countries outside the United States other than United States possessions, Canada, and Mexico, provided that such travel contributes to the mission of the System and its components, and is in accordance with current travel regulations. The authorization is effective September 1, 2014 through August 31, 2015, or until such time as the designated officers or employees are separated from the System or its components, or are assigned other responsibilities, whichever comes first.
- (2) To authorize the chancellor to designate officers and employees of the System and its components, to approve official travel reimbursement from State appropriations and all other funds for all officers and employees, provided that the purpose of the travel and reimbursement for such are in accordance with state travel regulations, other statutory requirements, or other action promulgated by this board. This authorization is effective September 1, 2014 through August 31, 2015, or until such time as the designated officers or employees are separated from the System or its components, or are assigned other responsibilities, whichever comes first.
- (3) To authorize the chancellor to designate officers and employees of the System and its components, to approve and pay all accounts covering expenditures for state-appropriated funds and all other System or components-controlled funds. This authorization is effective September 1, 2014 through August 31, 2015, or until such time as the designated officers or employees are separated from the System or its components, or are assigned other responsibilities, whichever comes first.
- (4) To authorize and approve the sale, purchase, and transfer of stocks, bonds, and other securities which are owned or controlled by the System and to approve contracts with investment managers funded

with assets owned or controlled by the System, provided such action is approved by any two of the individuals listed below. This authorization is effective September 1, 2014 through August 31, 2015, or until such time as the designated officers or employees are separated from the System or its components, or are assigned other responsibilities, whichever comes first:

Jim Brunjes, Vice Chancellor and CFO
Timothy Barrett, Associate Vice Chancellor and CIO
James Perry, Assistant Vice Chancellor and Assistant CIO
Brian King, Assistant Vice Chancellor and Investments Officer
for Private Markets
Eric Fisher, Assistant Vice Chancellor - Treasury Services
Chris Gailey, Operations Manager
Maleia Torres, Senior Analyst - Treasury Services

Officers and employees who may sign, or countersign, for ASU include:

Angie Wright, Associate Vice President for Finance and
Administration
Denise Brodnax, Controller

- (5) To authorize the signature and/or countersignature of checks drawn on all depository accounts of the System or its components in any depository bank. This authorization is effective from September 1, 2014 through August 31, 2015, or until such time as the designated officers or employees are separated from the System or its components, or are assigned other responsibilities, whichever comes first. Any manually signed check shall be reviewed and signed by two authorized signers, and any mechanically signed check of \$25,000 or more shall be reviewed by any authorized signer.

Officers and employees who may sign, or countersign, for TTU include:

Jim Brunjes, Vice Chancellor and CFO
Noel A. Sloan, Chief Financial Officer and Vice President for
Administration & Finance
Sharon Williamson, Assistant Vice President for Financial &
Managerial Reporting Services
Grace Hernandez, Chief of Staff and Associate Vice President
for Administration
Simone Barnhill, Managing Director, Office of Research
Accounting
Crista McCune, Managing Director, Budget Planning and
Financial Services
Jennifer Adling, Managing Director, Procurement Services

Officers and employees who may sign, or countersign, for TTUHSC include:

Tedd Mitchell, M.D., President
Jim Brunjes, Vice Chancellor and CFO
Elmo M. Cavin, Executive Vice President for Finance and Administration
Michael Crowder, Associate Vice President for Business Affairs
Carole Wardroup, Director of Finance System Management
Celeste Kulinski, Director of Payment Services
Melody Miller, Director of Accounting Services
Rebecca Aguilar, Associate Director of Accounting Services
Suzanne Dean, Associate Director of Accounting Services

Officers and employees who may sign, or countersign, for TTUHSC El Paso include:

Jim Brunjes, Vice Chancellor and CFO
Frank Stout, Associate Dean and Assistant Vice President for Finance and Administration
Martha Piekarski, Director of Accounting Services and Business Affairs
Jessica Fisher, Managing Director of Business Affairs
Annette Hinojos, Senior Director of Payment Services

Officers and employees who may sign, or countersign, for ASU include:

Jim Brunjes, Vice Chancellor and CFO
Angie Wright, Interim Vice President for Finance and Administration
Denise Brodnax, Controller
Janet Coleman, Director of Accounting
Candy Woodul, Accounts Payable Manager

- (6) To authorize the transfer of funds, by wire or other electronic means, from System or component depositories. This authorization is effective from September 1, 2014 through August 31, 2015, or until such time as the designated officers or employees are separated from the System or its components, or are assigned other responsibilities, whichever comes first.

Wire transfers shall be approved by any two authorized signers listed below for TTU:

Jim Brunjes, Vice Chancellor and CFO
Eric Fisher, Assistant Vice Chancellor - Treasury Services
Maleia Torres, Senior Analyst - Treasury Services
Tim Barnes, Senior Analyst - Treasury Services
Cynthia Jobe, Executive Associate - Treasury Services
Noel A. Sloan, Chief Financial Officer and Vice President for
Administration & Finance
Sharon Williamson, Assistant Vice President for Financial &
Managerial Reporting
Grace Hernandez, Chief of Staff and Associate Vice President
for Administration
Simone Barnhill, Managing Director, Office of Research
Accounting
Crista McCune, Managing Director, Budget Planning and
Financial Services

Wire transfers shall be approved by any two authorized signers listed below for TTUHSC:

Tedd Mitchell, M.D., President
Jim Brunjes, Vice Chancellor and CFO
Eric Fisher, Assistant Vice Chancellor - Treasury Services
Maleia Torres, Senior Analyst - Treasury Services
Tim Barnes, Senior Analyst - Treasury Services
Cynthia Jobe, Executive Associate - Treasury Services
Elmo M. Cavin, Executive Vice President for Finance &
Administration
Michael Crowder, Associate Vice President for Business
Affairs
Carole Wardroup, Director of Finance System
Management
Celeste Kulinski, Director of Payment Services
Melody Miller, Director of Accounting Services
Rebecca Aguilar, Associate Director of Accounting
Services
Suzanne Dean, Associate Director of Accounting
Services

Wire transfers shall be approved by any two authorized signers listed below for TTUHSC El Paso:

Jim Brunjes, Vice Chancellor and CFO
Eric Fisher, Assistant Vice Chancellor - Treasury Services
Maleia Torres, Senior Analyst - Treasury Services

Tim Barnes, Senior Analyst - Treasury Services
Cynthia Jobe, Executive Associate - Treasury Services
Frank Stout, Associate Dean and Assistant Vice President for
Finance and Administration
Martha Piekarski, Director of Accounting Services and Business
Affairs
Jessica Fisher, Managing Director of Business Affairs
Annette Hinojos, Senior Director of Payment Services

Wire transfers shall be approved by any two authorized signers listed
below for ASU:

Jim Brunjes, Vice Chancellor and CFO
Eric Fisher, Assistant Vice Chancellor - Treasury Services
Maleia Torres, Senior Analyst - Treasury Services
Tim Barnes, Senior Analyst - Treasury Services
Cynthia Jobe, Executive Associate - Treasury Services
Angie Wright, Associate Vice President for Finance and
Administration
Denise Brodnax, Controller
Janet Coleman, Director of Accounting
Candy Woodul, Accounts Payable Manager

BACKGROUND INFORMATION

Section 2103.061, *Texas Government Code*; Title 34, Section 5.61, *Texas Administrative Code*; and Section 09.02.3, *Regents' Rules* require the annual delegation of signature authority to appropriate officers and employees each fiscal year.

CONTENTS OF THE INFORMATION AGENDA

Section 01.02.6.b(2)(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.

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- (1) **ASU, TTU and TTUHSC: Summary of Revenues and Expenditures by Budget Category, FY 2014, per Section 01.02.8.d(3)(f), *Regents' Rules*:** All actual expenditures will be reviewed by the Finance and Administration Committee annually and provided as information.

- (a) ASU: Report dated May 31, 2014 for fiscal year 2014 (available for review upon request);
- (b) TTU: Report dated May 31, 2014 for fiscal year 2014 (available for review upon request); and
- (c) TTUHSC: Report dated May 31, 2014 for fiscal year 2014 (available for review upon request).

- (2) **TTUHSC: Contract Renewals per Section 07.12.4.b., *Regents' Rules*:** "Approval of the President is required for all component institution contract renewals or amendments. A list of those renewal contracts in excess of \$500,000 per annum, including the amount of the contract, will be provided to the board as an information item at the next board meeting."

- (a) 12217-1; Hendrick Medical Center; "Amended and Restated Development Agreement (School of Nursing)" to comply with New Market Tax Credit; \$12,635,072.00.
- (b) 13781-B; University Medical Center - UMC Lubbock; amendment "Agreement for Professional Services, Hospitalist Program" with no change in funding; \$1,082,000.00.
- (c) 13440-1G; Discovery Medical Network Inc; amendment to "Services Agreement" 1115 Waiver, Assigned Location = Lubbock County Hospital District dba "UMC" with no change in funding; \$23,075,212.00.
- (d) 92177-8Z; Covenant Health System; "Amendment to Affiliation Agreement" to extend resident & program director funding 07/01/2014 to 06/30/2015; \$2,189,451.00.

- (3) **ASU and TTU: Contracts for the services of a consultant with an initial consideration of \$25,000 or less per Section 07.12.2d(2)(b), *Regents' Rules*:** "A report of the contract shall be provided as an information Agenda item at the next board meeting."

ASU:

Dr. Brian Van Brunt; \$13,000. Responsible Administrator: Audrey Wilson, Director of Student Services; Selection Process: Audrey attended a two-day training session at TTU with Dr. Van Brunt presenting. Dr. Van Brunt is also the author of the book, "A Faculty Guide to Addressing Disruptive and Dangerous Behavior." Dr. Van Brunt is

past president of ACCA and president elect of NaBITA and current president of SCOPE. Purpose: Present information on addressing classroom disruptions and offer individual consultations to attendees. Deliverables: Present information on addressing classroom disruptions and offer individual consultations to attendees. Term of Contract: 08/16/2014 and 08/18/2014.

TTU:

Gary Goble, Managing Consultant for Management Applications Consulting, Inc., to advise the Office of General Counsel regarding electrical service rates and costs. Mr. Goble has extensive experience in utility regulation and rate structures as well as providing testimony before regulatory agencies. General Counsel estimates a cost not to exceed \$20,000.00.

- (4) **TTU and TTUHSC at El Paso: Emergency approval of contract as provided by Section 07.12.2.h, Regents' Rules:** "Unless prohibited by law and upon recommendation of the chancellor, when an emergency or exigent circumstances exist and it is not feasible or practical to convene a quorum of the board within the time in which action is needed, approval may be given for a contract by verbal approval of the chair or of the chair of the Finance and Administration Committee. Contracts approved in this manner shall be presented to the board as an information item at the next board meeting."

TTU:

- a) David Carter and Gerard Dizinno; \$22,500 plus reasonable travel expenses per consultant. **Responsible Administrator:** Catherine Parsonault. **Selection Process:** The two consultants selected would qualify as sole providers. Dr. Carter served on the Executive Leadership Team of the Southern Association of Colleges and Schools Commission on Colleges ("SACSCOC") from 1988 to 2010 and during that time played a key role in designing accreditation standards; as Vice President of SACSCOC from 2005 to 2008, he advised over 300 undergraduate and graduate institutions on a wide range of leadership and management issues pertaining to accreditation. Dr. Dizinno has previously been contracted by Texas Tech University ("Texas Tech") to assist and advise the academic and administrative leadership responsible for compliance with SACSCOC standards related to Institutional Effectiveness. **Purpose:** Assist in the preparation for submission of Texas Tech's reports to SACSCOC. **Deliverables:** The consultants (1) received draft responses (narratives and documentation) from Texas Tech in a tiered manner throughout June and July, 2014 and provided feedback and suggested changes to the draft responses; (2) will prepare and conduct QEP workshops; (3) will provide feedback and guidance on the focused reports to be sent to the SACSCOC committee on or by a mutually agreed upon date to be determined; and (4) will provide feedback and guidance on the reports resulting from the SACSCOC committee on-site visit planned to occur in February 2015, on or by a mutually agreed upon date. **Term of Contracts:** Contracts with Dr. Carter and Dr. Dizinno were effective June 4, 2014 and June 5, 2014, respectively; the term of each contract will end after the expected deliverables have been received by Texas Tech.

TTUHSC at El Paso:

- (a) A4111-0; Emergency approval was obtained for a contract with EmCare Anesthesia Services. The final contract was with Texas Anesthesia Specialists PA which is affiliated with EmCare Anesthesia Services. The "Professional Services Agreement" is for TTUHSC to provide licensed physicians and CRNAs for anesthesiology coverage at Providence Memorial Hospital, Sierra Medical

Center and Sierra Providence East Medical Center; Texas Anesthesia
Specialists PA in the amount of \$2,237,949.

