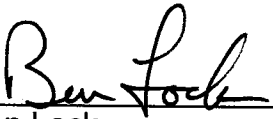


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I, Ben Lock, the duly appointed and qualified Secretary of the Board of Regents, hereby certify that the above and foregoing is a true and correct copy of the Minutes of the Texas Tech University System Board of Regents meeting on August 7-8, 2014.

  
\_\_\_\_\_  
Ben Lock  
Secretary

SEAL

[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, ~~of 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 (12<sup>th</sup> 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>.
  - a.—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 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](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.
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.





## 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 faculty member 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~~ 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~~ is 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 ~~have~~ has a responsibility to TTUHSC, ~~his or her~~ their profession, students, and society at large. The rights of a ~~faculty members~~ faculty member 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~~ faculty member as a ~~teachers~~ teacher, ~~scholars~~ scholar and/or ~~clinicians~~ clinician include maintaining competence in ~~his or her~~ their field of specialization as exhibited in the classroom, ~~the~~ 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~~ faculty member 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 ~~faculty member's'~~ 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 ~~faculty members~~ faculty member to perform ~~his or her~~ their professional duties.
- e-d. **Conduct in the classroom.** A ~~faculty member~~ faculty member should be judicious in the use of controversial material in teaching and should introduce such material only as it has a clear ~~[MK3]~~ relationship to the subject matter. ~~A-F~~ faculty members should: -be professional in ~~their~~ his or her conduct in the classroom and in relationships with

students; 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 members.
- 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~~ affirmative 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 employment time. All Faculty appointees in non-tenured positions shall be given a statement in writing of the conditions and period of their employment appointment. 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~~ 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 Tenured faculty members are 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<sup>[MK4]</sup> 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) Leave 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 units 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 her their 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.
- c-d. **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 tenure' 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 extenuating extraordinary circumstances during their appointment that result resulting in the need to interrupt the probationary period, so that~~ Consequently, the number of years considered as part of the probationary period are period 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 ~~F~~ faculty 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.

(23) **Other ~~extenuating~~ extraordinary circumstances.** When faced with ~~extenuating~~ extraordinary circumstances, ~~an untenured,~~ ~~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~~ extraordinary circumstances include, but are not limited to, care for seriously ill children or family members, physical disaster affecting research materials, and exceptional institutional responsibilities.

(34) **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 [MKS] 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 L~~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 ~~and~~ 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 ~~theis~~ 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.



TEXAS TECH UNIVERSITY SYSTEM

## Office of Audit Services

Annual Audit Plan

For the Year Ending August 31, 2015

Kimberly F. Turner, CPA  
*Chief Audit Executive*

August 7, 2014

### Definition of Internal Auditing



Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

## Risk-Based Planning



The mission of the Office of Audit Services is to assist the Board of Regents and other units of the Texas Tech University System in identifying, avoiding, and mitigating risks.

### IIA Standard 2010—Planning

The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.

## 2015 Areas of Focus



### Academics and Research

- TTU – Center in Seville, Vietnam Center & Archives, The Institute of Environmental and Human Health
- TTUHSC – School of Medicine Clinical Departments
- ASU – Carr Foundation
- ASU – Joint Admission Medical Program Grants

### Financial Resources

- All – Accounts Receivable
- TTU – Financial Statement Review, Construction Contracts
- ASU – Facilities Maintenance, Office of Development
- TTUHSC-El Paso – Financial Reporting Controls, MPIP Revenue Distribution Processes, Collection Agency Processes

### Compliance

- All – Title IX
- All – CPRIT grants
- TTU, TTUHSC, ASU – Contract Compliance
- TTUHSC – Institutional Compliance Office
- TTUHSC and TTUHSC-El Paso – Willd Body Programs
- TTUHSC-El Paso – Faculty Credentialing

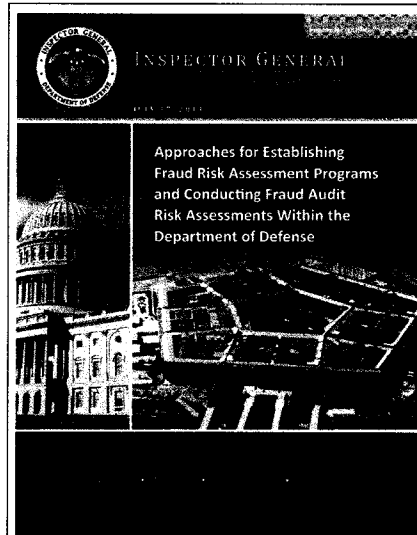


TEXAS TECH UNIVERSITY SYSTEM

## Texas Tech's Fraud Risk Assessment Process



U.S. Department of Defense  
Office of Inspector General



## Texas Tech's Fraud Risk Assessment Process



### Methodologies Included as Examples

- Association of American Medical Colleges (AAMC)
- Grant Thornton, LLP
- Naval Sea Systems Command
- Australian National Audit Office
- Texas Tech

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10/10/2014

TEXAS TECH UNIVERSITY SYSTEM  
OFFICE OF AUDIT SERVICES  
PRIORITIZED AUDIT PLAN  
Fiscal Year 2015

PRIORITY	ENTITY	AUDIT AREA	BUDGETED HOURS	BUDGET ADJUSTMENTS	STATUS AS OF AUG 1	ACTUAL HOURS	TIME STILL NEEDED	BUDGET vs ACTUAL
		TOTAL ENGAGEMENT HOURS AVAILABLE	19,200					
		REQUIRED AUDITS						
Required	ALL	Audit Report Follow-Up Procedures and Reporting	Follow-Up	400				400
Required	ALL	State Auditor's Office, THECB, and Comptroller's Office Misc. Projects	Miscellaneous (assist)	25	(5)			20
		TTU and HSC: 2014 Statewide Federal Financial Audit	Financial/Compliance (assist)	5				5
Required	ALL	CPRIT Grant Funds	Financial/Compliance (assist)	50				50
Required	TTUS	Texas Tech Foundation, Inc. Financial Statements	Financial (assist)	120				120
Required	TTUS	Regents, Chancellor, & Presidents Travel and Other Expenses	Compliance (assist)	50				50
Required	TTUS	Risk Management Assessment	Risk Management	100				100
Required	TTUS	Office of Audit Services Annual Report	Compliance	30				30
Required	TTUS	Office of Audit Services Annual Plan	Compliance	40				40
Required	TTUS	Office of Audit Services Quality Assurance Activities Review	Compliance	60				60
Required	TTUS	Office of Audit Services Self-Assessment	Compliance	120				120
Required	TTUS	Office of Audit Services External Quality Assessment	Compliance	80				80
Required	TTUS	Multihazard Emergency Plan Safety and Security Audit	Compliance	150				150
Required	TTU	SACS Financial Statement Review	Financial (assist)	600				600
Required	TTU	Athletics Financial Agreed-Upon Procedures	Financial (assist)	50				50
Required	TTU	Texas Tech Public Broadcasting Financial Statements	Financial (assist)	300				300
Required	TTU	Football Attendance Certification	Compliance	10				10
Required	HSC	Correctional Managed Health Care Contract	Compliance	150				150
Required	HSC	Lubbock Willed Body Program	Compliance	240				240
Required	HSC-EP	El Paso Willed Body Program	Compliance	240				240
Required	ASU	Carr Foundation Financial Statements	Financial (assist)	10				10
Required	ASU	Joint Admission Medical Program Grants	Compliance	60				60
		TOTALS FOR REQUIRED AUDITS	2,885	-		-	-	2,885
		AUDITS IN PROGRESS AT AUGUST 1, 2014						
Prior Year	TTUS	Construction Project Expenses – TTU New Residence Hall	Financial/Compliance (assist)	10	In Progress			10
Prior Year	TTU	State Auditor's Office – TTU HUB and State Use Plan Requirements	Compliance (assist)	5	In Progress			5
Prior Year	TTU	Intercollegiate Athletics – Sports Medicine	Compliance	115	In Progress			115
Prior Year	TTU	Office of International Affairs	Operational/Compliance	40	In Progress			40
Prior Year	TTU	Faculty Review Processes	Operational/Compliance	360	In Progress			360
Prior Year	TTU	Office of Institutional Research	IT/Operational	300	In Progress			300
Prior Year	HSC	Lubbock Medical Practice Income Plan Business Office	Controls	250	In Progress			250
Prior Year	HSC-EP	Department of Radiology	Operational/Financial	120	In Progress			120
Prior Year	HSC-EP	Procurement Services	Operational/Compliance	100	In Progress			100
Prior Year	ASU	College of Graduate Studies	Operational/Controls	30	In Progress			30
Prior Year	ALL	Wrap-up on Audits Included in August BOR Report		20	In Progress			20
		TOTALS FOR AUDITS IN PROGRESS	1,350	-		-	-	1,350
		UNPLANNED SPECIAL PROJECTS AND INVESTIGATIONS						
		Total Hours Budgeted for Special Projects & Investigations	3,500	(420)				3,080
		IN PROGRESS AT AUGUST 1, 2014						
Special	ALL	Compliance with Benefits Proportional by Fund Requirements	Compliance	140	In Progress			140
Special	TTUS	Lubbock Power & Light Contract	Compliance	40	In Progress			40
Special	TTUS	Office of Technology Commercialization Cash Controls	Controls	80	In Progress			80
Special	TTU	Department of History	Special	160	In Progress			160
		SPECIAL PROJECTS AND INVESTIGATIONS TOTALS	3,500	420		-	-	3,500
		HIGHEST PRIORITY						
4	TTUS	Office of Investments	Operational/Financial	400				400
4	TTUS	Chancellor's Office	Management Advisory	400				400
4	TTU	Title IX Compliance	Compliance	325				325
4	TTU	The Institute for Environmental and Human Health	Financial/IT	450				450
4	TTU	Division of Undergraduate Education & Student Affairs	Financial/Operational	400				400
4	TTU	Accounts Receivable Balance Sheet Review	Financial/Controls	100				100
4	HSC	Institutional Compliance Office	Operational/Compliance	400				400
4	HSC	Accounts Receivable Balance Sheet Review	Financial/Controls	100				100
4	HSC	School of Medicine Clinical Departments	Financial/Operational	350				350
4	HSC	Controlled Substances	Controls/Compliance	400				400
4	HSC-EP	Centricity Business System Implementation	IT/Controls	250				250
4	HSC-EP	Financial Reporting Controls	Financial/Controls	400				400
4	ASU	Title IX Compliance	Compliance	225				225
4	ASU	Accounts Receivable Balance Sheet Review	Financial/Controls	100				100
		HIGHEST PRIORITY TOTALS	4,300	-		-	-	4,300

TEXAS TECH UNIVERSITY SYSTEM  
OFFICE OF AUDIT SERVICES  
PRIORITIZED AUDIT PLAN  
Fiscal Year 2015

PRIORITY	ENTITY	AUDIT AREA	BUDGETED HOURS	BUDGET ADJUSTMENTS	STATUS AS OF AUG 1	ACTUAL HOURS	TIME STILL NEEDED	BUDGET vs ACTUAL
MODERATE PRIORITY								
2	TTUS	Construction Project Expenses	30	(30)				0
		TTU Research Building		10				10
		TTU Bayer Crop Research Facility		10				10
		TTU Human Sciences Life Safety		10				10
2	TTUS	Data Analysis	400					400
2	TTU	Intercollegiate Athletics	400					400
2	TTU	Contract Compliance	350					350
2	TTU	Center in Seville	250					250
2	HSC	Title IX Compliance	325					325
2	HSC	RSAM Risk Assessment Processes	300					300
2	HSC	Information Technology Processes	450					450
2	HSC-EP	Title IX Compliance	250					250
2	HSC-EP	Faculty Credentialing Process	300					300
2	HSC-EP	Medical Practice Income Plan Revenue Distribution Processes	300					300
2	ASU	University Health Clinic and Center for Counseling Services	250					250
2	ASU	Office of Development	300					300
2	ASU	Carr Foundation Royalty Payments	10					10
		MODERATE PRIORITY TOTALS	3,915	-		-	-	3,915
LOWER PRIORITY								
3	TTU	Vehicle Fleet Management	350					350
3	TTU	Vietnam Center and Archive	200					200
3	HSC	Permian Basin Medical Practice Income Plan Business Office	300					300
3	HSC	Contract Compliance	350					350
3	HSC-EP	President's Office	350					350
3	HSC-EP	Collection Agency Processes	200					200
3	ASU	Food Services Contract	225					225
3	ASU	Facilities Management	275					275
		LOWER PRIORITY TOTALS	2,250	-		-	-	2,250
OTHER VALUE-ADDED WORK								
		Total Hours Budgeted for Other Value-Added Work	1,000	0				1,000
Other	ALL	Continuous Monitoring Data Analysis			Ongoing			
Other	ALL	Fraud Prevention Training			Ongoing			
Other	ALL	Cash Handling and Control Environment Training			Ongoing			
Other	ALL	New Employee Orientation			Ongoing			
Other	TTUS	Enterprise Application Steering Committee, Council, and Work Group			Ongoing			
Other	TTUS	Multiple PIDM Working Group			Ongoing			
Other	TTU	Institutional Compliance Committee			Ongoing			
Other	TTU	Ethics Center Advisory Board			Ongoing			
Other	HSC	Institutional Compliance Working Committee			Ongoing			
Other	HSC-EP	El Paso Transition Committee			Ongoing			
Other	N/A	Professional Organizations (ACUA, TACUA, IIA, TSCPA)			Ongoing			
Other	ALL	Other Miscellaneous Projects			Ongoing			
		OTHER VALUE-ADDED WORK TOTALS	1,000	-		-	-	1,000
		TOTAL ENGAGEMENT HOURS	19,200	0		0	0	19,200
=====								
KEY								
	TTUS	Texas Tech University System and/or inclusive of multiple Texas Tech institutions						
	TTUSA	Texas Tech University System Administration						
	TTU	Texas Tech University						
	HSC	Texas Tech University Health Sciences Center						
	ASU	Angelo State University						
	HSC-EP	Texas Tech University Health Sciences Center at El Paso						
	N/A	Work that is not attributable to a particular institution or campus						
Required	Audits that are mandated by law, Operating Policies, standards, contracts, etc. Will be performed based on timing of external deadlines.							
Prior Year	Engagements from prior year annual plan that were in progress at August 1. Goal is to complete them early in the year.							
Special	Unplanned special projects and investigations.							
1	Engagements that were deemed most critical per the risk assessment at August 1.							
2	Engagements that were deemed to be moderately critical per the risk assessment at August 1.							
3	Engagements that were deemed least critical per the risk assessment at August 1.							
4	Areas of exposure that need attention, but have not been included in the official plan because of resource constraints.							
Other	Other projects, including committee service, class development and instruction, professional organizations, etc.							

TEXAS TECH UNIVERSITY SYSTEM  
OFFICE OF AUDIT SERVICES  
PRIORITIZED AUDIT PLAN  
Fiscal Year 2014

PRIORITY	ENTITY	AUDIT AREA		BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF JULY 31	ACTUAL HOURS	HOURS TO FY 2015	BUDGET vs ACTUAL
		TOTAL ENGAGEMENT HOURS AVAILABLE		19,120					
		REQUIRED AUDITS							
Required	ALL	Audit Report Follow-Up Procedures and Reporting	Follow-Up	400		Complete	877		(477)
Required	ALL	State Auditor's Office and Comptroller's Office Misc. Projects	Miscellaneous (assist)	20	(11)				9
		TTU and HSC 2013 Statewide Federal Financial Audit	Financial/Compliance (assist)		3	Complete	3		0
		TTU: HUB and State Use Plan Requirements	Compliance (assist)		8	In Progress	3	5	0
Required	ALL	CPRIT Grant Funds: Fiscal Years 2010-2012	Financial/Compliance	250	100	Complete	810		(460)
Required	ALL	CPRIT Grant Funds: Fiscal Year 2013	Financial/Compliance (assist)		50	Complete	59		(9)
Required	TTUS	Texas Tech University Foundation	Financial (assist)	120		Complete	71		49
Required	TTUS	Regents, Chancellor, & Presidents Travel and Other Expenses	Compliance (assist)	50		Complete	41		9
Required	TTUS	Office of Audit Services Annual Report	Compliance	30		Complete	13		17
Required	TTUS	Office of Audit Services Annual Plan	Compliance	40		Complete	42		(2)
Required	TTUS	Office of Audit Services Quality Assurance Activities Review	Compliance	60		Complete	57		3
Required	TTU	Athletics Financial Review	Financial (assist)	175	(130)	Complete	44		1
Required	TTU	Texas Tech Public Broadcasting Financial Statement Audit	Financial (assist)	300		Complete	332		(32)
Required	TTU	Football Attendance Certification	Compliance	10		Complete	9		1
Required	HSC	Texas Higher Education Coordinating Board Residency Grants	Compliance	80		Complete	96		(16)
Required	HSC	Correctional Managed Health Care Contract	Compliance	150		Complete	109		41
Required	HSC	Joint Admission Medical Program Grants - Lubbock SOM	Compliance	60		Complete	118		(58)
Required	HSC-EP	Joint Admission Medical Program Grants - El Paso PLFSOM	Compliance	60		Complete	169		(109)
Required	ASU	Carr Foundation	Financial (assist)	10		Complete			10
Required	ASU	Athletics Financial Review	Financial (assist)	20		Complete	45		(25)
		TOTALS FOR REQUIRED AUDITS		1,835	20		2,898	5	(1,048)
		AUDITS IN PROGRESS AT AUGUST 1, 2013							
Prior Year	TTU	Museum	Financial/Operational	350		Complete	377		(27)
Prior Year	HSC	Lubbock Clinical Research Administration	Controls/Compliance	5		Complete	8		(3)
Prior Year	HSC	Information Application Services	IT/Operational	275		Complete	265		10
Prior Year	HSC	Laura W. Bush Institute for Women's Health	Governance/Financial	325		Complete	433		(108)
Prior Year	HSC	Comptroller/Expenditure Overpayment Recovery Audit	Financial/Compliance (assist)	5		Complete			5
Prior Year	HSC	Payment Card Industry Data Security Standards	IT/Compliance	300		Complete	211		89
Prior Year	HSC-EP	El Paso EMR Post-Implementation Review	IT Controls	300		Complete	229		71
Prior Year	HSC-EP	El Paso Gail Greve Hunt School of Nursing	Operational/Financial	250		Complete	255		(5)
Prior Year	ASU	Community Wellness, Engagement and Development Center	Financial	125		Complete	154		(29)
Prior Year	ASU	Payroll Processes	IT Controls/Operational	125		Complete	190		(65)
Prior Year	ALL	Wrap-up on Audits Included in August BOR Report		20		Complete	22		(2)
		TOTALS FOR AUDITS IN PROGRESS		2,080	-		2,144	-	(64)
		UNPLANNED SPECIAL PROJECTS AND INVESTIGATIONS							
		Total Hours Budgeted for Special Projects & Investigations		3,500	(2,812)				688
		IN PROGRESS AT AUGUST 1, 2013							
Special	HSC-EP	El Paso Employee One-Time Payments and Stipends	Special	229	Complete	229			0
Special	HSC-EP	El Paso Medical Practice Income Plan Business Office	Special	596	Complete	596			0
Special	HSC	Lubbock Orthopaedic Surgery Cash Special	Special	226	Complete	226			0
		BEGUN AFTER AUGUST 1, 2013							
Special	HSC	Lubbock Pediatrics Cash Special	Special	333	Complete	333			0
Special	HSC	Anesthesiology Special	Special	155	Complete	155			0
Special	TTUS	Lubbock Power and Light Contract	Special	152	In Progress	152			0
Special	TTU	University Press Special	Special	232	Complete	232			0
Special	HSC	SimLife Center Cash Special	Special	238	Complete	238			0
Special	TTUS	Office of Technology Commercialization Cash Controls	Special	252	In Progress	252			0
Special	ALL	Compliance with Benefits Proportional by Fund Requirements	Compliance	172	In Progress	172			0
Special	TTU	Department of History	Special	40	In Progress	40			0
Special	ALL	Miscellaneous Hotline Projects	Special	187	Complete	187			0
		SPECIAL PROJECTS AND INVESTIGATIONS TOTALS		3,500	2,812		2,812	-	688
		HIGHEST PRIORITY							
	TTUS	Construction Project Expenses - TTU New Residence Hall	Financial/Compliance (assist)	10		In Progress		10	0
	TTUS	Construction Project Expenses - TTU Petroleum Engineering	Financial/Compliance (assist)	10		Complete			10
	TTU	Lab Safety	Operational/Compliance	400		Complete	661		(261)
	TTU	Export Controls	IT/Compliance	350		Complete	75		275
	TTU	College of Education: East Lubbock Promise Neighborhood Grant	Financial/Compliance	250		Complete	242		8
	TTU	Office of International Affairs	Operational/Compliance	400	100	In Progress	685	40	(225)
	HSC	Financial Statement Review	Financial	600	(200)	Complete	397		3
	HSC	Lab Safety	Operational/Compliance	400		Complete	585		(185)
	HSC	Lubbock Medical Practice Income Plan Business Office	Controls	600	800	In Progress	1,688	250	(538)
	HSC	Amarillo Medical Practice Income Plan Business Office	Controls	350	150	Complete	467		35
	HSC	Lubbock School of Nursing Student Fees	Operational/Financial		135	Complete	128		7
	HSC-EP	Department of Emergency Medicine	Operational/Financial	300		Complete	435		(135)
	HSC-EP	Lab Safety	Operational/Compliance	400	(400)	Cancelled			0
	ASU	Athletics Department	Operational/Controls	350	50	Complete	515		(115)
	ASU	Enrollment Management - Admissions	Operational	325		Complete	295		30
		HIGHEST PRIORITY TOTALS		4,745	635		6,173	300	(1,093)



