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I, Keino McWhinney, 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 December 12-13, 2019.

Keino McWhinney
Secretary

SEAL

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

03.01.11 Nepotism

a. Whenever an appointment is made, either on a full or part-time basis, it shall be made on the basis of the qualifications and suitability of the appointee, subject to applicable statutes and subject to the provisions of this policy.

b. Prohibition applicable to TTU system and system component officials. No person related to any member of the board, to any component institution's president, or to the chancellor within the second degree by affinity (marriage) or within the third degree by consanguinity (blood) shall be eligible for appointment to any position in the TTU system.

(1) The above does not apply to any employee who has been continuously employed for thirty or more days prior to the appointment of a member to the board, a president, or the chancellor who is related to the employee within a prohibited degree, and it does not apply to honorary or non-remunerative positions.

(2) Any employee who has been continuously employed for less than thirty days prior to the appointment of a member to the board, a president, or the chancellor who is related within a prohibited degree shall be removed from the individual's position.

(3) When good cause exists, the board may grant an exception to this prohibition.

c. Prohibition applicable to administrators, supervisors, and others. No person related to an administrator within a prohibited degree shall be eligible for initial appointment to a position in an area of responsibility over which an administrator has appointive authority, in whole or in part, regardless of the source of funds from which the position's salary is to be paid. Exceptions to this restriction on the initial appointment of an individual may be made only by the board upon recommendations of the president and the chancellor and then only when the administrator in question does not directly supervise the person to be appointed.

d. No employee may approve, recommend, or otherwise take action with regard to the appointment, reappointment, promotion, salary, or supervision of an individual related to the employee within a prohibited degree.

e. If the appointment, reappointment, reclassification, or promotion of an employee places the employee under an administrative supervisor who is related within a prohibited degree, all subsequent personnel and compensation actions affecting the employee shall become the responsibility of the next higher administrative supervisor. <u>If the next higher administrative supervisor is in the same department, college or administrative unit, arrangements shall be made to shift the supervisory responsibility to another department, college or administrative unit.</u>

f. If the appointment, reappointment, reclassification, or promotion of an employee makes the employee an administrative supervisor over an employee who is related within a prohibited degree, all subsequent personnel and compensation actions affecting the subordinate employee shall become the responsibility of the next higher administrative supervisor. <u>If the next higher administrative supervisor is in the same department, college or administrative unit, arrangements shall be made to shift the supervisory responsibility to another department, college or administrative unit.</u>

g. The provisions of subsections e. and f. shall apply to situations where two employees marry and one spouse is the administrative supervisor of the other.

h. All instances where an employee marries an administrative supervisor, is placed under the administrative supervision of a relative, or is made the administrative supervisor of a relative within the prohibited degree shall be reported to the board as an information item.

i. Exception. The provisions of the policy do not apply to the appointment or employment of a personal attendant by any member of the board, a president, the chancellor, or an employee for attendance on the officer or employee who, because of physical infirmities, is required to have a personal attendant.

j. Enforcement. An individual who is appointed in violation of this policy shall be removed from the individual's position.

k. Persons related within the prohibited degrees are indicated in the Affinity Kinship/Consanguinity Kinship Chart displayed below.

l. Arrangements designed to manage a conflict of interest that arises under this nepotism policy shall be evaluated at the end of each academic year to assure there continues to be effective management of the conflict of interest and to determine whether modifications are necessary.

Angelo State University
CCI Summary Report - FY2019
November 18, 2019

Summary by Period and Category

Period	Critical	Deferred	Planned	Adaption	Total
Budgeted - Current Year	$ -	$ 1,770,470	$ 2,256,500	$ 1,515,000	$ 5,541,970
Expenditures - Previous Year	$ -	$ 285,700	$ 3,138,973	$ 1,095,200	$ 4,519,873
Projected - Years 2 through 5	$ -	$ -	$ 2,972,000	$ 1,650,000	$ 4,622,000
Unbudgeted - Current Year	$ -	$ -	$ 1,255,000	$ 250,000	$ 1,505,000
Total	$ -	$ 2,056,170	$ 9,622,473	$ 4,510,200	$ 16,188,843

Summary by Type and Category

Maintenance Type	Critical	Deferred	Planned	Adaption	Total
Architectural	$ -	$ 1,637,470	$ 3,800,473	$ 3,080,200	$ 8,518,143
HVAC	$ -	$ 150,000	$ 1,504,100	$ 200,000	$ 1,854,100
Plumbing and Electrical	$ -	$ 50,000	$ 572,000	$ -	$ 622,000
Safety	$ -	$ -	$ 365,000	$ -	$ 365,000
Legal and Mandatory	$ -	$ 200,000	$ -	$ -	$ 200,000
Other	$ -	$ 18,700	$ 3,380,900	$ 1,230,000	$ 4,629,600
Total	$ -	$ 2,056,170	$ 9,622,473	$ 4,510,200	$ 16,188,843

Top Five Priority Projects

Priority	Name	Period	Category	Type	Amount
1	Centennial Village Roofing and Siding Replacement	Budgeted - Current Year	Deferred Maintenance	Architectural	$ 1,370,470.00
2	Porter Henderson Library Stormwater Ejector Pump	Budgeted - Current Year	Deferred Maintenance	Plumbing and Electrical	$ 50,000.00
3	Academic Building Drainage Improvements	Budgeted - Current Year	Deferred Maintenance	Architectural	$ 200,000.00
4	Ben Kelly CHP HVAC Unit Repair	Budgeted - Current Year	Deferred Maintenance	HVAC	$ 150,000.00
5	Acad. Bldg. Sound Remediation & Classroom Refresh	Budgeted - Current Year	Facility Adaption	Architectural	$ 500,000.00

E&G Deferred Maintenance	$ 400,000
Non-E&G Deferred Maintenance	$ 1,370,470
Total Deferred Maintenance	**$ 1,770,470**

	Fall 2018 Amount	DM Index Value
Educational and General Campus Condition Index Value (EGCCIV)	$ 369,931,376	0.1081%
Institution-Wide Campus Condition Index Value (IWCCIV)	$ 1,156,014,756	0.1532%

Texas Tech University
CCI Summary Report - FY2019
November 11, 2019

Summary by Period and Category

Period	Critical	Deferred	Planned	Adaptation	Total
Budgeted - Current Year	$ -	$ 5,536,999	$ 15,807,642	$ 61,874,817	$ 83,219,458
Previous Expenditures	$ -	$ 2,977,478	$ 10,701,422	$ 35,463,016	$ 49,141,916
Projected - Years 2 Through 5	$ -	$ 5,885,000	$ 21,061,720	$ -	$ 26,946,720
Unbudgeted - Current Year	$ -	$ -	$ -	$ -	$ -
Total	**$ -**	**$ 14,399,477**	**$ 47,570,784**	**$ 97,337,833**	**$ 159,308,094**

Summary by Type and Category

Maintenance Type	Critical	Deferred	Planned	Adaptation	Total
Architectural	$ -	$ 7,457,376	$ 6,902,883	$ 84,590,885	$ 98,951,144
HVAC	$ -	$ 2,012,613	$ 19,916,421	$ 4,248,800	$ 26,177,834
Plumbing and Electrical	$ -	$ 4,118,926	$ 6,178,591	$ 3,729,982	$ 14,027,499
Safety	$ -	$ 468,162	$ 468,162	$ 2,234,269	$ 11,745,716
Legal and Mandatory	$ -	$ 142,400	$ 2,452,884	$ 1,365,972	$ 3,961,256
Other	$ -	$ 200,000	$ 3,076,720	$ 1,167,925	$ 4,444,645
Total	**$ -**	**$ 14,399,477**	**$ 47,570,784**	**$ 97,337,833**	**$ 159,308,094**

Top Five Priority Projects

Priority	Project Name	Period	Category	Type	Amount
1	Replace Biology Greenhouse HVAC Controls (Ph 2)	Budgeted - Current Year	Planned Maintenance	HVAC	$ 350,000
2	Renovate Restrooms (2R2, 2R3) to Meet ADA	Budgeted - Current Year	Planned Maintenance	Legal and Mandatory	$ 150,000
3	Roof Replacement and Gutter Repairs	Projected - Years 2 Through 5	Deferred Manitenance	Architectural	$ 250,000
4	Repairs of Mathematics and Statistics Building (roof)	Budgeted - Current Year	Deferred Manitenance	Architectural	$ 300,000
5	2014 Audit 1129 - Paint Exterior Handrails & Make Structural Repairs	Projected - Years 2 Through 5	Planned Maintenance	Architectural	$ 50,000

E&G Deferred Maintenance	$ 2,207,118
Non-E&G Deferred Maintenance	$ 9,214,881
Total Deferred Maintenance	**$ 11,421,999**

	Fall 2018 Amount	DM Index Value
Educational and General Campus Condition Index Value (EGCCIV)	$ 2,023,560,020	0.1091%
Institution-Wide Campus Condition Index Value (IWCCIV)	$ 5,400,720,159	0.2115%

Texas Tech University Health Sciences Center
CCI Summary Report - FY2019
November 20, 2019

Summary by Period and Category					
Period	**Critical**	**Deferred**	**Planned**	**Adaptation**	**Total**
Budgeted - Current Year	$ -	$ 1,518,684	$ 5,301,344	$ 2,070,098	$ 8,890,127
Expenditures - Previous Year	$ -	$ 1,618,214	$ 4,283,097	$ 3,829,592	$ 9,730,903
Projected - Years 2 through 5	$ -	$ -	$ 23,284,000	$ 1,175,000	$ 24,459,000
Unbudgeted - Current Year	$ -	$ -	$ -	$ -	$ -
Total	**$ -**	**$ 3,136,898**	**$ 32,868,441**	**$ 7,074,691**	**$ 43,080,029**

Summary by Type and Category					
Maintenance Type	**Critical**	**Deferred**	**Planned**	**Adaptation**	**Total**
Architectural	$ -	$ 1,515,366	$ 6,266,376	$ 5,221,119	$ 13,002,860
HVAC	$ -	$ 903,810	$ 17,903,742	$ 585,280	$ 19,392,831
Plumbing and Electrical	$ -	$ 257,160	$ 6,074,629	$ 50,878	$ 6,382,667
Safety	$ -	$ 29,553	$ 2,174,668	$ 487,395	$ 2,691,615
Legal and Mandatory	$ -	$ 47,852	$ 71,570	$ 39,145	$ 158,567
Other	$ -	$ 383,158	$ 377,457	$ 690,874	$ 1,451,488
Total	**$ -**	**$ 3,136,898**	**$ 32,868,441**	**$ 7,074,691**	**$ 43,080,029**

Top Five Priority Projects					
Priority	**Name**	**Period**	**Category**	**Type**	**Amount**
1	Refurbish AHU 5B02 - Lubbock	Budgeted - Current Year	Planned Maintenance	HVAC	$ 300,000
2	Refurbish AHU 4B01 - Lubbock	Budgeted - Current Year	Planned Maintenance	HVAC	$ 300,000
3	Refurbish AHU 4B02 - Lubbock	Budgeted - Current Year	Planned Maintenance	HVAC	$ 300,000
4	1 Chiller Replacement- Odessa RAHC	Budgeted - Current Year	Planned Maintenance	HVAC	$ 650,000
5	2 Chillers Replacement- Amarillo SOP	Budgeted - Current Year	Planned Maintenance	HVAC	$ 900,000

E&G Deferred Maintenance	$ 812,008
Non-E&G Deferred Maintenance	$ 706,676
Total Deferred Maintenance	**$ 1,518,684**

	Fall 2018 Amount	**DM Index Value**
Educational and General Campus Condition Index Value (EGCCIV)	$ 825,429,396	0.0984%
Institution-Wide Campus Condition Index Value (IWCCIV)	$ 1,162,211,463	0.1307%

Texas Tech University Health Sciences Center - El Paso
CCI Summary Report - FY19
November 5, 2019

Summary by Period and Category					
Period	**Critical**	**Deferred**	**Planned**	**Adaptation**	**Total**
Budgeted - Current Year	$ -	$ 1,948,500	$ 635,287	$ 1,228,803	$ 3,812,590
Expenditures - Previous Year	$ -	$ 93,705	$ 2,206,565	$ 5,819,052	$ 8,119,321
Projected - Years 2 through 5	$ -	$ 2,425,000	$ 13,650,000	$ 23,646,205	$ 39,721,205
Unbudgeted - Current Year	$ -	$ 470,500	$ 2,532,500	$ 5,260,000	$ 8,263,000
Total	$ -	$ 4,937,705	$ 19,024,352	$ 35,954,060	$ 59,916,116

Summary by Type and Category					
Maintenance Type	**Critical**	**Deferred**	**Planned**	**Adaptation**	**Total**
Architectural	$ -	$ 1,026,075.68	$ 7,095,814	$ 20,064,957	$ 28,186,847
HVAC	$ -	$ 2,634,584.60	$ 1,842,125	$ 900,000	$ 5,376,710
Plumbing and Electrical	$ -	$ 379,350.90	$ 2,650,818	$ 150,000	$ 3,180,169
Safety	$ -	$ 474,607.72	$ 684,652	$ 55,144	$ 1,214,404
Legal and Mandatory	$ -	$ 188,085.86	$ 810,160	$ 14,553,309	$ 15,551,555
Other	$ -	$ 235,000.00	$ 5,940,782	$ 230,650	$ 6,406,431
Total	$ -	$ 4,937,705	$ 19,024,352	$ 35,954,060	$ 59,916,116

Top Five Priority Projects					
Priority	**Name**	**Period**	**Category**	**Type**	**Amount**
1	4950 Gateway East Building Buildout	Budgeted - Current Year	Planned Maintenance	ARCH	$ 600,000
2	TT Medical Center Clinical Area Relocations	Budgeted - Current Year	Planned Maintenance	ARCH	$ 500,000
3	MEB Controls Upgrades	Budgeted - Current Year	Planned Maintenance	HVAC	$ 150,000
4	Fire Alarm Upgrades - TTMC and System Upgrade	Budgeted - Current Year	Planned Maintenance	SFT	$ 150,000
5	Campus Wide Sprinkler Upgrades and Repairs	Budgeted - Current Year	Planned Maintenance	SFT	$ 100,000

E&G Deferred Maintenance	$ 2,079,693
Non-E&G Deferred Maintenance	$ 2,293,807
Total Deferred Maintenance	$ **4,373,500**

	2018 Amount	DM Index Value
Educational and General Campus Condition Index Value (EGCCIV)	$ 238,411,728	0.8723%
Institution-Wide Campus Condition Index Value (IWCCIV)	$ 366,046,688	1.1948%