ATTACHMENTS

ATTACHMENT

1

TTUHSC OP Tenure and Promotion Policy with proposed amendments



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

HSC OP: 60.01, **Tenure and Promotion Policy**

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to provide TTUHSC tenure and promotion guidelines within the HSC OP manual, as required by Section 04.02, *Regents' Rules*.

REVIEW: ~~This HSC OP will be reviewed concurrently with and in the same manner as the review required by Section 01.07, *Regents' Rules*, provided, however, that this policy may only be revised with formal approval of the Board of Regents.~~ This HSC OP will be reviewed by April 1 of even-numbered years by the deans and Executive Vice President for Academic Affairs, with recommendations for revision forwarded to the president by May 1. Any changes in this HSC OP must be approved by the Board of Regents ("board").

POLICY/PROCEDURE:

1. General Considerations.

- a. **Required contribution by faculty.** TTUHSC is a community of scholars dedicated to teaching and to the advancement of scientific knowledge through scholarship. An essential component of academic endeavor provided by faculty members who have clinical skills is participation in clinical service. Faculty members may also serve the academic community through participation in institutional governance, ~~(e.g., committee work,~~) in addition to other activities. Some TTUHSC faculty members also make important contributions to the community in the form of their academically related public service complementary to the institutional mission. All of these contributions by faculty members will be recognized as essential to the mission of TTUHSC.
- b. **Competence and objectivity.** ~~A position as a F~~faculty members ~~s~~ at TTUHSC ~~have~~implies correlative responsibilities. In addition to maintaining standards of competence, particularly those relating to scholarship and teaching ability, faculty members are also responsible for maintaining objectivity and industry and cooperating ~~in~~ ~~relations~~ with colleagues and associates in the university.
- c. **Subject to adjustments.** With approval of the dean, faculty members are subject to adjustments to salary, administrative positions, employment duties, and campus location~~[MK1].~~
- d. **Non-discrimination.** All tenure and/or promotion considerations and recommendations rest upon objective requirements in relationship to the ability of faculty members to perform effectively their responsibilities in teaching, scholarship, clinical service, and~~[MK2]~~ academically-related or other public service. Such considerations and recommendations are to be made without regard to race, color, religion, sex, national origin, age, disability, genetic information, status as a covered veteran, or any other legally protected category, class, or characteristic, which, otherwise, do not preclude performance of requisite faculty responsibilities.

2. Academic Freedom.

- a. **Open expression.** Achievement of the teaching, research, patient care and service missions of TTUHSC depends upon an uninhibited search for truth and its open expression. Hence, it is essential that ~~each~~ faculty members be free to pursue scholarly inquiry without undue restriction, and to voice and publish individual conclusions concerning the significance of evidence that ~~they he or she~~ considers relevant.
- b. **Content of teaching material.** A TTUHSC faculty members ~~is are~~ entitled to ~~full~~ freedom in the classroom in discussing the subject which ~~they he or she~~ teaches, but should refrain from introducing controversial matters which ~~have no relation bear no relationship~~ to the classroom subject. ~~Each faculty member W~~ when speaking, writing or acting as a citizen of the nation, state ~~and or~~ community, faculty members must be free from institutional censorship or discipline, and should make it clear that in this capacity ~~they he or she does~~ not speak for TTUHSC. ~~A F~~ faculty members are subject to academic responsibility as noted below in this policy.

3. Academic Responsibility.

- a. **Information provided by faculty.** Faculty candidates agree to provide complete, accurate and current information on all applications for employment and credentialing as deemed necessary by TTUHSC. Prior to commencement of employment and as a condition of continued employment with TTUHSC, faculty members shall, at a minimum, obtain and maintain all the requisite licenses/ certifications required by the state of Texas and other such governmental and professional boards having authority over them and practice privileges where applicable. Failure to comply with these requirements may result in suspension without pay and/or termination.
- a-b. **Responsibility of faculty.** The concept of academic freedom for faculty members is accompanied by an equally important concept of academic responsibility. ~~A f~~ Faculty members ~~has~~ have a responsibility to TTUHSC, ~~his or her~~ their profession, students, and society at large. The rights of ~~a~~ faculty members as extended by society and protected by written policies and the law, require ~~the~~ reciprocally the assumption of certain responsibilities. The fundamental responsibilities of ~~a~~ faculty members as ~~a~~ teachers, scholars and/or clinicians include maintaining competence in ~~his or her~~ their field of specialization as exhibited in the classroom, ~~the~~ clinic or laboratory, and in the public arena by such activities as discussions, lectures, consulting, publications, and participation in professional organizations and meetings.
- b-c. **Protection of statements.** Statements by ~~a~~ faculty members are protected even though they may be critical in tone or content. However, such statements are not protected by free speech if ~~they~~ they substantially impede ~~the~~ the faculty member's' performance of ~~his or her~~ their duties; materially and substantially interfere with the regular operation of TTUHSC; or are part of a continuing pattern of expression that may destroy the harmony and morale of an academic unit. False statements made publicly with knowledge of their falsity, or in reckless disregard for the truth, are not subject to constitutional protection. Such action may call into question the fitness of ~~the~~ the faculty members to perform ~~his or her~~ their professional duties.
- e-d. **Conduct in the classroom.** ~~A faculty member should be judicious in the use of controversial material in teaching and should introduce such material only as it has a clear~~ relationship to the subject matter. A F faculty members should: ~~be~~ be professional in ~~their~~ their ~~his or her~~ his or her conduct in the classroom and in relationships with students; ~~maintain~~ maintain respect for students and students' rights in the learning experience; and be reasonably available to students for consultation ~~on~~ concerning course work.

4. Tenure Perspectives.

- a. **Concept of tenure.** Academic tenure has been developed so that TTUHSC may have the benefit of the competent and honest judgment of its faculty. ~~It thus-Tenure~~ recognizes the professional status of ~~its faculty-~~ faculty members and assures that employment may be terminated only for cause ~~or as noted below~~. The burden of proof rests upon TTUHSC when it elects to dismiss ~~a~~ tenured faculty memberss.
- b. **Purposes of tenure.** The purposes of tenure are: to protect the academic freedom of the faculty member; to ensure faithful observance of the requirements of academic due process; and to retain, encourage, and promote the ablest and most promising faculty members. This policy defines the types of appointments that may lead to tenure and specifies procedures for granting tenure.
- c. **Award of tenure.** Tenure may be awarded at certain ranks only after a period of probationary service. ~~Awarding of tenure by TTUHSC will be based upon~~ TTUHSC may award tenure based on excellence of performance in the following areas relevant to faculty members' disciplines:
 - (1) teaching;
 - (2) scholarship (includes appropriate research pursuits);
 - (3) clinical service; and
 - (4) academically-related or other public service.

Tenure at TTUHSC is awarded only by affirmative-formal action ~~of~~by the board.
- d. **Ranks eligible for tenure.** Members of the faculty with the rank of associate professor and professor ~~only-alone~~ are eligible for tenure. Tenure does not apply to administrative appointments.

5. Non-tenure Track Appointments.

- a. **Term appointment.** ~~A Non-tenure track term (non-tenured) appointments (0.5 to 1 FTE) are written-~~ for a specific period of employmenttime. ~~All-f~~Faculty appointees in non-tenured positions shall be given a statement in writing of the conditions and period of their employmentappointment. Term appointments may be renewed. However, reappointment ~~of any such position~~ shall not create the right to a subsequent term appointment. Time served by persons in non-tenure track series cannot be used as time accrued toward tenure. Each school may select titles from the following non-tenure track appointment positions:
 - (1) **Non-tenure track appointments.** Non-tenure track appointments apply to ~~The following appointments may be used for full-time~~ non-tenure track faculty members who are, at the least, halftime, and ~~to~~for individuals with the appropriate professional credentials, as determined by TTUHSC, who are full-time employees of institutions holding formal affiliation agreements with TTUHSC as follows:
 - (a) assistant instructor;
 - (b) instructor;
 - (c) assistant professor;
 - (d) associate professor; or
 - (e) professor.

(2) **Faculty associate appointments.** Faculty associate non-tenure track titles may be used for persons who are employees of TTUHSC and who function in teaching, research, or clinical support roles.

(3) **Research appointments.** The following non-tenure track appointments are for faculty members engaged primarily in research, with incidental teaching and/or patient care responsibilities:

(a) research instructor;

(b) research assistant professor;

(c) research associate professor; or

(d) research professor.

b. **Other term appointments with qualifying conditions.** Non-tenure track term appointments with qualifying conditions are written for a specific period of time. Faculty appointees in non-tenured positions with qualifying conditions shall be given a statement in writing of the conditions and period of their appointment. Term appointments with qualifying conditions may be renewed. However, reappointment to any such position shall not create the right to a subsequent term appointment. Each school may select titles from the following non-tenure track appointment positions:

(1) **Clinical appointments.** The following non-tenure track appointments are reserved for appointees with less than half-time appointments (less than 0.5 FTE), i.e., less than half-time commitment to, and less than half-time compensation from, TTUHSC:

(a) clinical lecturer;

(b) clinical instructor;

(c) clinical assistant professor;

(d) clinical associate professor; or

(e) clinical professor.

Sections 10 and 12 herein do not apply to clinical appointments.

(2) **Non-clinical appointments.** The following non-tenure track appointments are reserved for appointees with less than half-time appointments (less than 0.5 FTE), i.e., less than half-time commitment to, and less than half-time compensation from, TTUHSC:

(a) lecturer;

(b) instructor;

(c) assistant professor;

(d) associate professor; or

(e) professor.

Sections 10 and 12 herein do not apply to non-clinical appointments.

~~(3) **Research appointments.** The following non-tenure track appointments are for full-time faculty members engaged primarily in research with incidental teaching and/or patient care responsibilities:~~

~~research instructor of (title of discipline);~~

~~research assistant professor of (title of discipline);~~

~~research associate professor of (title of discipline); or~~

~~_____ (d) research professor of (title of discipline).~~

~~(2)(3) **Adjunct appointments.** The term “adjunct” may be used in conjunction with any appropriate non-tenure track titles including joint appointments to indicate that the appointees are regularly engaged as an employees of another institution or agency. The following “adjunct” series also may be used for TTUHSC faculty employees who may be engaged in part-time or full-time teaching and/or patient care activities in a duly authorized TTUHSC program and whose compensation is not derived from TTUHSC state-appropriated faculty budgets:~~

~~(a) adjunct instructor;~~

~~(b) adjunct assistant professor;~~

~~(c) adjunct associate professor; or~~

~~(d) adjunct professor.~~

~~Adjunct Sections 10 and 12 herein do not apply to adjunct appointments.~~

~~(3)(4) **Visiting appointments.** The following non-tenure track appointments are reserved for distinguished individuals who meet the criteria for appointment in senior academic ranks. Visiting appointments may be part- or full-time, but are not continuing unless approved by the dean:~~

~~(a) visiting associate professor, or~~

~~(b) visiting professor.~~

~~Sections 10 and 12 herein do not apply to visiting appointments.~~

~~(6) **Faculty associate.** The faculty associate non-tenure track title may be used for persons who are employees of TTUHSC and who function in an academic support role (e.g., librarians).~~

c. **Conditions of Non-reappointment in non-tenure series of appointments.** Faculty appointments in the non-tenure track series shall be reviewed annually by the respective department chairs and the deans. Although a reason for the decision not to reappoint is not required, a decision not to reappoint cannot be based on considerations violative of academic freedom or other legally impermissible reasons. TTUHSC will be compliant in following its established standards or prescribed procedures. A written notice of non-reappointment will be issued by the dean to full-time faculty ~~excluding, adjunct and visiting~~ no less than four months prior to August 31 of each year.

Notice of non-reappointment to clinical, non-clinical, adjunct, and visiting faculty may be issued at any time.

d. **Notice of non-reappointment following five years of service.** After a period of five years of service in the full-time non-tenure track at the assistant professor, associate professor, or professor level, a written notice of reappointment or non-reappointment will be issued by the dean no less than 12 months prior to the date of separation.

Notice of non-reappointment to clinical, non-clinical, adjunct, and visiting faculty may be issued at any time.

e. Transition within non-tenure track appointments.

~~After a period of five years of service in the full-time non-tenure track at the assistant professor, associate professor, or professor level, a written notice of reappointment or non-reappointment will be issued by the Dean, no less than one year prior to August 31 of each year.~~

(1) Non-tenured faculty members are subject to adjustments to salary, administrative positions, employment duties, and campus location.