TEXAS TECH UNIVERSITY SYSTEM  
OFFICE OF AUDIT SERVICES  
PRIORITIZED AUDIT PLAN  
Fiscal Year 2014

PRIORITY	ENTITY	AUDIT AREA	BUDGETED HOURS	BUDGET ADJUSTMENTS	STATUS AS OF JULY 31	ACTUAL HOURS	HOURS TO FY 2015	BUDGET vs ACTUAL
<b>MODERATE PRIORITY</b>								
2	TTUS	Construction Project Expenses - TTU Research Building	10		2015 Plan			10
2	TTU	Athletics Department	400	(50)	Complete	334		16
New	TTU	Intercollegiate Athletics: Sports Medicine		350	In Progress	239	115	(4)
2	TTU	Office of Research Services	400	(400)	Cancelled			0
2	TTU	Sole Source Contracts	400		Complete	501		(101)
2	HSC	Sole Source Contracts	400		Complete	324		76
2	HSC	Export Controls	350	(100)	Complete	142		198
2	HSC-EP	Export Controls	350	(350)	Cancelled			0
2	HSC-EP	Procurement Services	350		In Progress	346	100	(96)
2	HSC-EP	Center of Excellence in Cancer	325		Complete	307		15
2	ASU	Hispanic Serving Institution Federal STEM Grant	200	50	Complete	289		(33)
2	ASU	Budget Operations and Processes	300		Complete	268		32
<b>MODERATE PRIORITY TOTALS</b>			<b>3,485</b>	<b>(500)</b>		<b>2,750</b>	<b>215</b>	<b>20</b>
<b>LOWER PRIORITY</b>								
3	TTU	Faculty Review Processes	400		In Progress	39	360	1
3	TTU	Office of Institutional Research	350		In Progress	59	300	(9)
3	TTU	President's Office	250	(250)	Cancelled			0
3	HSC	Permian Basin Medical Practice Income Plan Business Office	300		2015 Plan			300
3	HSC-EP	Faculty Affairs	300		Complete	414		(114)
3	HSC-EP	Department of Radiology	300		In Progress	172	120	8
3	ASU	College of Graduate Studies	225		In Progress	265	30	(70)
3	ASU	Mobile Device Management and Security	350	(125)	Complete	187		25
<b>LOWER PRIORITY TOTALS</b>			<b>2,475</b>	<b>(375)</b>		<b>1,136</b>	<b>810</b>	<b>154</b>
<b>OTHER VALUE-ADDED WORK</b>								
<b>Total Hours Budgeted for Other Value-Added Work</b>			<b>1,000</b>	<b>(1,207)</b>				<b>(207)</b>
Other	ALL	Continuous Monitoring Data Analysis			Ongoing	63		
Other	ALL	Fraud Prevention Training			Ongoing	188		
Other	ALL	Cash Handling and Control Environment Training			Ongoing	76		
Other	ALL	New Employee Orientation			Ongoing	12		
Other	ALL	Institutional Data Analysis			Ongoing	95		
Other	TTUS	Enterprise Application Steering Committee, Council, and Work Group			Ongoing	6		
Other	TTUS	Research Projects Executive Steering Committee			Ongoing			
Other	TTU	Ethics Center Advisory Board			Ongoing			
Other	HSC	Institutional Compliance Working Committee			Ongoing	4		
Other	HSC-EP	El Paso Transition Committee			Ongoing	5		
Other	N/A	Professional Organizations (ACUA, TACUA, IIA, TSCPA, SAIAP)			Ongoing	350		
Other	N/A	TeamMate Suite Software Implementation			Ongoing	78		
Other	TTUS	Other Miscellaneous Projects			Ongoing	330		
<b>OTHER VALUE-ADDED WORK TOTALS</b>			<b>1,000</b>	<b>-</b>		<b>1,207</b>	<b>-</b>	<b>(207)</b>
<b>TOTAL ENGAGEMENT HOURS</b>			<b>19,120</b>	<b>(220)</b>		<b>19,120</b>	<b>1,330</b>	<b>(1,550)</b>
<b>KEY</b>								
	TTUS	Texas Tech University System and/or inclusive of multiple Texas Tech institutions						
	TTUSA	Texas Tech University System Administration						
	TTU	Texas Tech University						
	HSC	Texas Tech University Health Sciences Center						
	ASU	Angelo State University						
	HSC-EP	Texas Tech University Health Sciences Center at El Paso						
	N/A	Work that is not attributable to a particular institution or campus						
Required	Audits that are mandated by law, Operating Policies, standards, contracts, etc. Will be performed based on timing of external deadlines.							
Prior Year	Engagements from prior year annual plan that were in progress at August 1. Goal is to complete them early in the year.							
Special	Unplanned special projects and investigations.							
1	Engagements that were deemed most critical per the risk assessment at August 1.							
2	Engagements that were deemed to be moderately critical per the risk assessment at August 1.							
3	Engagements that were deemed least critical per the risk assessment at August 1.							
4	Areas of exposure that need attention, but have not been included in the official plan because of resource constraints.							
Other	Other projects, including committee service, class development and instruction, professional organizations, etc.							

Phil George Drive

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									
HVAC	\$553	\$230,000	\$4,746,741	\$1,338,499	\$6,315,793				
Plumbing and Electrical	\$0	\$0	\$515,000	\$0	\$515,000				
Safety	\$0	\$0	\$2,516,539	\$0	\$2,516,539				
Legal and Mandatory	\$0	\$110,000	\$182,712	\$14,780	\$307,492				
Other	\$0	\$0	\$0	\$0	\$0				
Total	\$17,800	\$885,000	\$5,783,926	\$70,518	\$6,757,244				
	\$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 UPGRADES	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%

# Angelo State University

Item 2a

## Acknowledge the Campus Condition Index Report and submission to the THECB

*Michael S. Molina*

## ASU – Campus Condition Index Report

Item 2a

Deferred Maintenance				
Critical	Deferred	Planned	Adaptation	Total
\$ 18,853	\$ 1,225,000	\$ 13,744,918	\$ 1,423,797	\$ 16,412,568

	2012	2013
Educational and General Campus Condition Index Value (EGCCIV)	0.20%	0.0000%
Institution-Wide Campus Condition Index Value (WCCIV)	0.20%	0.1644%

Texas Tech University  
2013 CCI Summary Report  
July 2014

Summary by Period and Category									
Priority	Name	Period	Category	Type	Amount	Critical	Deferred	Planned	Total
Summary by Type and Category									
	Budgeted - Current Year						\$0	\$6,121,848	\$18,292,844
	Expenditures - Previous Year						\$0	\$17,152,962	\$42,497,592
	Projected - Years 2 through 5						\$0	\$14,951,000	\$14,951,000
	Unbudgeted - Current Year						\$0	\$0	\$0
Summary by Type and Category									
	Architectural						\$0	\$8,588,185	\$35,812,414
	HVAC						\$0	\$4,119,581	\$4,841,968
	Plumbing and Electrical						\$0	\$35,034	\$15,107,211
	Safety						\$0	\$28,500	\$13,310,543
	Legal and Mandatory						\$0	\$1,566,000	\$5,759,300
	Other						\$0	\$855,000	\$905,000
	Total						\$0	\$38,225,810	\$75,736,436
Top Five Priority Projects									
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				
5	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%

Texas Tech University

Item 2b

## Acknowledge the Campus Condition Index Report and submission to the THECB

*Michael S. Molina*

## TTU – Campus Condition Index Report

Item 2b

Deferred Maintenance				
Critical	Deferred	Planned	Adaptation	Total
\$ -	\$ 61,534	\$ 38,225,810	\$ 37,449,092	\$ 75,736,436

	2012	2013
Educational and General Campus Condition Index Value (EGCCIV)	0.00%	0.0020%
Institution-Wide Campus Condition Index Value (WCCIV)	0.40%	0.0018%

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									
HVAC	\$0	\$1,077,102	\$9,732,724	\$9,804,093	\$20,613,919				
Plumbing and Electrical	\$0	\$266,814	\$8,523,537	\$0	\$8,790,351				
Safety	\$0	\$611,354	\$4,245,349	\$400,000	\$5,256,703				
Legal and Mandatory	\$0	\$132,605	\$1,534,559	\$519,834	\$2,186,998				
Other	\$0	\$0	\$522,177	\$127,257	\$649,434				
Total	\$0	\$543,291	\$3,296,647	\$736,656	\$4,576,594				
Top Five Priority Projects	\$0	\$2,631,166	\$27,854,993	\$11,587,840	\$42,073,999				
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 Facade & 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						
Educational and General Campus Condition Index Value (EGCCIV)									
		\$	1,018,799,755						
Institution-Wide Campus Condition Index Value (IWCCIV)									
		\$	1,306,153,532						
		2013 Amount	DM Index Value						

Item 2c

# Texas Tech University Health Sciences Center

## Acknowledge the Campus Condition Index Report and submission to the THECB

*Michael S. Molina*

Item 2c

## TTUHSC – Campus Condition Index Report

Deferred Maintenance				
Critical	Deferred	Planned	Adaptation	Total
\$ -	\$ 2,631,166	\$ 27,854,993	\$ 11,587,840	\$ 42,073,999

	2012	2013
Educational and General Campus Condition Index Value (EGCCIV)	0.00%	0.1075%
Institution-Wide Campus Condition Index Value (WCCIV)	0.00%	0.2014%

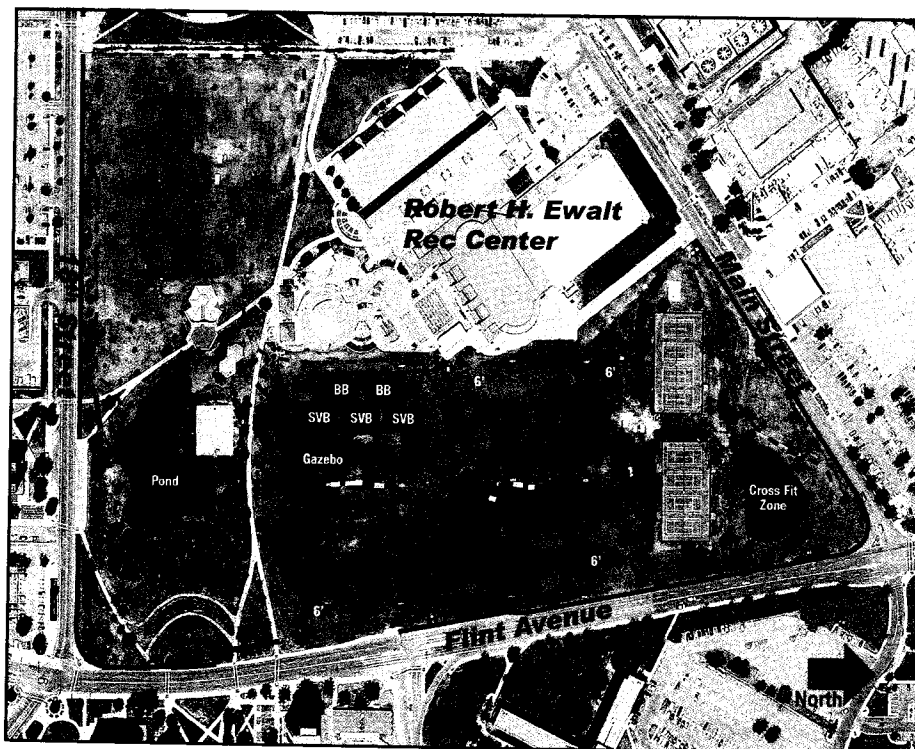


Texas Tech University

Item 3









## Approve Phase II and budget increase to the Campus Beautification Initiative

*Michael S. Molina*



Item 3

### URBANOVSKY PARK CAMPUS BEAUTIFICATION PHASE 2

-  Landscape
-  Athletic Zones
-  Structure
-  Seating/BBQ
-  Sidewalk
-  Pond
-  Jogging Path
-  Pedestrian Gate

Item 3

## Scope of Work

- Provide enhancements to Urbanovsky Park and the surrounding recreation fields by:
  - Constructing a new jogging trail
  - New basketball and volleyball courts
  - Pavilion with BBQ grilling area
  - Picnic areas with seating
- Enhanced area lighting and landscaping
- Constant level aerated pond with a new water well and associated infrastructure

Item 3

## Total Project Budget

Project Budgets	Phase I \$ 2,500,000	Phase II \$ 2,450,000
Construction	\$ 1,867,624	\$ 2,127,000
Professional Services	\$ 412,626	\$ 212,700
FF&E	\$ 0	\$ 0
Administrative Cost	\$ 21,000	\$ 6,500
BOR Direct Fees	\$ 148,750	\$ 93,070
Contingency	\$ 50,000	\$ 10,730

## Schedule

Item 3

	<u>Phase I</u>	<u>Phase II</u>
➤ Start Construction	April 2014	September 2014
➤ Substantial Completion	February 2015	TBD
➤ Final Completion	March 2015	Spring 2015

## Recommendation

Item 3

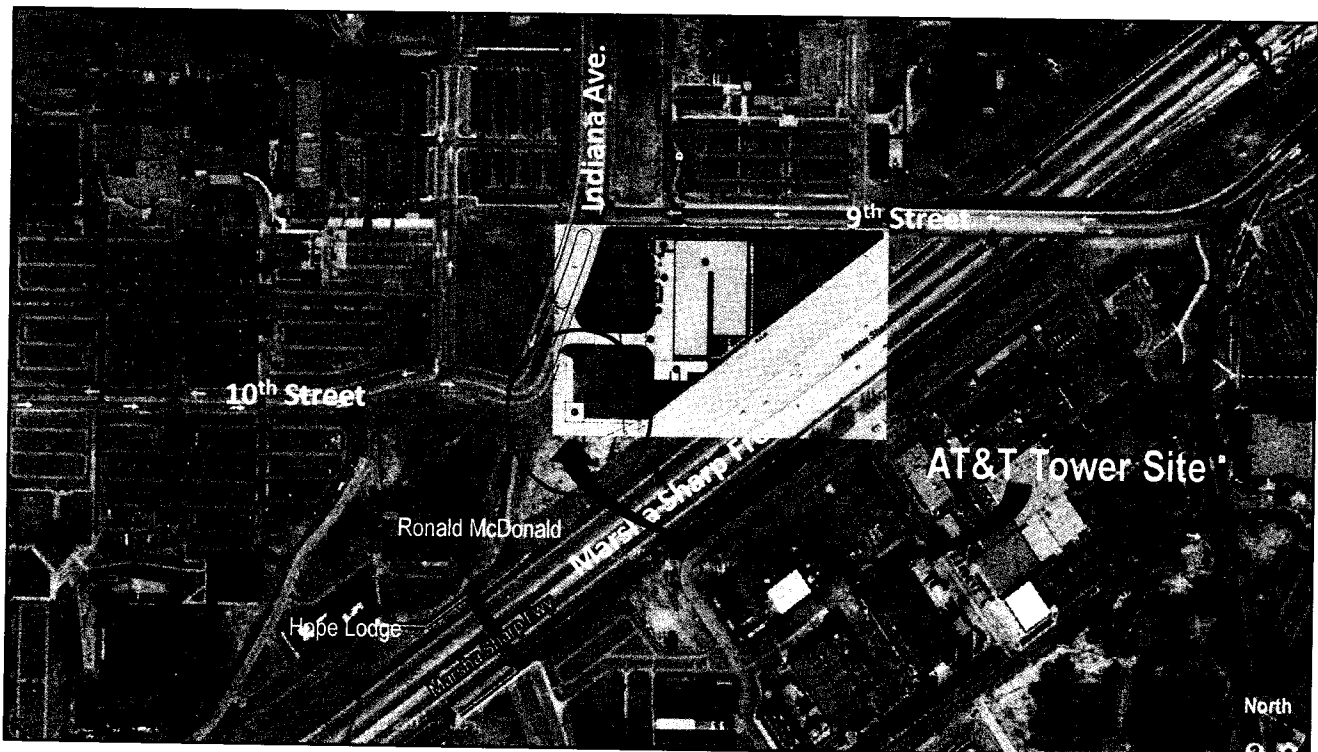
- Authorize to proceed with the Campus Beautification Initiative – Phase II scope of work to provide enhancements to Urbanovsky Park and surrounding recreational fields; increase the project budget by \$2,450,000 for a total budget of \$4,950,000; complete the contract documents; report project to the Texas Higher Education Coordinating Board; and amend the construction contract.
- The project will be funded with donations and the remaining balance will be funded with auxiliary and institutional funds.

Texas Tech University

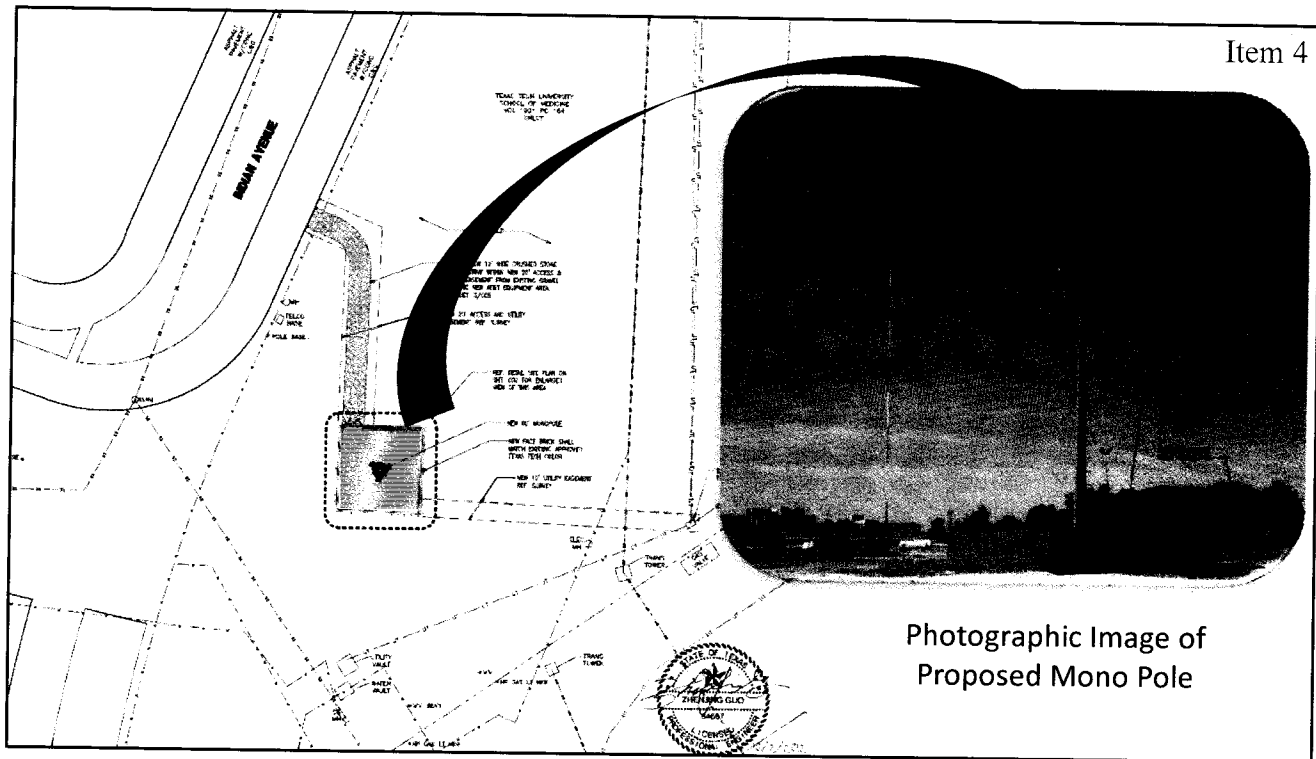
Item 4

## Approve a Ground Lease with Right of Access and Use of Texas Tech University Land

*Michael S. Molina*



Item 4



Photographic Image of  
Proposed Mono Pole

## Scope of Ground Lease

Item 4

- Ground Lease, including Right of Access and Use
  - New Cingular Wireless PCS, LLC
  - Installation of an unmanned telecommunication facility
  - Improved wireless service to the Texas Tech campus and area
- Three tracts totaling 0.1559 acres
  - Tract 1 = 0.0574 acre tract (2,500 SF) for the Tower Site
  - Tracts 2 & 3 = 0.0985 acres for right of access and use for utility connections and access to the Tower Site

## Scope of Ground Lease

Item 4

### ➤ Lease Terms

- Initial five-year period (September 1, 2014 – August 31, 2019); plus 2 - 5 year automatic renewal periods
- Rent at \$18,000 per year during Initial Term
- Rent increase during each Renewal Term to \$21,000 per year to \$24,000 per year, respectively
- TTU has right to cancel the Lease after the Initial Term with at least one (1) year's prior notice
- Lessee will have right to cancel at any time with 60 days' prior notice
- Early termination fee = twelve months rent; payable by terminating party

## Recommendation

Item 4

- Authorize to negotiate 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");
- 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
- Authorize the Office of Facilities Planning and Construction to coordinate the Tower's location, plans, and construction.