TEXAS TECH UNIVERSITY SYSTEM
OFFICE OF AUDIT SERVICES
PRIORITIZED AUDIT PLAN
Fiscal Year 2020

PRIORITY	ENTITY	AUDIT AREA		BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF DEC 2	ACTUAL HOURS	TIME STILL NEEDED	BUDGET vs ACTUAL
		TOTAL ENGAGEMENT HOURS AVAILABLE		**20,500**					
		REQUIRED AUDITS							
Required	ALL	Audit Report Follow-Up Procedures and Reporting	Follow-Up	800		In Progress	258	542	0
Required	ALL	State Auditor's Office, THECB, and Comptroller's Office Misc. Projects		15					15
		TTU, HSC, ASU: 2019 Statewide Federal Financial Audit	*SAO*			In Progress			0
		TTU: Comptroller's Post-Payment Audit	*State Comptroller's Office*			In Progress			0
		TTU: SB 65 Contract Monitoring Analysis	*SAO*			In Progress			0
		ASU: Formula Funding Onsite Review	*Coordinating Board*						0
		HSC: Governor's Office Review of TWITR Grant	*Governor's Office*			Complete			0
		HSC: Financial Aid Compliance - Graduate Medical Education Grants	*Coordinating Board*						0
Required	ALL	CPRIT Grant Funds	External	10					10
Required	ALL	Contracting and Procurement Processes	Compliance	200					200
Required	ALL	Benefits Proportional by Fund	Compliance	500					500
Required	TTUS	Texas Tech Foundation, Inc. Financial Statements	External	100		In Progress	83	17	0
Required	TTUS	Regents, Chancellor, & Presidents Travel and Other Expenses	External	30		In Progress	61		(31)
Required	TTUS	Office of Audit Services Annual Report	Compliance	30		Complete	20		10
Required	TTUS	Office of Audit Services Annual Plan	Compliance	100					100
Required	TTUS	Office of Audit Services Quality Assurance Activities Review	Compliance	60					60
Required	TTU	Athletics Financial Agreed-Upon Procedures	External	5		In Progress		5	0
Required	TTU	Texas Tech Public Media Financial Statements	External	200		In Progress	177	23	0
Required	TTU	Joint Admission Medical Program Grants	Compliance	60		Complete	59		1
Required	TTU	Football Attendance Certification	Compliance	10					10
Required	HSC	Willed Body Program	Compliance	240					240
Required	HSC	Correctional Managed Health Care Contract	Compliance	150					150
Required	HSC/HSC-EP	Texas Higher Education Coordinating Board Residency Grants	Compliance	50		In Progress	41	9	0
Required	HSC-EP	Willed Body Program	Compliance	240					240
Required	ASU	Athletics Financial Agreed-Upon Procedures	Financial (assist)	5		In Progress	6		(1)
Required	ASU	Carr Foundation Financial Statements	Financial (assist)	5					5
Required	ASU	ASU Foundation, Inc. Financial Statements	Financial (assist)	5					5
		TOTALS FOR REQUIRED AUDITS		**2,815**	**-**		**705**	**596**	**1,514**
		AUDITS IN PROGRESS AT AUGUST 1, 2019							
Prior Year	TTUS	Office of Investments	Financial/Operational	315		Complete	430		(115)
Prior Year	TTUS	Security Camera Policies	Management Advisory	60		Complete	44		16
Prior Year	TTUS	Office of Institutional Advancement - Red Raider Club	Management Advisory	300		Complete	441		(141)
Prior Year	TTUS	IT Risk Assesssment Framework	IT/Controls	60		In Progress	17	43	0
Prior Year	TTUS	Risk Management Assessment	Risk Management	5		Complete	2		3
Prior Year	TTU	Certified Rehabilitation Cost Report - Admin Building	Compliance	20		Complete	28		(8)
Prior Year	TTU	College of Education	Financial/Operational	5		Complete	15		(10)
Prior Year	TTU	Research Safety Governance	Governance	50		Complete	176		(126)
Prior Year	TTU	Costa Rica Campus	Financial	80		Complete	190		(110)
Prior Year	TTU	Student Success and Retention	Operational	350		Complete	357		(7)
Prior Year	HSC	Department of Ophthalmology EMR Migration and Implementation Review	Management Advisory	150		In Progress	12	138	0
Prior Year	HSC-EP	PLFSOM Department Cash Controls	Controls	5		Complete	18		(13)
Prior Year	HSC-EP	Office of Sponsored Programs	Operational/Compliance	350		In Progress	318	32	0
Prior Year	HSC-EP	IT Network Security	IT/Controls	350		Complete	302		48
Prior Year	HSC-EP	PLFSOM Department of Neurology	Financial/Controls	335		Complete	276		59
Prior Year	ASU	Housing and Residential Programs	Financial/Compliance	100		Complete	97		3
Prior Year	ASU	Chrome River Travel System Post-Implementation Review	IT/Controls	160		In Progress	82	78	0
Prior Year	ALL	Wrap-up on Audits Included in August BOR Report		50		Complete	33		17
		TOTALS FOR AUDITS IN PROGRESS		**2,745**	**-**		**2,838**	**291**	**(384)**
		UNPLANNED SPECIAL PROJECTS AND INVESTIGATIONS							
		Total Hours Budgeted for Special Projects & Investigations		**3,500**	(1,495)				**2,005**
		IN PROGRESS AT AUGUST 1, 2019							
Special	HSC-EP	MSA Billing Review	Special		200	In Progress	56	144	0
Special	HSC-EP	HVAC Vendor Contract	Special		250	In Progress	145	105	0
		BEGUN AFTER AUGUST 1, 2019							
Special	TTUS	Investment Special	Special		150	In Progress	106	44	0
Special	TTU	Equestrian Center	Special		200	In Progress	138	62	0
Special	HSC	Managed Care Time Clock Special	Special		325	In Progress	292	33	0
Special	HSC-EP	Chief Health Informatics Officer Travel Review	Special		220	In Progress	210	10	0
Special	ALL	Miscellaneous Hotline Projects	Special		150	In Progress	71	79	0
		SPECIAL PROJECTS AND INVESTIGATIONS TOTALS		**3,500**	**1,495**		**1,018**	**477**	**2,005**
		HIGHEST PRIORITY							
1	TTU	Student Financial Aid	External	10					10
1	TTU	Endowment Spending Accounts	Financial/Compliance	400		In Progress	42	358	0
1	TTU	College Reserve Balances	Financial	375					375
1	TTU	TAC 202 Information Technology Controls Compliance	IT/Controls/Compliance	325					325
1	HSC	Student Financial Aid	External	10					10
1	HSC	Amarillo Campus Departments	Financial/Operational	375					375
1	HSC	Office of the Registrar	Operational	350		In Progress	3	347	0
1	HSC-EP	Information Technology Governance	IT/Governance	400					400
1	HSC-EP	Physical Plant	IT/Operational	400					400
1	HSC-EP	MPIP Business Office	Operational	400					400
1	ASU	Contracting Office	Operational/Compliance	300					300
1	ASU	Student Financial Aid	Compliance	450		In Progress	5	445	0
		HIGHEST PRIORITY TOTALS		**3,795**	**-**		**50**	**1,150**	**2,595**

TEXAS TECH UNIVERSITY SYSTEM
OFFICE OF AUDIT SERVICES
PRIORITIZED AUDIT PLAN
Fiscal Year 2020

PRIORITY	ENTITY	AUDIT AREA		BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF DEC 2	ACTUAL HOURS	TIME STILL NEEDED	BUDGET vs ACTUAL
		MODERATE PRIORITY							
2	ALL	Clery Act Reporting Processes	Compliance	400	150	In Progress	158	392	0
2	TTU	Parking Services	Financial/IT	400					400
2	TTU	Advising Processes	Operational/IT	450					450
2	TTU	Intercollegiate Athletics	Operational/Compliance	400					400
2	HSC	School of Pharmacy	Financial/Operational	350					350
2	HSC	School of Nursing	Financial/Operational	400					400
2	HSC-EP	Research Safety	Operational/Compliance	350		In Progress	4	346	0
2	HSC-EP	Student Financial Aid	Compliance	250					250
2	HSC-EP	GE Centricity EMR Application Controls	IT/Controls	350					350
2	ASU	Office of Institutional Advancement	Management Advisory	350					350
2	ASU	Payroll Security and Processes	IT/Controls	400		In Progress	35	365	0
		MODERATE PRIORITY TOTALS		**4,100**	**150**		**197**	**1,103**	**2,950**
		LOWER PRIORITY							
3	TTU	Certified Cost Rehabilitation Report - Weeks Hall	Compliance	40					40
3	TTU	University Libraries	Financial/Operational	350					350
3	TTU	UIL Office	Financial/Controls	175					175
3	HSC	Lubbock Department of Pediatrics	Financial/Operational	350					350
3	HSC	Mental Health Institute	Financial/Controls	300					300
3	HSC-EP	Hunt School of Nursing	Financial/Operational	350		In Progress	5	345	0
3	HSC-EP	Institutional Advancement	Financial/Controls	350					350
3	ASU	Online Giving Processes	IT/Management Advisory	100					100
		LOWER PRIORITY TOTALS		**2,015**	**-**		**5**	**345**	**1,665**
		CONSTRUCTION PROJECT AUDITS							
FP&C	TTUS	TTU Experimental Sciences Building II	*CBIZ Risk & Advisory Services*			In Progress			0
FP&C	TTUS	TTU Talkington College of VPA Maedgen Theatre Addition	*CBIZ Risk & Advisory Services*			In Progress			0
FP&C	TTUS	TTU Talkington College of VPA Phase II	*RL Townsend & Associates*						0
FP&C	TTUS	TTU Weeks Hall Renovation	*RL Townsend & Associates*			In Progress			0
FP&C	TTUS	TTU Womble Basketball Practice Facility	*RL Townsend & Associates*			In Progress			0
FP&C	TTUS	TTU School of Veterinary Medicine	*CBIZ Risk & Advisory Services*						0
FP&C	TTUS	TTU Football Training Facility	*RSM US LLP*						0
FP&C	TTUS	TTU Jones AT&T Stadium East Side	*RSM US LLP*						0
FP&C	TTUS	HSC Lubbock Education Research & Technology Building	*CBIZ Risk & Advisory Services*			In Progress			0
FP&C	TTUS	HSC Permian Basin Academic Facility	*CBIZ Risk & Advisory Services*			Complete			0
FP&C	TTUS	TTUS HSC Southwest Professional Building	*TL Townsend & Associates*						
FP&C	TTUS	TTUS HSC SHP Midland PA Building	*RSM US LLP*						
FP&C	TTUS	HSC-EP Medical Sciences Building II	*RSM US LLP*			In Progress			0
FP&C	TTUS	HSC-EP Dental Clinic	*CBIZ Risk & Advisory Services*						0
FP&C	TTUS	ASU Museum	*CBIZ Risk & Advisory Services*						0
		CONSTRUCTION PROJECT TOTALS		**0**	**-**		**-**	**-**	**0**
		OTHER VALUE-ADDED WORK							
		Total Hours Budgeted for Other Value-Added Work		**1,530**	(765)				**765**
Other	ALL	Data Analysis				Ongoing	37		
Other	ALL	Fraud Prevention Training				Ongoing			
Other	ALL	Cash Handling, Internal Control, and Control Environment Training				Ongoing	19		
Other	ALL	New Employee Orientation				Ongoing	17		
Other	TTUS	Values Culture Retreat				Ongoing	219		
Other	TTUS	Enterprise Systems Steering Committee, Council, and Work Group				Ongoing	3		
Other	TTUS	FP&C Contract Selection Process Proctor				Ongoing	20		
Other	TTUS	OAS Process Improvement				Ongoing	6		
Other	TTUS	Chrome River Travel & Expense System Implementation				In Progress			
Other	HSC	President's Executive Council				Ongoing	2		
Other	HSC	Institutional Compliance Risk Council				Ongoing	2		
Other	HSC	Billing Compliance Advisory Committee				Ongoing	2		
Other	HSC	Enterprise Risk Management Committee				Ongoing	3		
Other	HSC	Performance Improvement Committee				Ongoing			
Other	HSC-EP	Institutional Compliance Committee				Ongoing	3		
Other	HSC-EP	Conflict of Interest Committee				Ongoing	3		
Other	HSC-EP	IT Collaboration Software Taskforce				In Progress	8		
Other	ASU	Process Improvement Team				Ongoing	2		
Other	ASU	Chrome River Expense System Implementation				In Progress	1		
Other	N/A	Quality Assurance (Peer) Reviews: Eastern New Mexico State				In Progress	24		
Other	N/A	Texas Tech Federal Credit Union Board and Committees				Ongoing	10		
Other	N/A	Professional Organizations (ACUA, TACUA, IIA, TXCPA, ACFE)				Ongoing	269		
Other	ALL	Other Miscellaneous Projects				Ongoing	115		
		OTHER VALUE-ADDED WORK TOTALS		**1,530**	**-**		**765**	**-**	**765**
		TOTAL ENGAGEMENT HOURS		**20,500**	**150**		**5,578**	**3,962**	**11,110**

TEXAS TECH UNIVERSITY SYSTEM
OFFICE OF AUDIT SERVICES
PRIORITIZED AUDIT PLAN
Fiscal Year 2020

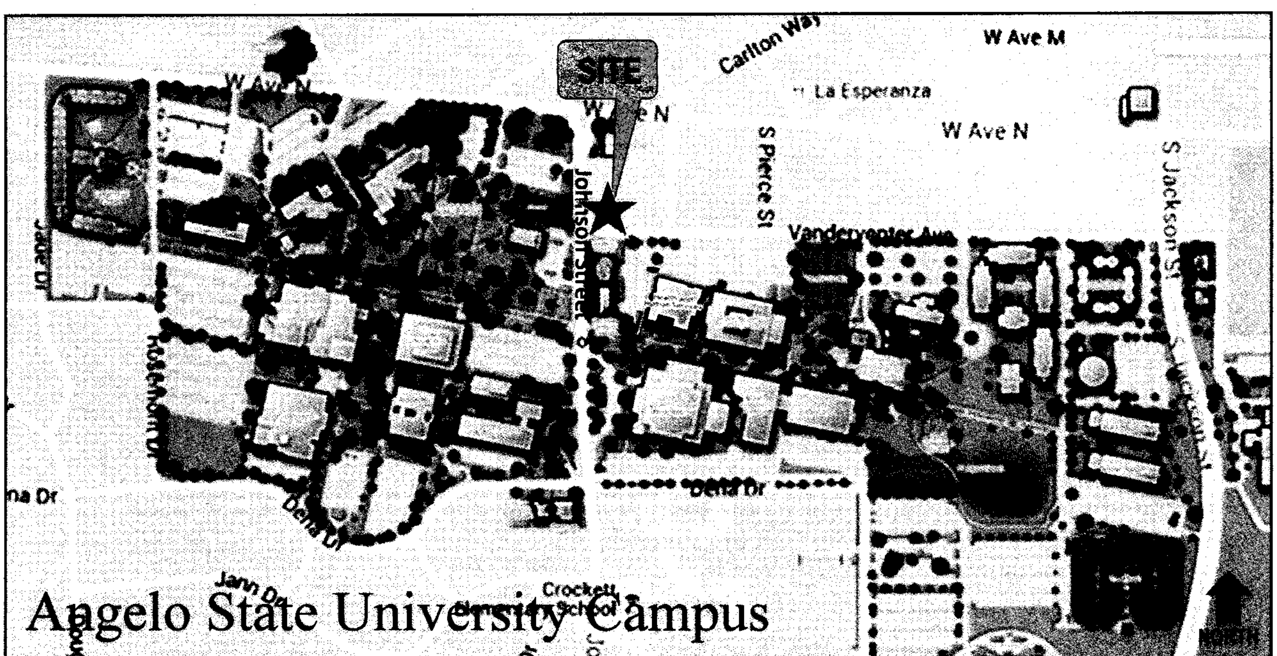
PRIORITY	ENTITY	AUDIT AREA	BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF DEC 2	ACTUAL HOURS	TIME STILL NEEDED	BUDGET vs ACTUAL
		KEY						
	TTUS	Texas Tech University System and/or inclusive of multiple Texas Tech institutions						
	TTUSA	Texas Tech University System Administration						
	TTU	Texas Tech University						
	HSC	Texas Tech University Health Sciences Center						
	ASU	Angelo State University						
	HSC-EP	Texas Tech University Health Sciences Center 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.							
FP&C	Outsourced construction audits performed by independent CPA or consulting firms.							
Other	Other projects, including committee service, class development and instruction, professional organizations, etc.							