~~(1)(2)~~ After a period of five years of service in the non-tenure track at the assistant professor level or three years at the associate professor or professor level, extended appointments not to exceed five years may be offered upon recommendation by department chair and approval of the dean.

~~(2) Although a reason for a decision of non-reappointment is not required, a decision not to reappoint cannot be caused by considerations violative of academic freedom or constitutionally impermissible reasons. Each faculty member is entitled to review all of his or her personnel files and to obtain a copy of the information contained therein at his or her expense. The appeal process for an alleged violation of academic freedom or constitutionally guaranteed rights in the non-reappointment process is set out in Section 10.b of this policy.~~

(3) The transition from the non-tenure track series to the tenure track series, (or vice versa,) may be allowed/permitted following review and by mutual agreements by of the faculty members, the respective department chairs, and the deans. Absent extraordinary circumstances which are approved by the deans, only one transfer between tracks will be allowed/permitted.

(4) Non-tenure track faculty may be eligible for promotion in accordance with requirements and procedures provided for in the respective schools' tenure and promotion guidelines.

~~(3)(5)~~

~~(4) A faculty member in a non-tenure appointment may be terminated for cause only during the term of the appointment as set out in Sections 11. and 12. of this policy.~~

~~**Promotion of non-tenure track faculty.** Non-tenure track faculty may be eligible for promotion, in accordance with requirements and procedures provided for in each respective school's tenure and promotion operational guidelines.~~

f. Conditions of non-reappointment and dismissal.

(1) Faculty members are entitled to review their personnel files and to obtain a copy of the information contained therein at their expense. The non-reappointment appeal process for an alleged violation of academic freedom, other legally impermissible reasons, or TTUHSC's non-compliance in following its established standards or prescribed procedures is set out in Section 10.b of this policy.

(2) Faculty members holding non-tenure appointments may be dismissed for cause

as set out in Sections 11 and 12 of this policy.

6. **Tenure and Tenure Track Appointments.**

- a. **Time served.** Time served on the tenure track in the assistant professor, associate professor and professor ranks shall count as probationary time toward the award of tenure. (See ~~also~~ Section 7. of this policy.) Tenure may be awarded only at the associate professor and professor ranks.
- b. **Tenure track appointments.** The following tenure track appointments are for full-time faculty members.
 - (1) assistant professor;
 - (2) associate professor; or
 - (3) professor.
- c. **Tenured appointment.** A tenured appointment assures the right of ~~the~~ faculty members to a continuing academic position of employment. ~~The T~~tenured faculty members ~~are~~is subject to ~~possible~~ adjustments ~~to salary regarding salary~~, administrative positions, employment duties, and campus location.
- d. ~~**Probationary appointment.** Probationary appointees serve in a faculty status leading to the possible awarding of tenure. A probationary appointee is reappointed after appropriate review^[MK4] each academic year unless given appropriate written notice (as noted in Section 10.a of this policy). Such appointees are subject to possible adjustment duties, and campus location.~~
- e. **Academic appointment.** ~~Only persons with full-time appointments are eligible for tenure.~~ Tenure applies only to full-time faculty members including those ~~full-time~~ faculty members with nine month appointments. Although tenure does not apply to administrative positions, faculty members holding administrative positions may be tenured in their respective academic units.
- f. ~~**Continuous full-time appointment**~~**Leave of absence.** Tenure applies to continuous full-time appointment in the academic units which have the authority to initiate tenure recommendations. The following rules govern the effect of a leave of absence upon the maximum probationary period:
 - (1) Lleave for four months or less during an academic year shall be included in the maximum probationary period.; ~~and~~
 - (2) Continuous leave for more than four months shall cause that entire academic year to be excluded from the maximum probationary period unless ~~that~~ faculty members ~~are~~was on faculty development leave a sabbatical, or the equivalent of an approved fellowship, performing scholarly activities.
- g. **Joint appointment.**
 - (1) ~~A~~Faculty members ~~whose efforts constitute a~~ holds a 50/50 percent ~~of effort~~ joint appointment in two TTUHSC academic units may be awarded tenure in the joint position. If one of the units refuses to recommend tenure upon expiration of the probationary period and issues timely written notice, tenure shall not be awarded, unless ~~the~~ faculty members ~~is~~ are given full-time employment in the academic unit that elects to recommend tenure.

(2) Faculty members whose efforts do not constitute a In a joint appointment other than 50/50 percent of effort, tenure appointment in two TTUHSC academic mayunits may be awarded tenure only in the unit where an appointment greater than 50 percent is held. That unit then must be prepared to absorb the remainder of the faculty member's appointment if the faculty member relinquishes, or is asked to relinquish, the part of the appointment that is less than 50 percent.

h. **Restructuring of Academic Units.** If a department or other academic unit is merged or otherwise reorganized, ~~the~~ tenured faculty members in the affected academic unit affected shall not lose his or hertheir tenure appointment(s) solely because of such reorganization.

7. Probationary period.

a. **Probationary appointment.** Probationary appointees serve in a faculty status leading to the possible award of tenure. Probationary appointees are reappointed after appropriate review each academic year unless otherwise given written notice. (See Section 10.a of this policy.) Such appointees are subject to adjustments to salary, administrative positions employment duties, and campus location.

a.b. **Maximum probationary period.** The maximum probationary period for admission to tenure~~tenure consideration~~ is the same for all tenure-eligible ranks. Before the end of the seven-year probationary period ~~at TTUHSC~~, an untenured non-tenured assistant professors, associate professors, or professors must be notified in writing either that tenure has been awarded or that the appointment will not be renewed at the end of the eighth year.

b.c. **Early tenure.** Requests for early action-tenure consideration may be appropriate if a faculty member's accomplishments are exceptional. Each school will establish criteria for awarding tenure before the end of the maximum probationary period.

ed. **Previous service.** Previous full-time service with-at the rank of assistant professor, associate professor, or higher professor, or comparable status in institutions of higher learning, may be counted-applied toward the awarding of tenure. The dean's letter of appointment shall state whether, and to what extent, time served at another institution will be applied to the probationary period.

de. **Tenure with appointment.** The president, at the request of ~~the-a~~ dean, may recommend that the board award appointment with tenure² to accommodate the recruitment of senior faculty who have been granted tenure by universities or institutions of higher learning that are at levels comparable to TTUHSC, or whose qualification merit tenure with appointment. The qualifications of candidates for appointment with tenure will be reviewed in accordance with school tenure and promotion policies, standards and guidelines, as well as Section 9- of this policy.

ef. **Extenuating circumstances** .Occasionally, faculty members may will experience extenuatingextraordinary circumstances during their appointment that resultresulting in the need to interrupt the probationary period, so that~~Consequently~~, the number of years considered as part of the probationary period-areperiod may not be consecutive. Staying of the probationary period will not jeopardize or adversely affect ~~the~~ faculty members in the tenure review. Guidelines for requests to stay the probationary period are provided in Section 8- of this policy.

fg. **Computing date of service.** Computing years of credit toward tenure.In computing probationary periods for tenure, the effective date of each appointment shall be September 1 of the calendar year in which the appointment is made. A common tenure anniversary date of August 31 for all tenure-eligible academic appointments shall apply. (See Section 6.f- of this policy, for computing periods of leave without pay.)

8. **Extension of tenure track probationary period.**

- a. **Adjustment of probationary period.** ~~A TTUHSC F~~faculty members may request an extension of ~~his or her~~ their maximum probationary period in order to accommodate ~~the~~ those faculty ~~member~~ faced with ~~extraordinary~~ extenuating circumstances. This period of time is ~~expressly~~ not a leave of absence, but rather is a defined period during which expectations for faculty performance are adjusted to reflect ~~a~~ faculty member's past or current circumstances. The expectations and responsibilities during this period will be defined in writing by the respective department chairs and approved by ~~the~~ deans.
- b. **Extension of probationary period.** The maximum extension that may be granted to a faculty members is three years, regardless of the combination of circumstances. ~~A~~ Ffaculty members who ~~are~~ is granted an extension of the probationary period will be ~~judged and~~ evaluated on the same basis and by the same standards as though there had been no extension.
- (1) **Parenting a new child.** ~~An untenured, T~~tenure-track faculty members who becomes the parent of ~~a~~ children by birth or adoption during the probationary period for tenure may request a one-~~year~~ extension of ~~his or her~~ their maximum probationary period to provide time to adjust to the demands of parenting newborn or adopted children. An application for a second consecutive extension may be submitted, but must be approved by the dean, prior to completion of the first extension.
- ~~(2) **Requests for extension.** Requests for extension of the probationary period must be submitted as soon as possible after the birth or adoption. If both parents are employed in an eligible position at TTUHSC, each of them may request an extension of the probationary period for each birth or adoption that adds a child or children to their family.~~
- (~~2~~3) **Other extenuating ~~raordinary~~ circumstances.** When faced with ~~extenuating~~ raordinary circumstances, ~~an untenured,~~ an untenured, ~~tenure-track~~ tenure-track faculty members may request an extension of up to three years of the maximum probationary period for reasons beyond the faculty member's control that deprive ~~him or her~~ them of reasonable opportunity to demonstrate ~~their~~ his or her ability and potential as ~~a~~ faculty members. Examples of ~~extenuating~~ raordinary circumstances include, but are not limited to, care for seriously ill children or family members, physical disaster affecting research materials, and exceptional institutional responsibilities.
- (~~3~~4) **Procedure for requesting an extension.** Individual schools will develop criteria for consideration of requests for extension of the maximum probationary period. School procedural guidelines will require, at a minimum, that such requests be submitted in writing through the department chair to the dean for approval.

9. **Tenure and promotion decision process.**

- a. **Criteria and standards.** The criteria and areas of performance to be considered in the tenure and promotion decision processes ~~are~~ may consist of teaching, scholarship, clinical service, and academically-related or other public service. Individual schools will develop standards of ~~performance~~ excellence in each of these areas. These standards should also describe the relative importance of each performance category, along with the related criteria for award of tenure or receipt of promotion.
- b. **Guidelines.** Individual schools will develop and publish written policies that translate tenure and promotion standards into guidelines that are appropriate to their disciplines. It shall be the responsibility of the deans to assure appropriate faculty participation in the

development of these standards and guidelines, to approve school tenure and promotion policies, and to monitor their application. Deans shall review these guidelines periodically and consider appropriate recommendations from the faculty, according to the bylaws of each school.

- c. **Information regarding criteria, standards, and guidelines.** It is the ~~joint~~ responsibility of the ~~respective~~ department chairs, ~~and~~ deans, ~~and faculty member~~ to ensure that ~~he or she~~ ~~all faculty members are~~ provided ~~in writing~~ the written tenure and promotion criteria, standards, and guidelines of the school and the department in which appointment has been made.
- d. **Procedure for review of qualifications for tenure and promotion.** Primary responsibility for evaluation of the academic qualifications of candidates for tenure and /or promotion rests with the faculty.
- (1) Where applicable, six sequential steps in the tenure and/or promotion review process are as follows:
 - (a) peer review by tenured faculty members in the department for consideration of tenure;
 - (b) peer review by faculty members of higher academic rank in the department for consideration of promotion;
 - (c) review by the department chair;
 - (d) review by the school's committee charged with tenure and promotion;
 - (e) review by the dean; and
 - (f) review by the president.
 - (2) In conducting reviews at the department level, all tenured faculty shall have an opportunity to vote on a tenure recommendation. Likewise, in conducting reviews at the department level, all faculty of higher academic rank shall have an opportunity to vote on a promotion recommendation. However, no faculty member currently or previously related by blood or marriage may participate in the tenure and/or promotion evaluation process of any such relative. The department chair is responsible for making an independent tenure or promotion recommendation in writing to the dean. The summary of the vote by appropriate faculty of the department (or of any special review committee) is to be forwarded with the department chair's recommendation to the school tenure and promotion committee, along with appropriate documentation in the tenure or promotion dossier.
 - (3) Each school within TTUHSC will have a committee responsible for tenure and promotion, the composition of which will be outlined in the school's respective bylaws. The school tenure and promotion committee will review recommendations for tenure and/or promotion in terms of department and school standards. Each school's tenure and promotion committee will forward its recommendations to the dean, who will be responsible for reviewing and recommending appropriate action on all tenure and/or promotion recommendations emanating from the school. These recommendations, with accompanying documentation in the tenure and/or promotion dossier, will be forwarded to the president. The final recommendations on tenure and/or promotion will then be made by the president and forwarded to the board.