Item 5

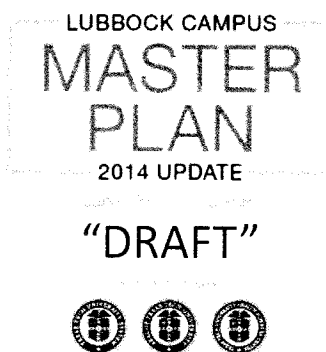
## Texas Tech University System

### Approve draft of TTU / TTUHSC Lubbock Campus Master Plan Update

*Michael S. Molina*

Item 5

## Master Plan Overview



### Strategic Plan Priorities:

- Priority 1: Increase Enrollment and Promote Student Success
- Priority 2: Strengthen Academic Quality and Reputation
- Priority 3: Expand & Enhance Research & Creative Scholarships
- Priority 4: Further Outreach & Engagement
- Priority 5: Increase and Maximize Resources

## Master Plan Overview (cont.)

Item 5

- Planning Committee Members:
  - TTU / TTUHSC / TTUSA – 22
  - Advisory – 7 (City of Lubbock / TxDOT / Business Community Leaders)
- Core Planning Principles:
  - Principle 1: Enrollment Growth
  - Principle 2: Strengthen the Academic Core
  - Principle 3: Enhance Campus Identity and Sense of Place
  - Principle 4: Position Land Endowment Parcels for Strategic Initiatives
  - Principle 5: Open Space
  - Principle 6: Strengthen Campus Circulation and Connectivity

## TTU Strategic Plan – Key Points

Item 5

- Enhance Student Success – Increase Retention & Graduation Rates
- Advance Tier One Status
  - National Research University Fund (NRUF) – certified
  - Community Engaged University
  - Carnegie Foundation for the Advancement of Education (2016 Goal – Very High Research)
  - Improve National Science Foundation (NSF) Ranking
  - Association of American Universities (AAU) – Phase I & II Performance
- Strategies to Promote and Encourage a Diverse & Multicultural Environment

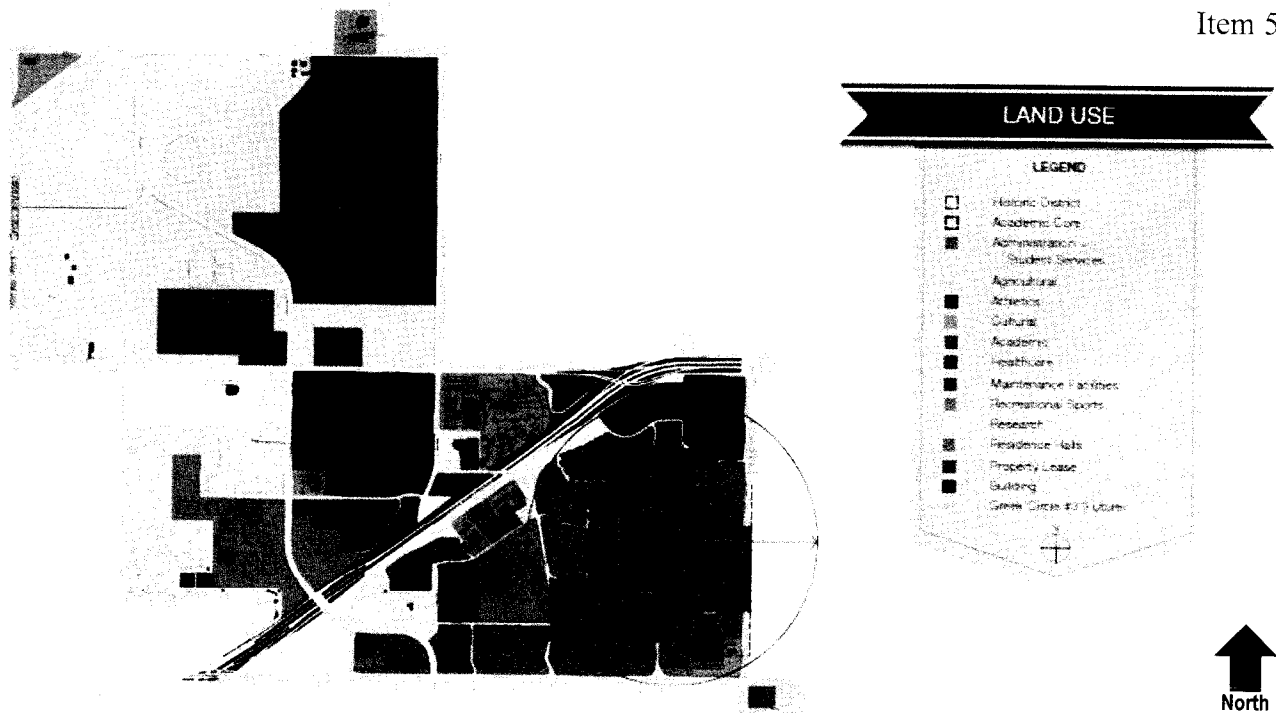


Item 5

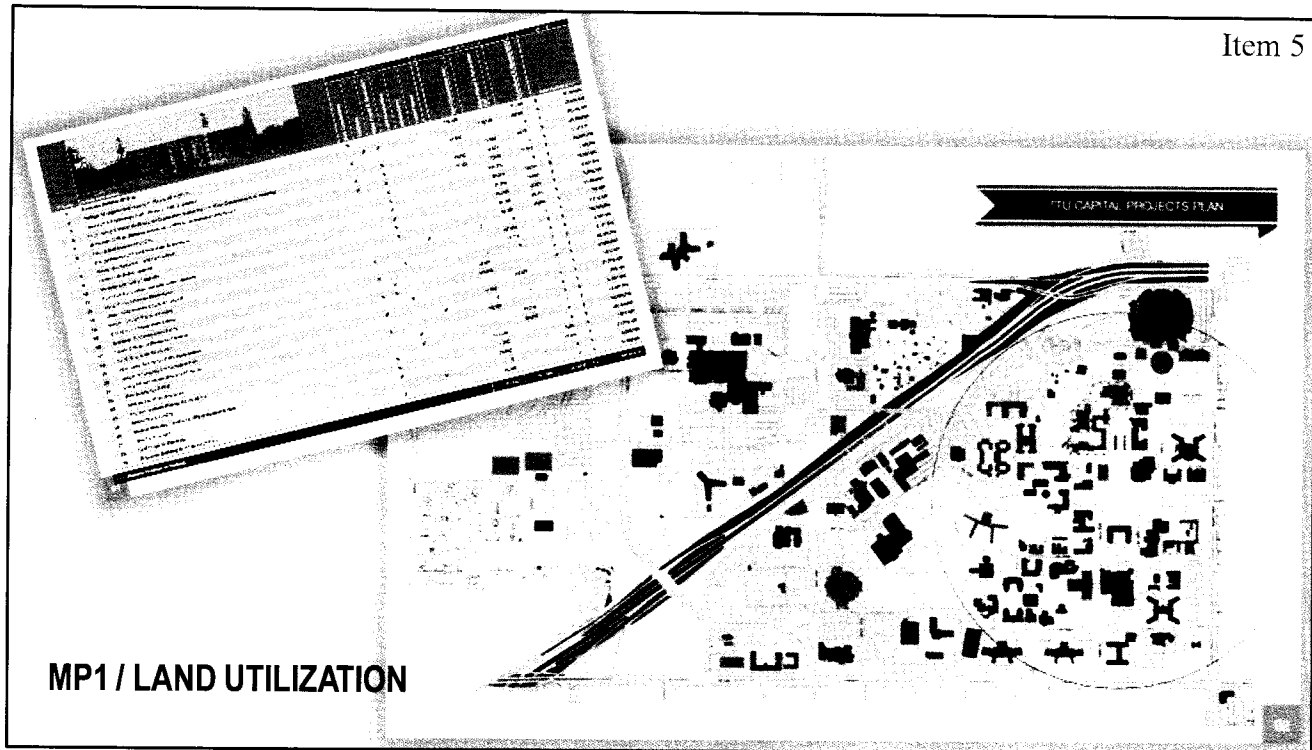
## TTUHSC Strategic Plan – Key Points

- Foster the Development of Competent Healthcare Professionals and Biomedical Researchers
- Recruit, Develop, and Retain Outstanding Employees
- Advance Knowledge and Healthcare Practice Through Innovative Research and Scholarship
- Emphasis on Leadership Roles in Community
  - Medical Services
  - Educate the Public on Health-Related Issues
  - Advocacy Role in Promoting Healthier Environment
- Commitment to Institutional Effectiveness

Item 5

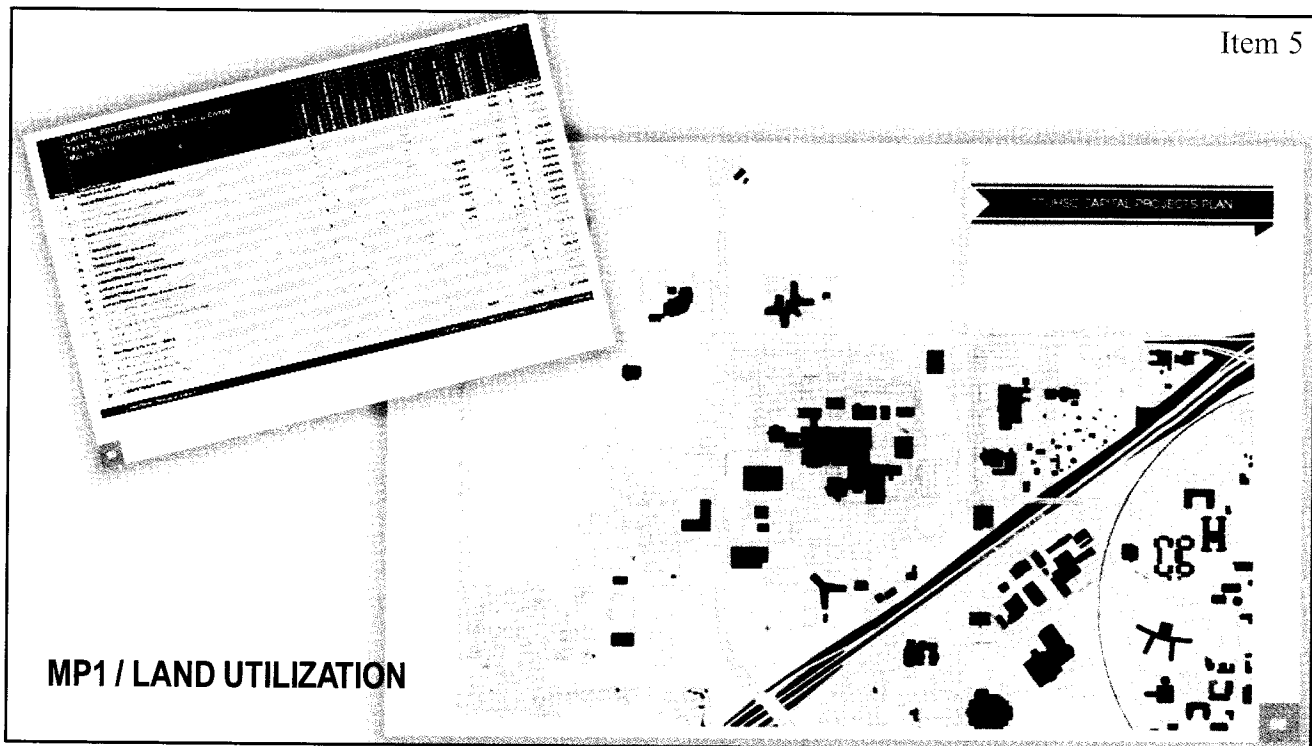


Item 5



MP1 / LAND UTILIZATION

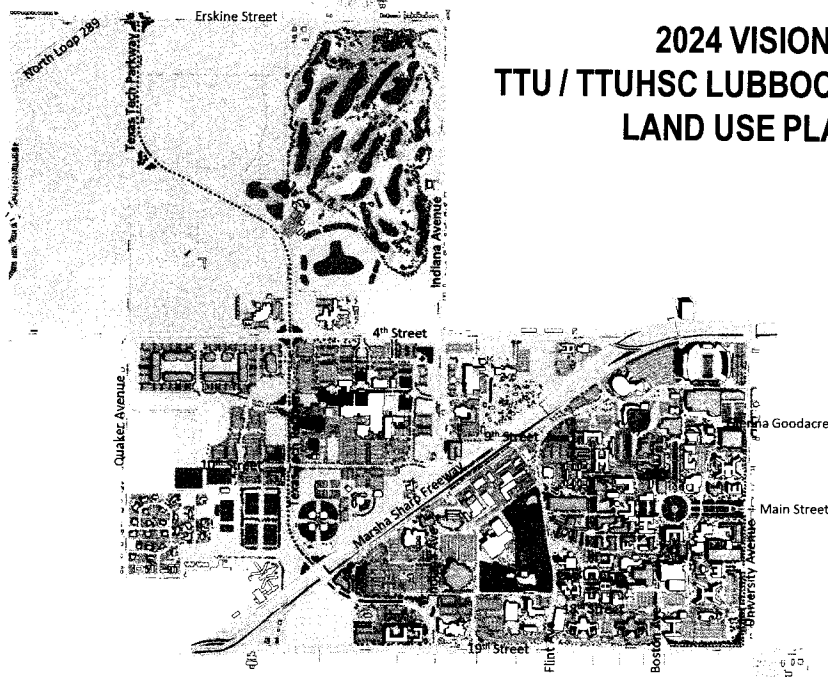
Item 5



MP1 / LAND UTILIZATION

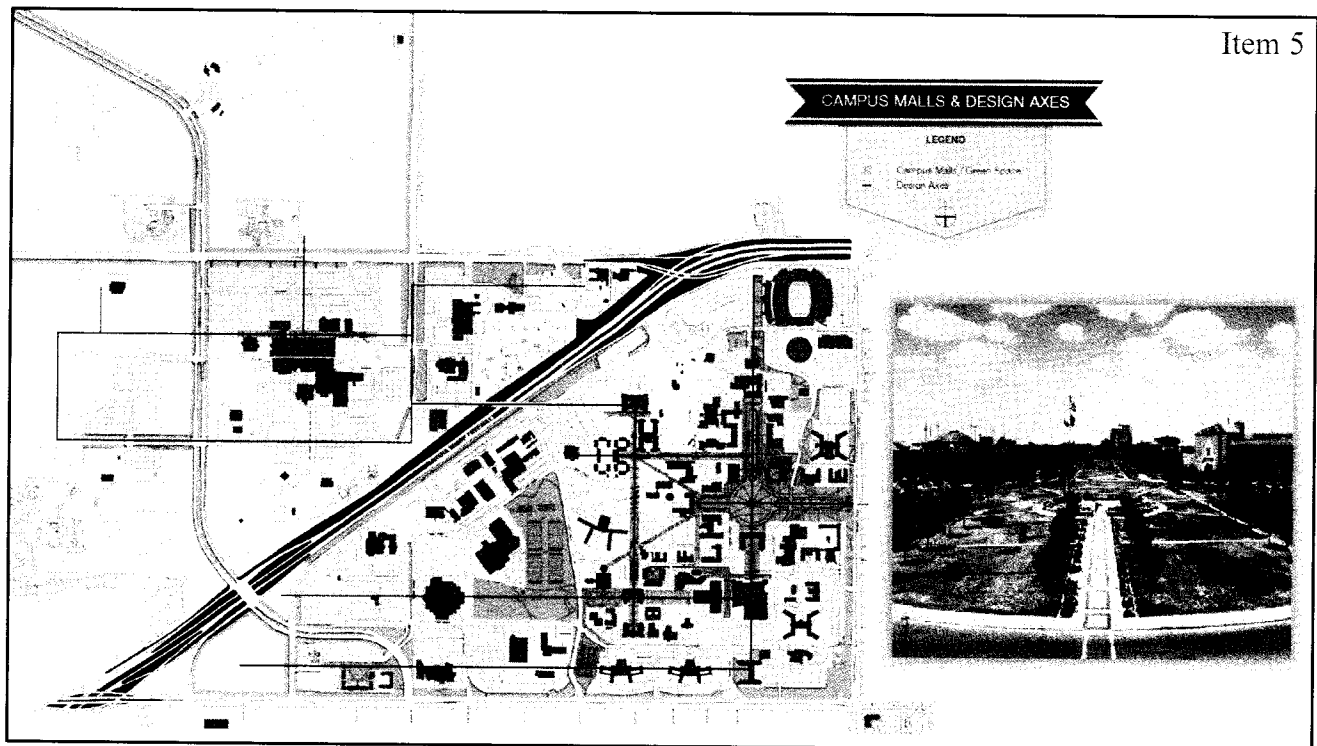
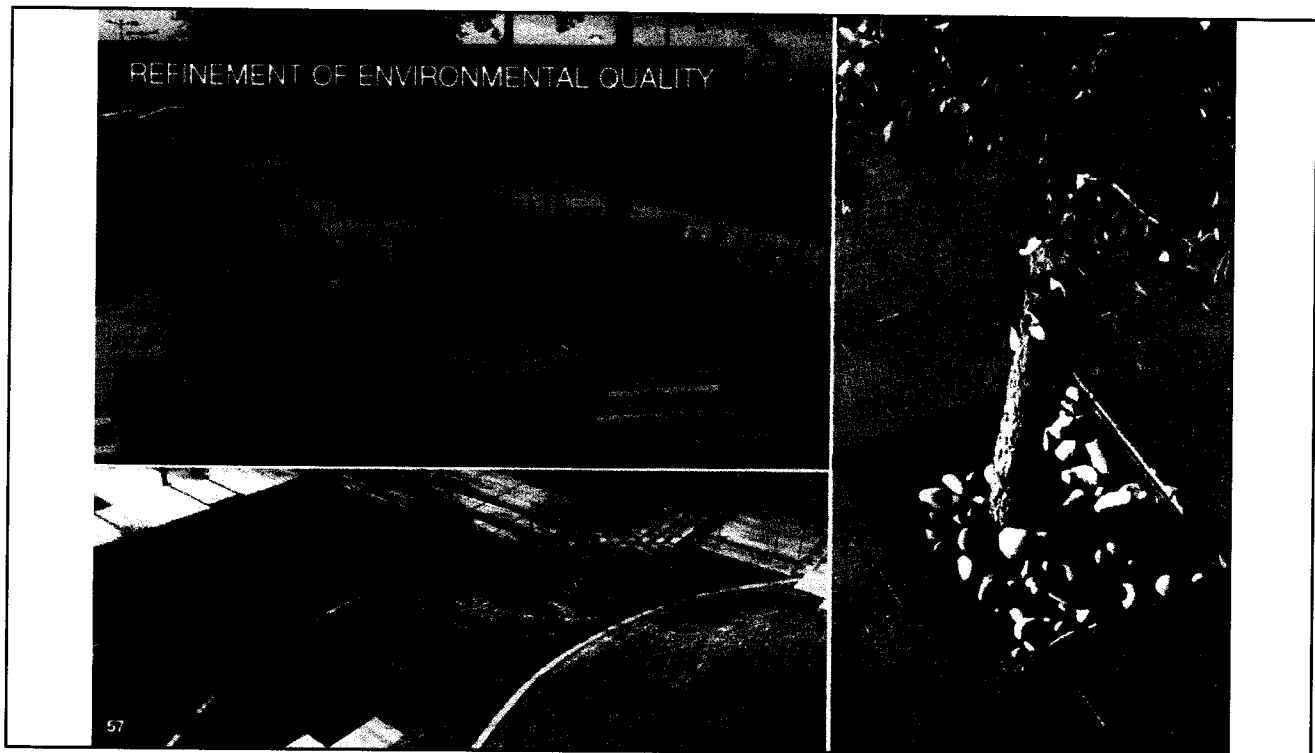
Item 5