Angelo State University

Item 1

Approve the purchase of improved real property in San Angelo, TX

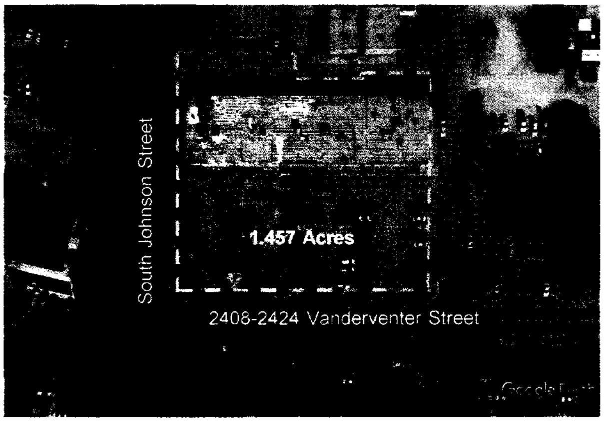
Dr. Brian May



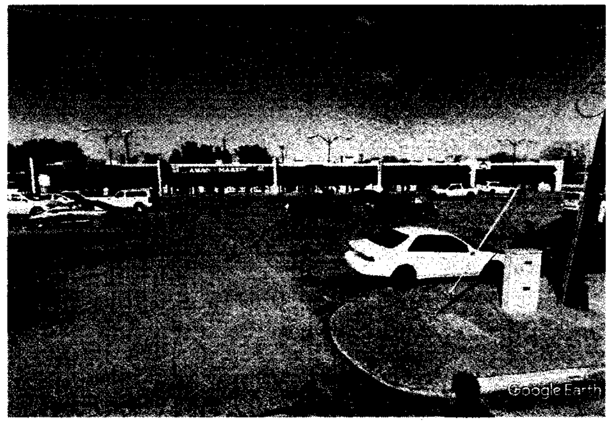
Angelo State University Campus

Improved Real Property

Item 1



Aerial Site Plan



Street View

Scope of Service

Item 1

- Purchase improved real property located at 2408-2424 Vanderventer Street, San Angelo, TX.
  - Approximately 1.457 acres of land with a 17,662 GSF, one-story, multi-tenant retail center building.
- The property is located across the street from the Angelo State University campus and has existing surface parking that can be utilized for increased enrollment, staff and visitor needs.
- The commercial building provides potential expansion or relocation of ASU services in the future.

Recommendation

Item 1

- Authorize to negotiate and execute an agreement to purchase approximately 1.457 acres (63,466.92 SF) of land to include a one-story, multi-tenant retail center building (17,662 GSF), located at 2408-2424 Vanderventer Street, San Angelo, TX.
- The land parcel is comprised of Lots 5-13 and the south 30 feet of Lot 4, Block 24, Delmar Place annex, City of San Angelo, Tom Green County, Texas; together with the abandoned alley existing between Lots 8 and 9, 7 and 10, 6 and 11, 5 and 12, and the south 30 feet of Lots 4 and 13, Block 24, Delmar Place Annex, City of San Angelo, Tom Green County, TX; and

Recommendation (cont.)

Item 1

- Angelo State University will negotiate a value up to the appraised value for the improved real property.
- Report the purchase to the Texas Higher Education Coordinating Board.
- The purchase will be funded with Gifts and Institutional Funds.

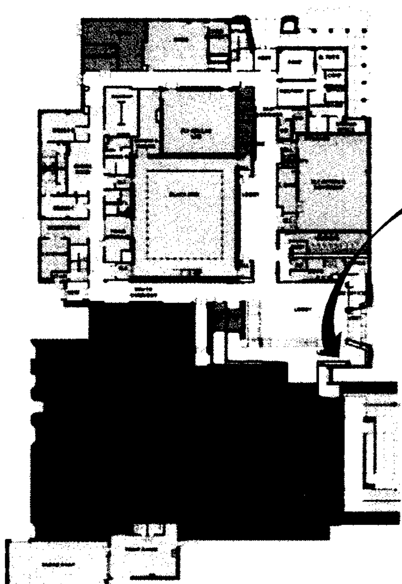
Item 2

Texas Tech University

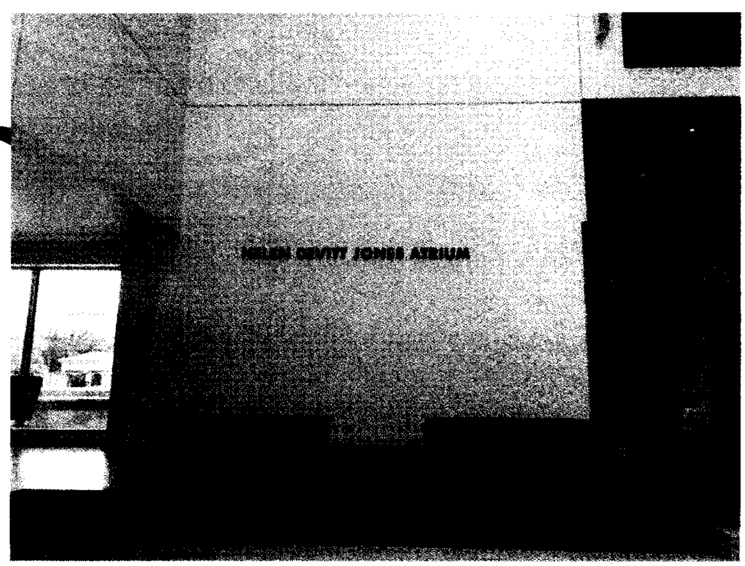
Approve naming the atrium within the J.T. and Margaret Talkington College of Visual and Performing Arts Theatre & Dance Complex (Helen DeVitt Jones Atrium)

Patrick Kramer

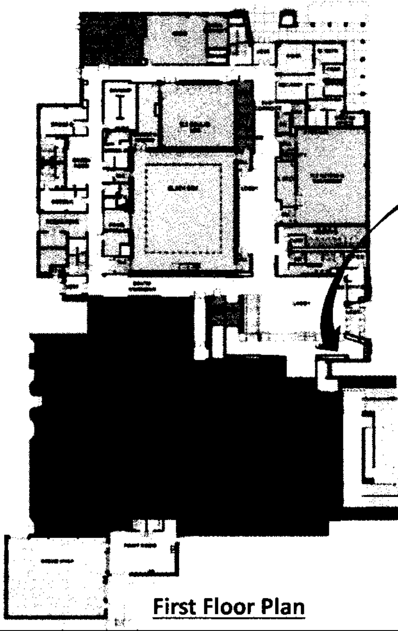
Item 2



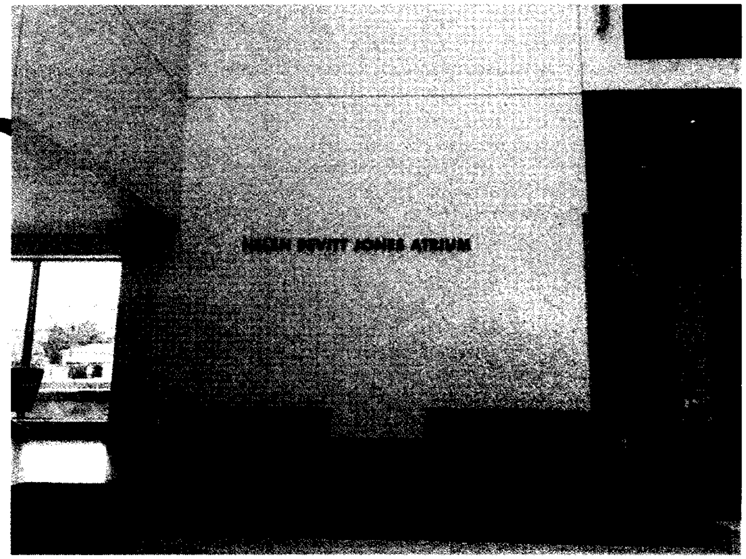
First Floor Plan



Item 2



First Floor Plan



Item 2

Recommendation

- Approve naming the atrium within the J.T. and Margaret Talkington College of Visual and Performing Arts Theatre & Dance Complex as:

  Helen DeVitt Jones Atrium
- The donor concurs with the naming of this interior space. Appropriate signage for the room will specify the approved name.

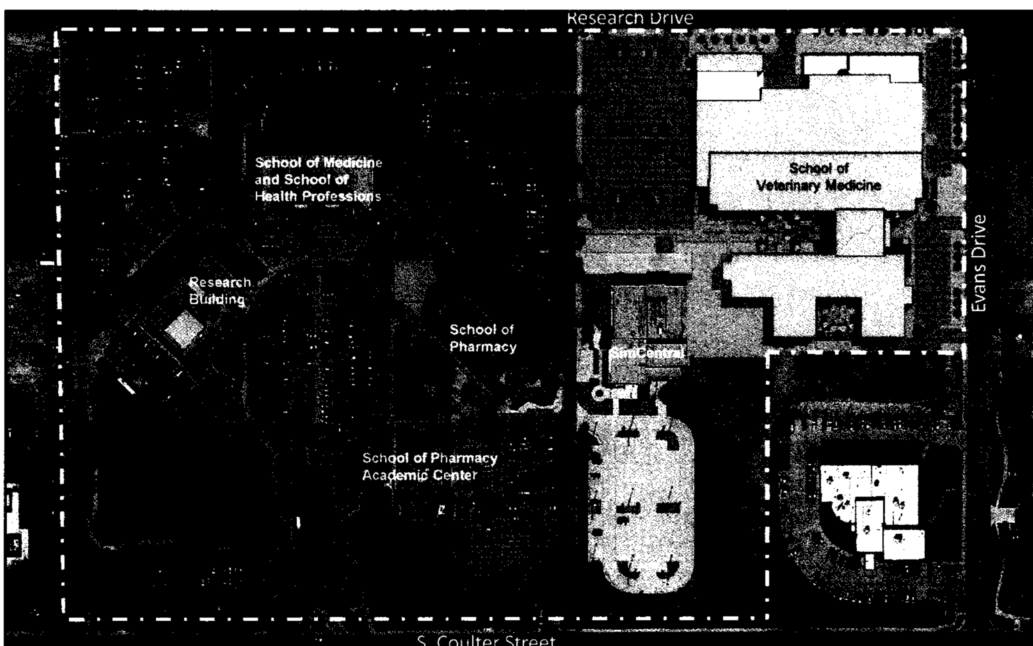
Texas Tech University

Item 3

Authorize expenditures for the new School of Veterinary Medicine Amarillo Campus located in Amarillo, TX (GMP Bid Package 1)

Billy Breedlove

Item 3



NORTH

Item 3

Scope of Services

- Execute Bid Package 1 which includes:
  - General Conditions;
  - Earth work;
  - Site utilities;
  - Limited concrete scope;
  - Elevators;
  - Underground fire protection; and
  - Underground mechanical, electrical and plumbing service lines.

Item 3

Project Budget

	BOR Approved June 2019 $ 4,905,660	Additional Request $ 15,994,175	Revised Budget $ 20,899,835
Construction	$ 15,972	$ 13,615,558	$ 13,631,530
Professional Services	$ 4,161,090	$ 513,677	$ 4,674,767
FF&E	$ 0	$ 0	$ 0
Administrative Cost	$ 54,600	$ 70,139	$ 124,739
BOR Directed Fees (1% Landscape Enhancements / 1% Public Art / 2.4% FP&C)	$ 149,166	$ 374,863	$ 524,029
Contingency	$ 524,832	$ 1,419,938	$ 1,944,770