~~A~~ Faculty members may be granted-awarded tenure and/or promotion only by formal action of the board.

a. ~~**Discrimination.** All tenure and/or promotion considerations and recommendations rest upon objective requirements in relationship to the ability of the faculty member to perform effectively his or her responsibilities in teaching, scholarship, clinical service, and [MK5] academically-related public service. Such considerations and recommendations are to be made without regard to race, religion, sex, age, national origin, marital status, physical disabilities, or other protected class which do not obstruct professional performance.~~

10. **Non-reappointment of faculty** ~~on tenure-track probationary appointment.~~

a. **Notice of non-reappointment of tenure track faculty.** ~~Although a reason for the decision not to reappoint tenure-track probationary faculty is not required, a decision not to reappoint cannot be based on considerations violative of academic freedom or other legally impermissible reasons. TTUHSC will be compliant in following its established standards or prescribed procedures.~~ Except under conditions relating to the dismissal of faculty noted in Section 11-, ~~deans shall give written notice of notice of non-reappointment of non-tenured faculty members on tenure track probationary appointments shall be given in writing by the dean~~ in accordance with the following schedule. For computing the period of employment, the effective date of each appointment shall be September 1 of the calendar year in which the appointment is made.

- (1) at least ~~three-four~~ months before the end of ~~two years the first 12 months~~ of service;
- ~~(2) at least six months before the end of the first 24 months of service; or [MK6]~~
- (3) at least nine months for those with more than ~~two years 24 months~~ of service.

Notwithstanding the above provisions, notice of non-reappointment may be given ~~with the commencement of the current appointment at any time prior to the notice deadline.~~

b. **Appeal of non-reappointment for non-tenured faculty (non-tenure track and tenure track).** TTUHSC is not required to give ~~any~~ non-tenured faculty members a reason for ~~thea~~ decision ~~to not reappoint non-reappointment.~~ However, ~~each faculty members are entitled to review their personnel files and to obtain a copy of the information contained therein at their expense. faculty member is entitled to review all of his or her personnel file and, at his or her expense to obtain a copy of the information contained therein.~~

If ~~a~~ non-tenured faculty members alleges that ~~thea~~ decision not to reappoint ~~him or her~~ them is caused by considerations violative of academic freedom, ~~a legally impermissible reasons for constitutionally impermissible reasons,~~ or for significant noncompliance with TTUHSC's established standards or prescribed procedures, the allegation shall be given consideration in accordance with the following procedures:

- (1) ~~The F~~ faculty members shall submit in writing, and with specificity, allegation(s) of improper non-reappointment, as outlined above, and request a hearing within ~~twenty-fifteen (1520)~~ TTUHSC business days of receipt of the notice of non-reappointment. ~~The F~~ faculty members shall submit the allegations and request for hearing to the dean, the department chair, and the chair of the School Hearing Committee.
- (2) A hearing will be ~~conducted~~ initiated by the School Hearing Committee as soon as possible after receipt of written, specific allegations. The hearing will be conducted in accordance with guidelines and procedures provided in Section 12.i-k of this policy. Under these procedural guidelines, the ~~panel of the~~ School Hearing Committee will select a chair and may request *pro bono* legal counsel or legal counsel from the Office of General Counsel. ~~The I~~ legal counsel may advise

the ~~School Hearing Committee~~ hearing panel but may not vote. The faculty member shall have the right to appear in person with legal counsel retained by the individual. Failure on the part of the faculty member to use an attorney or other representative at the hearing shall not preclude the hearing panel ~~School Hearing Committee~~ from using legal counsel or other assistance from the Office of General Counsel. An audio recording of the proceedings shall be made and delivered to the dean, and a copy of the audio recording will be made available to the faculty member. The record will be transcribed only on the request of either the faculty member or the dean and at the expense of the requesting party.

- (3) The faculty member shall have the burden of proving to the hearing panel ~~School Hearing Committee~~ facts that establish the non-reappointment was improper, as outlined in ~~10.b.~~, above. The procedure shall be investigatory and non-adversarial in nature.
- (4) Within ten (10) TTUHSC business days of conclusion of the hearing, the chair of the hearing panel ~~School Hearing Committee~~ shall deliver the findings, recommendations, and minority opinions, if any, to the dean.
- (5) Upon receipt of the hearing panel's ~~School Hearing Committee's~~ findings and recommendations, and within ten (10) TTUHSC business days thereof, the dean shall ~~submit~~ submit these documents ~~same,~~ along with his or her findings and recommendations, to the president and to the faculty member. ~~within ten (10) TTUHSC business days.~~
- (6) The president shall review the findings and recommendations and within ten (10) TTUHSC business days of receipt of the dean's recommendation make a decision. The president's decision will be stated in writing and communicated to the dean and the faculty member ~~within ten (10) TTUHSC business days of receipt of the dean's recommendation.~~ The decision of the president shall be final.

11. **Grounds for dismissal of tenured ~~faculty~~ and ~~termination of non-tenured faculty during their appointment.~~**

- a. **Dismissal ~~and Termination.~~** Dismissal of ~~a tenured faculty member and termination of~~ all ~~other~~ faculty members before the expiration of the stated period of their appointment, ~~(except by resignation or retirement,)~~ will be for cause only.
- b. **Cause for dismissal ~~or termination of appointment.~~** Examples of cause for dismissal ~~or termination~~ of appointment of ~~a~~ faculty members include, but shall not be limited to, the following:
 - (1) professional incompetence;
 - (2) neglect of professional responsibilities;
 - (3) moral turpitude adversely affecting the performance of duties or the meeting of responsibilities to the school, or to students or associates;
 - (4) mental or physical disability of a continuing nature adversely affecting the performance of duties or the meeting of responsibilities to the school, or to students or associates that cannot be reasonably accommodated; ~~and~~
 - (5) unprofessional conduct adversely affecting the performance of duties or the meeting of responsibilities to the school, or to students or associates.

(6) failure to pass comprehensive performance evaluation (See HSC OP 60.03 Comprehensive Performance Evaluation of Tenured Faculty).

12. **Procedures in dismissal ~~or termination of appointment~~ cases.** Due process as set forth in this policy statement embodies a course of proceedings in line with rules and principles generally recognized in the academic community. Among these is the right of a tenured faculty member, and a non-tenured faculty member during the term of his or her appointment, to request and be granted a hearing before a panel of the School Hearing Committee, when notice of cause and request for dismissal ~~or termination of appointment~~ has been received by the faculty member and the dean.

In each case, the procedure for dismissal ~~or termination of appointment~~ will be determined by an equitable procedure, affording protection to the rights of the individual and to the interests of TTUHSC.

- a. **Written notice.** A faculty member shall not be dismissed until he or she has received written notice of the cause for dismissal ~~or termination of appointment~~ and, except as specified below, only after a reasonable opportunity for a hearing, which shall meet the established procedures of due process as set forth herein and in which the school shall bear the burden of showing cause for dismissal ~~or termination of appointment~~.
- b. **Salary and duties.** The faculty member will receive his or her salary until conclusion of the dismissal ~~or termination~~ procedures and may continue the performance of his or her duties for that period unless the individual's welfare or that of the school, in the opinion of the dean, requires that a leave of absence be issued. A faculty member's salary ~~and~~ benefits, ~~and duties~~ may be discontinued, on written recommendation of the dean and approval by the president, in cases of job abandonment, loss of professional license/certification to practice, loss of clinical credentials, or similar instances where the faculty member, either by choice or as the result of official actions, becomes prohibited from fulfilling the conditions of his or her employment.
- c. **Resignation.** In cases where the respondent faculty member admits his or her conduct constitutes cause, or does not choose to have a hearing, he or she may ~~resign~~ offer in writing his or her resignation.
- d. **Lapse of deadline.** Failure to appeal the dismissal ~~or termination of appointment~~, or to submit one's resignation, within twenty-five (2015) TTUHSC business days of receipt of written notice as set forth above, will relieve TTUHSC of any further obligation to pay a faculty member's salary and benefits, effective immediately, and completes the dismissal ~~or termination of appointment~~ process. The dean shall notify the faculty member in writing of this action.
- e. **School Hearing Committee and Hearing Panel.** The School Hearing Committee shall be charged with initiating a hearing in ~~hearing~~ cases of dismissal of tenured faculty or ~~termination of~~ non-tenured faculty during their term of appointment. The composition and method of selecting a School Hearing Committee panel ~~on of said committees~~ will be set forth in the faculty bylaws of each school.
- f. **Mediation.** Before the filing of formal dismissal ~~or termination~~ charges by the dean, a reasonable effort shall be made to mediate and conciliate differences, where appropriate. Upon written notification by the dean of a request for dismissal ~~or termination~~, and within fifteen (15) TTUHSC business days, ~~the chair of the School Hearing Committee shall appoint a mediation team within fifteen (15) TTUHSC business days~~ comprised of two faculty members, neither of whom serves in the same department as the faculty member

recommended for dismissal ~~or termination~~, who are not on the School Hearing Committee, and who are acceptable to both parties. If no mediators are found acceptable within fifteen (15) TTUHSC business days, mediation will be deemed not feasible, and the matter will be referred back to the dean. In this case, the dean will determine whether formal charges should issue to dismiss ~~or terminate~~ the faculty member for cause.

If a mediation team is acceptable, it shall attempt to reach a mutually acceptable resolution between the dean and faculty member in a thorough, confidential, equitable, and expeditious manner. ~~The mediation team shall~~ report the outcome of the mediation to the president within fifteen (15) TTUHSC business days of the first day of the mediation. If conciliation is not achieved, the dean shall determine whether formal charges should issue to dismiss ~~or terminate~~ the faculty member for cause.

- g. **Formal dismissal charges.** In all cases where formal dismissal ~~or termination~~ charges issue, the faculty member will be informed in writing of the charges. The charges will be considered by the panel of the School Hearing Committee unless the faculty member ~~offers his or her resignation~~ resigns, as set out in Section 12.c. of this policy, or the faculty member fails to cooperate in advancing the appeal, per Section 12.d. of this policy.
- h. **Right to hearing.** Upon receipt of formal dismissal ~~or termination~~ charges, the faculty member shall also be notified in writing of his or her right to a hearing and shall be given ~~twenty-five~~ (2015) TTUHSC business days from the date of receipt of such notice to submit to the dean and the chair of the School Hearing Committee a request for a hearing before the panel of the School Hearing Committee, ~~to the dean and the chair of the School Hearing Committee~~. Upon receipt of the request, the chair of the School Hearing Committee, ~~as set out in each school's bylaws to will take the necessary measures to address~~ begin consideration of the formal charges as soon as possible.
- i. **Hearing panel.** The panel of the School Hearing Committee will select a chair and may, if it chooses, request *pro bono* legal counsel from the Office of General Counsel. ~~The~~ Legal counsel will advise the School Hearing Committee, but may not vote. If the panel of the School Hearing Committee retains *pro bono* legal counsel from outside the Office of the General Counsel, ~~it the School Hearing Committee~~ may consult with the Office of General Counsel regarding technical questions not directly bearing on the merits of the case, ~~if the committee considers such consultation appropriate and helpful~~.
- j. **Representatives at hearing.** In ~~every a~~ dismissal ~~or termination~~ hearing, the faculty member shall have the right to appear in person with legal counsel retained by the individual, or ~~other~~ representative of his or her choice, and to confront and cross-examine witnesses. The faculty member shall have the right to testify, but may not be required to do so, and may introduce in his or her behalf all evidence, written or oral, which he or she considers to be relevant or material to the case. TTUHSC shall also have the right to legal counsel from the Office of General Counsel in the preparation and presentation of charges and have the same rights in the hearing as those accorded ~~to~~ the faculty member. Failure on the part of the faculty member to utilize an attorney or other representative at the hearing shall not preclude the panel of the School Hearing Committee from utilizing *pro bono* legal counsel or other assistance from the Office of General Counsel.
- k. **Procedural aspects.** The parties shall make any objections, substantive or procedural, deemed relevant during the course of the hearing, although neither the Texas Rules of Civil Procedure nor the Texas Rules of Evidence shall apply to the hearing.
- l. **Recording.** An audio recording of the proceedings shall be made and delivered by the dean to the president of TTUHSC, and a copy of ~~the~~ is audio recording shall be made available to the faculty member. The record will be transcribed only on the request of either the faculty member or the president at the expense of the requesting party.
- m. **Findings of hearing panel.** The nature of the hearing or review of the formal dismissal

~~or termination~~ charges shall be investigatory and non-adversarial. The panel of the School Hearing Committee, by majority of its membership, shall make written findings on the material facts on each charge and make specific recommendations with regard to each of the charges, as well as general recommendations concerning dismissal ~~or termination~~. The panel of the School Hearing Committee, by majority of its membership, may make any supplementary suggestions it deems proper concerning disposition of the case. If minority findings, recommendations, or suggestions are made, they shall be similarly treated.