## 2024 VISION TTU / TTUHSC LUBBOCK CAMPUS LAND USE PLAN



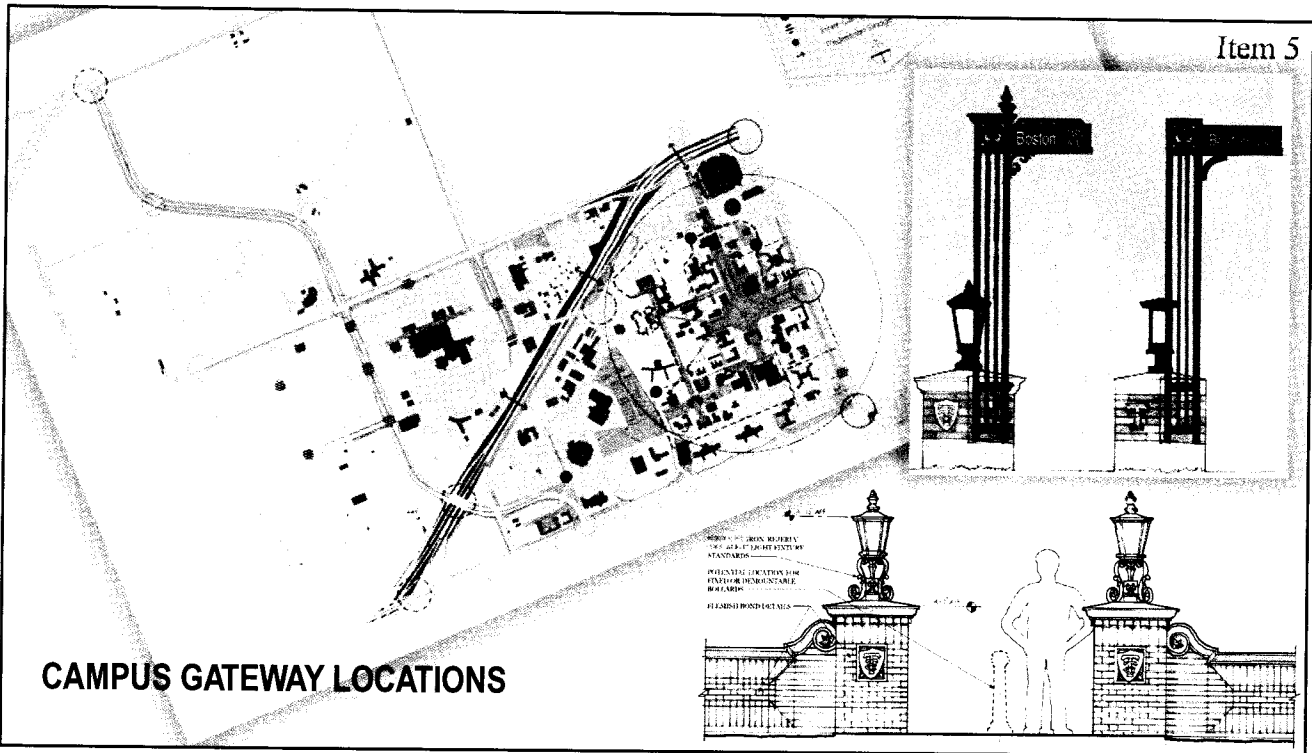
Item 5





Item 5

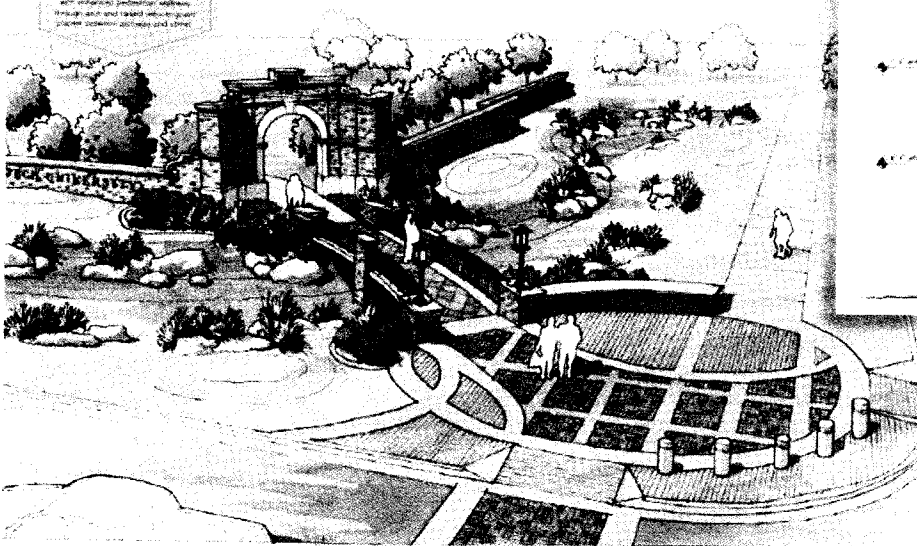
## CAMPUS GATEWAY LOCATIONS



Item 5

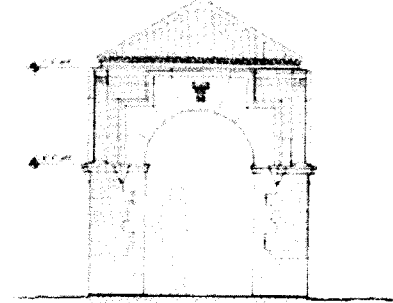
## PERIPHERAL CAMPUS GATEWAY

Geometry designed to mark roadway, with enhanced pedestrian walkways through arch and raised intersection, provide pedestrian access and safety.

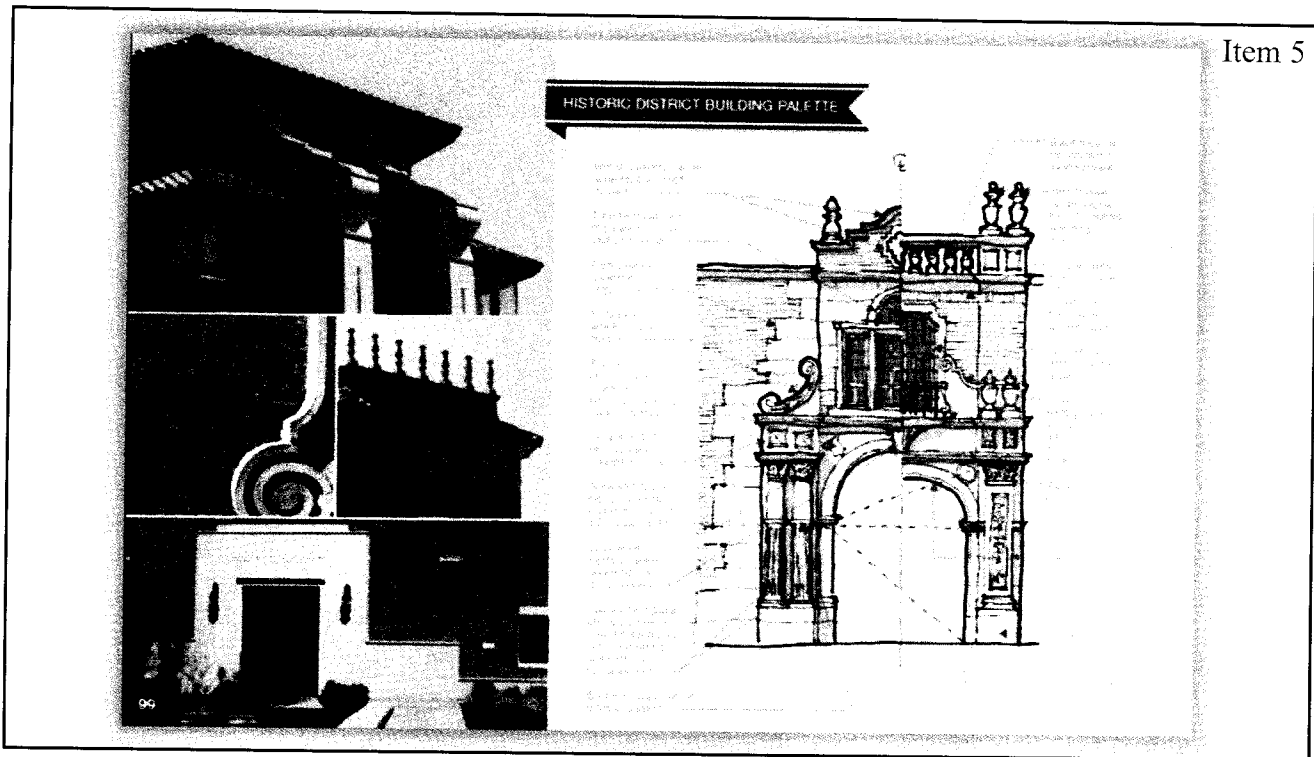


## PERIPHERAL CAMPUS GATEWAY

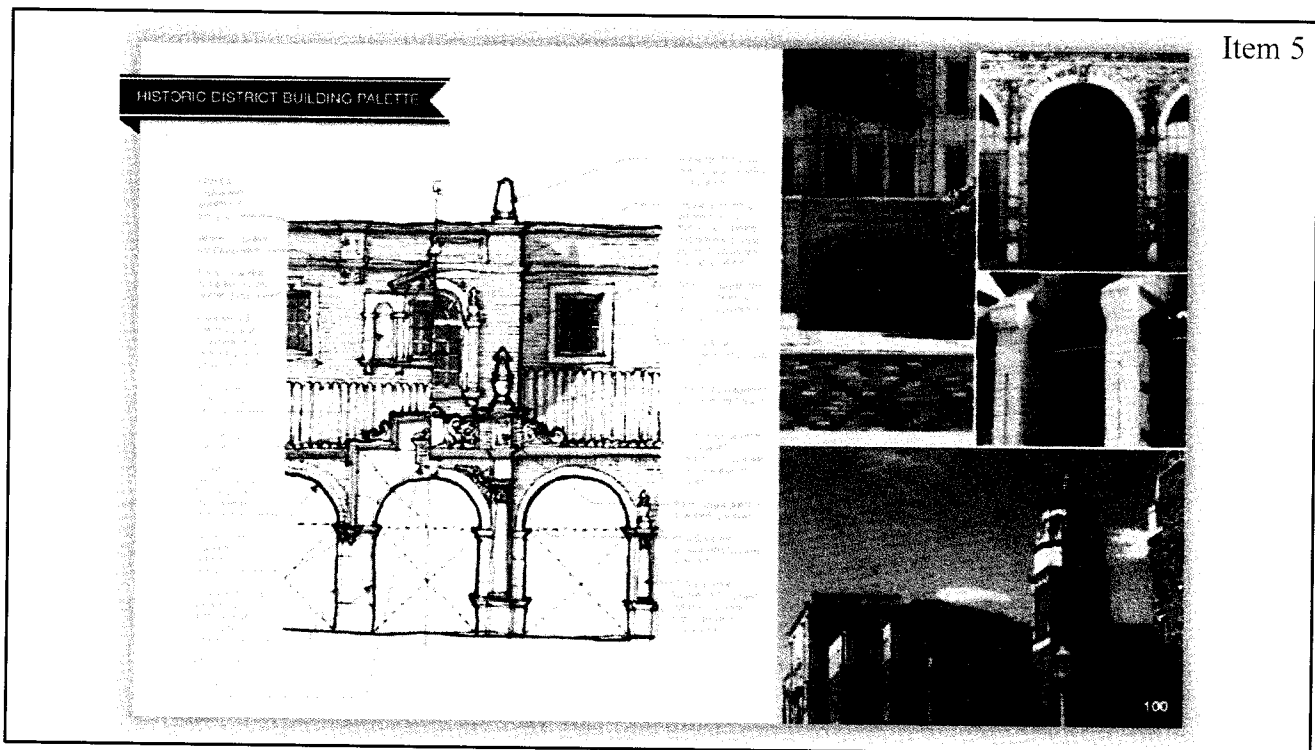
Geometry designed to mark roadway, with enhanced pedestrian walkways through arch and raised intersection, provide pedestrian access and safety.



Item 5



Item 5



Item 5

## Recommendation

- Approve the draft of the TTU / TTUHSC Lubbock Campus Master Plan Update; authorize the Office of Facilities Planning and Construction to revise the draft as necessary; report the approved draft Master Plan Update to The Southern Association of Colleges and Schools ("SACS"); and present the final document for approval at the October Board of Regents meeting.

# Texas Tech University System

Item 6

## Report on Facilities Planning and Construction projects

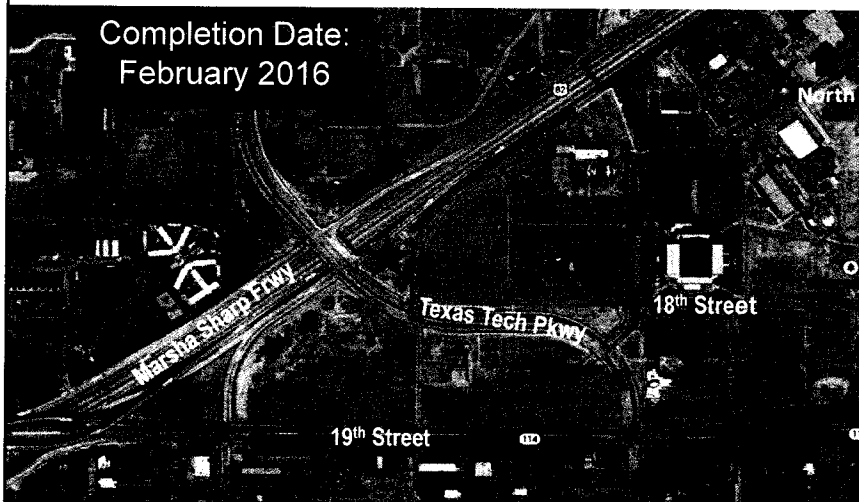
*Michael S. Molina*

## System Office Building

Item 6

➤ Project Budget - \$27,500,000

Completion Date:  
February 2016



### Proposed Project Schedule

• Issue A/E RFQ	June 11
• A/E SOQ Due	July 15
• Short List A/E Selection Committee Meeting	July 30
• A/E Contract Award Goal	Aug 21
• Issue CMR RFQ	Aug 22
• CMR SOQ Due	Sept 25
• Short List CMR Selection Committee Meeting	Oct 14
• CMR Contract Award Goal	Nov 14
• Start Construction	Jan 2015
• Final Completion	Jan 2016
• Move-In	Feb 2016



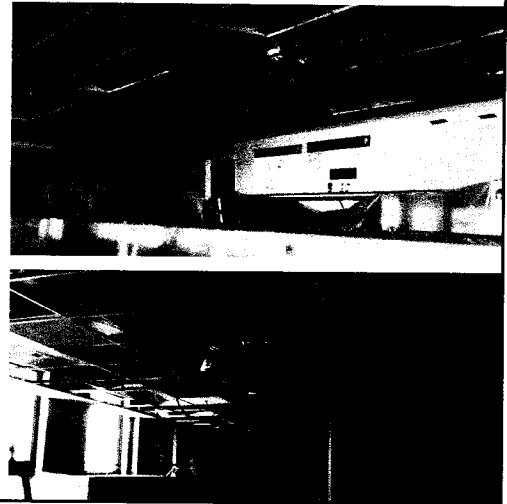


## College of Human Sciences Life Safety Upgrade

Item 6

- Project Budget - \$9,650,000 / 166,674 GSF

Completion Date:  
August 2015

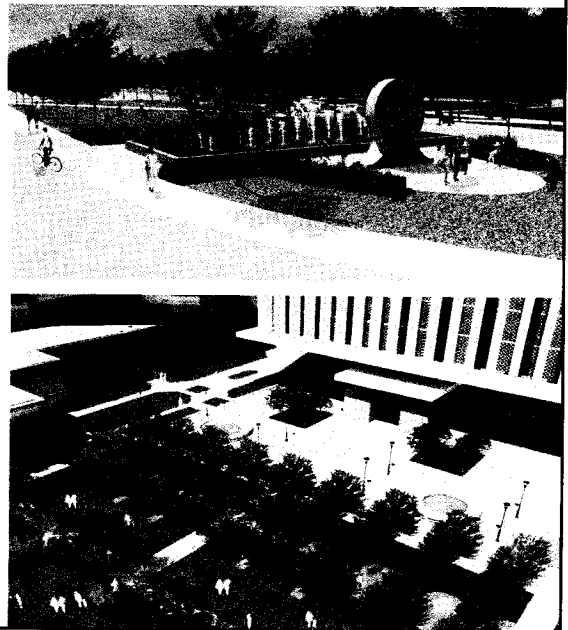


## Campus Beautification

Item 6

- Project Budget - \$2,500,000

Completion Date:  
February 2015

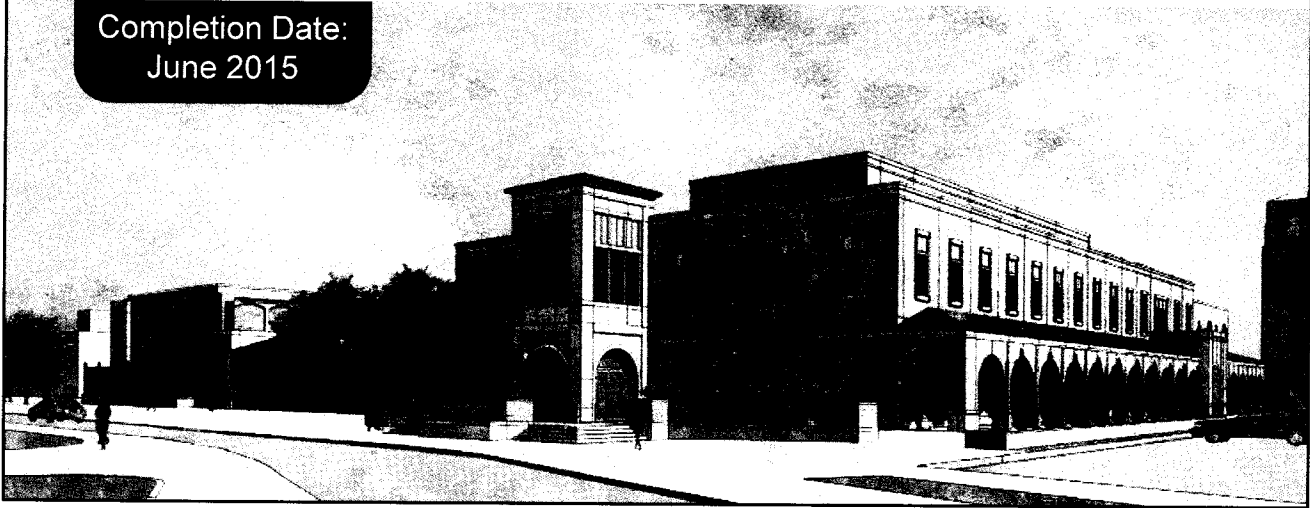


## Bayer Plant Science Building

Item 6

- Project Budget - \$13,600,000 / 21,122 GSF

Completion Date:  
June 2015

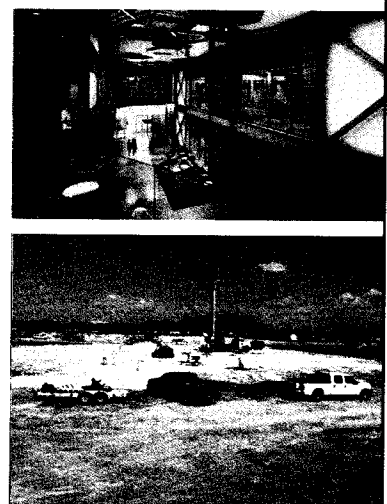
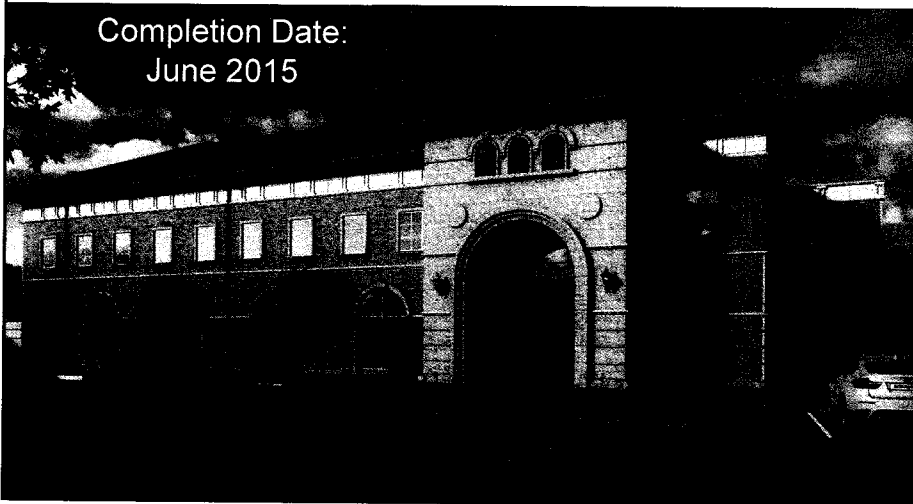