Item 3

Recommendation

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

Texas Tech University

Item 4

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

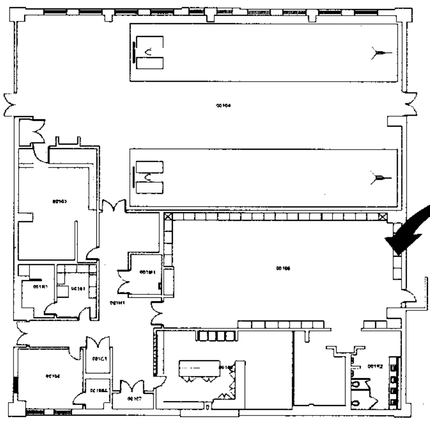
Billy Breedlove

Rip Griffin Park

Item 4

Item 4

Existing Baseball Clubhouse – Third Base Option

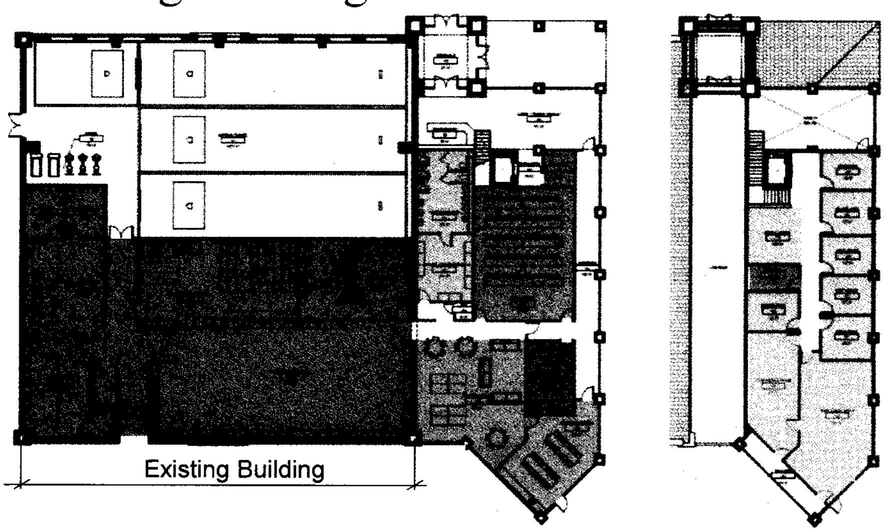


Existing Floor Plan 10,237 GSF

NORTH

Item 4

Existing Building Addition



Existing Building

First Floor - Addition

Second Floor - Addition

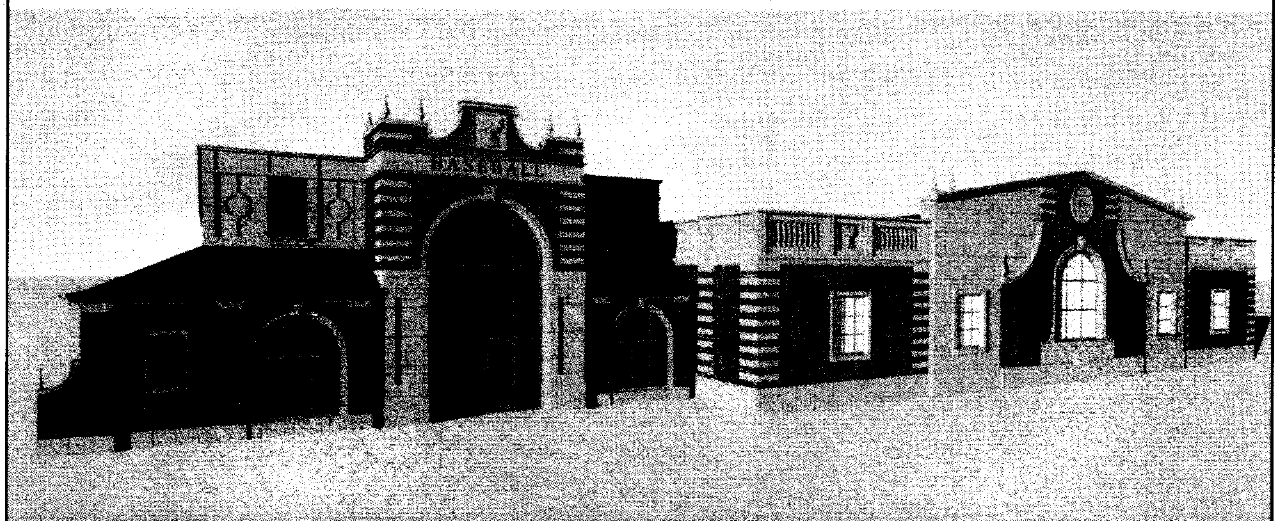
LEGEND

- Renovation Area
- Coach's Locker Area
- Players' Lounge/Nutrition/Dining
- Film Room
- Classroom
- Storage
- Offices/Work Area
- Coach's Office/Conference Rm
- Lobby / Circulation

NORTH

North Entry Perspective

Item 4



Scope of Services

Item 4

- Execute Design Professional Stage II services consisting of:
    - Design Development;
    - Construction Documents;
    - Construction Administration Phases;
    - Provide a Statement of Probable Cost; and
    - Project Schedule.

Scope of Services (cont.)

Item 4

- Execute Construction Manager At Risk Agreement to allow the contractor to provide pre-construction activities associated with the planning and design process, such as:
  - Project evaluation;
  - Site analysis;
  - Constructability review;
  - Value engineering;
  - Scheduling;
  - Cost control; and
  - Concept budget development.

Project Overview

Item 4

- Project will renovate approximately 10,000 SF within the existing Baseball Clubhouse and construct an approximate 9,500 GSF addition.
- Renovation and expansion of the team clubhouse includes:
  - Coach's office suite,
  - Relocated players locker room,
  - Classroom,
  - Film Room,
  - Updated athletic training & hydrotherapy,
  - Players' lounge, nutrition/dining room, and
  - Main recruiting lobby.

Item 4

Project Budget

	Authorized September 2017 $ 210,000	Additional Request $ 894,660	Revised Budget $ 1,104,660
Construction	$ 0	$ 6,900	$ 6,900
Professional Services	$ 210,000	$ 803,000	$ 1,013,000
FF&E	$ 0	$ 0	$ 0
Administrative Cost	$ 0	$ 7,500	$ 7,500
BOR Directed Fees (1% Landscape Enhancements / 1% Public Art / 2.4% FP&C)	$ 0	$ 25,890	$ 25,890
Contingency	$ 0	$ 51,370	$ 51,370

Item 4

Recommendation

- Approve expenditures of $894,660 for a total of $1,104,660 for the Rip Griffin Park Expansion & Renovation project with an anticipated total project budget of $13,000,000; authorize Design Professional Stage II services; and award a Construction Manager At Risk ("CMAR") Agreement for pre-construction services.
- The increase will be funded through the Revenue Finance System ("RFS") repaid with Gift Funds.
- The current total of expenditures includes the previously authorized expenditures from Institutional Funds ($210,000).

Item 5

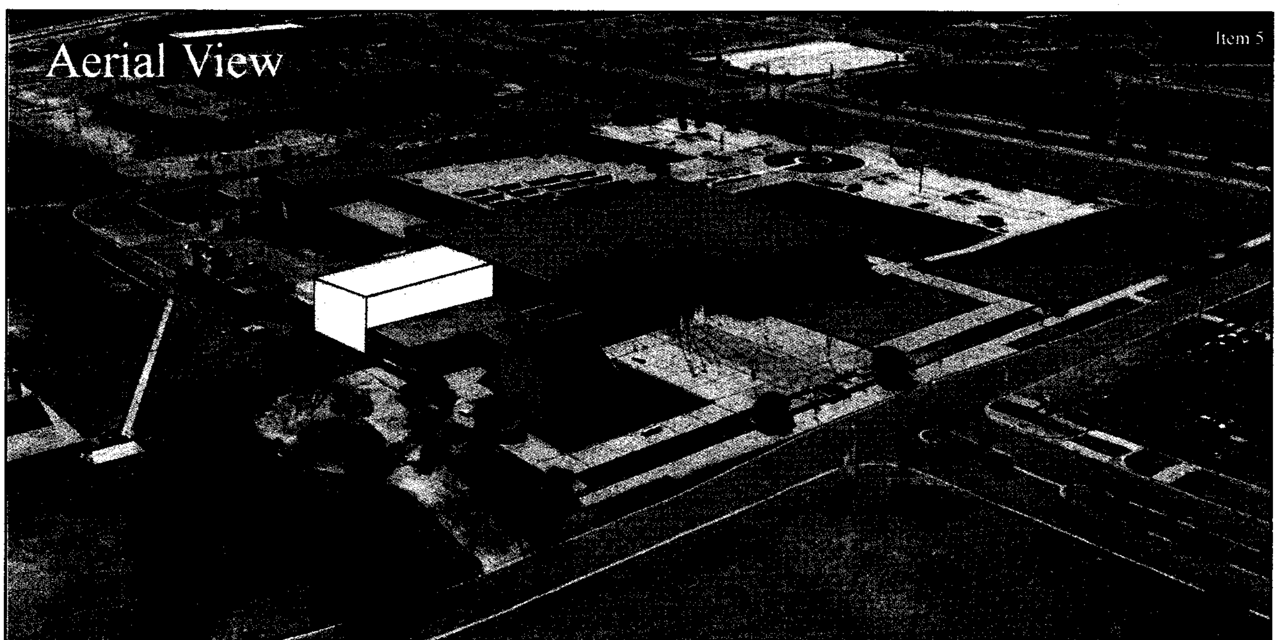
Texas Tech University

Approve concept and authorize expenditures for the Museum East Wing Addition (DP Stage I)

Billy Breedlove

Item 5

Aerial View



Scope of Services

Item 5

- Execute a Design Professional Agreement, and authorize Stage I services in order to move forward on the project's vision through the:
  - Programming and Schematic Design phases;
  - Provide a Statement of Probable Cost;
  - Constructability review; and
  - Project Schedule.

Project Overview

Item 5

- Project will construct an approximate 18,000 GSF addition on the east side of the Museum of Texas Tech University.
- The proposed project to include:
  - Basement level to provide connection to other secured hallways, collections areas, and include the main storage room for the collection;
  - Modification of various existing spaces/rooms to connect to a central basement hallway;
  - First-floor level to primarily consist of gallery space for the Dr. Robert and Louise Arnold collection and other display items; and
  - Second level will provide academic and staff space.

Item 5

Project Budget

	Authorized February 2018	Additional Request	Revised Budget
	$ 100,000	$ 233,034	$ 333,034
Construction	$ 0	$ 0	$ 0
Professional Services	$ 100,000	$ 199,914	$ 299,914
FF&E	$ 0	$ 0	$ 0
Administrative Cost	$ 0	$ 8,000	$ 8,000
BOR Directed Fees (1% Landscape Enhancements / 1% Public Art / 2.4% FP&C)	$ 0	$ 3,935	$ 3,935
Contingency	$ 0	$ 21,185	$ 21,185

Item 5

Recommendation

- Approve expenditures of $233,034 for a total of $333,034 in order to provide planning and design services for the Museum East Wing Addition, with an anticipated project budget of $12,000,000; and award the Design Professional Agreement and authorize Stage I services.
- The expenditures will be funded through the Revenue Finance System ("RFS") repaid with Gifts, Higher Education Funds ("HEF") (cash), Institutional Funds, and Texas Research Incentive Program ("TRIP").
- The Stage I budget includes the previously authorized budget from HEF ($100,000 cash).

As revised on 12-09-2019

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

• • •

08.01 **Construction program**

• • •

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

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

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

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

a. For major construction projects:

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

(a) identify funding [~~from the entity~~] for [~~which~~] the project [~~is~~] being constructed [~~so that planning activities for the project may begin~~], with a [~~preliminary estimate of the~~] <u>planned</u> project budget [~~(a budget goal)~~] being provided along with the funding request;

(b) work with <u>the component's CFO, Operations/Physical Plant representative, and</u> facility user representatives, as designated by the president if the project is being constructed for a component institution, to develop [~~a preliminary~~] <u>the</u> scope of the project <u>within planned budgets or adjusted budgets as approved by the chancellor and/or presidents</u>, which shall be known as an Owner's Project Requirements (OPR) document; and

(c) engage in other preliminary pre-construction planning activities through the use of pre-qualified service providers (such as surveyors, civil engineers, asbestos consultants, and so forth) [~~, with the commitments to such service providers not to exceed a cumulative total of $100,000~~].

(2) Project activities for the feasibility study option: In addition to activities authorized under Section 08.01.3.a(1), the chancellor, or the chancellor's designated representative, upon the recommendation of the president if the project is being constructed for a component institution, may utilize the option of engaging an architect/engineer team (a design professional) for pre-construction feasibility study planning services before a project has received preliminary approval of the board under Section 08.01.3.a(3), subject to the following limitations:

(a) [~~the commitment to such a service provider shall not exceed a cumulative total of $250,000 for the feasibility study phase of the project;~~]

[~~(b)~~] the design professional shall be selected by means of a Request For Qualifications (RFQ) process <u>that</u>

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

(b) [~~(c)~~] no earlier than ten (10) days prior to the execution of such a contract with a design professional, the board shall be presented information that includes a preliminary project concept, the proposed feasibility study budget, and an overview of the selection process for the identified design professional that includes the information required under Section 08.01.3.a(3); and

(c) [~~(d)~~] authorization in writing by the chair of the board's Facilities Committee, with notification to all board members, is required before a contract with the design professional may be executed.

(3) Preliminary approval by the board: A preliminary project approval, to include a [~~project planning~~] planned budget, is required before an architect/engineer team, a construction manager-agent, or a construction manager-at-risk may be engaged for pre-construction services. (If an architect/engineer team was previously engaged under the provisions of Section 08.01.3.a(2) and if a change in this service provider is not deemed necessary, board approval at this stage constitutes an authorization for the architect/engineer team to continue providing pre-construction design services for the project.) When such preliminary project approval is requested, the board shall be presented information that includes a summary of the project concept, the [~~proposed project planning~~] planned budget, an estimated total project budget, and an overview of the selection process for each proposed external partner that includes the following information:

(a) Initial Submittal Phase:

i. weighted grading criteria used in the initial selection phase;

ii. names of all submitting firms;

iii. grading of the initial submittals by the members of the selection committee; and

iv. a summary of the scores.

(b) Interview Phase:

i. weighted grading criteria for this phase;

ii. names of firms selected to interview for this phase;

iii. scoring of each firm by the members of the selection committee; and

iv. summary of final scores from the Interview Phase.

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

(1) approve a total project budget;

(2) proceed with design development and construction documents;

(3) submit required reports to the Texas Higher Education Coordinating Board;

(4) solicit and accept construction bids or proposals;

(5) award a construction contract or execute a Guaranteed Maximum Price contract amendment; and

(6) amend any associated existing contracts to reflect the remaining scope of the project as well as construction management services for the project.

Added on 12-09-2019.

<u>(7)</u> <u>When it is deemed necessary by the component president to included new furniture or equipment in a new building or renovation construction project, such facts justifying the acquisition shall be determined and documented. The furniture and equipment costs shall be included the in the project budget, with the approval of the board.</u>

c. Board approval: combining steps in the process; dividing projects.

(1) Any of the steps listed in Section 08.01.3.b may be combined in the board approval process. The board, however, may choose to retain control over any or all of the steps listed above in the board approval process.

(2) Projects shall not be divided for the purpose of falling within a lower level of approval.

d. The chancellor's designated representative for major construction projects shall be the FP&C Office. All major construction projects shall be managed by the FP&C Office.

e. [~~The board may choose to employ an outside entity that supplies Construction Manager-Agent Services to assist the FP&C Office.~~]

[~~f.~~] All major construction projects [~~that have a construction cost of more than $10,000,000~~] shall be conducted under the auspices of the FP&C Office [~~but~~] with the assistance of a Construction Manager-Agent <u>(CMA) per Section 51.781, *Texas Government Code*, or an alternative method recommended by</u>

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

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

(1) the total cost of a project exceeds the initial board-approved budget by more than $500,000 or ten percent (10%), whichever is more;

(2) the TTU system administration or the component institution has not contracted for the project within 18 months of the date of final approval by the board; or

(3) any funding source of an approved project is changed.

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

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

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

a. The chancellor or the president, as applicable, or their designated representatives, are authorized to proceed with any minor construction project.

b. The physical plant officers of the component institutions bear responsibility for management of minor construction projects as defined above. [~~The FP&C Office maintains a database of the larger projects managed by the FP&C Office. In order to maintain a more complete database, the physical plant officers,~~

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

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

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

(1) the FP&C Office must be notified as soon as the revised total project cost is identified; and

(2) in accordance with Section 08.01.3, the project must be brought to the chair of the Facilities Committee for board [~~for~~] approval.

• • •

08.02 **Campus planning and enhancements**

• • •

08.02.3 Public Art Program.

a. The FP&C Office shall manage and be the chancellor's designated representative for the public art program. Each project shall include a statement from the chancellor and/or president as to whether public art is applicable based on the scope of the project, campus location, and proximity to other public art. [~~One~~] If applicable, up to one percent (1%) or a maximum of $500,000, whichever is less, of the original board approved total project budget of each major construction project, as defined in Section 08.01.3, will be allocated for the acquisition of original works of public art, unless an exception is approved by the board. The president may request an exception in writing to FP&C, and with the approval of the chancellor, submit the request to the chair of the Facilities Committee for approval. These works of public art shall be located at or near the site of the construction project or, insofar as is permissible under Texas Tech policies and applicable to the source of funds, the funds may be aggregated and expended pursuant to a comprehensive art and aesthetic improvement plan, as approved by the board.