- n. **Dean's review.** The chair of the panel of the School Hearing Committee shall deliver the written findings, recommendations, and suggestions to the dean within seven (7) TTUHSC business days of the hearing. The dean shall review the committee's findings and recommendations and, within seven (7) TTUHSC business days, shall transmit them along with his or her own recommendations to the president ~~of TTUHSC~~.
- o. **President's review in dismissal of non-tenured faculty.** In the case of ~~dismissal a termination of appointment~~ of a non-tenured faculty member, the president shall review the School Hearing Committee's findings and recommendations and the dean's recommendations and make a decision. The president's decision will be stated in writing and communicated to the faculty member and the dean within ten (10) TTUHSC business days of receipt of the recommendations of the School Hearing Committee and the dean. The decision of the president shall be final.
- p. **President's review in dismissal of tenured faculty.** In the case of a dismissal of a tenured faculty member, the president shall transmit the findings and recommendations of the panel of the School Hearing Committee and the dean's recommendations, along with his or her recommendations, to the faculty member, dean and to the board for its consideration. The board, by a majority of its total membership, shall take final action. The decision of the board will be stated in writing and communicated to the president, who will communicate it to the dean. The president shall also notify the faculty member in writing of the board's decision. The decision of the board shall be final. Once the board acts to dismiss, ~~payment of salary and benefits~~ shall cease, unless such ~~salary~~ has been discontinued previously for any reason referenced hereinabove.
- q. **President's right to extend time periods or intervene.** The president ~~of TTUHSC~~ shall have the prerogative of extending any of the time periods specified above ~~if, in his or her opinion, it is when such is in his or her opinion~~ in the best interest of TTUHSC or the faculty member. ~~The president and~~ shall have the right to intervene, when, in his or her judgment, the proceedings are not progressing in a timely manner.
- r. **Suspension of faculty.** The procedures for dismissal ~~or termination of appointment~~ described in the foregoing paragraphs of this section do not negate the right of the president to suspend the faculty member from all or some duties, when the president reasonably believes ~~such it~~ to be in the best interest of the institution. The suspension with pay shall be without appeal and shall continue until such time as the suspended faculty member has been accorded the procedural rights described in ~~the foregoing paragraphs of~~ this section.

13. **Financial exigency, phasing out, or reorganization of programs.**

- a. **Financial exigency:** The board has sole authority to declare financial exigency. When faculty dismissals are contemplated on grounds of financial exigency, ~~program termination or reduction, or reorganization of academic units,~~ there should be timely notice as reasonably early as possible, ~~with affected faculty having an opportunity to address the matter with the dean. Recommendations from the faculty will be sought by the dean on alternatives available to the school to ensure continuation of a strong academic program and to minimize the losses sustained by affected students and faculty members.~~ In cases of ~~bona fide~~ financial exigency, ~~or the phasing out of programs requiring reduction of faculty,~~ the faculty members involved shall be given

opportunities for appointment in related areas of the school (or TTUHSC), provided they are qualified professionally to serve in such areas, and provided such positions are available.

b. Phasing out, or reorganization of programs: When faculty dismissals are contemplated on grounds of program termination or reduction, or reorganization of academic units, there should be timely notice as reasonably early as possible, with affected faculty having an opportunity to address the matter with the dean. Recommendations from the faculty will be sought by the dean regarding alternatives available to the school to ensure continuation of a strong academic program and to minimize the losses sustained by affected students and faculty members. In cases of the phasing out of programs requiring reduction in the number of faculty, the faculty members involved shall be given opportunities for appointment in related areas of the school or TTUHSC, provided they are qualified professionally to serve in such areas, and provided such positions are available.

14. **Implementation.**

- a. This policy, as amended, applies to all faculty members and is to be implemented immediately upon approval by the board. Faculty members in tenure track probationary status at the time of an amendment this approval will have the option of electing the tenure and promotion decision process of either the tenure policy that was in effect when they were appointed or that was in effect at the time of application for tenure. All faculty members are subject to all other provisions and procedures of this ~~revised~~ tenure policy, as amended, upon its approval by the board. Faculty members who have been awarded tenure at TTUHSC shall continue under this policy, as amended. This policy shall not be applied in derogation of any faculty member's contract rights. It is not the intent of this policy to operate in derogation of any substantive benefit earned by ~~a~~ tenured faculty members under a previous TTUHSC tenure policy.

ATTACHMENT

2

**TTUS Summary of substantive revisions proposed to
Chapter 09 – Investments and Endowments plus
Chapter 09 – Investment Endowments with proposed amendments**

Summary of substantive revisions proposed to: Chapter 09 – Investments and Endowments

Chapter Coordinator = Jim Brunjes

[rec'd by Rules Cmte on: 07-28-2014]

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

- Add a definition for the Treasurer. [\[see Sec. 09.00.05 on p. 1\]](#)
- 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."
[\[see Sec. 09.01.04 on p. 2\]](#)

Identify the responsibilities of the investment consultant and investment managers:

- The investment consultant will assist all the key stakeholders in developing policies. [\[see Sec. 09.01.2 on p. 1-2\]](#)
- The Treasurer now has a role in managing the investment managers. [\[see Sec. 09.01.5 on p. 3\]](#)

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. [\[see Sec. 09.02.3 on p. 5-6\]](#)

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. [\[see Sec. 09.02.7 on p. 8\]](#)

Eliminate an arcane report:

- Changes made to the Intermediate Pool eliminate the need to report on the weighted average maturity of investments. [\[see Sec. 09.02.7.a.2.e on p. 8\]](#)

Chapter 09 -- Investments and Endowments

Dates Approved or Amended:

-- Comprehensive review/amendments.....

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 "SITIF" means the Short/Intermediate Term Investment Fund.

09.00.4 "CIO" means the Chief Investment Officer of the TTU system.

09.00.5 "Treasurer" means the Assistant Vice Chancellor of Treasury & Cash Management 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 and consulting with these parties and advising 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.

09.01.2 Investment consultant. The investment consultant shall assist the board, ~~[the CIO and]~~ the IAC, and all 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 CIO or]~~ 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 ~~[SITIF and]~~ LTIF. 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, with reporting responsibilities and delegated authority as defined in the Investment Policy Statement for the Short/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 or SITIF, as applicable.
 - g. Meeting with the CIO and IAC [or Treasurer](#) at least annually or more frequently upon request [~~of the CIO or the IAC~~]; additionally, each investment manager shall report to the IAC, investment consultant, ~~and~~ CIO, [and/or Treasurer](#) as outlined in the specific SITIF and LTIF investment policy statements.
 - h. Acknowledging in writing to the CIO/[Treasurer](#) the investment manager's intention to comply with Section ~~[09.01.4]~~ [09.01.5](#), *Regents' Rules*, as it currently exists or as modified in the future.

~~[i. Acknowledging in writing to the CIO any changes in investment personnel.]~~

[This is too broad and should be up to the due diligence for each respective Fund.]

09.01.6 ~~[09.01.5]~~ Bank custodian(s). The board shall select one or more unaffiliated custodian bank(s) 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 Term Investment Fund.** The policies for the investment of funds for the SITIF shall be those outlined in the INVESTMENT POLICY STATEMENT FOR THE SHORT/INTERMEDIATE TERM INVESTMENT FUND.

09.02.1 Investment authority. The *Texas Education Code* provides that the TTU system shall invest all funds in accordance with the prudent person standard. The prudent person standard requires making investments that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

09.02.2 Investment concept. The SITIF shall employ a total return philosophy. Under such a concept, realized gains and losses will be recorded.

09.02.3 Authorized investment officers.

- a. The chief financial officer is the authorized investment officer. At each August meeting, the board will delegate its authority, as necessary, to authorize and approve the sale, purchase, and transfer of stocks, bonds, and other securities, or authorize investment agreements with approved investment managers, funded with assets that are owned or controlled by the TTU system as part of the SITIF, provided such action is approved by any two of the officers listed below:

[This new language mirrors a change that is being made to the delegation of signature authority, since most transactions now are hiring of managers.]

- (1) chief financial officer;
- (2) ~~[associate chief financial officer]~~ [Treasurer](#);
- (3) CIO; ~~[or]~~
- (4) chief fiscal officers of the component institutions; [or](#)
- (5) [designated investment staff](#).

- b. One of the following two officers must approve the sale of instruments contributed to the TTU system: vice chancellor for institutional advancement; or legal counsel for institutional advancement.

09.02.4 Potential conflicts of interest. An investment officer referenced in Section 09.02.3.a, *Regents' Rules*, is not permitted to have a personal business relationship with an entity seeking to sell an investment to the TTU system. An investment officer referenced in Section 09.02.3.a, *Regents' Rules*, who is related within the second degree of affinity or third degree of consanguinity (see the chart in Section 03.01.8, *Regents' Rules*) to an individual seeking to sell an investment to the TTU system shall file a statement disclosing that relationship. A statement required under this section of the policy statement must be filed with the board and the Texas Ethics Commission.

09.02.5 Securities dealer selection.

- a. The TTU system may rely on the information and advice of securities sales representatives concerning proposed investments, investment timing and pricing. It is essential that the TTU system have sufficient knowledge about the securities firms and personnel with whom they are doing business. Firms that are unwilling to provide complete and timely disclosure of their financial conditions will not be utilized.
- b. The following will be considered in the selection of securities firms:

- (1) The ability of the securities dealer to fulfill commitments as evidenced by capital strength, liquidity and operating results. This evidence shall be gathered from current financial data, annual reports, credit reports, and other sources of financial information. The securities dealer will exhibit a minimum capital requirement of \$50 million.
 - (2) The dealers' general reputation for financial stability and fair and honest dealings with customers.
 - (3) Information available from state or federal securities regulators and securities industry self-regulatory organizations, such as the National Association of Securities Dealers, concerning any formal enforcement actions against the dealer, its affiliates or associated personnel.
 - (4) A review of the background of the sales representative with whom business will be conducted in order to determine experience and expertise.
- c. A copy of Section 09.02.5, *Regents' Rules*, shall be provided to all securities dealers seeking to conduct securities transactions with the TTU system.
 - d. The TTU system shall make reasonable, good faith efforts to include woman-owned and minority-owned businesses in its investment process. For purposes of this policy, a minority-owned business is a business entity in which 51% of the ownership interests in the entity are held by one or more minority group members, and a woman-owned business is a business entity in which at least 51% of the ownership interests in the entity are held by one or more women.
- 09.02.6 Investment training. The officers identified in Section 09.02.3.a, *Regents' Rules*, shall attend at least one training session per year that addresses the responsibilities of the investment officers. The training should include education in investment controls, security risks, strategy risks, market risks, and compliance with certain state statutes and this policy statement. The chief financial officer shall be notified of the completion of the required training by the investment officers.

09.02.7 Internal management reports. Not less than quarterly, the chief financial officer shall prepare and submit to the chair, the chair of the Finance and Administration Committee, the chancellor, and the presidents of the component institutions a ~~written~~ report of the status of investments.

[Deletion of the requirement that the report be one that is "written" allows online submission of the reports. These reports also must be posted per the General Appropriations Act.]

a. The report shall:

- (1) describe the investment position of the SITIF; and
- (2) summarize the following:
 - (a) the beginning market value of the reporting period;
 - (b) additions and changes to the market value during the period;
 - (c) ending market value for the period;
 - (d) the book value and market value of investments at the beginning and the end of the reporting period by type of asset invested; and
 - (e) ~~the weighted average maturity of each asset type; and~~

[This is no longer applicable to the Intermediate pool.]

~~(f)~~ the compliance of the SITIF investments as they relate to this policy statement.

b. The chief financial officer shall, at the beginning of each fiscal year, present a report to the board of the investments of the TTU system during the preceding fiscal year. The report will summarize all investment activity for the year, including total investment income and annual investment rate of return.

- 09.03 **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.
- 09.04 **Proxy voting.**
- 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.
- 09.04.2 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.
- 09.05 **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.
- 09.06 **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.
- 09.07 **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 prin-

cipal 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.

09.07.1 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.

09.07.2 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.

09.07.3 Approval. All leases and other documents relating to leasing will be approved by the Finance and Administration Committee and by the board as a ratification item, and then be signed by the chancellor.