## Research & Technology Park – Phase I

Item 6

- Project Budget - \$29,045,000 / 41,000 GSF

Completion Date:  
June 2015

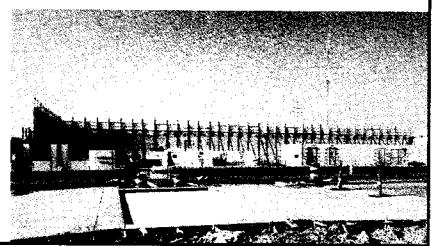
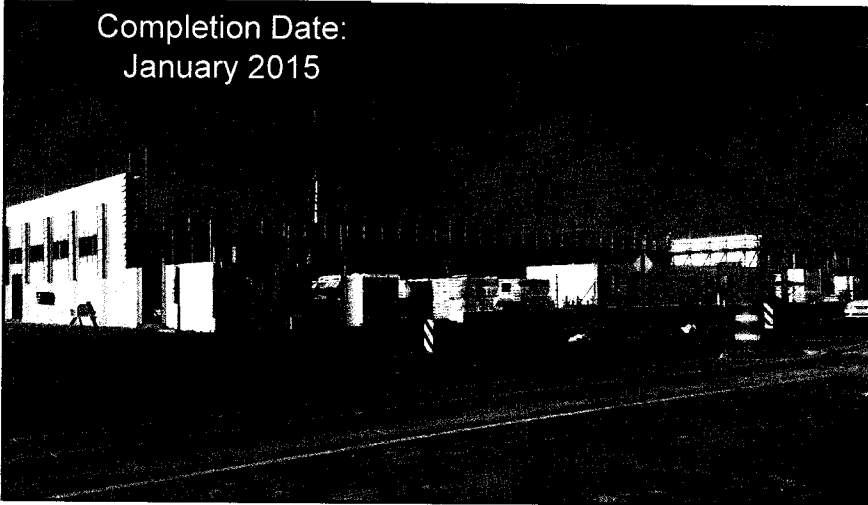


## Bayer CropScience – Seeds Innovation Center Research & Development / Trait Development

Item 6

➤ Project Budget - \$19,316,135 / 74,990 GSF

Completion Date:  
January 2015



## The Larry Combest Community Health and Wellness Center Expansion

Item 6

➤ Project Budget - \$5,108,500 / 10,248 GSF

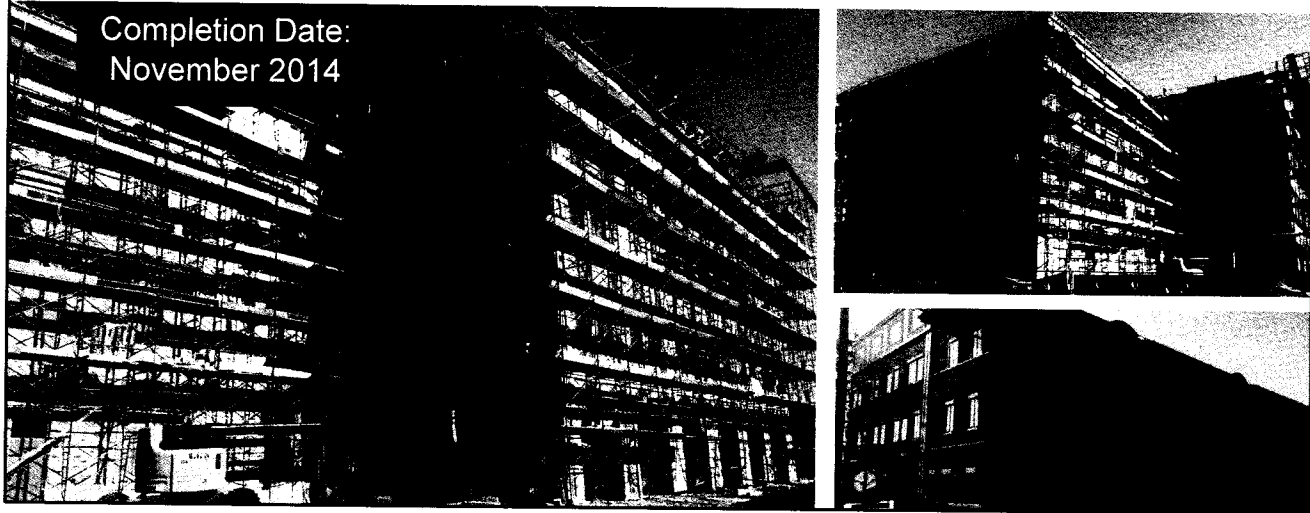
Completion Date:  
February 2015



## TTUHSC at El Paso - School of Nursing

Item 6

➤ Project Budget - \$14,500,000 / 35,000 GSF



## Texas Tech University System

Item 6

Public Art – Recently Installed

## Experimental Sciences Build-Out

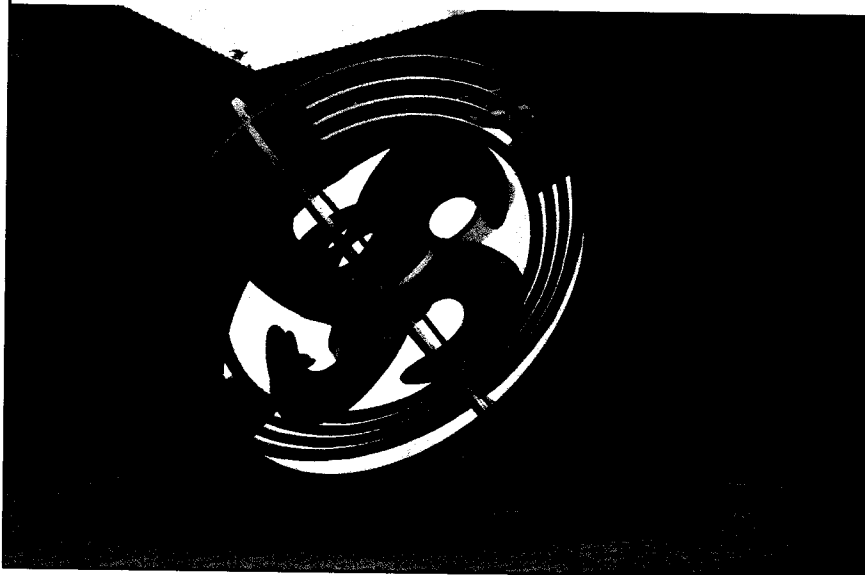
Item 6

Owen Morrel (Peconic, NY)

*Astrolabe*

\$235,000

Installed: June 2014



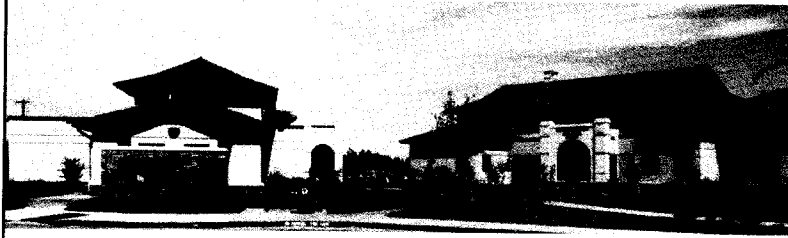
## Texas Tech University System

Item 6

Public Art – In Progress

## Rawls Golf Course Clubhouse

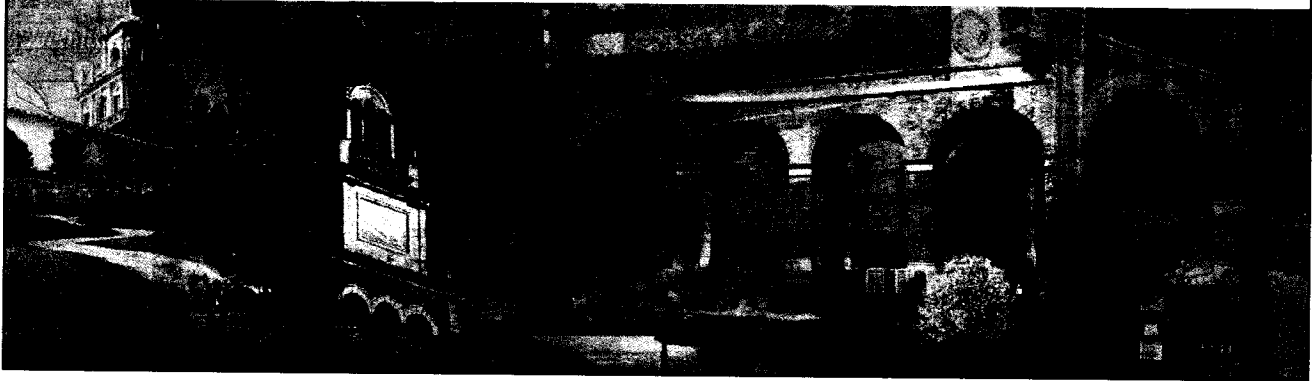
Item 6



Peter Tonningsen and Lisa Levine  
(Oakland, CA)  
*Untitled*

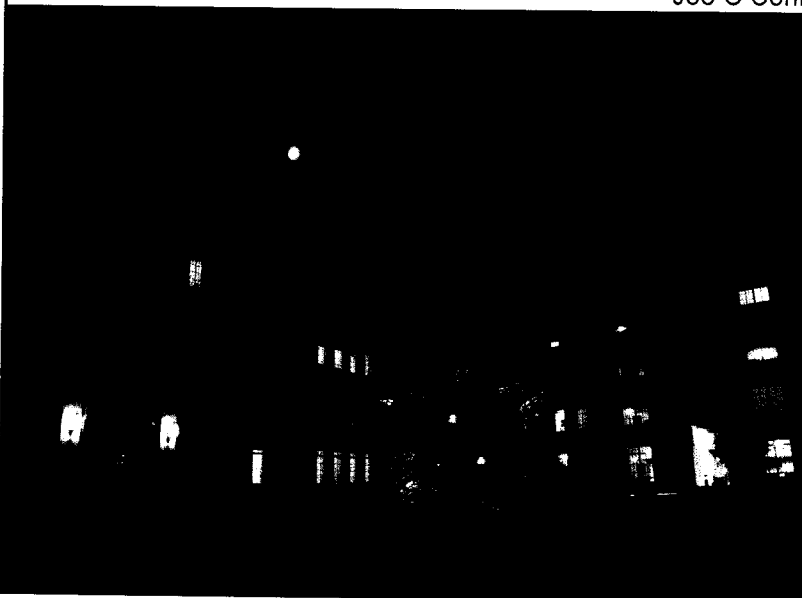
\$32,000

Installation: August 2014



## West Village

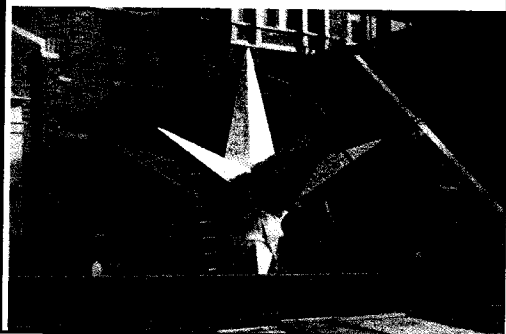
Item 6



Joe O'Connell and Blessing Hancock (Tuscon, AZ)  
*Texas Rising*

\$485,000

Installation: August 2014



## Creative Movement Studio

Item 6

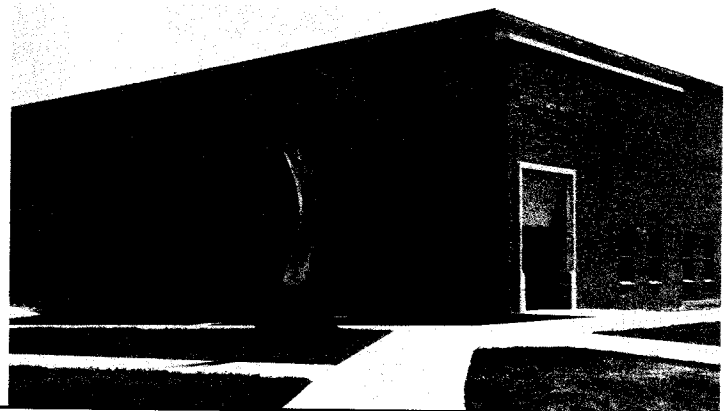


Mark Chew (North Port, FL)

*Untitled*

\$19,000

Estimated Installation: February 2015



## Bayer CropScience – Seeds Innovation Center Research & Development / Trait Development

Item 6



Aaron Stephan (Portland, ME)

*Lubbock Lights*

\$170,000

Estimated Installation: March 2015





Item 6

## Under Construction

	<u>Project</u>	<u>Cost</u>	<u>Status</u>	<u>Completion Date</u>
TTU	Printech Building Renovation (Exercise & Sports Sciences)	\$ 7,200,000	Complete	September 2012
	BSL-3 Lab at the Institute of Environmental & Human Health	\$ 2,400,000	Complete, Warranty	April 2013
	The Burkhardt Center for Autism Education and Research	\$ 10,600,000	Complete	September/October 2013
	Architecture Building Life Safety Upgrades	\$ 7,400,000	Complete, Warranty	October 2013
	Petroleum Engineering and Research Building	\$ 22,800,000	Substantially Complete	January 2014
	West Village	\$ 54,800,000	Under Construction	July/August 2014
	Biological Sciences Buildings Life Safety Upgrades	\$ 8,300,000	Substantially Complete	March 2014
	Jones AT&T Video Scoreboard Package	\$ 11,000,000	Complete, Warranty	August 2013
	Track Team Building Renovation	\$ 1,295,627	Complete, Warranty	May 2014
	College of Human Sciences Life Safety Upgrade	\$ 9,650,000	Under Construction	August 2015
	Campus Beautification	\$ 2,500,000	Under Construction	February 2015
	Bayer Plant Science Building	\$ 13,600,000	Under Construction	June 2015
	Research & Technology Park - Phase I	\$ 29,045,000	Under Construction	June 2015
	Bayer CropScience-Seeds Innovation Center	\$ 19,316,135	Under Construction	January 2015
	Research & Development / Trait Development	\$ 5,350,000	Substantially Complete	October 2013
	Jones AT&T Stadium Colonnade and Infill Seating	\$ 5,350,000	Substantially Complete	October 2013
	<b>TTU Total</b>	<b>\$ 205,256,762</b>		
ASU	Dr. Robert and Jean Ann LeGrand Multi Sports Complex Improvements	\$ 1,400,000	Under Construction	August 2014
	Synthetic Turf on Intramural Fields	\$ 1,900,000	Under Construction	August 2014
	Mayer-Rousselot Agriculture Education Training Center	\$ 1,077,000	Substantially Complete	May 2014
	<b>ASU Total</b>	<b>\$ 4,377,000</b>		
HSC	The Larry Combest Community Health and Wellness Center Expansion	\$ 5,108,500	Substantially Complete / Under Construction	February 2015
	El Paso School of Nursing	\$ 14,500,000	Under Construction	November 2014
	<b>HSC Total</b>	<b>\$ 19,608,500</b>		
	<b>Under Construction Grand Total</b>	<b>\$ 229,242,262</b>		

Item 6

## In Design

	<u>Project</u>	<u>Cost</u>	<u>Status</u>	<u>Completion Date</u>
TTU	Petroleum Engineering Bldg Renovation for Maddox Chairs	\$ 2,900,000	On Hold	TBD
	Engineering & Materials Research Center Renovation	\$ 1,680,000	In Design	TBD
	College of Visual and Performing Arts	TBD	Program Complete	TBD
	United Supermarkets Arena Renovation	\$ 4,300,000	Proposed	TBD
	System Office Building	\$ 27,500,000	Proposed	February 2016
	Synthetic Turf Intramural Recreation Fields	\$ 5,785,000	Proposed	TBD
	Admin Bldg Parking Feasibility Study	TBD	Study Complete	TBD
	TTU Total	\$ 42,165,000		
ASU	College of Health & Human Services	\$ 26,700,000	On Hold	TBD
	ASU Total	\$ 26,700,000		
HSC	Amarillo Simulation Center	\$ 6,750,000	On Hold	TBD
	Amarillo Student Synergistic Center	\$ 4,000,000	On Hold	TBD
	HSC Total	\$ 10,750,000		
	In Design Grand Total	\$ 79,615,000		

Item 6

# Prospective

	<u>Project</u>	<u>Cost</u>	<u>Status</u>	<u>Completion Date</u>
TTU	Research Building (ESB II)	\$ 97,700,000	Proposed	TBD
	College of Engineering Expansion/Renovation Phase II	\$ 67,600,000	Proposed	TBD
	Weeks Hall Abatement and Renovation	\$ 24,200,000	Proposed	TBD
	University Data Center	\$ 21,000,000	Proposed	TBD
	South End Zone Renovation	\$ 65,000,000	Proposed	TBD
	Indoor Football Practice Facility	\$ 28,000,000	Proposed	TBD
	New Residence Hall Facility (West Village - Phase II)	\$ 50,000,000	Proposed	TBD
	Rawls College of Business Administration Addition	\$ 15,000,000	Proposed	TBD
	Indoor Track Facility	\$ 45,600,000	Proposed	TBD
	Jones AT&T Stadium East Building Finish Out	\$ 22,000,000	Proposed	TBD
	<b>TTU Total</b>	<b>\$ 436,100,000</b>		
ASU	Cavness Science Building Renovation	\$ 33,700,000	Proposed	TBD
	Academic Building Renovation & Addition	\$ 23,900,000	Proposed	TBD
	Engineering Classroom Building	\$ 10,200,000	Proposed	TBD
	Carr Hall Office Space Renovation	\$ 4,200,000	Proposed	TBD
	<b>ASU Total</b>	<b>\$ 72,000,000</b>		
HSC	El Paso Medical Science Building II	\$ 84,400,000	Proposed	TBD
	El Paso Clinical Sciences Building	\$ 34,400,000	Proposed	TBD
	Lubbock Education, Research & Technology Renovation	\$ 45,000,000	Proposed	TBD
	Lubbock West Expansion	\$ 38,700,000	Proposed	TBD
	Permian Basin Academic Facility	\$ 19,800,000	Proposed	TBD
	Amarillo Panhandle Clinical Simulation Center	\$ 9,750,000	Proposed	TBD
	Amarillo Women's Health & Research Institute Renovation	\$ 22,400,000	Proposed	TBD
	<b>HSC Total</b>	<b>\$ 254,450,000</b>		
	<b>Future Grand Total</b>	<b>\$ 762,550,000</b>		



TEXAS TECH UNIVERSITY SYSTEM



# TTUS Design & Construction Review

## Under Construction

### August 2014

[www.fpc.ttu.edu](http://www.fpc.ttu.edu)

	<u>Project</u>	<u>Cost</u>	<u>Status</u>	<u>Completion Date</u>	
TTU	Printech Building Renovation (Exercise & Sports Sciences)	\$ 7,200,000	Complete	September 2012	
	BSL-3 Lab at the Institute of Environmental & Human Health	\$ 2,400,000	Complete, Warranty	April 2013	
	The Burkhardt Center for Autism Education and Research	\$ 10,600,000	Complete	September/October 2013	
	Architecture Building Life Safety Upgrades	\$ 7,400,000	Complete, Warranty	October 2013	
	Petroleum Engineering and Research Building	\$ 22,800,000	Substantially Complete	January 2014	
	West Village	\$ 54,800,000	Under Construction	July/August 2014	
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	Track Team Building Renovation	\$ 1,295,627	Complete, Warranty	May 2014	
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TTU Total		\$ 205,256,762			
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	Mayer-Rousselot Agriculture Education Training Center	\$ 1,077,000	Substantially Complete	May 2014	
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HSC	The Larry Combest Community Health and Wellness Center Expansion	\$ 5,108,500	Substantially Complete / Under Construction	February 2015	
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	HSC Total	\$ 19,608,500			
Under Construction Grand Total		\$ 229,242,262			



# TTUS Design & Construction Review

In Design

August 2014

[www.fpc.ttu.edu](http://www.fpc.ttu.edu)