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

08.02.4 University Public Art Committee.

a. The chancellor, in consultation with the presidents, shall approve nominations of members to serve on the University Public Art Committee ("UPAC") to recommend major public art acquisitions. The nominations provided to the chancellor and presidents shall be submitted by the UPAC. The UPAC shall be composed of the FP&C vice chancellor, the Public Art [~~Manager~~] Director, students, faculty, and staff of the TTU system, individuals from the communities surrounding the various campuses of the component institutions, and professional artists who are alumni of a component institution of the TTU system. The president of the appropriate component institution shall appoint a representative to the UPAC for the selection of works of public art for inclusion in a major construction project on a case by case basis.

b. The UPAC will review all proposed new commissions of campus public art and take into consideration the Campus Master Plan, location of the install, the cost of installation, maintenance requirements, and other factors deemed appropriate by the UPAC. The UPAC shall provide a final recommendation to the respective president for the inclusion of the artwork in the Public Art Collection. <u>Upon the president's approval, the UPAC will provide the final recommendation to the chancellor.</u>

c. Proposed gifts to the public art program must be made in accordance with the respective institution's operating policies and procedures. To qualify for acceptance, such proposed gifts must meet the UPAC's acquisition criteria and standards. The UPAC shall review each proposed gift of public art, and this review shall take into consideration the following factors: the Campus Master Plan; the cost of installation; maintenance requirements; and any other factors deemed appropriate by the UPAC. If the UPAC votes to recommend acceptance of a proposed gift for inclusion in the Public Art Collection, the Public Art Manager shall provide a final recommendation to the respective president regarding the gift's inclusion in the Public Art Collection. <u>Upon the president's approval, the UPAC will provide the final recommendation to the chancellor.</u>

d. Except as provided in Section 08.02.4.e, herein, the respective president shall make a recommendation to the chancellor regarding proposed new artwork, and the chancellor shall make the final determination of whether the proposed new artwork is to be included in the Public Art Collection.

e. Inclusion of an honorary statue, sculpture, or other artistic representation in the Public Art Collection.

    (1) If a proposed new commission of campus public art (per Section 08.02.4.b, herein) or a proposed gift to the public art program (per Section 08.02.4.c, herein) involves an honorary statue, sculpture, or other artistic representation that depicts one or more specific individuals, or that otherwise honors any specific individual, group, foundation, corporation, or other business entity:

(a) the UPAC shall conduct its review and make its recommendation in accordance with Section 08.02.4.b or Section 08.02.4.c, as appropriate;

(b) the respective president shall make a recommendation to the chancellor;

(c) the chancellor shall make a recommendation to the board; and

(d) the board shall grant the final approval of the proposed new statue, sculpture, or other artistic representation.

(2) For the purposes of this subdivision, a statue, sculpture, or other artistic representation includes any such work of art that:

(a) is planned and executed with the specific intention of being sited, staged, or exhibited permanently in or on any building or structure, any improved or unimproved land, or any part of any such buildings, structures, or land that is owned, used, or occupied by the TTU system;

(b) is accessible to the public.

(c) is not a work of art that is or will be owned or held by the Museum of Texas Tech University, the National Ranching Heritage Center, or any other institutional gallery or museum entity owned or maintained by the TTU system.

(3) In unusual and unforeseen circumstances, the board reserves the right to rescind a previous approval and require the removal of an honorary statue, sculpture, or other artistic representation.

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

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

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

• • •

Item 7

Texas Tech University System

Report on Facilities Planning and Construction projects
(project data as of 11/20/2019)

Billy Breedlove

Item 7

TTUHSC – Lubbock Education, Research & Technology + West Expansion

Current Budget $ 99,375,000

Gross Square Feet: 199,862 GSF

UC 62,258 GSF
WE 125,104 GSF
AEC 12,500 GSF

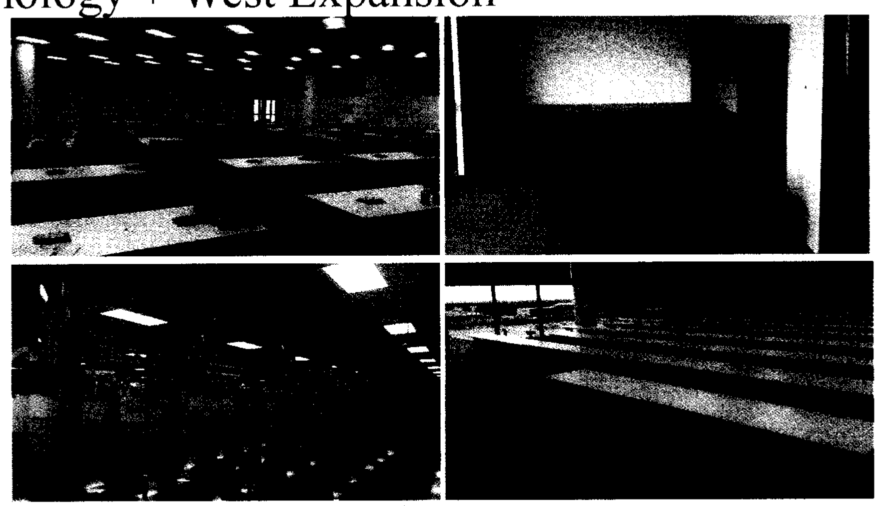
Team / Status:

- Design Professional:
  Perkins + Will @ 95%
- Construction Manager At Risk (CMAR):
  Hill & Wilkinson General Contractors @ 97%
- Construction Manager Agent (CMA):
  Hill International @ 97%
- Artist:
  Interior Art: Adam Frank – Installed Mar. 2019
  Exterior Art: James Surls – Installed Apr. 2019

Substantial Completion Date:
Original Date – March 2019

Amended Date – June 2019

Actual Date – TBD



Item 7

TTUHSC – Lubbock Education, Research & Technology + West Expansion

Construction Delivery: CMAR

	BOR Appr (Planning)	BOR Appr (Full)	Previous Budget①	Current Budget②		
	8/2015 | ~ 200,000 GSF	10/2016 | 183,218 GSF 10/2017 | 200,062 GSF	10/2019 | 199,862 GSF	11/20/2019 | 199,862 GSF	+/(-) Change	
	A	B	C	D	D-C	NOTES
BUDGET	$ 2,403,613	$ 91,375,000	$ 99,375,000	$ 99,375,000		
CATEGORY						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Professional Services	$ 2,035,360	$ 9,842,401	$ 9,157,560	$ 9,157,560	$ -	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Administrative	$ 89,067	$ 754,030	$ 776,537	$ 776,537	$ -	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Regents' Rules	$ 56,335	$ 3,816,207	$ 3,687,886	$ 3,687,886	$ -	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

PARTNERS

General Contractor	Hill & Wilkinson General Contractors
Design Professional	Perkins + Will
CM Agent	Hill International
Tier 2 Auditor	CBIZ

① e-Builder 09/16/19

② e-Builder (Project Management Software)

Item 7

ASU – Angelo State University Mayer Museum

Current Budget: $ 17,100,000

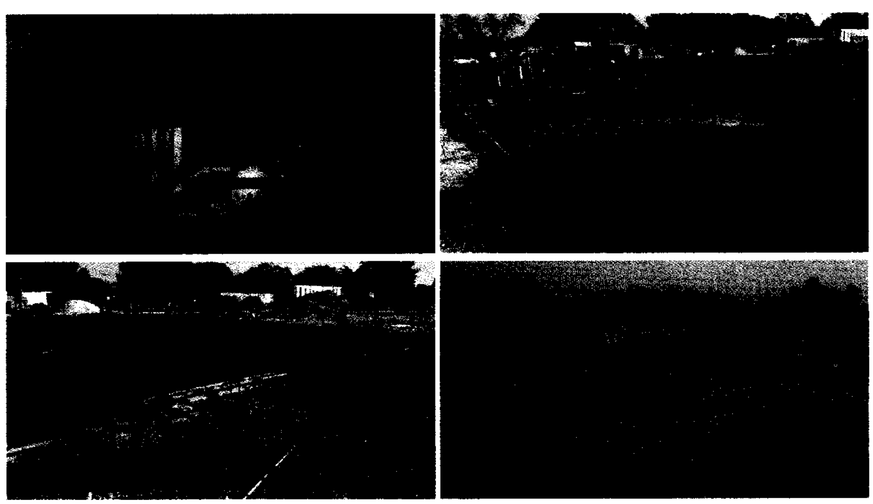
Gross Square Feet: 32,005 GSF

Team / Status:

- Design Professional (DP):
  Kinney Franke Architects @ 81%
- Construction Manager At Risk (CMAR):
  Western Builders of Amarillo @ 7%
- Construction Manager Agent (CMA):
  Waived
- Artist:
  Waived

Substantial Completion Date:
Original Date – August 2020

Actual Date – TBD



ASU – Angelo State University Mayer Museum

Item 7

Construction Delivery: CMAR

	BOR Appr (Planning) A	BOR Appr (Full) 08/2019 | 32,005 GSF B	Previous Budget① 10/2019 | 32,005 GSF C	Current Budget② 11/20/2019 | 32,005 GSF D	+/(-) Change D-C	NOTES
BUDGET	**$ -**	**$ 17,100,000**	**$ 17,100,000**	**$ 17,100,000**	**$ -**	
CATEGORY						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Professional Services	$ -	$ 1,133,738	$ 1,133,738	$ 1,133,738	$ -	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Administrative	$ -	$ 131,000	$ 131,000	$ 131,000	$ -	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Regents' Rules	$ -	$ 400,853	$ 400,853	$ 400,853	$ -	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

PARTNERS

General Contractor	Western Builders of Amarillo
Design Professional	Kinney Franke Architects
CM Agent (PM Assist)	N/A
Tier 2 Auditor	N/A

① **e-Builder 09/16/2019**

② **e-Builder (Project Management Software)**

TTU – Experimental Sciences Building II

Item 7

Current Budget: $ 79,500,000

Gross Square Feet: 117,800 GSF

Team / Status:
- Design Professional: TreanorHL @ 96%
- Construction Manager At Risk (CMAR): Flintco, LLC @ 92%
- Construction Manager Agent (CMA): Project Control of Texas, Inc. @ 83%
- Artist: Lead Pencil Studio / Installed July 2019

Substantial Completion Date:

Original Date – June 2019

Actual Date – June 2019

Shell Space Date – January 2020

TTU – Experimental Sciences Building II

Item 7

Construction Delivery: CMAR

	BOR Appr (Planning) 8/2015 | ~150,000 GSF A	BOR Appr (Full) 8/2016 | 120,000 - 140,000 GSF B	Previous Budget① 10/2019 | 117,800 GSF C	Current Budget② 11/20/2019 | 117,800 GSF D	+/(-) Change D-C	NOTES
BUDGET	$ 2,217,364	$ 77,000,000	$ 79,500,000	$ 79,500,000		
CATEGORY						
[redacted]						
Professional Services	$ 1,862,310	$ 7,898,378	$ 8,788,903	$ 8,788,903	$ -	
[redacted]						
Administrative	$ 104,730	$ 541,884	$ 291,515	$ 291,515	$ -	
[redacted]						
Regents' Rules	$ 51,969	$ 3,344,688	$ 3,490,462	$ 3,490,462	$ -	
[redacted]						

PARTNERS

General Contractor	Flintco, LLC
Design Professional	TreanorHL
CM Agent	Project Control of Texas, Inc.
Tier 2 Auditor	CBIZ

① e-Builder 09/16/19

② e-Builder (Project Management Software)

TTU – The Dustin R. Womble Basketball Center

Item 7

Current Budget: $ 29,500,000

Gross Square Feet: 58,630 GSF

Team / Status:
- Design Professional:
  Populous, Inc. @ 75%
- Construction Manager At Risk (CMAR):
  Lee Lewis Construction, Inc. @ 21%
- Construction Manager at Agent (CMA):
  Waived
- Artist:
  Stephen Johnson / August 2020 Installation

Substantial Completion Date:
Original Date – June 30, 2020

Actual Date – TBD

TTU – The Dustin R. Womble Basketball Center

Item 7

Construction Delivery: CMAR

	BOR Appr (Planning) A	BOR Appr (Full) 12/2018 | 58,630 GSF B	Previous Budget① 10/2019 | 58,630 GSF C	Current Budget② 11/20/2019 | 58,630 GSF D	+/(-) Change D-C	NOTES
BUDGET	$ -	$ 29,500,000	$ 29,500,000	$ 29,500,000	$ -	
CATEGORY						
Professional Services	$ -	$ 2,395,592	$ 2,395,592	$ 2,395,592	$ -	
Administrative	$ -	$ 83,400	$ 83,400	$ 83,400	$ -	
Regents' Rules	$ -	$ 1,298,000	$ 1,298,000	$ 1,298,000	$ -	

PARTNERS

General Contractor	Lee Lewis Construction, Inc.
Design Professional	Populous, Inc.
CM Agent (PM Assist)	Waived
Tier 2 Auditor	Townsend

① **e-Builder 09/16/19**

② **e-Builder (Project Management Software)**

TTU – Cash Family Sports Nutrition Center

Item 7

Current Budget: $ 5,560,000

Gross Square Feet: 8,988 GSF

Team / Status:

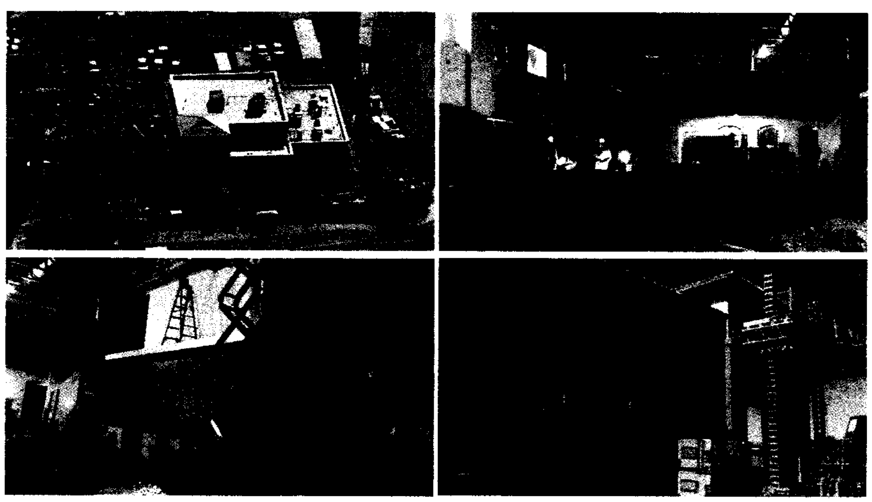
- Design Professional:
  MWM Architects @ 92%
- Construction Manager At Risk (CMAR):
  Teinert Comm Building Serv, Inc.
  @ 41%
- Construction Manager at Agent (CMA):
  N/A
- Artist:
  Melissa Borrell / December 2019 Installation