ATTACHMENT

3

**TTUS Summary of substantive revisions proposed to
Investment Policy Statement for the
Short/Intermediate Term Investment Fund
plus Investment Policy Statement,
Short/Intermediate Term Investment Fund
with proposed amendments**

Summary of substantive revisions proposed to:

**Investment Policy Statement for the
SHORT/INTERMEDIATE TERM INVESTMENT FUND**

Coordinator = Jim Brunjes

[rec'd by Rules Cmte on: 07-28-2014]

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." [\[see Sec. 9.1.b on p. 9\]](#)
- 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. [\[see Sec. 14 on p. 13\]](#)

Texas Tech University System

INVESTMENT POLICY STATEMENT

Short/Intermediate Term Investment Fund

Dates Approved or Amended:

- Initial adoption of policy statement.....02-26-2010
 - Comprehensive rewrite03-02-2012
 - Amendment to Sec. 5.212-13-2013
 - Comprehensive review/amendments
-

Section 1 Introduction.

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

All institutional funds not invested in the Long Term Investment Fund (“LTIF”) will be invested in accordance with this policy statement, excluding bond proceeds and certain gifted assets.

Section 2 Roles and Responsibilities.

- 2.1 **Board of Regents (the “Board”).** The Board will establish investment policies, return objectives, risk tolerance, broad asset allocation ranges, and monitor performance. In addition, the Board will hire consultants, as necessary, to advise on the management of these funds. Authority to manage the SITIF in accordance with this policy is granted 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 all operating funds 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 asset allocation targets within pre-approved ranges, select and terminate external investment managers, and execute security transactions. The CFO shall delegate certain responsibilities for cash management and investment transactions to the

~~[Associate]~~ Assistant Vice Chancellor ~~[and Chief Investment Officer]~~ of Treasury & Cash Management.

At his or her discretion, the CFO can establish an Operating Funds Investment Committee, comprised of financial officers from various system components. This committee will provide advice, guidance, and oversight for the management of operating funds.

- 2.3 **Operating Funds Investment Committee (“Committee”).** The ~~[Operating Funds Investment]~~ Committee will meet periodically to provide guidance and oversight regarding investment policy and strategic direction. Also, the ~~[committee]~~ Committee must approve staff recommendations on asset allocation, investment structure, and external investment manager selection and termination.

The CFO and the Associate Vice Chancellor and Chief Investment Officer will be permanent members of the ~~[Operating Funds Investment]~~ Committee. Other members will be appointed at the discretion of the CFO.

- 2.4 ~~[Associate]~~ Assistant Vice Chancellor ~~[and Chief Investment Officer (“CIO”)]~~ of Treasury & Cash Management (“Treasurer”). The ~~[CIO]~~ Treasurer, under the supervision of the CFO, is charged with implementing and administering this investment policy statement. The ~~[CIO]~~ Treasurer is responsible for day-to-day portfolio management activities, investment manager recommendations, and operating procedures. In addition, the ~~[CIO]~~ Treasurer shall be responsible for:

- a. Monitoring external and internal asset managers.
- b. Recommending new investment managers to the CFO and ~~[Operating Funds Investment]~~ Committee.
- c. Evaluating the effectiveness of policies, procedures, objectives and strategy, and proposing, when appropriate, modifications for recommendation to the ~~[Operating Funds Investment]~~ Committee and the Board.
- d. Providing quarterly reports to the Finance and Administration Committee of the Board.

- 2.5 **Investment Consultant.** The investment consultant’s primary responsibility is to provide independent information and advice to the Board, CFO, ~~[Operating Funds Investment]~~ Committee, ~~[CIO]~~ Treasurer, and staff. Within its broad scope of services, the consultant will focus on the following:

- a. Investment policy development [-];

- b. Strategic asset allocation studies [-];
 - c. External investment manager due diligence [-];
 - d. Monitor investment performance [-]; and
 - e. Performance measurement and reporting.
- 2.6 **External Investment Managers.** External investment managers will invest SITIF assets in accordance with established guidelines but will apply their own [judgments] judgment regarding security selection. External investment managers will be given full discretion, within established guidelines and policy limits, to select individual securities, and diversify their portfolios.

Section 3 Investment Objectives.

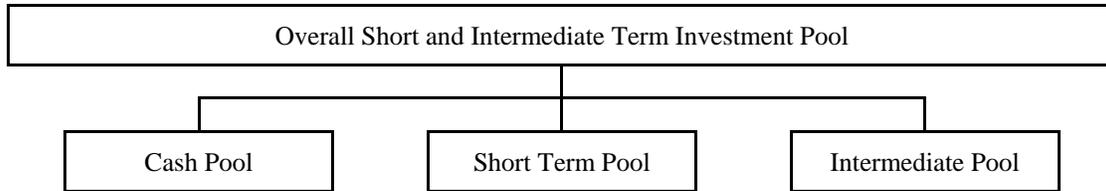
The investment of funds for the SITIF shall provide incremental return to assist in meeting the operating needs of the TTU system. The SITIF shall employ a total return philosophy. Under such a concept, realized gains and losses will be recorded.

3.1 Investment objectives of the SITIF.

- a. The investment of funds shall consider asset diversification, total return, suitability, and the experience, quality, and capability of investment personnel. It will 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; and
 - (2) Whether the investment decision was consistent with this written policy.

Section 4 Investment Structure.

SITIF assets will be segmented into three 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. Funds should be available on a daily basis. These funds will be invested primarily in high quality money market funds or other instruments widely considered as cash equivalents, such as collateralized bank deposits, local government investment pools, and fully collateralized repurchase agreements.
- 4.2 **Short Term Pool (Tier 2).** The short term pool is a contingency fund 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 above money market fund yields. These funds will be invested only in fixed income securities issued by the United States government, or its agencies and instrumentalities, or the highest quality commercial paper. Only securities with maturities ranging between overnight and three years are eligible.
- 4.3 **Intermediate Pool (Tier 3).** The intermediate pool is a longer-term reserve fund to cover the needs of the TTU system over a time horizon of five 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 either the cash pool or the short term pool and will be structured to generate a higher return over longer periods while remaining 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 intermediate pool may be invested in any asset classes approved by the CFO and ~~[Operating Funds Investment]~~ Committee.

The intermediate pool, 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 staff resources. However, given the need for greater liquidity, commingled funds with illiquid assets and lock-up periods longer than one year are inappropriate for this tier.

Section 5 Asset Allocation.

Asset allocation is the primary determinant of investment performance and, subject to the ranges specified herein, is the responsibility of the CFO, in consultation with the [Operating Funds Investment] Committee. Changes to the asset allocation 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 **Allocation of Assets by Pool.** The allocation of operating funds among the cash pool, short term pool, and intermediate pool is the responsibility of the CFO.
- 5.2 **Target Asset Allocation and Permissible Ranges.**

Table 1 – Asset Allocation by Pool

Segments	Target Allocation	Permissible Ranges
Cash Pool	10%	10% — 30%
Short Term Pool	40%	25% — 50%
Intermediate Pool	50%	30% — 70%

- 5.3 **Changes to Asset Allocation.** The Board will approve any changes to the permissible ranges for each segment. The CFO is responsible for determining the appropriate asset allocation within each pool.

Section 6 Rebalancing.

- 6.1 **Rebalancing.**
- a. It is the intent of the Board that the asset allocation for the SITIF [remain] remains within the permissible ranges and that the portfolio shall be rebalanced when the allocation deviates significantly from these ranges. Contributions to the SITIF should be applied to, and payments by the SITIF withdrawn from, asset classes in such a way so as to bring the asset allocation back toward its target ranges.
 - b. The minimum and maximum allocations should not be exceeded, except in unusual circumstances. Rebalancing may occur before these limits.

Section 7 Guidelines for Investments.

In today's rapidly changing and complex financial world, no list of types of categories of investments can provide continuously adequate guidance for achieving investment objectives. Any such list is likely to be too inflexible to be suitable for all market environments in which investment decisions must be made. Therefore, it is the process by which investment strategies and decisions are developed, analyzed, adopted, implemented, and monitored, and the overall manner in which investment risk is managed, which determines whether an appropriate standard of reasonableness, care, and prudence has been met for these 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 ~~[Operating Funds Investment]~~ Committee determine are appropriate, may also be held.

- 7.1 **Cash Pool.** The cash pool will be invested primarily in money market funds and other cash instruments:
- a. Any money market fund or mutual fund that is AAA rated, or its equivalent, by at least two nationally recognized rating services. All funds in this category must comply with the diversification, quality, liquidity, and maturity requirements of SEC regulation 2a-7 under the Investment Company Act of 1940.
 - b. 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 SITIF 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

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.

- c. The weighted average duration of the short term pool should be 24 months or less.

7.3 Intermediate Pool. The intermediate pool 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 intermediate pool will be invested through external managers and/or commingled funds approved by the ~~[Operating Funds Investment]~~ Committee.

The ~~[CIO]~~ [Treasurer](#) shall develop investment management guidelines for each external investment manager.

All major sectors of the capital markets, with the exception of private equity, should be considered eligible for inclusion in the intermediate pool to diversify and minimize overall risk. Such asset classes may include, but are not limited to, cash instruments, publicly traded equities (U.S. equity, Non-U.S. equity and Emerging Markets equity), U.S. fixed income, Non-U.S. fixed income, high yield, convertible debt, inflation-linked bonds, emerging market debt, publicly traded real estate securities and alternative investments (hedge funds and commodities).

The ~~[Operating Funds Investment]~~ Committee may select any asset class or investment category it believes is appropriate for the intermediate pool, subject to the return objectives, risk tolerance, and liquidity needs of the overall SITIF.

A report shall be provided each month to the Finance and Administration Committee of the Board of Regents. This report should provide information on actual asset allocation, asset allocation target, and manager performance.

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 SITIF policy statement. In these cases, the CFO and ~~[CIO]~~ [Treasurer](#) are authorized to review and approve the investment documents, and these guidelines supersede those of the TTU system.

Section 9 Performance Benchmarks.

A customized total portfolio benchmark will be designed by the investment consultant to measure the overall performance of the SITIF. This benchmark will blend the returns of the three benchmarks specified below, weighted according to the target allocation for each respective tier.

Table 2 – Asset Class Performance Benchmarks

Segments	Benchmark
Cash Pool	Barclays Capital 1-3 Month U.S. Treasury Bill Index
Short Term Pool	Barclays Capital 1-3 Year U.S. Treasury Bond Index
Intermediate Pool	Customized Benchmark

9.1 Return objectives.

- a. The total return goal for each category of investments is expected to match or exceed the performance of the appropriate benchmark index over a rolling three-year period.
- b. The performance of each investment manager will be evaluated against a comparable ~~[peer group]~~ index for its asset class and should ~~[rank above the median of that peer group]~~ outperform that index over a rolling three-year period. Managers underperforming over that period will be considered by the Committee for replacement.

[Finding a deep enough "peer group" may be tough in practice. Use of indices is more appropriate.]

Section 10 Reporting.

The ~~[CIO]~~ Treasurer will prepare quarterly investment reports, which will be submitted to the CFO, ~~[Operating Funds Investment]~~ Committee and the Finance and Administration Committee of the Board. The reports will summarize asset allocation, investment holdings, liquidity, performance, and risk characteristics.

Section 11 Selection of Investment Managers.

- 11.1 **External Investment Managers.** The CFO can appoint external investment managers to invest the SITIF assets under the terms of this policy. Investment managers will be delegated with discretion to manage the assigned assets to best achieve the objectives of the SITIF. Any investment manager hired to invest SITIF assets shall be a registered investment advisor under the Investment Advisors Act of 1940, or qualify to be exempt from registration.
- 11.2 **Manager Selection.** The manager selection process should incorporate review and analysis of the following factors:
- a. Ability of the firm to achieve SITIF return and risk objectives.
 - b. Length and quality of experience of key investment professionals.
 - c. Long-term track record evaluated on both a risk and return basis.
 - d. Consistency of investment strategy and results.
 - e. Historical growth of, and future plans for, assets under management.
 - f. Confidence that past performance can be sustained in the future.
 - g. Existence of a clear, concise and effective decision-making process.
 - h. Risk management tools and systems.
 - i. Sufficient organizational depth and continuity of personnel.
 - j. Adequate reporting, administration and back-office support.

Section 12 Responsibilities of Investment Managers.

- 12.1 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.
- 12.2 Adhere to the investment policies and guidelines prescribed by the TTU system and act in the best interest of the TTU system.
- 12.3 Each investment manager shall have full investment discretion with regard to security selection, consistent with this policy and the manager's established guidelines.