	<u>Project</u>	<u>Cost</u>	<u>Status</u>	<u>Completion Date</u>
TTU	Petroleum Engineering Bldg Renovation for Maddox Chairs	\$ 2,900,000	On Hold	TBD
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	College of Visual and Performing Arts	TBD	Program Complete	TBD
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	System Office Building	\$ 27,500,000	Proposed	February 2016
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ASU	College of Health & Human Services	\$ 26,700,000	On Hold	TBD
	<b>ASU Total</b>	<b>\$ 26,700,000</b>		
HSC	Amarillo Simulation Center	\$ 6,750,000	On Hold	TBD
	Amarillo Student Synergistic Center	\$ 4,000,000	On Hold	TBD
	<b>HSC Total</b>	<b>\$ 10,750,000</b>		
	<b>In Design Grand Total</b>	<b>\$ 79,615,000</b>		



# TTUS Design & Construction Review Prospective August 2014

[www.fpc.ttu.edu](http://www.fpc.ttu.edu)

	<u>Project</u>	<u>Cost</u>	<u>Status</u>	<u>Completion Date</u>	
TTU	Research Building (ESB II)	\$ 97,700,000	Proposed	TBD	
	College of Engineering Expansion/Renovation Phase II	\$ 67,600,000	Proposed	TBD	
	Weeks Hall Abatement and Renovation	\$ 24,200,000	Proposed	TBD	
	University Data Center	\$ 21,000,000	Proposed	TBD	
	South End Zone Renovation	\$ 65,000,000	Proposed	TBD	
	Indoor Football Practice Facility	\$ 28,000,000	Proposed	TBD	
	New Residence Hall Facility (West Village - Phase II)	\$ 50,000,000	Proposed	TBD	
	Rawls College of Business Administration Addition	\$ 15,000,000	Proposed	TBD	
	Indoor Track Facility	\$ 45,600,000	Proposed	TBD	
	Jones AT&T Stadium East Building Finish Out	\$ 22,000,000	Proposed	TBD	
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ASU	Cavness Science Building Renovation	\$ 33,700,000	Proposed	TBD	
	Academic Building Renovation & Addition	\$ 23,900,000	Proposed	TBD	
	Engineering Classroom Building	\$ 10,200,000	Proposed	TBD	
	Carr Hall Office Space Renovation	\$ 4,200,000	Proposed	TBD	
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HSC	El Paso Medical Science Building II	\$ 84,400,000	Proposed	TBD	
	El Paso Clinical Sciences Building	\$ 34,400,000	Proposed	TBD	
	Lubbock Education, Research & Technology Renovation	\$ 45,000,000	Proposed	TBD	
	Lubbock West Expansion	\$ 38,700,000	Proposed	TBD	
	Permian Basin Academic Facility	\$ 19,800,000	Proposed	TBD	
	Amarillo Panhandle Clinical Simulation Center	\$ 9,750,000	Proposed	TBD	
	Amarillo Women's Health & Research Institute Renovation	\$ 22,400,000	Proposed	TBD	
	<b>HSC Total</b>	<b>\$ 254,450,000</b>			
	<b>Future Grand Total</b>	<b>\$ 762,550,000</b>			



# TTUS Design & Construction Review

Completed

August 2014

[www.fpc.ttu.edu](http://www.fpc.ttu.edu)

<u>Project</u>	<u>Cost</u>	<u>Status</u>	<u>Completion Date</u>
Texas Tech Baseball Park Improvements & Picnic Area - Phase I	\$ 5,124,000	Complete	July 2013
Boston Avenue Residence Hall and Dining Facility	\$ 47,000,000	Complete	July 2012
Business Administration Building Renovation	\$ 25,000,000	Complete	August 2012
Gerald and Carol Myers Indoor Soccer Facility	\$ 1,080,000	Complete	November 2012
Kent R. Hance Chapel	\$ 3,464,447	Complete, Warranty	March 2012
Admin Building 3rd Floor Interior Finish Out	\$ 2,745,409	Complete	October 2012
Rawls Course Clubhouse and Team Facility	\$ 3,700,000	Complete	August 2012
Multi-Purpose Performance Studio	\$ 2,200,000	Complete	September 2012
Rawls College of Business Administration	\$ 70,000,000	Complete	January 2012
Admin Bldg Abatement and Renovation	\$ 3,850,000	Complete	April 2012
Sofball Seating Expansion	\$ 258,029	Complete	March 2012
NRHC North Addition	\$ 1,700,209	Complete	September 2011
NRHC Historic Preservation Building	\$ 613,397	Complete	September 2011
Art 3D Annex Finish Out (Sculpture)	\$ 3,800,000	Complete	August 2011
Experimental Science Bldg Build Out	\$ 12,100,000	Complete	July 2011
Jones AT&T Stadium East Side Expansion	\$ 33,481,504	Complete	January 2011
Jones AT&T Stadium North End Zone Expansion	\$ 5,998,165	Complete	January 2011
System Office Relocation (2nd Floor)	\$ 883,603	Complete	December 2010
Jones AT&T Stadium NEZ Facilities (Toilets & Concessions)	\$ 1,044,850	Complete	January 2011
Scholarship Donor Walk-Phase 2	\$ 50,000	Complete	March 2010
Sofball Team Facility	\$ 3,183,279	Complete	February 2010
Pulse Power Lab	\$ 1,178,373	Complete	October 2009/February 2010
Soccer Team Facility	\$ 4,077,587	Complete	September 2009
Rawls CoBA Tunnel Project	\$ 1,700,000	Complete	October 2009
Horn/Knapp Window Replacement	\$ 2,361,339	Complete	November 2009
Memorial Circle Utility Tunnel Replacement	\$ 3,887,819	Complete	August 2009
Student Leisure Pool	\$ 8,247,813	Complete	May 2009
SPICE Chess Garden	\$ 71,000	Complete	July 2009
Thompson Gaston Demolition	\$ 2,071,218	Complete	March 2009
Engineering Expansion/Renovation Phase I	\$ 9,595,587	Complete	March 2009 Revised 7/30/2014

Track Renovation/Relocation	\$	3,322,211	Complete	May 2009
Softball Field Improvements	\$	859,472	Complete	March 2009
Art 3D Annex Ceramics/Klin Yard	\$	1,522,012	Complete	October 2008
High Performance Research Computer Facility	\$	1,540,017	Complete	September 2008
Sneed/Bledsoe HVAC Upgrade	\$	5,689,794	Complete	August 2008
Bledsoe Window Replacement	\$	1,000,000	Complete	August 2008
4th Street Sewer Upgrade	\$	458,617	Complete	October 2008
Mark & Becky Lanier Prof. Development Center	\$	13,450,433	Complete	April 2008
NCAA Soccer Complex	\$	1,899,323	Complete	August 2007
Art 3-D Annex	\$	8,603,159	Complete	September 2007
Outreach & Extended Studies Building	\$	7,811,920	Complete	October 2007
Softball Field Repairs	\$	509,054	Complete	September 2007
Discovery Mail	\$	1,167,898	Complete	July 2007
Student Wellness Center	\$	918,979	Complete	March 2007
CDRC / CSAR	\$	8,146,094	Complete	October 2006
Scholarship Donor Recognition Walk	\$	225,000	Complete	November 2006
Sneed/Gordon/Bledsoe LifeSafety Upgrades	\$	5,767,814	Complete	September 2006
Jones AT&T Stadium Field Improvements	\$	2,700,000	Complete	August 2006
Student Union Building Phase II B	\$	6,030,961	Complete	November 2006
Student Union Building Phase III	\$	1,287,444	Complete	July 2006
NRHC - Christine DeVitt Wing	\$	3,278,509	Complete	June 2006
Experimental Sciences Building	\$	36,682,782	Complete	March 2006
Texas Tech Parkway	\$	9,222,073	Complete	February 2006
Grover E. Murray Residence Hall	\$	24,604,339	Complete	January 2006
Animal and Food Sciences Building	\$	16,809,504	Complete	February 2006
Wall/Gates LifeSafety Upgrade	\$	3,087,287	Complete	January 2006
Student Parking Expansion	\$	657,887	Complete	October 2005
Student Union Bldg. Expansion/Renovation	\$	37,372,009	Complete	October 2003/February 2005
Museum NSRL Addition	\$	3,552,255	Complete	August 2005
Admin Building Stone Repair	\$	2,262,839	Complete	January 2005
Jones SBC Stadium Stage IIA /IIB	\$	53,713,138	Complete	May 2004/Sept 2004
Hulen Clement Fire Protection	\$	3,262,805	Complete	August 2004
Football Training Facility	\$	10,974,030	Complete	May 2004
Marsha Sharp Center for Student Athletes	\$	3,789,331	Complete	January 2004
The Rawls Course Support Facilities	\$	1,692,000	Complete	November 2003
Admin Building Roof Repairs	\$	827,901	Complete	November 2003

Revised 7/30/2014

## TTU

The Rawls Course	\$	9,013,000	Complete	August 2003
Horn/Knapp Fire Suppression	\$	3,026,015	Complete	December 2002
Campus Conference Bonfire Circle	\$	400,000	Complete	September 2002
English-Philosophy & Education Complex	\$	46,199,000	Complete	August 2002
Flint Avenue Parking Facility	\$	10,550,979	Complete	August 2002
Dan Law Field	\$	1,612,000	Complete	June 2002
Fuller Track Field House	\$	480,000	Complete	June 2002
Pfluger Fountain	\$	826,000	Complete	April 2002
Recreation Center Expansion/Renovation	\$	12,070,277	Complete	November 2001
Jones SBC Stadium Stage I	\$	22,000,000	Complete	September 2001
Frazier Plaza & Masked Rider Statue	\$	515,000	Complete	September 2001
Tennis-Softball Complex	\$	4,059,784	Complete	September 2001
Campus Fiber Optic Connection	\$	1,667,000	Complete	September 2001
West Hall/Visitors Center	\$	5,703,441	Complete	August 2001
Broadway Gatehouses	\$	816,000	Complete	August 2001
Marquee	\$	352,000	Complete	August 2001
Stangel/Murdough Fire Suppression	\$	1,616,293	Complete	August 2001
Chitwood/Weymouth Fire Suppression	\$	2,779,706	Complete	August 2000
<b>TTU Total</b>	<b>\$</b>	<b>668,852,814</b>		

## ASU

Plaza Verde Residence Hall Phase I (Design Phase I & II / Construct Phase I)	\$	35,000,000	Complete	February 2012
Porter Henderson Library IT Commons Renovation	\$	4,371,390	Complete	December 2010
Recreation/Wellness Ctr & Center for Human Performance Expansion	\$	6,941,505	Under Construction	May 2011
Centennial Village Residence Hall	\$	28,215,000	Complete	August 2008/March 2009
University Hall/Abatement Demolition	\$	2,500,000	Complete	January 2010
UC Dining Services Expansion	\$	2,500,000	Complete	January 2009
<b>ASU Total</b>	<b>\$</b>	<b>79,527,895</b>		

## HSC

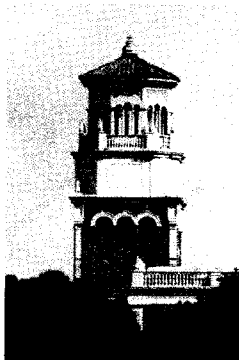
Abilene School of Nursing	\$	12,000,000	Complete, Warranty	December 2012
Abilene School of Pharmacy Addition	\$	3,000,000	Complete, Warranty	December 2012
The F. Marie Hall SimLife Center	\$	6,350,658	Complete	September 2010
4C Cancer Research Lab	\$	3,504,108	Complete	October 2010
Lubbock Memorial Garden	\$	179,738	Complete	January 2010
Amarillo School of Pharmacy Expansion	\$	7,905,531	Complete	November 2009
Amarillo Family Medicine Relocation	\$	7,227,532	Complete	July 2009
Amarillo Research Building	\$	18,152,430	Complete	March 2009
				Revised 7/30/2014



El Paso Vivarium Upgrade	\$	737,479	Complete	December 2008
International Pain Center	\$	6,704,956	Complete	November 2008
El Paso Strategic Space Study	\$	TBD	Complete	TBD
El Paso - Archer Building Renovations	\$	1,541,604	Complete	March 2008
Texas Tech Physicians Medical Pavilion	\$	35,697,952	Complete	June 2006/Dec 2007
El Paso Medical Education Bldg.	\$	44,810,194	Complete	November 2007
Abilene School of Pharmacy	\$	9,087,743	Complete	July 2007
El Paso Medical Science Bldg. I Build Out	\$	3,547,351	Complete	July 2006
Amarillo Campus Improvements	\$	1,424,677	Complete	September 2006
HSC Roof Replacement	\$	1,747,867	Complete	April 2006
The Larry Combest Health & Wellness Center	\$	1,551,549	Complete	January 2006
El Paso Medical Science Bldg. I	\$	36,906,174	Complete	February 2006
HSC Campus Infrastructure Improvement	\$	4,996,136	Complete	January 2006
HSC El Paso Clinic Expansion/Renovation	\$	9,655,524	Complete	February 2005
HSC El Paso Hydronic Pipe Replacement	\$	1,552,209	Complete	February 2005
HSC Academic Classroom Bldg.	\$	14,963,993	Complete	October 2003
HSC Synergistic Center	\$	1,995,105	Complete	March 2003
Amarillo Academic/Clinic Facility	\$	23,636,894	Complete	April 2002
Midland Physicians Assistant Building	\$	6,000,000	Complete	August 2001
HSC Admin Relocation	\$	1,862,000	Complete	March 2001
Odessa Clinic Renovation	\$	1,200,000	Complete	September 2000
Communications Disorders Renovation	\$	2,161,000	Complete	May 2000
		<b>HSC Total</b>		
		<b>\$ 270,100,404</b>		
		<b>Completed Total</b>		
		<b>\$ 1,018,481,113</b>		
		<b>TTUS Capital Project Total</b>		
		<b>\$ 2,089,888,375</b>		



TEXAS TECH UNIVERSITY SYSTEM



# Summary Operating Budgets

Fiscal Year 2015

Jim Brunjes

*Vice Chancellor and Chief Financial Officer*

August 7, 2014

Page 1

## TTUS Merit Increase History



Fiscal Year, Beginning	TTUSA		TTU		ASE		TPUHSC	
	Staff	Faculty	Staff	Faculty	Staff	Faculty	Staff	Faculty
September 2010	0%	0%	0%	0%	0%*	0%	0%	0%
September 2011	0%	0%	0%	0%	0%	0%	0%	0%
September 2012	4%**	4%**	4%**	2%	2%	4%	4%	4%
September 2013	2%	2%	2%	1%	1%	2%	2%	2%
September 2014	2%	2%	2%	1%	1%	2%	2%	2%

\*One-time merit payments were awarded

\*\*2% Merit was awarded February/March, 2% Merit was awarded September

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# Texas Tech University

## FY 2015 Proposed Budget



Page 3

## Texas Tech University



### Significant Budget Changes from FY 2014

- FY 2015 Operating Budget increased by \$16.8 million, or 2.15%, over FY 2014
- Approved Tuition and Fee increase provided for a 2% merit salary increase policy for faculty and staff
- Education and general funds decreased by approximately \$7 million (-2.9%)
  - No FY2015 Hazlewood allocation; received \$2 million in FY 2014
  - Through investments in new research initiatives, \$5 million of the fund balance from the National Research University Fund was utilized

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### Significant Budget Changes from FY 2014

- Designated funds increased by \$13.5 million (4.8%)
  - Approved tuition increase provided 12 new faculty lines to assist in addressing student : faculty ratio
  - New online and distance education fee to grow TTU's online programs
  - Continue initiatives to grow graduate and international student enrollment
- Auxiliary funds increased by \$10.3 million (6.3%)
  - Intercollegiate athletics increased with additional Big 12 Conference revenue distribution and ticket sales
  - Residence Halls increased due to already approved 3% increase in room rates and addition of West Campus residence hall
  - Hospitality Services increased with additional locations (West Village, Burkhart Center, RCOB, food truck) and providing snacks for student athletes

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#### TEXAS TECH UNIVERSITY SUMMARY OPERATING BUDGET FISCAL YEAR 2015

Education and General	\$	239,032,350	\$	232,014,318	\$ (7,018,032) -2.94%
Designated	\$	281,827,271	\$	295,354,541	\$ 13,527,270 4.80%
Auxiliary	\$	162,440,694	\$	172,748,866	\$ 10,308,172 6.35%
Current Restricted	\$	100,000,000	\$	100,000,000	\$ - 0.00%

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## **Texas Tech University Health Sciences Center**

### **FY 2015 Proposed Budget**

Page 7

## **Texas Tech University Health Sciences Center**



### **Significant Budget Changes from FY 2014**

- FY 2015 Operating Budget Increased by \$38.6 Million, or 4.9% over FY 2014
- 2% Merit Salary Increase Policy for Faculty and Staff
- Education and General Funds Increased by \$.3 Million
  - Student Tuition and Fee Increases due to Additional Student Enrollment

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## Texas Tech University Health Sciences Center



### Significant Budget Changes from FY 2014

- Designated Funds Increased by \$20.2 Million
  - Faculty Practice Activities
  - Student Tuition and Fee Increases and Additional Student Enrollment
  - New Permanent Health Fund Allocation for El Paso
- Restricted Funds Increased by \$18.1 Million
  - Federal Grant Awards
  - State Grants and Contracts
  - Hospital Residency Contracts
  - Private Gifts, Grants and Contracts

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## Texas Tech University Health Sciences Center



### TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER SUMMARY OPERATING BUDGET FISCAL YEAR 2015

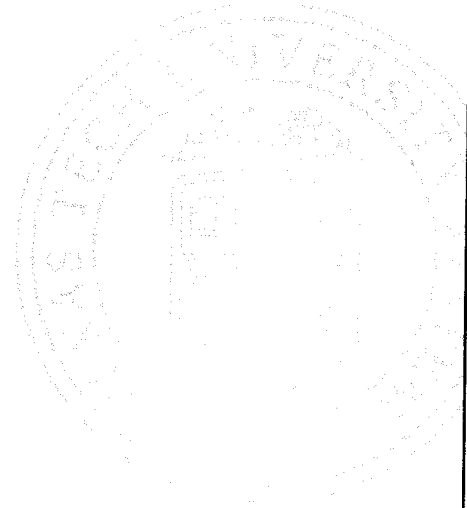
Education and General	\$	203,232,592	\$	203,503,637	\$ 271,045 0.13%
Designated	\$	374,391,594	\$	394,647,357	\$ 20,255,763 5.41%
Auxiliary	\$	734,075	\$	693,998	\$ (40,077) -5.46%
Current Restricted	\$	203,900,000	\$	222,000,000	\$ 18,100,000 8.88%

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# Angelo State University

## FY 2015 Proposed Budget



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# Angelo State University



## Significant Budget Changes from FY 2014

- FY 2015 Operating Budget Decreased by \$4.5 Million, or 4.22% over FY 2014
- 1% Merit Salary Increase for Faculty and Staff
- Education and General Funds Decreased by \$1.2 Million (-2.8%)
  - Reduction in appropriation for Tuition Revenue Bond payments

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## Angelo State University



### Significant Budget Changes from FY 2014

- Designated Funds Decreased by \$ 2.2 Million (-6.47%)
  - Revenue estimates aligned with current enrollment
- Auxiliary Funds Decreased by \$160,823 (-.62%)
  - Revenue estimates aligned with current enrollment
  - New fee generates \$296,091
- Current Restricted Funds Decreased by \$ .94 million (-32.8%)
  - Federal Grant ending for Center for Security Studies

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## Angelo State University



### ANGELO STATE UNIVERSITY SUMMARY OPERATING BUDGET FISCAL YEAR 2015

Education and General	\$	43,598,871	\$	42,362,828	\$ (1,236,043) -2.84%
Designated	\$	34,174,869	\$	31,962,185	\$ (2,212,684) -6.47%
Auxiliary	\$	26,086,958	\$	25,976,135	\$ (110,823) -0.42%
Current Restricted	\$	2,870,198	\$	1,929,341	\$ (940,857) -32.78%

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## **Texas Tech University System Administration**

### **FY 2015 Proposed Budget**

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## **Texas Tech University System Administration**



### **Significant Budget Revenue Changes from FY 2014**

- Legislative appropriations remained at FY 2014 level for TTUSA
- Change in component funding to support:
  - 2% merit based salary increase from FY 2014
  - Equity increases for the Office of Audit Services
  - Establishment of the Office of the Chancellor Emeritus
- Increase in staffing and portfolio complexity and tools in the Office of Investments (concurrent with endowment exceeding \$1.0 billion), which is funded internally

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## Texas Tech University System Administration



### Significant Budget Changes from FY 2014

- Increase in FY 2015 Budget over FY 2014 Budget
  - Provided 2% Merit Raises \$ 153,046
  - Increased Support for Audit Services \$ 91,055
  - Establishment of Chancellor Emeritus Office \$ 548,000
  - Increased Support for Investments<sup>1</sup> \$ 872,482
  - Increased Support for Treasury and Cash Management<sup>1</sup> \$ 100,000
  - Other \$ 111,250

<sup>1</sup>Increased support will be funded internally.