Substantial Completion Date:

Original Date – September 2019

Amended Date – December 2019

Actual Date – TBD



TTU – Cash Family Sports Nutrition Center

Item 7

Construction Delivery: CMAR

	BOR Appr (Planning) A	BOR Appr (Full) 12/2018 | 8,988 GSF B	Previous Budget① 10/2019 | 8,988 GSF C	Current Budget② 11/20/2019 | 8,988 GSF D	+/(-) Change D-C	NOTES
BUDGET	**$ -**	**$ 5,560,000**	**$ 5,560,000**	**$ 5,560,000**	**$ -**	
CATEGORY						
Professional Services	$ -	$ 450,266	$ 450,266	$ 450,266	$ -	
Administrative	$ -	$ 45,500	$ 45,500	$ 45,500	$ -	
Regents' Rules	$ -	$ 111,200	$ 111,200	$ 111,200	$ -	

PARTNERS

General Contractor	Teinert Commercial Building Services, Inc.
Design Professional	MWM Architects
CM Agent (PM Assist)	N/A
Tier 2 Auditor	N/A

① e-Builder 09/16/19

② e-Builder (Project Management Software)

TTU – Weeks Hall Renovation

Item 7

Current Budget: $ 24,500,000

Gross Square Feet: 67,234 GSF

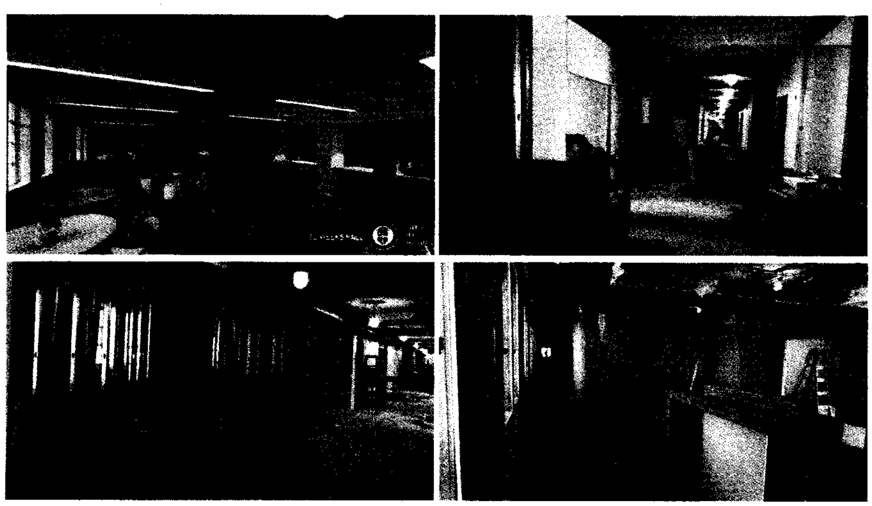
Team / Status:

- Design Professional:
  Dekker/Perich/Sabatini @ 86%
- Construction Manager At Risk (CMAR):
  Lee Lewis Construction, Inc. @ 32%
- Artist:
  Ilan Averbuch / Summer 2020 Installation

Substantial Completion Date:

Original Date – May 2020

Actual Date – TBD



TTU – Weeks Hall Renovation

Item 7

Construction Delivery: CMAR

	BOR Appr (Planning) A	BOR Appr (Full) 12/2018 | 67,234 GSF B	Previous Budget① 10/2019 | 67,234 GSF C	Current Budget② 11/20/2019 | 67,234 GSF D	+/(-) Change D-C	NOTES
BUDGET	$ -	$ 24,500,000	$ 24,500,000	$ 24,500,000	$ -	
CATEGORY						
Professional Services	$ -	$ 2,381,684	$ 2,381,684	$ 2,381,684	$ -	
Administrative	$ -	$ 174,350	$ 174,350	$ 174,350	$ -	
Regents' Rules	$ -	$ 1,078,000	$ 1,078,000	$ 1,078,000	$ -	

PARTNERS

General Contractor	Lee Lewis Construction, Inc.
Design Professional	Dekker/Perich/Sabatini
CM Agent (PM Assist)	Waived
Tier 2 Auditor	Townsend

① **e-Builder 09/16/19**

② **e-Builder (Project Management Software)**

TTU – Dairy Barn Renovation

Item 7

Current Budget: $ 3,539,061

Gross Square Feet: 8,000 GSF

Team / Status:
- Design Professional:
  Condray Design Group @ 76%
- Construction Manager At Risk (CMAR):
  Teinert Construction. @ 0%
- Artist:
  Waived

Substantial Completion Date:
Original Date – August 2020

Actual Date – TBD

TTU – Dairy Barn Renovation

Item 7

Construction Delivery: CMAR

	BOR Appr (Planning) A	BOR Appr (Full) 10/2019 | 8,000 GSF B	Previous Budget① 10/2019 | 8,000 GSF C	Current Budget② 11/20/2019 | 8,000 GSF D	+/(-) Change D-C	NOTES
BUDGET	$ -	$ 3,539,061	$ 3,539,061	$ 3,539,061	$ -	
CATEGORY						
Professional Services	$ -	$ 255,400	$ 255,400	$ 255,400	$ -	
Administrative	$ -	$ 38,981	$ 38,981	$ 38,981	$ -	
Regents' Rules	$ -	$ 69,203	$ 69,203	$ 69,203	$ -	

PARTNERS

General Contractor	Lee Lewis Construction, Inc.
Design Professional	Dekker/Perich/Sabatini
CM Agent (PM Assist)	Waived
Tier 2 Auditor	Townsend

① **e-Builder 09/16/19**

② **e-Builder (Project Management Software)**

TTUHSC El Paso - Medical Sciences Building II

Item 7

Current Budget: $ 85,255,675

Gross Square Feet: 219,900 GSF

Team / Status:

- Design Professional:
  Perkins + Will @ 86%
- Construction Manager At Risk (CMAR):
  Sundt @ 87%
- Construction Manager Agent (CMA):
  Broaddus and Associates @ 82%
- Artist:
  Thomas Sayre / January 2020 Installation

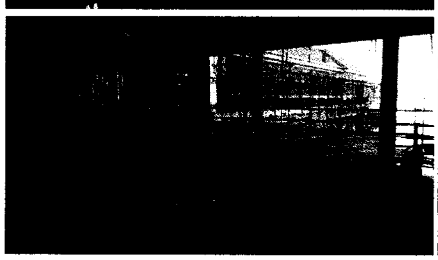
Substantial Completion Date:

Original Date – March 2019

Anticipated Date – March 2020

Actual Date – TBD






TTUHSC El Paso - Medical Sciences Building II

Item 7

Construction Delivery: CMAR

	BOR Appr (Planning) 8/2015 | 227,000 GSF A	BOR Appr (Full) 12/2016 | 223,000 GSF B	Previous Budget① 10/2019 | 219,900 GSF C	Current Budget② 11/20/2019 | 219,900 GSF D	+/(-) Change D-C	NOTES
BUDGET	**$ 2,412,064**	**$ 84,400,000**	**$ 85,255,675**	**$ 85,255,675**		
CATEGORY						
Professional Services	$ 2,019,315	$ 9,749,196	$ 9,808,660	$ 9,808,660	$ -	
Administrative	$ 109,506	$ 856,129	$ 299,362	$ 299,362	$ -	
Regents' Rules	$ 56,533	$ 3,594,250	$ 3,614,305	$ 3,614,305	$ -	

PARTNERS

General Contractor	Sundt
Design Professional	Perkins + Will
CM Agent	Broaddus and Associates
Tier 2 Auditor	RSM

① **e-Builder 09/16/19**

② **e-Builder (Project Management Software)**

TTUHSC El Paso – Dental Learning Center

Item 7

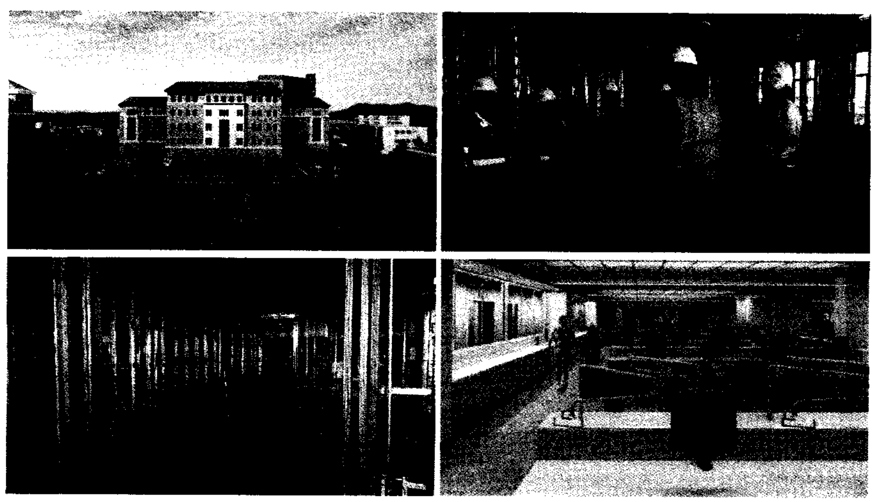
Current Budget: $ 12,518,175

Gross Square Feet: 28,831 GSF

Team / Status:
- Design Professional:
  Perkins + Will @ 71%
- Construction Manager At Risk (CMAR):
  Sundt @ 14%
- Construction Manager Agent (CMA):
  Broaddus and Associates @ 0%
- Artist:
  Waived

Substantial Completion Date:
Original Date – March 2020

Actual Date – TBD



TTUHSC El Paso – Dental Learning Center

Item 7

Construction Delivery: CMAR

	BOR Appr (Planning) A	BOR Appr (Full) 12/2018 | 28,831 GSF B	Previous Budget① 10/2019 | 28,831 GSF C	Current Budget② ③ 11/20/2019 | 28,831 GSF D	+/(-) Change D-C	NOTES
BUDGET	$ -	$ 12,518,175	$ 12,518,175	$ 12,518,175	$ -	
CATEGORY						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Professional Services	$ -	$ 775,163	$ 802,342	$ 802,342	$ -	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
FF&E - El Paso			$ 3,000,000	$ 3,000,000		
Administrative	$ -	$ 42,604	$ 42,604	$ 42,604	$ -	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Project Contingency - El Paso			$ 2,422,652	$ 2,422,652		
Regents' Rules	$ -	$ 275,795	$ 163,673	$ 163,673	$ -	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

PARTNERS

General Contractor	Sundt
Design Professional	Perkins + Will
CM Agent	Broaddus and Associates
Tier 2 Auditor	RSM

① **e-Builder 09/16/19**

② **e-Builder (Project Management Software)**

③ **Project allocation:**

FP&C	$	7,095,523
El Paso	$	5,422,652
	$	12,518,175

TTUSA – Project Assist

Item 7

- USDA Cotton Classing Laboratory
- Frazier Alumni Pavilion Addition
- Texas Tech Federal Credit Union Expansion
- Red Raider Substation
- Veteran Administration Lubbock Community Based Outpatient Clinic
- Lubbock NW Drainage Improvement Project
- Lubbock Playa Lake 52 Drainage Project

Texas Tech University System

Item 7

Status of Public Art

TTU – Talkington College of Visual & Performing Arts Theatre & Dance Complex

Item 7

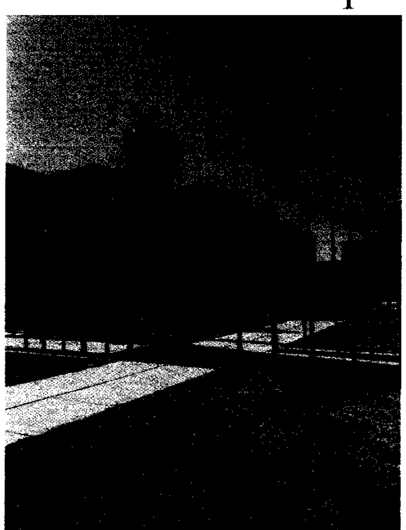
Art Budget: $ 220,000

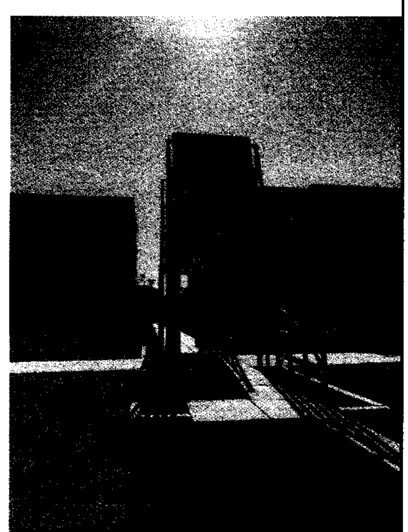
Artist: RDG Studio
Des Moines, IA

Title: *All the World is a Stage*

Status: Installed December 2019

Artist Statement: The proposed design is for a sculptural installation, reminiscent of the proscenium of a theatre stage, that will frame the entryway to the building. The structure will function on many levels, as a pergola or passageway, and suggestive of a gallery or stage left/stage right on either side of the entryway. The structure will create a ceremonial experience of entering the building where, for a moment, everyone is a performer on a stage. Laser-cut panels will suggest the opening of curtains; the overlap in the panels create a sense of movement and the folds of drapery. LED lighting with give the piece a red glow at night.





TTU – Cash Family Sports Nutrition Center

Item 7

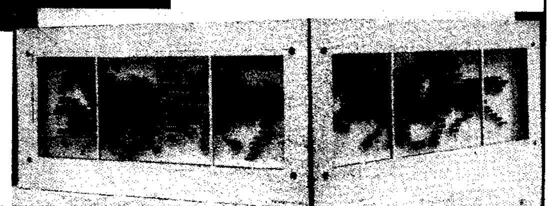
Art Budget: $ 46,000

Artist: Melissa Borrel
Austin, TX

Title: *Awaiting Artist Announcement*

Status: December 2019 Installation

Artist Statement: The proposed design is for fused glass art on the north and east windows above the Dining Facility's entrance. Each section is five feet tall and 13.5' long. The artist's goal is to capture the spirit and energy of TTU Athletics through the image of a horse in motion. She chose to represent this through fused glass lines to visually create movement and provide kinetic energy through a static piece. The lines also represent the aspect of team by showing many parts coming together to create one entity. The piece is meant to be viewed from both the interior and exterior of the building and should be visible from many different angles.



TTU – Weeks Hall Renovation

Item 7

Art Budget: $ 236,000

Artist: Ilan Averbuch
Long Island City, NY

Title: As *Far as the Eye Can See*

Status: Summer 2020 Installation

Artist Statement: "As Far as the Eyes Can See" is a large scale site-specific sculpture made of Cor-ten weathering steel and recycled granite, measuring 24 feet tall by 46 feet wide with a depth of 18 feet.

Two colossal rings of rough cut granite stone are positioned diagonally to each other. A branch made of Cor-ten weathering steel hovers above the stone rings connecting to them at their apex. The stone rings are each 20 feet in diameter by 2 feet deep. They are made of two layers of recycled granite sandwiching an internal steel ring that creates the invisible structure to hold the stones together. The steel branch is 46 feet long by 18 feet wide. It is made of welded steel creating a tube that varies in height from 2 to 3 feet by 1 ½ feet wide.