- 12.4 Make no material departures from the strategy for which the manager was hired.
- 12.5 Inform the ~~(CIO)~~ [Treasurer](#) 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.
- 12.6 All investment managers must report their performance on a monthly basis, and the reporting methodology must be in compliance with the standards outlined by the CFA Institute.
- 12.7 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.
- 12.8 Comply with CFA Institute Guidelines on Soft Dollar Standards.
- 12.9 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.
- 12.10 Meet with the ~~(CIO)~~ [Treasurer](#) and other investment staff on a regular basis, either in person or by teleconference.
- 12.11 Provide the number of new clients and clients that have terminated on a quarterly basis.
- 12.12 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.
- 12.13 Securities or positions in any one industry should not exceed 25% of the investment manager's portfolio at market value.
- 12.14 The market value of any single investment manager account may not exceed 10% of the total SITIF.
- 12.15 Currency hedging decisions are at the discretion of the manager.

Section 13 Spending Policy.

- 13.1 The Board recognizes the need for distributions to institutional funds comprising the SITIF. Distributions are to be made on a monthly basis.
- 13.2 For the [~~Cash~~] cash and [~~Short Term~~] short term pools of the SITIF, funds to be distributed will be current income earned on an accrual basis.
- 13.3 For the Intermediate pool of the SITIF, a spending percentage will have to be applied as it is managed on a total return 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 Intermediate pool portion;
 - b. the purposes of the TTU system and the Intermediate pool 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.
- 13.4 In order to provide for stability and predictability in distributions, funds to be distributed from the Intermediate pool will be based on an average of market value. Average market value will be determined at each month-end based on the number of months from inception of the Intermediate pool, until the number of months reaches 36. From that point forward, the average will be a 36-month rolling average.
- To provide for timely distributions coinciding with the closing of monthly accounting periods and account for when investment manager statements are normally received, the current month's market value will be determined with a one-month lag after accounting for cash inflows/outflows to the Intermediate pool.
- 13.5 The annual spending percentage applied to average market value shall not exceed 6% nor be less than 2%. The initial annual spending percentage is set at [~~3.0%~~] 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 Operating Funds Investment Committee based on inflation expectations and expected return.

Section 14 Management Fee.

- 14.1 The TTU system will assess and retain an investment management fee at the annual rate of 0.1% of the average market value of the SITIF. ~~[In determining average market value, the month-end values of the Cash and Short Term portions will be added to the average market value of the Intermediate pool portion used for the spending calculation. Average market value will be determined at each month-end based on the number of months from inception of the Intermediate pool, until the number of months reaches 36. From that point forward, the average will be a 36-month rolling average.]~~

[The language proposed for deletion just "muddies up" the calculation to get to essentially the same result.]

- 14.2 The fee will be assessed on a quarterly basis, and average market value will be based on month-end values during the calendar quarter just ended. As in Section 13.4, Intermediate Pool values will be on a one-month lag, accounting for cash inflows/outflows. The fee rate will be reviewed annually, with any recommended changes submitted to the Board for approval.

Section 15 Securities Lending.

The SITIF may not participate in securities lending unless approved by the Operating Funds Investment Committee. Commingled funds are exempt from this restriction.

Section 16 Amendment of Investment Policy Statement.

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

Section 17 Effective Date.

This investment policy statement was approved initially by the Board on March 2, 2012, and by the Texas Tech Foundation, Inc. on May 11, 2012.

ATTACHMENT

4

**TTUS Summary of substantive revisions proposed to
Investment Policy Statement for the
Long Term Investment Fund
plus Investment Policy Statement,
Long Term Investment Fund
with proposed amendments**

Summary of substantive revisions proposed to:

Investment Policy Statement for the LONG TERM INVESTMENT FUND

Coordinator = Jim Brunjes

[rec'd by Rules Cmte on: 07-28-2014]

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. [\[see Sec. 10 on p. 5-6\]](#)

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. [\[see Sec. 11 on p. 6-7\]](#)
- 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. [\[see Sec. 12 on p. 8\]](#)

[*"Governance" continued on next page*]

[*"Governance" continued*]

- 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. [\[see table entry in Sec. 12 on p. 8 re: "Manager Selection & Redemption"\]](#)
- 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. [\[see table entry in Sec. 12 on p. 8 re: "Tactical Rebalancing" plus Sec. 12.2 on p. 9-11\]](#)

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. [\[see Sec. 20 on p. 19-20\]](#)

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. [\[see Schedule A: Sec. 1 & 2 on p. 23-24\]](#)
- 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%). [\[see Schedule A: Sec. 3 on p. 24\]](#)

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. [\[see Schedule D on p. 38-41\]](#)

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

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 “LTIF” — Long Term Investment Fund.
- 0.6 “NAV” — Net Asset Value.
- 0.7 “SEC” — Securities and Exchange Commission.
- 0.8 “SITIF” — Short/Intermediate Term Investment Fund.
- 0.9 “TTUS OI” — Office of Investments, Texas Tech University System.
- 0.10 “TTUS OI employees” — the Chief Investment Officer and the Investments Manager.
- 0.11 “TTU system” or “TTUS” — Texas Tech University System.
- 0.12 “TTUS VC and CFO” — the Vice Chancellor and Chief Financial Officer of the Texas Tech University System.
- 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 [~~Texas Tech University System (“TTU system” or “TTUS”)~~] TTU system. This policy statement is issued for the guidance of the [~~Investment Advisory Committee (“IAC”)~~] IAC, [~~investment staff~~] TTUS IO, consultants, and investment managers. This policy statement is intended to set forth an appropriate set of goals and objectives for the [~~Long Term Investment Fund (“LTIF”)~~] 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 earnings. 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 [~~of Regents of the TTU system (“Board”)~~] to function like an endowment fund, [~~but~~] 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 [~~Uniform Prudent Management of Institutional Funds Act (“UPMIFA”)~~] UPMIFA, [~~as~~] 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 ~~[Texas Tech]~~ Foundation ~~[, Inc. (“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 ~~[Short/Intermediate Term Investment Fund (“SITIF”)]~~ 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 ~~[Net Asset Value (“NAV”)]~~ 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 ~~[Securities and Exchange Commission (“SEC”)]~~ SEC.

Section 7 Long-term Institutional Funds Authorized Withdrawal.

Upon the approval of the ~~[Chief Financial Officer]~~ TTUS VC and CFO and the appropriate Chief Fiscal Officer of the TTU system, 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 ~~[Chief Financial Officer]~~ 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 ~~[fund's]~~ LTIF's portfolio of investments as a whole and as part of an overall investment strategy having risk and return objectives reasonably ~~[suited to the fund and to the TTU system]~~ 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 ~~[10]~~ 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 ~~[goals and]~~ 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 the Allocation Index 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 ~~[10.1]~~ 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. ~~[Performance of the LTIF against this objective is to be measured over rolling three-year periods.]~~

~~[10.2]~~ The total return goal for the LTIF is to exceed the Consumer Price Index plus 5% ~~[and exceed the total return of a passive benchmark portfolio, which reflects the strategic target asset allocation of the LTIF. These objectives shall be measured]~~ over rolling ~~[three-year]~~ ten-year periods.

~~[10.3]~~ ~~The total return goal for each investment manager is to exceed the total return of its respective benchmark, as defined by the Chief Investment Officer of the TTU system ("CIO") and the IAC.]~~

~~[10.4]~~ ~~Each investment manager will be evaluated versus a peer group/manager universe, as defined by the CIO and the IAC, and should rank above the median, on a risk-adjusted basis, over a moving three-year period of investment managers with a similar investment style.]~~

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 ~~[11]~~ ~~[Asset Allocation]~~ Governance.

<u>Governance Oversight</u>				
<u>For approval of:</u>	<u>CIO</u>	<u>IAC</u>	<u>Board</u>	<u>Comment</u>
<u>Investment Policy Ranges/ Targets</u>	<u>Recommend</u>	<u>Recommend</u>	<u>Approve</u>	<u>Long-term ranges for broad asset classes, with ranges that provide the IAC flexibility to adjust the target asset allocation. See Schedule A.</u>
<u>Tactical Allocation Ranges/ Targets</u>	<u>Recommend</u>	<u>Approve</u>	<u>Review</u>	<u>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.</u>
<u>Asset Class Structures</u>	<u>Recommend</u>	<u>Approve</u>	<u>— — —</u>	<u>The target allocation and ranges to sub-asset classes/ strategies.</u>
<u>Manager Selection & Redemption</u>	<u>Approve</u>	<u>Review</u>	<u>— — —</u>	<u>The CIO, in conjunction with the consultant, is authorized to hire and redeem managers, absent a majority negative consent from IAC members within 5 business days.</u>
<u>Tactical Rebalancing</u>	<u>Approve</u>	<u>Review</u>	<u>— — —</u>	<u>The CIO is authorized to tactically over- or underweight against the targets as defined in Schedule A, part II.</u>

12.1 ~~[11.1]~~ Determination and implementation of asset allocation.

- a. Asset allocation is the primary driver of the volatility of 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”). The LTIF shall be diversified both by asset class and, within asset classes ~~[by]~~. Consideration shall be given to economic ~~[sector]~~ sectors, ~~[industry]~~ industries,

global ~~[region]~~ regions, ~~[and]~~ market ~~[capitalization]~~ capitalizations (size), factors, and economic environments. The purpose of diversification is to limit the risk associated with any single security or class of securities. Any changes to the ranges for each asset class must be approved in advance by the Board, and Schedule A shall be revised accordingly.

- b. ~~[Based on recommendations from the IAC, the]~~ The CIO is responsible for implementing the target asset allocation ~~[and is authorized to set actual target weights for each asset class, subject to the approved ranges. Prior to any change to the target weights, the CIO shall provide notice of the proposed changes to the Chair of the Board, the Chair of the Board's Finance and Administration Committee, and the Chair of the IAC. Furthermore, any changes to the target weights shall be reported as an Information Agenda item at the next Board meeting].~~ The CIO, in conjunction with the consultant, 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 ~~[11.2]~~ 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 ~~[asset allocation ranges]~~ Tactical Rebalancing Ranges. ~~[Rebalancing in amounts greater than 2% of the total market value of the LTIF must be recommended by the IAC prior to implementation.]~~ 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. ~~[All changes as a result of rebalancing will be presented to the next meeting of the IAC.]~~

- b. ~~[The CIO, with the concurrence of the IAC, may occasionally allow over- or under-weighting of certain asset classes due to market conditions that result in such variances or which might be due to the “denominator effect” that causes the policy ranges to be violated. This especially could be the case with certain illiquid asset classes, such as alternative investments, that could have portfolio weights outside the policy range for an indefinite period of time.]~~ 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. ~~[Any variance from the asset allocation ranges (whether by tactical decision or as a result of market conditions or for other reasons) shall be promptly reported to the Chair of the Board, the Chair of the Board’s Finance and Administration Committee, and the Chair of the IAC.]~~ 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 15% of plan assets.

- d. The CIO has the authority to physically rebalance between [~~existing investment~~] manager accounts and/or [~~commingled funds. Any rebalancing activity in amounts greater than this threshold shall be implemented based on recommendations from the IAC. The CIO will consider transaction costs and the illiquidity of some asset classes when making the rebalance decision. Given the volatility of the capital markets, constant minor adjustments will be avoided to reduce excessive turnover and transaction costs~~] utilize forwards, futures, swaps, swaptions, options or other synthetic exposures as a way to adjust exposures tactically within Tactical Rebalancing ranges.

Section 13 [~~12~~] **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 [~~12.1~~] Specific guidelines may be established with each individual outside investment manager.

13.2 [~~12.2~~] Each investment manager must agree to the performance objectives and asset allocation guidelines.

13.3 [~~12.3~~] Each investment manager shall have the full investment discretion with regard to security selection, consistent with this policy.

13.4 [~~12.4~~] Each investment manager 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 [~~12.5~~] All purchases and sales transactions shall be conducted to obtain the best net execution.

[~~12.6 At the time of purchase, no more than 10% of each long-only investment manager's portfolio at market value may be invested in any one security, with the exception of securities issued by the United States government or its agencies.~~]

Section 14 ~~[13]~~ Investment Manager Selection and Termination.

14.1 ~~[13.1]~~ The LTIF will be managed primarily by external investment management organizations. ~~[Each manager will be provided with a copy of this policy statement.]~~ Investment managers will be delegated with the discretion to manage the assigned assets to best achieve the goal and objectives of the LTIF. ~~[In addition, the manager will be informed of the expected spending pay-outs necessary for distribution to endowment recipients and the comparative benchmarks that will be used to evaluate performance.]~~

14.2 ~~[13.2]~~ The CIO ~~[, based on recommendations from the IAC,]~~ 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 as an Information Agenda item at the next Board meeting.