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## Texas Tech University System Administration



### TEXAS TECH UNIVERSITY SYSTEM ADMINISTRATION SUMMARY OPERATING BUDGET FISCAL YEAR 2015

Education and General	\$	4,971,302	\$	5,061,302	\$	90,000
Designated	\$	14,008,244	\$	15,794,077	\$	1,785,833

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# Texas Tech University System

## FY 2015 Proposed Budget



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# Texas Tech University System



## TEXAS TECH UNIVERSITY SYSTEM BUDGET OVERVIEW (ALL FUNDS) FISCAL YEAR 2015

TEXAS TECH UNIVERSITY SYSTEM ADMINISTRATION	\$ 18,979,546	\$ 20,855,379	\$ 1,875,833
TEXAS TECH UNIVERSITY	\$ 783,300,315	\$ 800,117,725	\$ 16,817,410
LESS SYSTEM FUNDING	\$ (4,214,044)	\$ (4,608,377)	
TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER	\$ 782,258,261	\$ 820,844,992	\$ 38,586,731
LESS SYSTEM FUNDING	\$ (4,062,746)	\$ (4,456,681)	
ANGELO STATE UNIVERSITY	\$ 106,730,896	\$ 102,230,489	\$ (4,500,407)
LESS SYSTEM FUNDING	\$ (432,062)	\$ (482,849)	

TEXAS TECH UNIVERSITY SYSTEM - ANNUAL CHANGE \$ 51,940,512

TEXAS TECH UNIVERSITY SYSTEM - PERCENT CHANGE 3.09%

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TEXAS TECH UNIVERSITY SYSTEM

## **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]

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

## Chapter 09 -- Investments and Endowments

*Dates Approved or Amended:*

-- Comprehensive review/amendments.....

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### 09.00 Chapter definitions.

09.00.1 "IAC" means the Investment Advisory Committee.

09.00.2 "LTIF" means the Long Term Investment Fund.

09.00.3 "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

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

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.

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- 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.



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

~~[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;

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- 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.]

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

- (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:

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

- (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.

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

- 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.

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

- 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-

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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*.

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- 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.



## **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]

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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 rewrite .....03-02-2012
  - Amendment to Sec. 5.2 .....12-13-2013
  - 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

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[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 [·];

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- 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.

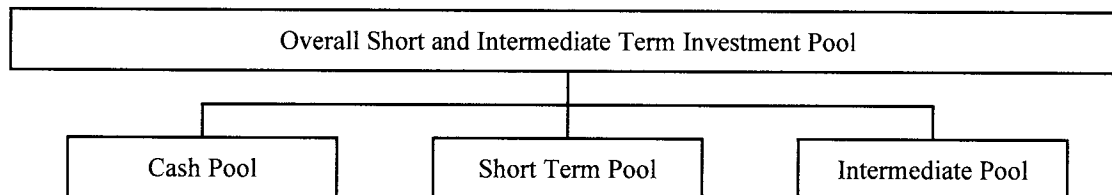
#### 3.1 Investment objectives of the SITIF.

- 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.

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## 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.

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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.

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- 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:

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- (a) 25% of the total funds available for investment by the TTU system;  
or
    - (b) based upon the bank's latest regularly published statement of financial condition: 15% of its total deposits; or an amount equal to the sum of its capital, permanent surplus, retained earnings, and reserves.
  - (3) The limitations in Section 7.1.b of this policy statement shall not be construed to establish a commitment and/or guarantee on the part of the TTU system to deposit any particular amount in any one bank.
  - c. Local government investment pools, which are specialized money market funds designed to offer a convenient and cost-effective investment vehicle for public entities.
  - d. Repurchase agreements.
    - (1) For the purpose of this policy, a repurchase agreement is an investment transaction between an investor and a bank or securities dealer, in which the bank or dealer agrees to sell a particular instrument to the investor and simultaneously agrees to repurchase that investment at a certain date in the future at a market value of not less than the principal amount of the funds disbursed.
    - (2) A fully collateralized repurchase agreement is an authorized investment if the repurchase agreement is secured by U.S. Government Securities and require the securities being purchased to be pledged to the TTU system and deposited at the time the investment is made with a third party selected and approved by TTU system. The value of all collateral shall be maintained at 102% of the notional value of the repurchase agreement (valued daily). Repurchase agreements must be placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas.
    - (3) There shall be no limitation on the amount invested, provided the vehicle is collateralized by U.S. government securities.
    - (4) Reverse repurchase agreements are not permitted.
- 7.2 **Short Term Pool.** The short term pool will be invested in the following types of securities with maturities of 36 months or less.
- a. Obligations issued or guaranteed by the United States Federal Government, United States Federal Agencies, or United States government-sponsored corporations and agencies.



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- b. "Prime quality" commercial paper with a maturity of one year or less, issued by domestic corporations (corporations organized and operating under the laws of the United States or any state thereof) provided that the issuing corporation, or its guarantor, has a short-term debt rating of no less than "A-1" (or its equivalent) by at least two of the national rating services.
- 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

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vehicles may have investment guidelines that are different than those described in the SITIF policy statement. In these cases, the CFO and [CFO] 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.

- 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.
- 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 [CFO] 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.

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## **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.

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- 12.4 Make no material departures from the strategy for which the manager was hired.
- 12.5 Inform the [CFO] 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 [CFO] 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.

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### 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

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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.

## **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]



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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.

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## **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.

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## 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.

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## 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:

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- 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.

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- 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 [40] 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.

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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.

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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 &amp; 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,



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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.]~~

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- 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.

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- 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.]

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**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].~~

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**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.

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- 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.

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- 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;

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- (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



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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

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- (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.

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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~~

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~~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.

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## **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

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- 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]~~ \_\_\_\_\_, 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.

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**Schedule A**

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

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

<b>Asset Class</b>	<b>Policy Benchmark</b>	<b>Target</b>	<b>Range</b>
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%
<b>TOTAL</b>		<b>100.0%</b>	

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## **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.



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- (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.

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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

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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~~

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~~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.]~~

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## 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

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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

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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.

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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.



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## 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.

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- 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.]~~

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- 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.

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- B. The fund's strategy [~~in~~] 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.

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- (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.

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**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

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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.

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- 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



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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.

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**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.

Chancellor's Report  
Texas Tech University System  
Board of Regents Meeting  
August 8, 2014

Chancellor Duncan presented his report to the Board: "Thank you Mr. Chairman. I took office here 30 days ago. It's been a pretty quick 30 days. This is a huge system. I have had the opportunity to meet individually with each of the presidents to learn and dialogue about the concerns that each of the component institutions have—their needs, their priorities, and it was a very productive to meet with each one of these presidents. We are very fortunate. Beginning on July 7, I inherited a system that is in very good condition. You have done a very good job in managing the financial aspects of this institution as well as its goals and priorities. You should be commended for what you have done and your presidents should be commended for what they have done in promoting excellence in each of their institutions.

"I have also, and I'm not quite done yet, but I want to meet with each one of you individually to understand better your priorities and concerns with regard to the system. I hope to have that finished by at least the end of the summer. Things have been moving very fast and I know you have been busy as well in your private lives. I have to say that it is very helpful for me to understand on a one-on-one basis what your concerns are because I see here collectively each one of you are very involved in the management of this university and in the setting of policies and strategies and it is very much appreciated and I think that is why we have the success that we have.

"Our priorities, that you have set, and we will work forward with the institutions on these are the accessibility and affordability of higher education. That is going to be a lot of things but I think we are going to be dealing a lot with some—coming up with the legislative session, we are going to need some assistance. If we are going to keep higher education affordable for our students, we are going to need some assistance along the lines of formula funding as well as funding in some of the areas that help support the institution like HEAF and like relief from the Hazelwood Scholarship program that I think is a good program but I think is something that needs some state support in order to be sustainable especially for the smaller institutions in our System and in others.

"We will need to also have financial assistance for the enrollment growth that we are having. We are doing very well and growing very quickly but again we have to manage that growth and intend to do that.

"I want to brag a little bit about our fundraising efforts here. I'd like to credit that this only happened in the last 30 days but it didn't, it happened over the last year, but our fundraising team in our Institutional Advancement headed by Scott Cooksey as an interim almost for a year now, the fundraising totals as of July and it's not the end of the year, is \$152.7 million. That is in one year—well that is actually for 11 months. That is impressive. Twenty-five years ago or twenty years ago that would have been unheard

of, that would have been three major campaigns for this University System and we have certainly matured as a System in our ability to raise funds.

"We have maintained a lot of momentum with regard to fundraising after our—it's important to note that we did that after a major campaign as well. So, I think that our alums and supporters are awakened to the future and bright prospect of this institution. I look forward to playing a role in that as we go forward. I have met with all of our presidents individually and also as a group and it's really kind of fun. I'll close with this one thing. I really do like our art program. We dedicate a percentage of each of our new constructions to art. I think we can save a little money on this, I think. Tedd does the best artwork during board meetings. Please show them Tedd. For our next construction project, we will blow up and do something with it and put it in the front and that will be our art for our next meeting.

"Thank you Mr. Chairman."

President's Report  
Angelo State University  
Board of Regents Meeting  
August 8, 2014

President May presented his report to the Board: "The chancellor already made one change. Now we get to take the podium. I am always proud to do that. That works for us good. I just want to say that I appreciate the opportunity to tell you a little about what has happened at Angelo State for the past few months. This just came out yesterday, for the sixth consecutive year, Angelo State was listed by the Christian Review as one of the country's best institutions for undergraduate education. This is an honor that goes to only about 15 percent of the nation's more than 25,000 four-year colleges. So, that was a big honor for us.

"Dylan Meador, a cadet colonel in the Angelo State University Air Force ROTC detachment 847, has been named the 2014 Outstanding ROTC Cadet of the Year by the US Air Force Association. He is a Wall High School graduate—he didn't play football. Meador was chosen for the award from more than 13,400 ROTC cadets in the US. He became eligible by winning the William Randolph Loveless Award in February as a top cadet in the Southwest Region. A selection committee based this decision on academic achievement, physical fitness and military performance. Meador has already been selected for the Air Force pilot training after he graduates in May.

"Angelo State University's Educator Preparation Program has been ranked in the top 10 nationally for its online degree offerings for veterans in the *US World and News Report* for its 2014 edition of the best online programs for veterans. ASU ranked eighth and was only one of three Texas schools on the list.

"One introduction that I failed to make this morning, and I'm going to take that time now, and all of the regents know her well. Angie Wright was named ASU's vice president for finance and administration in June after holding the position of interim for 15 months. A member of ASU's administration since 1991, she earned her bachelor's degree in business administration from ASU in 1985. The one percent raise—and Jim Brunjes called this out briefly when we were discussing the budget—that we were able to give while decreasing our total budget by 4.5 percent was found by Angie Wright. What that does for the morale of our employees is unbelievable. I trust her with everything and I hope that you do as well. She is going to be a valued employee to this System.

"Dr. William Taylor as ASU's security studies faculty has received two research travel grants to help fund research in his upcoming second book in the service of democracy, *American Military Manpower from World War II to the Present*. He received his first grant in May from the Dwight D. Eisenhower Foundation to study at the Eisenhower Presidential Library in Abilene, Kansas. In late July, Taylor received his second grant from Gerald R. Ford Presidential Foundation to study at the Ford Library in Ann Arbor, Michigan. This is a very highly competitive and sought after type of research travel. It is not a lot in money but the prestige that goes with it is certainly significant.

"Another person who we recently hired—and this is pretty much for your information but is pretty critical not only to the Board of Regents but our administration—is Becky Bracken. Becky previously served as ASU's director of community relations and was named the director of community relations and marketing in July. She is an alumnus of Angelo State University and she was the former president and publisher of the *San Angelo Standard Times* for many years. She also served as community relations coordinator and public relations director for 10 years for SAISD in San Angelo. She is going to replace Preston Lewis who has been there for 15 years.

"ASU's master of education and guidance and education administration have also been ranked as one of the ten best online master's programs in school counseling degree programs by Bestschools.org an education resource that ranks degrees in all disciplines. Bestschools.org selected Angelo State's program based on several weighted factors including academic excellence, course offerings, faculty strengths and reputation including the reputation for online degree programs.

"Dr. Bruce Bechtol also on the ASU Security Studies faculty was featured in an episode of Book TV program on CSPAN on June 29. He discussed his new book on North Korea and regional security. This is his fourth book on North Korea published since 2007. He is one of the foremost civilian experts in the country on the military and political climate of the Korean peninsula.

"A paper written by Dr. Jeffery Schonberg in the English faculty was named the best research paper in the language literature in linguistics at the International Conference on Global Science and Technology forum in Bangkok, Thailand this June. Schonberg was also selected to serve on the peer review panelist for the National Endowment for the Humanities Fellowship Program.

"One other thing, since Chairman Long brought up track and the great coach that we have here. We also had some success at track this year. Our women won the sixth straight conference title in the Lone Star Conference as well as many competitors at the national level. Our men won second and that is their fifth year in a row to finish in the top two. The men had six outdoor All-Americans and the women had seven outdoor All-Americans. Jordan Gray was track athlete of the year in the Lone Star Conference.

"That concludes my report."

SGA President's Report  
Angelo State University  
Board of Regents Meeting  
August 8, 2014

Jared Goecker presented his report to the Board: "Mr. Chairman, ladies and gentlemen of the Board and honored guests and Chancellor Duncan, let me be the first to say on behalf of the students of Angelo State University, congratulations Chancellor. We know you are going to do a great job.

"When I stood up here a couple of months ago in the back of mind I was hoping that at the very least I could say we weren't burning anything to the ground. Now, I'm here to say that not only have we not burnt anything to the ground, we have actually had a very successful summer. Let me highlight a few of the things we have done. First, we have revamped the student discount program. You have to set that bar high. We gave that program the structure that it needed to sustain itself from a year-to-year basis and continuously grow. We have clearly outlined the expectations. We have offered our community partners a clear idea of what they can expect from us—the Student Government. We currently have approximately 60 businesses participating in this program. Faculty and staff have also been included in some of the recent discounts in part of our revamped program. Discounts range from food to oil changes and from clothes to iPhone repairs. As we speak, our SGA teams are spreading out across the community of San Angelo recruiting new members. I have made it a goal of my administration to expand this program by 10 percent every month through the duration of my administration.

"Over the summer, we have aggressively recruited student leaders for the student senate and we are hosting a robust senate bursting with talent. We actually have the maximum capacity for the senate which is something that is pretty impressive as compared to recent years. With students from all backgrounds, this body now stands to be one of the most diverse group of students on campus. We have veterans, transfer students, international students, non-traditional students and traditional students. They all come from all different backgrounds and walks of life and now they are the representative body of Angelo State and we are really excited about all that we can accomplish with this group of individuals.

"Student Government provides the blue book and scantrons to the departments for testing. This is something that was started years ago, not by my administration. We have added a process to it to include the student senators in the decision of how many blue books and scantrons each department gets. This gives the senators a very active role in the governance for their departments and their fellow students. We are really excited about this. It has been very successful so far. We have had a few requests and we have had the committee handle them outstandingly.

"We have done much more and we hope to accomplish even more. Over the summer, we have had a very dedicated group of SGA members working with us. Notable accomplishments over the summer can be attributed to Senator Jarred Lujan. Without

his key leadership and support the student discount program would not be as well set up for success as it is now. Also, Senators Larissa Murray, Zach Miranda, Jeffrey Johnston, Meghan Rogers and Christian Garcia have proven themselves indispensable members of the team. Of course, Ross Kushnereit, student body vice president has been a driving force to everything we have attempted to do so far. He could not be here today but he sends his regards. I know this year will be a phenomenal year with leaders like these and we are truly excited to be a part of this System.

"Thank you very much."



President's Report  
Texas Tech University  
Board of Regents Meeting  
August 8, 2014

Dr. Nellis presented his report to the Board. "Mr. Chairman and members of the Board, I really appreciate the opportunity to give you an update on our major priorities for the coming academic year from our leadership team. I want to focus on that. I will provide detailed highlights of some of the recent developments but I can integrate that as relative to these priorities.

"I did want to mention one thing that happened just a few weeks ago and that was the *Chronicle of Higher Education's* recognition of Texas Tech University as one of the best places to work. Again, that reinforces what we have been hearing for the last several years. We had recognition last year from Glassdoor.com as well in a similar light. We are very proud to have an environment here which is more like a family environment—a very supportive environment from our faculty, staff and students.

"So, relative to key priorities from me and my leadership this coming year, one is certainly to closely work our new chancellor and make sure he is connected with the Texas Tech University culture and we want to be supportive of him and his legislative efforts. As he already mentioned, there are some key agenda items coming up in the legislature relative to HEAF the TRBs, relief relative to the Hazelwood Act and other associated initiatives.

"Continued preparation for SACS reaffirmation—again we have our reaffirmation and that is a ten-year reaffirmation that is coming up in February 2015. There will be an onsite team that will visit us at that time. The report to SACS is due in September of this year. There will be an offsite team that will review that report and provide feedback to the University which we will be given an opportunity to respond to and then an onsite team who will come on campus to review us in February. We want that to go extremely well. Catherine Parsonneault out of the Provost's Office has been assigned to be at the point on this documentation and review process.

"We want to continue to enhance student recruitment and enrollment and retention and really look at the mix of what should be our 40,000 students number as to how many of those should be undergraduates, how many should be graduate students, how many should be on campus here in Lubbock, how many should be supported through online learning, how many should be at some of our distributed regional sites such as in Marble Falls and Fredericksburg. We need to be able to analyze that but also with our existing students we want to continue to elevate their success because part of being more AAU like is to increase our retention rates from freshmen to sophomore years and from sophomore to junior year, etc. so that we increase our graduation rates. Right now our graduation rate is about 60 percent and our retention rate from freshmen to sophomore is about 80 percent and those are below where they need to be for AAU status.

"As we look at our recruitment, we need to make sure that we continue to elevate our success as far as the average SAT and ACT scores. If you look at our incoming class, we are likely—again we don't have the final figures on this—but we are likely to drop just a few numbers on our average SAT and ACT from a year ago. As we increase these larger numbers of students coming into the university, we need to be very sensitive to how that affects our profile as we try to emerge as a national research university.

"Leadership searches—again we have done most of those this past year. We have a new dean of the Arts and Sciences, for example, Brent Lindquist and a new dean of the Graduate School, Mark Sheridan, from outside, but we do have the retirement of the current library dean and we are launching that search as we speak.

"We need to create more partnering opportunities with each college for leveraging resources. In the past, there has been more of a tradition of a silo approach where each of the colleges are doing their own thing. We need more of a synergy among colleges working across disciplines to create greater opportunities for leveraging resources. We need to monitor those metrics for enhanced college performance.

"As you know, we launched an operational TTU Worldwide e-learning and we are also trying to invigorate our regional campuses. For Worldwide e-learning, we hired Justin Louder to direct that program and I think we are going to see significant growth in that program for Texas Tech University. They will be providing student opportunities to take a quality Texas Tech University degree program from places not only around Texas but also around the world.

"We need to continue to support, promote and strengthen our athletic programs. I am very proud of the leadership we have in Kirby Hocutt. Out of 17 NCAA programs, we have 13 of them who made it into the post season NCAA playoffs. That is an outstanding record but we continue to build on that and make sure that they have our support during a time of great change in college athletics, as we all know.

"We need to take into account the Coordinating Board goals, when reassessing Texas Tech University's strategic goals. For example, they have themes around pathways from community colleges to major universities like Texas Tech. We need to make sure that the opportunities for student to transfer to Texas Tech are smooth and that we have a great relationships with community colleges like South Plains College. I had lunch recently with the president of South Plains College to reinforce the positive relationship that I want to continue to build there.

"We need to track our national recognitions to major success for our students and faculty. We are being much more aggressive in making sure we nominate faculty and students for the most prestigious national awards. That is a very important part of what I think will define Texas Tech as we move forward.

"In the research front, we need to track our research cluster initiative that we started this last year using some of our ENRUF funding to turn to progress. We are counting those people very accountable. Those are very interdisciplinary works and our VP for

Research, Rob Duncan, has hit the ground running in a very aggressive way to really focus us as far as our research strategies. We can be all things to all people. We need to invest in critical areas. He is trying to narrow that around nine or ten key themes that we all have strengths and we can build greater strength through the proper investment. As we do that, we need to be sensitive to lab safety and to be more entrepreneurial and we appreciate all of the work of the Office of Commercialization and Technology out of the Chancellor's Office but we need to have greater synergies of the efforts of entrepreneurship and being more innovative and where we have opportunities to commercialize in intellectual property and to develop start-up businesses. Having the research park coming online, I think will be a huge step forward in that regard.