The sculpture becomes a window into the campus its past, present and future. It creates a place and a landmark where people can gather.

TTU – The Dustin R. Womble Basketball Center

Item 7

Art Budget: $ 281,000

Artist: Stephen Johnson
Lawrence, KS

Title: *Awaiting Artist Announcement*

Status: August 2020 Installation

Artist Statement: The selected design is for four monumental glass mosaics on the exterior walls of The Dustin R. Womble Basketball Center. Dynamic figurative representations of both the Lady Raiders and the Red Raiders are intermixed with the traditional red and black school colors on the north, south, and east walls. The artist is working closely with the Athletics Department to create the specific designs. Murals will be 14'x12' and 11'x8'

TTUHSC El Paso - Medical Sciences Building II

Item 7

Art Budget: $ 790,000

Artist: Thomas Sayre
Raleigh, NC

Title: *Between Earth and Sky*

Status: January 2020 Installation

Artist Statement: The public art installation by Thomas Sayre titled *Between Earth and Sky*, will sculpt the almost 15,000 square foot site into one large, sculptural environment, consisting of highly articulated ground plane terrain and an ever-changing array of kinetic wind sculptures hovering above it. The ground plane will be sculpted into a series of 20 earth berms ranging in height from 3 to 4 feet. Slicing through the berms will be a curving pathway bracketed by earthcast walls. Rising out of the terrain will be 23 wind activated sculptures, varying in height from 16-24 feet; each sculpture will have a unique pattern and a hand-blown glass ball that will be lit at night. The artist will work with faculty and researchers on the TTUHSC El Paso campus to determine unique patterns to use in the sculptures.

FACILITIES PLANNING AND CONSTRUCTION

Capital Project Budget Analysis

Fiscal Year 2010-2019

			BUDGET				COST	VARIANCE A	VARIANCE B			
Project Name	Contract Type	Original Budget (Proposed MP1)	Board Approved A	Board Adjustment B	Internal Adjustment	Adjusted Budget C	Actual/Projected D	Actual/Projected less Board Approved (Over/-Under) (D -A)	Actual/Projected less Adjusted Budget (Over/-Under) (D -C)	% (Over/-Under)	BOR Adjustment Date	BUDGET ADJUSTMENTS
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FACILITIES PLANNING AND CONSTRUCTION
Capital Project Budget Analysis
Fiscal Year 2010-2019

Project Name	Contract Type	Original Budget (Proposed MP1)	BUDGET Board Approved A	Board Adjustment B	Internal Adjustment	Adjusted Budget C	COST Actual/Projected D	VARIANCE A Actual/Projected less Board Approved (Over/-Under) (D -A)	VARIANCE B Actual/Projected less Adjusted Budget (Over/-Under) (D -C)	% (Over/-Under)	BOR Adjustment Date	BUDGET ADJUSTMENTS
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dustin R. Womble Basketball Practice Facility	Construction Mgr @ Risk	$23,500,000	$750,000	$28,750,000		$29,500,000	$29,500,000	$0	$0	0%	06/2018, 12/2018	BOR Adjustment: Amend design professional agreement to complete stage 2 services. BOR Adjustment 12/2018, Full project funding.
Athletic Dining Facility	Construction Mgr @ Risk	$7,000,000	$220,000	$5,340,000		$5,560,000	$5,560,000	$0	$0	0%	03/2018 08/2018 12/2018	BOR Adjustment: 03/2018, Award a Construction Mgr @ Risk contract BOR Adjustment 08/2018, Establish a Stage II budget and amend the DP agreement. BOR Adjustment 12/2018, Full project funding.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Weeks Hall Renovation	Construction Mgr @ Risk	$24,600,000	$975,000	$23,525,000		$24,500,000	$24,500,000	$0	$0	0%	08/2018 12/2018	BOR Adjustment: Approve Stage II budget/amend DP and CM@R agreements. BOR Adjustment 12/2018, Full project funding
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dairy Barn Renovation	Construction Mgr @ Risk	$2,600,000	$123,650	$3,415,411		$3,539,061	$3,539,061	$0	$0	0%	02/2019 10/2019	BOR Adjustment: 2/2019-Design Professional Stage II and CMR pre-construction services. 10/2019-Full project funding.
TOTAL - TTU		866,646,524	$493,566,341	$286,989,700	-$5,884,032	$774,672,009	$751,796,566	$2,088,641	-$22,875,443	-5%		

FACILITIES PLANNING AND CONSTRUCTION

Capital Project Budget Analysis
Fiscal Year 2010-2019

Project Name	Contract Type	Original Budget (Proposed MP1)	BUDGET Board Approved A	Board Adjustment B	Internal Adjustment	Adjusted Budget C	COST Actual/Projected D	VARIANCE A Actual/Projected less Board Approved (Over/-Under) (D -A)	VARIANCE B Actual/Projected less Adjusted Budget (Over/-Under) (D -C)	% (Over/-Under)	BOR Adjustment Date	BUDGET ADJUSTMENTS
[redacted]												
TOTAL - System		27,500,000	$27,500,000	$0	$0	$27,500,000	$27,278,358	-$221,642	-$221,642	-1%		

Project Name	Contract Type	Original Budget (Proposed MP1)	Board Approved A	Board Adjustment B	Internal Adjustment	Adjusted Budget C	Actual/Projected D	Actual/Projected less Board Approved (Over/-Under) (D -A)	Actual/Projected less Adjusted Budget (Over/-Under) (D -C)	% (Over/-Under)	BOR Adjustment Date	BUDGET ADJUSTMENTS
[redacted]												
Lubbock Ed, Rsrch & Technology + West Expansion	Construction Mgr @ Risk	$83,700,000	$2,403,613	$96,971,387		$99,375,000	$99,375,000	$0	$0	0%	10/2016, 10/2017, 10/2018	BOR Adjustment: 10/2016, Full project funding. 10/2017, Scope increase to add 2,300 GSF expansion to the Fifth Floor of the west expansion project, a 12,500 GSF Classroom/Academic Event Center, and reinstatement of other value engineering items (roofing system membrane,lobby ceiling. 10/2018, purchase additional equipment.
[redacted]												
TOTAL - HSC		195,308,500	$50,037,270	$128,259,880	$313,338	$178,610,488	$177,224,866	-$1,072,284	-$1,385,622	-2%		

Project Name	Contract Type	Original Budget (Proposed MP1)	BUDGET Board Approved A	Board Adjustment B	Internal Adjustment	Adjusted Budget C	COST Actual/Projected D	VARIANCE A Actual/Projected less Board Approved (Over/-Under) (D -A)	VARIANCE B Actual/Projected less Adjusted Budget (Over/-Under) (D -C)	% (Over/-Under)	BOR Adjustment Date	BUDGET ADJUSTMENTS
[redacted]												
Medical Sciences Building II	Construction Mgr @ Risk	$86,460,000	$2,412,064	$82,843,611		$85,255,675	$85,255,675	$0	$0	0%	12/2016, 12/2018	BOR Adjustment: Full project funding. BOR Adjustment 12/2018, additional offices
[redacted]												
Dental Learning Center	Construction Mgr @ Risk	$13,000,000	$300,000	$12,218,175		$12,518,175	$12,518,175	$0	$0	0%	08/2018, 12/2018	BOR Adjustment: Establish a Stage II budget/amend DP agreement. BOR Adjustment 12/2018, full project funding
TOTAL - El Paso		142,400,000	$14,401,537	$100,245,188	$0	$114,646,725	$113,718,981	$2,572,256	-$927,744	-2%		

Project Name	Contract Type	Original Budget (Proposed MP1)	BUDGET Board Approved A	Board Adjustment B	Internal Adjustment	Adjusted Budget C	COST Actual/Projected D	VARIANCE A Actual/Projected less Board Approved (Over/-Under) (D -A)	VARIANCE B Actual/Projected less Adjusted Budget (Over/-Under) (D -C)	% (Over/-Under)	BOR Adjustment Date	BUDGET ADJUSTMENTS
[redacted]												
Concho Hall		N/A	$2,500,000	-$2,500,000		$0	$0	$0	$0	0%	05/2013	BOR Adjustment: Project cancelled. Internal Adjustment: Project cancelled
[redacted]												
Angelo State University Mayer Museum	Construction Mgr @ Risk	$14,200,000	$425,000	$16,675,000		$17,100,000	$17,100,000	$0	$0	0%	02/2019, 05/2019, 08/2019	BOR Adjustment: Design Professional Stage II BOR Adjustment 05/2019: Pre-construction services. BOR Adj. 08/2019: Accepted the GMP and amended the CMAR contract.
TOTAL - ASU		106,640,000	$72,228,315	$48,687,685	-$3,000,000	$117,916,000	$116,039,826	-$3,900,174	-$1,876,174	-2%		

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TOTAL - TTU/TTUS/HSC/El Paso/ASU	1,338,495,024	$657,733,463	$564,182,453	-$8,570,694	$1,213,345,222	$1,186,058,596	-$533,204	-$27,286,626	-2%

Variance based on initial full project funding
Project Status:
[redacted]
In Construction
[redacted]

Texas Tech University System
Tuition and Fee Proposal
Fiscal Year 2021 and Fiscal Year 2022

December 12, 2019

1

Summary of Tuition and Fee Changes

Proposed Changes FY 2021 (beginning Fall 2020)				
Tuition and Fee	TTU	ASU	TTUHSC	TTUHSC EP
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Designation Tuition, Fixed Rate (cohort fixed for 4 years)	6.5%	2.6%	n/a	n/a
Differential Tuition	varies by college	new	[illegible]	new
Board Authorized Tuition	no changes	no changes	adjusting biomedical sciences and adding BAT for school of medicine within legislative limits	adjusting BAT for biomedical sciences
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	Program Fees - market-based assessments Law School – new legal resources fee	no changes	no changes	no changes

2

Summary of Tuition and Fee Changes

Proposed Changes FY 2022 (beginning Fall 2021)

Tuition and Fee	TTU	ASU	TTUHSC	TTUHSC EP
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Designation Tuition, Fixed Rate (cohort fixed for 4 years)	2.6%	2.6%	n/a	n/a
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Board Authorized Tuition	no changes	no changes	adjusting BAT for school of medicine within legislative limits	adjusting BAT for biomedical sciences
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	Program Fees – no changes Law School – no changes Veterinary School - new	no changes	no changes	Dental School - new

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

Texas Tech University System

INVESTMENT POLICY STATEMENT

Short Term Investment Fund

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

Date adopted: ____________________

Section 1 Introduction.

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

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

Section 2 Roles and Responsibilities.

2.1 **Board of Regents (the "Board").** The Board will establish the investment policy, return objectives, risk tolerance, pool allocation ranges (as defined in Section 4) and monitor performance. In addition, the Board will hire consultants, as necessary, to advise on the management of these funds. The Board grants the authority to manage the STIF in accordance with this policy to the Vice Chancellor and Chief Financial Officer of the TTU system.

2.2 **Vice Chancellor and Chief Financial Officer of the TTU system ("CFO").** The CFO shall manage the STIF in accordance with this policy under the oversight of the Finance and Administration Committee of the Board. The CFO is responsible for all cash management activities and is authorized to set pool allocation targets within pre-approved ranges. The CFO may delegate investment and transaction responsibilities to the Treasurer.

2.3 **Operating Funds Investment Committee ("OFIC").** The CFO will establish an Operating Funds Investment Committee, comprised of chief financial officers the from various system components. The OFIC may meet periodically to provide guidance and oversight regarding STIF investment policy and strategic direction. Members will be appointed at the discretion of the CFO.

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

a. Monitoring and reporting on the performance of investments in the STIF.

b. Recommending new investment vehicles to the CFO and OFIC.

c. Evaluating the effectiveness of policies, procedures, objectives and strategy, and proposing, when appropriate, modifications for recommendation to the CFO.

d. Maintaining internal controls to provide for responsible separation of duties and adequacy of an audit trail.

e. Complying with applicable laws regarding the essential safekeeping and trading of STIF assets.

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

a. Investment policy development;

b. Strategic asset allocation studies;

c. Assist in manager searches and selection;

e. Monitor investment performance; and

f. Provide investment education.

Section 3 Investment Objectives.

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

3.1 **Investment objectives of the STIF.**

a. The investment of funds shall consider asset diversification, suitability, and the experience, quality, and capability of financial firm and personnel. The fund shall consider the relevant investment horizon and shall be governed by the following investment objectives, in the following order of priority:

(1) preservation and safety of principal;

(2) liquidity; and

(3) return.

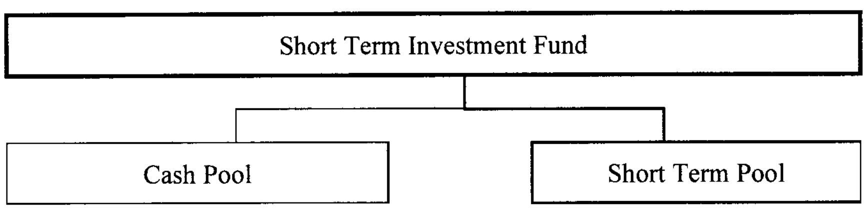
b. In determining whether the objectives in Section 3.1.a have been met, the following shall be taken into consideration:

(1) The investment of all funds, rather than a consideration as to the prudence of a single investment.

(2) Whether the investment decision was consistent with this written policy.

Section 4 Investment Structure.

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



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

4.1 **Cash Pool (Tier 1).** The Cash Pool is designed to meet the current operating needs of the TTU system. This tier is expected to offer the highest level of liquidity and protect the nominal value of principal. These funds will be invested primarily in high quality money market funds or other instruments widely considered as cash equivalents, such as collateralized depository demand accounts, local government investment pools, and fully collateralized repurchase agreements.

4.2 **Short Term Pool (Tier 2).** The Short Term Pool is a designed to provide a margin of safety in the unlikely event that the Cash Pool is insufficient to meet any current or unplanned expenditures. A secondary objective is to provide enhanced financial flexibility during any unexpected market disruptions, when commingled funds can be susceptible to redemption risk. This tier will seek preservation of capital and incremental investment income typically above money market fund yields. These funds will be invested only in fixed income securities issued by the United States government, US agencies and instrumentalities, or US municipalities or the highest quality commercial paper. Only securities with maturities ranging between overnight and three years are eligible.

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

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

5.1 **Target Ranges.** The Board will approve any changes to the target ranges for each asset class.

5.2 **Target Allocation.** The CFO is responsible for determining the appropriate asset allocation within each pool.

5.3 **Benchmarks.** A customized total portfolio benchmark will be designed to measure the overall performance of the STIF. This benchmark will blend the returns of the two benchmarks specified below, weighted according to the target allocation for each respective tier.

Table 1 – Asset Allocation Target, Ranges & Policy Benchmarks

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

5.4 **Investment Return objectives.**

a. The incremental return goal for each category of investments is expected to match or exceed the performance of the appropriate benchmark index over a rolling five-year period.

b. Each investment vehicle will be evaluated versus a benchmark and/or a peer universe, as defined by the CFO in consultation with the Investment Consultant. Investment vehicles should rank above the median over a rolling five-year period.