14.3 ~~[13.3]~~ Investment manager termination. In most cases any action to terminate an investment manager should be taken by the CIO ~~[upon the recommendation of the IAC]~~. If the CIO determines that ~~[immediate or emergency action]~~ termination is necessary, the IAC will be notified ~~[to protect the assets of the LTIF, the CIO, with concurrence from the Chair of the IAC, may terminate the agreement with the investment manager. If the Chair of the IAC is unavailable, the CIO may terminate the agreement with the investment manager. The CIO shall promptly report such termination to the Chair of the Board, the Chair of the Board's Finance and Administration Committee, and the Chair of the IAC, along with an explanation of the circumstances that resulted in such action. Such termination also will be reported as an Information Agenda item at the next Board meeting].~~

Section 15 [~~14~~] 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 [~~14.1~~] 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 [~~14.2~~] 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 ~~[14.3]~~ 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 ~~[14.4]~~ 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 ~~[15]~~ Conflicts of Interest on Investments and Restrictions on Investments for Board Members, IAC Members, and Employees of the TTUS Office of Investments.

16.1 ~~[15.1]~~ Introduction.

- a. It is the policy of the TTU system that members of the Board, members of the IAC, and TTUS OI employees ~~[of the TTUS Office of Investments with]~~ having authority over the selection of investments or investment managers ~~[(currently to include the CIO and the Investments Manager, hereinafter "TTUS OI employees")]~~ 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 ~~[15-2]~~ 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 ~~[15-3]~~ 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 ~~[share holder]~~ shareholder, ~~[share holder]~~ 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, of which the Board member does not control investment decisions.

16.4 ~~[15.4]~~ 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 ~~[Chief Financial Officer]~~ 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 ~~[15.5]~~ 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 ~~[Chief Financial Officer]~~ 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.

16.6 [~~15.6~~] 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 [~~15.7~~] 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 ~~[Chief Financial Officer]~~ [TTUS VC and CFO](#).

Section [17](#) ~~[16]~~ **Communications and Reporting.**

[17.1](#) ~~[16.1]~~ 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](#) ~~[16.2]~~ 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](#) ~~[16.3]~~ Any breach of guidelines will be promptly reported to the CIO.

Section [18](#) ~~[17]~~ **Management Reports.**

[18.1](#) ~~[17.1]~~ 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 ~~[17.2]~~ The report required by Section ~~[17.1]~~ 18.1 shall ~~[:]~~

~~[a.—provide an inventory of the investments of the LTIF; and~~

~~b.]~~ contain a summary of the following:

a. ~~[(1)]~~ asset balances, at book value, by asset class;

b. ~~[(2)]~~ asset balances, at market value, by asset class;

c. ~~[(3)]~~ performance, absolute, relative and risk-adjusted measures and attribution analysis;

d. ~~[(4)]~~ benchmarks; and

e. ~~[(5)]~~ beginning and ending market values for the quarter, with additions and changes.

Section 19 ~~[18]~~ Policy for Reporting Fair Market Value and Performance Measurement for Alternative Assets.

19.1 ~~[18.1]~~ 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 ~~[18.2]~~ 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 ~~[18.3]~~ 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 ~~[19]~~ Management Fee.

20.1 ~~[19.1]~~ ~~The TTU system will assess and retain an investment management fee at the annual rate of up to 0.5% of the average market value of each endowment for those entities utilizing the services of the TTUS Office of Institutional Advancement or the Angelo State University Development Office. For all other entities, the annual rate~~

- ~~will be up to 0.20% of the average market value of each endowment unless otherwise approved by the Board. The fee shall be calculated in the same manner as funds eligible for distribution and will be recorded quarterly.]~~ 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 a maximum of 50% of this management fee. The fee allocated to the TTUS OI will be determined in accordance with Section 20.1. This assessment shall be used to manage the ongoing operational costs of managing the investment operations.
- 20.3 ~~[19.2]~~ The remainder of the management fee ~~[shall]~~ may be ~~[used]~~ utilized to offset ~~[the costs of managing long-term investments and 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.
- 20.4 ~~[19.3]~~ 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 ~~[Office of Investments]~~ OI and Office of Institutional Advancement, as set forth 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 ~~[20]~~ Securities Lending.

21.1 ~~[20.1]~~ For funds managed in a separate account format, the LTIF may not participate in securities lending unless ~~[approved]~~ recommended by the CIO ~~[based on recommendations from]~~ 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 ~~[20.2]~~ Commingled funds are exempt from this restriction. ~~[However, to the extent practical, comingled funds that participate in securities lending should be avoided.]~~

Section 22 ~~[21]~~ Placement Agents and Other Third-Party Marketers.

22.1 ~~[21.1]~~ 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 ~~[21.2]~~ 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 ~~[22]~~ Amendment of Investment Policy Statement.

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

Section 24 ~~[23]~~ Effective Date.

This investment policy was approved by the Board on ~~[February 26, 2010, and by the Texas Tech Foundation, Inc. on March 1, 2010]~~ [REDACTED], 2014.

The Target Allocation herein was approved by the Board on October 11, 2013, and a discussion on use of derivatives and portable alpha strategies was part of the Board's consideration at that time.

Schedule A**1. [ASSET] POLICY ALLOCATION TARGET & RANGES**

Asset-Class	Constrained		Non-Constrained		Private		Total	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Equity	20%	40%	10%	20%	5%	15%	35%	75%
Domestic	10%	20%	5%	10%	5%	10%	20%	40%
International	10%	20%	5%	10%	0%	5%	15%	35%
Credit	5%	15%	0%	15%	0%	10%	5%	40%
Real Assets	0%	10%	5%	15%	5%	15%	10%	40%
Total	25%	65%	15%	50%	10%	40%		

Asset Class	Policy Benchmark	Target	Range
Cash	90-day T Bills	0.0%	0% – 10%
Equity	MSCI AC World IMI (gross)	35.0%	20% – 50%
Fixed	BC Global Aggregate	25.0%	10% – 40%
Liquid Real Assets	CPI + 4.00%	10.0%	0% – 20%
Private Equity	Venture Economics All PE Qtr Lag	10.0%	5% – 20%
Private Debt	Venture Economics All PE Qtr Lag	10.0%	5% – 20%
Private Real Assets	Venture Economics All PE Qtr Lag	7.0%	5% – 20%
Real Estate	NCREIF	3.0%	5% – 20%
	TOTAL	100.0%	

2. TACTICAL REBALANCING TARGET & RANGES

Asset Class	Policy Benchmark	Target	Range
Equity	MSCI AC World IMI (gross)	35.0%	30% – 40%
Fixed	BC Global Aggregate	25.0%	20% – 30%
Cash	90-day T Bills	0.0%	0% – 10%
Liquid Real Assets	CPI + 4.00%	10.0%	5% – 15%
Private Equity	Venture Economics All PE Qtr Lag	10.0%	5% – 20%
Private Debt	Venture Economics All PE Qtr Lag	10.0%	5% – 20%
Private Real Assets	Venture Economics All PE Qtr Lag	7.0%	0% – 15%
Real Estate	NCREIF	3.0%	0% – 10%
TOTAL		100.0%	

3. ALPHA POOL AND BETA OVERLAY

The LTIF will target 20% of asset class exposure, or beta exposure, through low cost derivatives. The collateral, or Alpha Pool, will be invested in a diversified mix of absolute return strategies and liquid fixed income strategies. 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. [2.] ASSET CLASS DESCRIPTIONS, [AND] 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, ~~[and]~~ Hedge Funds, and derivatives and equity oriented or volatility based strategies, such as put-write and buy-write strategies.
- b. ~~[Credit]~~ 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. Liquid Real Assets:
- (1) ~~[Real]~~ Liquid real assets are investments in tradable tangible/physical assets ~~[such as commodities, real estate and other investments]~~ that generally display a positive correlation to the rate of inflation ~~[, including gold and inflation-linked bonds]~~.
 - (2) Investment strategies: Commodities, Commodities-related, ~~[Private Real Estate,]~~ Real Estate Investment Trusts, Infrastructure, Inflation-linked bonds, ~~[Gold,]~~ and commodities-oriented Hedge Funds ~~[, and Agriculture]~~.
- 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, buyouts, growth equity, distressed, mezzanine, secondaries and fund of funds.

e. Private Debt:

- (1) Private debt funds typically provide capital to private sector borrowers.
- (2) Investment strategies: Direct lending, mezzanine, distressed, private credit and fund of funds.

f. Real Estate:

- (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:

- (1) 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.
- (2) Investment strategies: Energy, infrastructure, farmland, timber and commodities. Real estate also can be classified under the broader illiquid real asset umbrella.

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.

- (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.

~~[3. INVESTMENT TYPES~~

- a. ~~Constrained. The long-only purchase of a commingled fund or security (such as a stock, bond, commodity or currency) with the expectation that the asset will rise in value over the holding period. Investments of this type would generally display higher levels of market risk (beta), utilize less leverage and offer more near-term liquidity.~~
- b. ~~Non-Constrained. Non-constrained investment strategies are generally implemented through a hedge fund structure, which allows managers to not only buy securities long, but to also borrow securities and sell them short if the managers believe that the~~

~~securities are over-valued. In addition, non-constrained investment managers can utilize derivative securities to protect against or profit from market declines and volatility. Non-constrained investment managers may also use tactical strategies, such as allocating capital between traditional asset classes (stocks/bonds/cash) or allocating capital between regions/countries/industries for profit. Other non-constrained investment strategies will invest in interest rates, currencies, commodities and various market indices to profit from relative value opportunities. Investments of this type would generally display lower levels of market risk (beta), utilize leverage to varying degrees, be less correlated to traditional asset classes, and require investors to lock-up capital for periods ranging from monthly to several years.~~

- e. ~~Private. Private investments represent a broad spectrum of investment activity, with investments in non-public securities, lack of liquidity, unpredictable cash flows, longer investment horizons and wide dispersion of returns being the most common characteristics. Typically, lock-ups can be 5 to 10 years in duration.]~~

Schedule B

GLOSSARY OF INVESTMENT STRATEGY DESCRIPTIONS

1. “Agency Debt” ~~[means]~~ is debt issued by government-related agencies; level of government backing/sponsorship varies; primarily mortgages; domestic only; denominated in U.S. dollars.
2. “Allocation Index” is an index that measures actual allocation decisions. This index is essentially a measure of how the plan would have returned had each manager passively invested within their respective benchmark. The equation for the Allocation Index is as follows: Allocation Index = (Actual Manager Weights) * (Manager Index Returns).
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, ~~[means]~~ 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. ~~[3-]~~ “Cash Equivalents” ~~[means:—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. ~~[4-]~~ “Commodities” ~~[means]~~ 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. ~~[5-]~~ “CTAs/Managed Futures” ~~[means:—this]~~ 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. ~~[6-]~~ “Developed Market International Equity” ~~[means]~~ 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. ~~[7-]~~ “Distressed Debt” ~~[means]~~ 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. ~~[8-]~~ “Event Driven” ~~[means:]~~ 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. ~~[9-]~~ “Emerging Markets Equity” ~~[means]~~ 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. ~~[10-]~~ “Government Debt” ~~[means]~~ is debt issued by sovereign governments ~~[;]~~, domestic or international, developed or emerging; may or may not be denominated in U.S. dollars.
14. ~~[11-]~~ “Global Macro” ~~[means:]~~ 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. ~~[12-]~~ “Hedge Funds” ~~[means: 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” ~~[means: this]~~ 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” ~~[means:]~~ 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. ~~[13.]~~ “Infrastructure” ~~[means]~~ 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. ~~[14.]~~ “Inflation-linked Bonds” ~~[means]~~ 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. ~~[15.]~~ “Investment Grade Debt” ~~[means]~~ 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: Policy Index = (Target Asset Class Weights) * (Index Returns).

20. ~~[16.]~~ “Private ~~[Placement]~~ Debt” ~~[means]~~ 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. ~~[17.]~~ “Private Real Estate” ~~[means]~~ is land or buildings held in private partnerships.
22. ~~[18.]~~ “Real Estate Investment Trusts” ~~[means]~~ 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. ~~[19.]~~ “U.S. Equity” ~~[means]~~ 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. ~~[For simplicity, alternative]~~ Alternative investments are segmented into two broad categories: private ~~[equity funds]~~ 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 ~~[equity]~~ 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 ~~5.0%~~ 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.
- ~~[(4) Fees generated by the fund (deal fees) should flow through to the limited partners—a minimum of 50% is expected.]~~

- 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-year~~] three- to five-year track record [~~, but a five-year history is preferred~~] 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. [~~Abnormally high or smooth return streams for a given strategy may eliminate a manager from consideration.~~]
 - (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~~ 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 ~~[5.0%]~~ 10.0% of the hedge ~~[fund's]~~ 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 35% 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. 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 15% 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.