"As far as partnerships and synergies, I have really appreciated the relationship I have with Dr. Mitchell and with the Health Sciences Center. I have already talked to Dr. Lange about how we can work closely with the Health Sciences Center El Paso. We want to have joint appointments. We have already made some of those appointments through the Health Sciences Center. There is tremendous opportunity at that interface between Texas Tech University and the Health Science Center units here in Lubbock and in El Paso. Businesses and corporations will continue to strengthen that relationship. I have already mentioned about our community engagement through the Innovation and Economic Prosperity Award. We are also sensitive to international partnerships and you heard about some of that during your lunch break yesterday from Provost Schovanec.

"We need to rebrand and create strategies for summer school and evening programs. Our summer programs have been somewhat neglected, I think, as opportunities to help enhance students moving towards degree completion. We need to focus on that as well as our evening programs. We live in a community of 250,000 people. We want to make sure that those people have access to Texas Tech for evening programs through specialized evening programs. I have hired a new president's fellow. I have an annual fellow program. They rotate through. Susan Tomlinson is going to be on for a year and her focus is going to be strengthening our evening programs.

"We need to develop performance based business models and incentivize key parameters of what we are expecting from each of our units. So, it is continuing to refine the responsibility center management model.

"We need to continue to build positive relationships with our key leaders, alumni and donors. Already, just in the last month and a half, I have been in Denver, Oklahoma City and just this week in El Paso to meet with alumni. While I was in El Paso, I had the opportunity to meet with various members of the Chamber of Commerce in El Paso, a number of business leaders as well as the independent school district superintendents, the military personnel from Fort Bliss and many others. This was a great opportunity to interact and we had a representative from the Health Sciences Center El Paso as well there and we want to continue to build on those sorts of opportunities and continue to provide oversight where we are at right now as far as our infrastructure and where we need to be. We certainly appreciate the leadership of Regent Montford but also we look forward to working with Regents Esparza, Steinmetz and others as we try to be strategic about where we should be in the next five to ten years as far as our building

infrastructure and make sure that we have the right academic investment as well as residential investment to move the institution forward to greater levels of success.

“So those are some of the key themes. There is a lot going on at Texas Tech University. I am very proud of our leadership team that we have in place right now. There is a lot of energy associated with us moving forward. We have a great relationship with our faculty, staff and students and I did also want to mention that Hayden Hatch, our student body president is not able to be here today. He is in Junction as part of the Red Raider Orientation with his leadership team. He has been very helpful in getting out and meeting potentially new Red Raiders and Junction is a great site for him.

“I appreciate the opportunity to update you today and thank you for your support.”

President's Report  
Texas Tech University Health Sciences Center  
Board of Regents Meeting  
August 8, 2014

Dr. Mitchell presented his report to the Board. "Thank you Mr. Chairman. Everyone has a copy of our report and I would really encourage you to go through this at your leisure. It is an update of things that have been going on at the Health Sciences Center since our last board meeting. I'm actually going to just flip through this and hit on some very specific highlights. I really do encourage you to go through this when you have a chance. I have a table of contents. For everyone in the audience, I have a link so you can look at this report.

"On page three, as everyone knows, we are getting ready for the upcoming legislative session. We have had our entire team spearheaded by Mr. Cavin. He has been putting things together for our Legislative Appropriations Requests. On page four, we will continue to work with HSC El Paso and their plans for independent accreditation. As I mentioned yesterday, the target date for submission of an application to SACS is going to be 2017. We have teams working at every level, every step of the way, making sure that will come out the way we want it to.

"Below that, the TTUHSC is going to start an awareness campaign this year. We have developed a "Your life, our purpose" theme for this one-year long campaign. We are going to have a launch on September 5. I realize this is the day before the Tech versus UTEP football game, but all of the Board members have an invitation that you have received for a save-the-date, so please be following up on that. We will be having events throughout the year basically just making sure that people are aware of what it is that we do, who it is that we serve and what our product is with our healthcare providers.

"The VA clinic has been on everyone's mind recently because of issues that the VA has had. We have had some really good reports coming from that. Both the House and Senate have passed the bill that gives the funding for the VA clinic. We get \$8.5 million of that for the project in Lubbock, so as things move forward at the federal pace, we'll keep you guys posted.

"The 'Mommy Meds' app—some of you may not even remember this. We have a telephone app that mother's, pregnant women can use when they are breast feeding. You can take a snapshot of a barcode on a medicine bottle and it will tell you whether or not you can take that medicine while breastfeeding or pregnant. It depends on what trimester you are in during your pregnancy. We just had a big national launch with that at the International Lactation Conference just recently. Mary Croyle was there with Dr. Tom Hale, who put the whole thing together. We are working on a televised launch of this as well. We are very pleased with what this is doing.

“Another thing that was a real issue when I first got here came from the student survey—some of our students did not feel that they were part of anything more than an academic system. They didn’t feel like they were a part of something bigger—a Tech family. Since then, we have put a lot of things in place through the Student Government Association, through Student Services, and through the schools to make sure that we keep students feeling as part of a program with what they’re doing. If you look at page six, I highlighted some of things from the survey that we have moved the metrics significantly on over the course of the past four years. I feel a sense of belonging to my school; I feel a sense of belonging to the HSC community; I have adequate access to my instructors; My instructors are concerned about my academic success; My instructors care about my professional success; I would recommend my degree program to friends or family; I have sufficient opportunities to interact with students from other HSC schools. This is something that stood out depending on the program and the location. We have made some really good changes in those areas in the last several years.

“On page seven, we received a large donation through the development of the new School of Public Health. We are the only health sciences center in the State who does not have a School of Public Health. There are a number of thing it does which we’ve discussed at other times. We are very pleased that we are moving forward with the project. There will be more to come at the next board meeting.

“On page 12, our School of Medicine has just admitted our largest class ever. We have 183 students who we have brought in with an average MCAT that is 31.58 which is the same as the Mayo Clinic. So, we are doing quite well in that regard and in fact we are not trying to get the MCAT up any higher. We have done what we wanted to do with that. I have told you guys before, if you get the MCATs any higher, the people you bring in will either cure cancer or they will be the “uni-bomber.” We are happy with where we are right now. We have had a phenomenal go of it with our recruiting.

“If you go to page 16—Dr. Schovanec was talking about China yesterday and the visit they had there. You can look at this at your leisure but on pages 16 through 18, I include some information—this is in our Graduate School of Biomedical Sciences, just how well China is doing relative to science and relative to us. It’s actually pretty frightening. That is an article I had seen in the Houston Chronicle that is absolutely exact to what we’re doing.

“With our GSBS Graduate School, we did just receive a \$750,000 gift from the CF Foundation on a genetic sequencer. As Duane mentioned, we are doing a lot of things in conjunction with TTU and we work across the highway a lot more. Our vice president for research, Michael Conn is working a lot with the vice president for research on the TTU side to make sure that we keep things moving forward and where we can have people working with one another.

“On page 21, one of the things that we are very excited about in the School of Allied Health Sciences, each of you have a copy of this brochure of a bachelor of science in health sciences. It’s the first one in the state and we are exceedingly proud of the work

that our Allied Health group has done. You can take folks who currently have an associate's degrees in areas like respiratory therapy, paramedics and the like and using the same model that we have for the RN and the BSN program, you can take them up to the bachelor's degree because the same thing is happening in these areas as what happened with nursing. The expectation with hospitals and clinics is that they have a bachelor's degree. This is the first one in the state that put this together; it's actually one of the first ones in the nation that has put this together. We used the model of success that we had with the RN and BSN program. My expectation is that the School of Allied Health Sciences is going to be growing dramatically. The dean and I had a joint letter that we put out that we sent to the president of every community college in the state and the feedback that we have already gotten has been tremendous. We just sent this out and we have already got the first articulation agreement signed. We are looking forward to that.

"We have concentrated clinical training sites now for some of our allied health students where instead of scattering them to various preceptors all over West Texas and all over the rest of the state, we concentrate them on the campuses where we already have a presence and by doing so it will help with the student's sense of belonging.

"I have told you this on a number of occasions, but the licensure pass rate, as you can see on page 22, for Allied Health Sciences and our disciplines continues to be stellar.

"On page 23, we had our School of Pharmacy participate with other schools in presenting what was voted to be the best paper published in 2013 of all schools of pharmacy when it comes to pharmaceutical education. That is a testament to the work we are doing on interprofessional work with the School of Pharmacy.

"On page 24, with the School of Nursing, we are expanding our presence to the Texas Medical Center in Houston by establishing a relationship with Texas Children's Hospital on advanced care by nurse practitioners there. They came to us and they wanted to work with us on this rather than other institutions that are there in the city with them. We are doing great work with them.

"Back in August 2013, we had gotten the approval from the Board for a nursing anesthesia program to be headquartered in Abilene. There is a listing of some information changes. We have approval for a doctorate of nurse practice—a DMP program for it. The model that everyone was using was to one, get someone trained to a masters level and then to a doctorate level. We have been notified that over time, by 2025, everyone will have to be trained to the doctorate level. So, that changes our funding scheme because you have to have different types of training. So, there is some information describing the differences in what the cost will be and how we are going to be covering the cost for that.

"Finally, on page 26, our School of Nursing was just designated by the National League of Nursing as a Center of Excellence. There are 29 nursing schools in the United States that have that designation. So, this is something that we are exceedingly proud of as a university because it's the type of thing that shows that people around the nation

are watching what it is that we're doing and we can compete head-to-head with anybody in the country.

"At the back of the report is included a report from the Office of the Inspector General. It is required that we give you an institutional compliance report once a year. Sonya Castro who is the director of our Institutional Compliance has put this together. That report begins on page 28.

"The last thing...on page 11 is your joke of the day. That concludes my report."



SGA President's Report  
Texas Tech University Health Sciences Center  
Board of Regents Meeting  
August 8, 2014

Eric Edwards presented his report to the Board: "Thank you Mr. Chairman. It is a pleasure to have the opportunity to present to you again. Things are pretty quiet at the HSC over the summer. The majority of our senators are not on campus. My executive team and I have been keeping busy with a few projects that I am excited to fill you in on.

"If you recall from our last meeting, one of the things that I talked about, and Dr. Mitchell gave me a hard time for airing our dirty laundry, was in regards to the fitness equipment in our Synergistic Center. We tackled this project last week. We have been working all summer with the Recreation Center and we were able to get rid of all of the old and broken equipment and we moved in all new treadmills, recumbent bikes, upright bikes, and all of that stuff. One of the things we did...we had like 15 different cardio machines in there and we'd only have three or four students in there using those at a time, so we cut down on a lot of the excess because it was just cluttered. What we did was put down some floor mats and we got some free weights and such and now we have more space for students to do other things. This project was very important to me because as a health sciences center, I feel that we are going to be future healthcare providers and it is very important for us to lead by example. I feel it is very important that we promote healthy lifestyles for our students so that way when we are out there practicing, people will see this and will hopefully follow our example.

"The second big project we have been working on since last spring was getting wireless printing installed in our Academic Classroom and Synergistic Center. I am sure Hunter Atkins probably mentioned this because this is something he started. We finally have the printers; we have them installed. It took us about a month and a half to find spots for both printers just because of fire codes and such, but we have them all set up. So, what this will allow, is on days when a student is running late to class and they forget to grab their PowerPoint for lecture or something like that, they will be able to print their lecture notes from either their computer or their cell phone or any such device. They won't be caught missing materials for their classes which is good. We believe this will be utilized. The prices will low. It costs five cents for a sheet of paper—that's very reasonable. We believe this will be heavily used.

"Another big issued that has come up since I have become a part of the SGA is the lack of after-hours study room availability for our students. The problem is that we don't have the number of students as the academic campus so we couldn't keep our library open 24 hours. So, we worked with Facilities and Security and we are going to be opening up classrooms for the students to use. The students will have to reserve them ahead of time. This will be for accountability so students can't in there and trash the room and when a professor shows up at 8 am to teach a lecture there will not be scribbling on the white board, etc. We are going to hold our students to a very high standard and make sure they clean up after themselves. This is going to be a very big deal for our students. As mentioned, this has been brought up time and time and again—that there

are not after hours study areas. These rooms will be available on weekends, holidays, overnight, whenever the students need them, as long as they are not booked for class or other group use. This is going to be a heavily utilized program.

“As for upcoming events—the Executive Board and I will be traveling around Texas to El Paso, Dallas and our other campuses for our Welcome Back events. We want to meet the students and shake hands and let them know that if they have any questions, problems, or anything is needed that we are here for them. We are not just here to serve Lubbock HSC students. We represent the entire Texas Tech Health Sciences Center System. We are currently recruiting our new batch of senators. We have a lot people who are interested in joining. I think we’ll be having a great year—lots of fun.

“Things are in motion for our Student Leadership Summit which is going to be bigger and better than last year. We are expecting at least 100 students from Lubbock and across Texas to come. That will take place on November 1, 2014. So, UT versus Texas Tech—that’s a big game. We will be buying tickets for anyone who travels. I am really excited. We have a lot of good projects coming up this year.

“Thank you for your time. If there are no questions, this concludes my report.”

President's Report  
Texas Tech University Health Sciences Center  
Board of Regents Meeting  
August 8, 2014

Dr. Lange presented his report to the Board. "Eric (Edwards), we don't have a Student Government Association yet. We are forming one. So, we are going to rely on you and your members to come over and give us some help and instruction. That would be great.

"I applaud your efforts, by the way, to lead by example and exercise is clearly important. I am a cardiologist and glass of red wine is also important—daily. I will speak to Dr. Mitchell about that on your behalf.

"I thought I'd begin by offering some background on our campus and introduce you to our students. We have over 1,900 staff at the HSC El Paso and over 300 faculty. We are a medical school and a nursing school and a graduate school. During our meager beginnings in 2009, we had 40 students enrolled. You can see the cumulative enrollment since and for the fall 2014 enrollment is at 497, almost 500 student—look at that growth over five years; that is pretty remarkable. I had the privilege of presiding at the White Coat Ceremony. We had 104 students. There was electricity in the room. It was an exciting event. It's a full compliment.

"I'll walk you through the Paul L. Foster School of Medicine—we have a total of 364 students enrolled. About 16 percent of them are from El Paso. You can see that about 45 percent are Caucasian and I'm proud of the fact that we have a tremendous amount of diversity—55 percent of our student population are non-Caucasian. Almost 50 percent are women. These are the last figures. In our incoming class, we have 104 students. We are bursting at the seams. We only intended to take 100 but the applicants were so incredibly good that we couldn't cut it off. We are having trouble fitting them in—you might think it's just four extra students, but our curriculum is so intensive with regard to personal interaction that getting these four additional students means we already have constraints upon our room and our ability to accommodate them. I am proud of the fact that 55 percent of the incoming class is women. Again, when Tedd and I trained, this was 10 or 15 percent. So, I consider this to be a great success. I prefer to think really 100 percent are either females or direct descendents of females—either way it works. So, we're doing pretty well.

"The other thing I am particularly proud of—it looks like a fourth of our students are from El Paso. When I interviewed and I think it was Regent Montford who asked me, 'How will you know if you're successful?' I told her that one of the ways that we are going to know we are successful is when we are the destination location where people want to train—not your second, third or your fourth choice but it's the first place where you want train. More importantly, if you are from El Paso, you want to train in El Paso. I am proud of the fact that 23 percent (a fourth) of the class is from El Paso.

"These are the numbers for the Gayle Greve Hunt School of Nursing. We have a total of about 110 students and a large percentage of those are Hispanic which again represents our culture and our environment. About 83 percent of these are women. These numbers are for our incoming class. We are projected to have 600 students total. We are starting fairly small right now until our certification rate gets up at which point we will be able to increase the class size. Again, about three fourths are Hispanic and three fourths are female.

"We have been a regional campus with the Graduate School of Biomedical Sciences. We have 23 students enrolled right now. Again, what is remarkable is that two thirds of them are Hispanic and two thirds are female. Ten years ago, women entering science was almost unheard of and Hispanics entering science fields also was not very common. So, we are very proud of this. These are the numbers for our incoming class. Again, two thirds female and a good amount of diversity as well.

"In total, we have had about 600 students enrolled. We have 364 in the PLFSOM and 110 at the GGHSON and 23 at what was our regional campus but will soon be our freestanding campus based upon your approval.

"We have done all of this with a minor increase in our operating budget. You saw that the total budget for both HSCs was about \$820 million. We represent about \$210 million of that. We added all of these additional schools and additional students with what I consider to be a fairly modest increase in our budget. I am really proud of this because from 2009 to 2014 we have increased our research funding from \$2 million to \$25 million with the largest component of that being NIH funding. This will increase as I recruit a vice president for research and an associate dean over the Graduate School of Biomedical Sciences, which is in the works. I will have more about that during our next meeting.

"You are all aware that we are forming new partnerships. These new partners have allowed us to enhance and expand our education opportunities. That is incredibly important. They allow us to increase the programs that we offer. It allows us to diversify across the paramix. It makes us not only well-suited in terms of our education efforts but also in terms of the finances that are involved with that as well. So, our partnership with TENET—they showed us these architectural renderings. The architect said what do you think about this. On the right hand side is the hospital and on the left hand side is the medical office building that we would lease. He showed us that and the first words out of my mouth were 'the next time I see this picture, there will be no burnt orange in that picture. He understood.

"Just some highlights, we talked about this collaboration that is with TENET or Sierra Providence Health Network, Texas Tech University Health Sciences Center El Paso, collaborating on this new teaching hospital. This is a critical part of our future. Even before I came on board, we had a significant contract with University Medical Center that was not renewed. I am happy to say that we have partnered with another hospital again, with Sierra Providence. We were able to move our program there and we were able to retain our best anesthesiologists and to maintain the teaching program as well.

All of this was done in a very short period of time. I credit my leadership team—not me—with accomplishing this.

“I want to go from the big to the small—this happened to me in the first two weeks of being on the job. Josh Gaines, was a graduate of our medical school of 2013—from the PLFSOM. About March 15 he received notification that he had gotten his first choice for residency. He was going to anesthesia at the Cleveland Clinic. A week later he some symptoms and got evaluated and realized he had stage 4 metastatic colon cancer. It's pretty devastating—very devastating. For the year, Josh put off his residency training and undergoes treatment and as unfortunately occurs with stage 4 colon cancer, it is a terminal disease. I have been in office now for about 38 days but I can tell you in the first ten days I get an e-mail about Josh. I've never met him personally. The e-mail said this: Josh is at MD Anderson in Houston and they have told him that there is no more treatment that can be offered. And Josh realizes he is going to die in Houston. Josh is from Midland, Texas. His family sends this note. They say Josh cannot travel on a commercial airline and he is too sick to travel by an ambulance. What do we do? He'd like to go home. Now, for those of you who have talked with Rick Francis, you know my experiences with airlines and Texas Tech isn't exactly stellar. So, I was reluctant to put this in the hands of the chancellor emeritus—inside joke, sorry about that folks. The note goes like this: 'what are we going to do and how do we cover.' Within 60 minutes, Dr. Mitchell says this is a no-brainer. He is one of ours; I don't care what it costs, we're getting him to Midland. By the next hour, there is an anonymous donor from Texas Tech who offers their plane to pick up Josh and take him home. The only condition is that the donor remains anonymous. They pick Josh up and fly him home. He is in a comatose condition. They land, he wakes up and says, 'I'm home aren't I?' They said yes and he dies within two hours. I sent a note to the anonymous donor. I said Dr. Mr. or Mrs. Anonymous, you don't know me. I have been in this job for two weeks. I have been a University of Texas employee for 30 years. This is my introduction to the Texas Tech family and I love it. If you take care of your own like this, I am proud to be a part of this institution.

“You can read more about that on page 14. I want to thank Tedd. He stepped in. This is what I want to be a part of, where you say we're going to do what is right no matter what it takes.

“Lastly, I want to spend about 60 seconds to talk about our institution. This is Tedd Mitchell. He designed this caduceus, medically and I think it represents things well despite the fact that every time Mary Croyle sees it, she crawls up the wall, or so I'm told. This is Texas Tech El Paso. What I want to say is that we are very proud of our heritage. We are proud of our association. That association will continue, make no doubt about that. We will be an important part of the Texas Tech University System, yet we'll be distinctive. It is important that we're distinctive because we are not in Lubbock. We are in El Paso and they are different communities and they have different needs, and there are different opportunities. We can build upon that. Not everyone wants to study in Lubbock. Some want to study border health and they need to come with us. There will be people who want the curriculum in Lubbock and we'll need to direct there here. So, over the course over the next 10 or 20 years, what I can tell you is there will

be times when we come before you and we are not trying to break apart, not in any way. We are trying to enhance the System. I am very grateful that I am stepping in right now with what you all have done over the last 15 to 20 years. It is really remarkable. Tedd is a great partner. I can't thank you enough for letting me sit next to him during these meetings. It is wonderful. Don't ever change that.

"I'm open for question. That concludes my report."