Section 6 Guidelines for Investments.

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

6.1 **Cash Pool.** The Cash Pool will be invested primarily in money market funds and other cash instruments:

a. Collateralized bank deposits with a state or national bank domiciled in the State of Texas, provided:

(1) Such deposits must be insured by the Federal Deposit Insurance Corporation or its successor, with the remainder fully collateralized as required in the *Texas Education Code*, except that surety bonds are not authorized as collateral. The pledged collateral shall be placed in a custodian bank or banks named by the TTU system. Deposits will be collateralized in an amount equal to or greater than 102% of the amount of funds on deposit at the bank. In no event will the custodian be affiliated with the depository bank.

(2) On any given day, no depository bank shall have STIF funds on deposit in an amount that exceeds any one of the following limits:

(a) 25% of the total funds available for investment by the TTU system; or

(b) based upon the bank's latest regularly published statement of financial condition: 15% of its total deposits; or an amount equal to the sum of its capital, permanent surplus, retained earnings, and reserves.

b. Any money market fund or mutual fund, provided:

(1) Such funds is AAA rated, or its equivalent, by at least two nationally recognized rating services.

(2) Such funds must be offered at a constant $1.00 net asset value and comply with the diversification, quality, liquidity, and maturity requirements of SEC regulation 2a-7 under the Investment Company Act of 1940.

c. Local government investment pools, which are specialized money market funds designed to offer a convenient and cost-effective investment vehicle for public entities.

d. Repurchase agreements.

(1) For the purpose of this policy, a repurchase agreement is an investment transaction between an investor and a bank or securities dealer, in which the bank or dealer agrees to sell a particular instrument to the investor and

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

(2) A fully collateralized repurchase agreement is an authorized investment if the repurchase agreement is secured by U.S. Government Securities and require the securities being purchased to be pledged to the TTU system and deposited at the time the investment is made with a third party selected and approved by TTU system. The value of all collateral shall be maintained at 102% of the notional value of the repurchase agreement (valued daily). Repurchase agreements must be placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas.

(3) There shall be no limitation on the amount invested, provided the vehicle is collateralized by U.S. government securities.

(4) Reverse repurchase agreements are not permitted.

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

a. Obligations issued or guaranteed by the Unites States Federal Government, United States Federal Agencies, or United States government-sponsored corporations and agencies.

b. Obligations of states, agencies, counties, cities and other political subdivisions of any state and rated A or better.

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

d. The weighted average duration of the Short Term Pool should be 24 months or less.

e. Bond mutual funds invested in securities defined in 6.2a-c are permitted.

Section 8 Reporting.

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

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

9.1 The centralized Cash Pool will be maintained with the objective that all available cash and cash equivalents are invested and reported in accordance with applicable rules and regulations.

9.2 The CFO is responsible for the overall coordination and direction of banking relationships, to include investments, deposits, custody and other services with banking and similar financial institutions for the TTU system.

9.3 The system is authorized to maintain primary time and demand depository accounts with only those depositories recommended by the chancellor and approved by the board resulting in an executed a master depository agreement. Master depository agreements will be executed in accordance with Regents' Rule Chapter 7 Fiscal Management Section 07.12 Contracting policies and procedures. Primary depositories will be selected based on competitive bids, and the bids will be reviewed by the CFOs. The Treasurer is authorized to select secondary depository accounts and invest in bank funds with approval from member institution CFO as requested with an explicit business need.

9.4 The Cash Pool will provide competitive and enhanced returns for each member institution. Any and all depository fees assessed monthly through depository account analysis statements will be charged directly to the respective member institutions.

Section 10 Selection of Short Term Pool Broker/Dealers.

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

Section 11 Spending Policy.

11.1 The Board recognizes the need for distributions to institutional funds comprising the STIF. Distributions are to be made on a monthly basis.

11.2 For the STIF, funds to be distributed will be current income earned on an accrual basis.

Section 12 Management Fee.

12.1 The STIF will be assessed an investment management fee for expenses associated with the management of the pool.

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

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

Section 13 Securities Lending.

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

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

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

Texas Tech University System

INVESTMENT POLICY STATEMENT

Intermediate Term Investment Fund

Date adopted: ________________

Section 1 Introduction.

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

Section 2 Roles and Responsibilities.

2.1 **Board of Regents (the "Board").** The Board will approve the investment policy, return objectives, risk tolerance, asset class target ranges (as defined in Section 5), and monitor performance. In addition, the Board will hire consultants, as necessary, to advise on the management of these funds. The Board grants the authority to manage the ITIF in accordance with this policy to the Vice Chancellor and Chief Financial Officer of the TTU system.

2.2 **Vice Chancellor and Chief Financial Officer of the TTU system ("CFO").** The CFO shall manage funds in accordance with this policy. The CFO is responsible for all cash management activities and is authorized to set asset class targets within pre-approved ranges. The CFO may delegate asset allocation and/or investment decisions to the CIO.

2.3 **Operating Funds Investment Committee ("OFIC").** The CFO will establish an Operating Funds Investment Committee, comprised of financial officers from various system components. The OFIC may meet periodically to provide guidance and oversight regarding the ITIF investment policy and strategic direction. Members will be appointed at the discretion of the CFO.

2.4 **Investment Advisory Committee ("IAC").** The CFO may grant the IAC authority to provide guidance and oversight regarding Intermediate Pool ("ITIF") asset allocation and investment management. The IAC is comprised of persons as described in Section 01.02.8(f), *Regents' Rules* (the Bylaws of the Board of Regents of the TTU system).

2.5 **Treasurer.** The Treasurer, under the supervision of the CFO, is charged with monitoring and reporting the overall balances of the with the Short Term Investment Fund and ITIF for potential rebalancing between the two investment funds (defined in Section 6).

2.6 **Chief Investment Officer ("CIO").** The CIO, under the supervision of the CFO and in consultation with the IAC, is charged with implementing and administering this investment policy statement in regard to the ITIF (defined in Section 4). The CIO is responsible for day-to-day portfolio management activities and operating procedures. In addition, the CIO shall be responsible for:

a. Monitoring external investment managers of the ITIF.

b. Reporting performance, investment manager and fund updates to the CFO, IAC, OFIC and Board of Regents on a quarterly basis.

c. Evaluating the effectiveness of policies, procedures, objectives and strategy, and proposing, when appropriate, modifications for recommendation to the CFO, IAC and the OFIC.

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

a. Investment policy development;

b. Strategic asset allocation studies;

c. Assist in manager searches and selection;

d. External investment manager due diligence;

e. Monitor investment performance; and

f. Provide investment education.

[~~g. Performance measurement and reporting.~~]

2.8 **External Investment Managers.** External investment managers will be given full discretion, within established guidelines and policy limits, to select individual securities, and diversify their portfolios. Intermediate Term [~~external investment managers will invest~~] assets will be invested in unitized pools of the LTIF assets.

Section 3 Investment Objectives.

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

3.1 Investment objectives of the ITIF.

a. The investment of funds shall consider asset diversification, total return, suitability, and the experience, quality, and capability of investment personnel. The total fund and each pool shall consider the relevant investment horizon and shall be governed by the following investment objectives, in the following order of priority:

(1) maximize investment returns

(2) achieve incremental growth to preserve the purchasing power of ITIF assets; and

(3) prudently diversify with appropriate liquidity;

b. In determining whether the objectives in Section 3.1.a have been met, the following shall be taken into consideration:

(1) The investment of all funds, rather than a consideration as to the prudence of a single investment.

(2) Whether the investment decision was consistent with this written policy.

Section 4 Investment Structure.

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

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

Section 5 Asset Allocation, Target Ranges and Policy Benchmarks.

5.1 The Board will approve any changes to the target ranges for each asset class. The CFO is responsible for determining the appropriate asset allocation within each pool.

5.2 Asset allocation, subject to the ranges specified herein, is the responsibility of the CFO, in consultation with the IAC and OFIC.

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

Table 1 – Asset Allocation Target, Ranges & Policy Benchmark

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

5.4 Asset Class Investment Objectives.

a. The total return goal for each asset class is expected to match or exceed the performance of the appropriate benchmark index over a rolling five-year period.

b. Each investment manager will be evaluated versus a benchmark and/or a peer universe, as defined by the CIO and approved by the IAC. Managers should rank above the median over a rolling five-year period.

Section 6 Rebalancing.

6.1 Inter-portfolio Rebalancing.

a. It is the intent that the asset allocation for ITIF remains within the permissible target ranges and that the portfolio shall be rebalanced when the allocation deviates significantly from these ranges.

b. The minimum and maximum allocations should not be exceeded, except in unusual circumstances. Rebalancing may occur before these limits.

6.2 Rebalancing between the STIF and the ITIF.

a. The asset allocation between the STIF and the ITIF is set at 40% and 60% respectively.

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

Section 7 Guidelines for Investments.

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

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

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

Section 8 Use of Pooled Funds.

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

Section 9 Reporting.

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

Section 10 Selection of Investment Managers.

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

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

a. Ability of the firm to achieve return and risk objectives of the investment pool.

b. Length and quality of experience of key investment professionals.

c. Consistency of investment strategy and results.

d. Historical growth of, and future plans for, assets under management.

e. Confidence that past performance can be sustained in the future.

f. Existence of a clear, concise and effective decision-making process.

g. Risk management tools and systems.

h. Sufficient organizational depth and continuity of personnel.

i. Adequate reporting, administration and back-office support.

Section 11 Responsibilities of Investment Managers.

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

11.2 Adhere to the investment policies and guidelines prescribed by the TTU system and act in the best interest of the TTU system.

11.3 Each investment manager shall have full investment discretion regarding security selection, consistent with this policy and the manager's established guidelines.

11.4 Make no material departures from the strategy for which the manager was hired.

11.5 Inform the consultant and CIO about all significant matters pertaining to the investment of TTU system assets. These matters include the following:

a. Substantive changes in investment strategy or portfolio structure.

b. Significant changes in ownership, affiliations, organizational structure, financial condition and professional staffing of the investment management organization.

c. Any regulatory actions being pursued or taken against the firm or any of its employees.

11.6 All investment managers must report their performance on a monthly or quarterly basis, and the reporting methodology must be in compliance with the standards outlined by the CFA Institute.

11.7 Seek best price/execution when purchasing or selling securities at all times. Each investment manager must recognize that brokerage is an asset of the TTU system, not the investment manager. Also, investment managers must disclose any affiliated brokerage relationships.

11.8 Comply with CFA Institute Guidelines on Soft Dollar Standards.

11.9 Vote all proxies after careful assessment of the issues involved, with particular emphasis on items that might reduce the economic value of stockholders' rights of ownership and thereby adversely impact the performance of the TTU system's assets.

11.10 Meet with the CIO and other investment staff on a regular basis, either in person or by teleconference.

11.11 Provide the number of new clients and clients that have terminated on a quarterly basis.

11.12 Securities or positions in a single company or issuer must not exceed 10% of the investment manager's portfolio measured at market value. However, money market funds and obligations issued by the U.S. federal government are exempt from this restriction.

11.13 Securities or positions in any one industry should not exceed 25% of the investment manager's portfolio at market value.

11.14 The market value of any single investment manager account may not exceed 10% of the applicable pool.

11.15 Currency hedging decisions are at the discretion of the manager.

Section 12 Spending Policy.

12.1 For the ITIF, a spending draw will be applied as it is managed on a total return basis. Distributions are to be made on a monthly basis. The following spending policy reflects an objective to distribute as much total return as is consistent with overall investment objectives defined herein while protecting the inflation-adjusted value of the principal. The following factors are considered in the spending policy:

a. the duration and preservation of the ITIF portion;

b. the purposes of the TTU system and the ITIF portion;

c. general economic conditions;

d. the possible effect of inflation or deflation;

e. the expected total return from income and the appreciation of investments;

f. other resources of the TTU system; and

g. the overall investment policy.

12.2 The annual spending percentage applied to average market value of the ITIF shall not exceed 6% nor be less than 2%. The initial annual spending percentage is set at 3% and will be applied monthly by dividing the percentage by 12. The annual spending percentage will be reviewed and set each year by the CFO in consultation with OFIC based on inflation expectations and expected return.

Section 13 Management Fee.

13.1 The ITIF will be assessed an investment management fee for expenses associated with the management of the pool.

13.2 The ITIF will be charged an annual management fee for fees and expenses associated with the management of the pool.

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

13.4 The TTUS Office of Investments ("TTUS OI") shall be funded by a management fee assessed upon the LTIF of the TTU system and the ITIF.

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

Section 14 Securities Lending.

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

Attachment to Finance & Administration Committee Item #3

Texas Tech University System

INVESTMENT POLICY STATEMENT

Long Term Investment Fund

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

Section 0 Definitions.

0.1 "Board" — Board of Regents, Texas Tech University System.

0.2 "CIO" — Chief Investment Officer of the Texas Tech University System.

0.3 "Foundation" — Texas Tech Foundation, Inc.

0.4 "IAC" — Investment Advisory Committee.

0.5 "ITIF" — Intermediate Term Investment Fund.

0.6 "LTIF" — Long Term Investment Fund.

0.7 [~~0.6~~] "NAV" — Net Asset Value.

0.8 [~~0.7~~] "SEC" — Securities and Exchange Commission.

0.9 [~~0.8~~] [~~"SITIF"~~] "STIF" — [~~Short/Intermediate~~] Short Term Investment Fund.

0.10 [~~0.9~~] "TTUS OI" — Office of Investments, Texas Tech University System.

0.11 [~~0.10~~] "TTUS OI employees" — the Chief Investment Officer and the Investments Manager.

0.12 [~~0.11~~] "TTU system" or "TTUS" — Texas Tech University System.

0.13 [~~0.12~~] "TTUS VC and CFO" — the Vice Chancellor and Chief Financial Officer of the Texas Tech University System.

0.14 [~~0.13~~] "UPMIFA" — Uniform Prudent Management of Institutional Funds Act.

Section 1 Introduction.

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

Section 2 Endowment Funds.

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

Section 3 Funds Functioning as Endowments.

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

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

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

Section 5 Fiduciary Responsibility.

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

Section 6 Management Procedures.

6.1 No endowment or other institutional fund shall be considered for management under this policy unless it is under the sole control of the Board, with full discretion as to investment of principal and expenditure of funds eligible for distribution. Although certain assets of the Foundation are invested in the LTIF, the Foundation's Board of Directors and its officers are legally responsible for the management and control of those assets. The Vice Chancellor for Institutional Advancement shall ensure there are no donor-imposed restrictions preventing the use of the LTIF. [~~Funds excluded from consideration under this policy statement will be invested in the SITIF, or, if instructed by the donor and approved by the Board, will be managed and safeguarded in their original form.~~]

6.2 The LTIF is the TTU system's commingled endowment/institutional fund. The LTIF shall be unitized and each new endowment gift added to the fund shall receive units in the fund based upon the market value of the gift and the NAV of the fund at the latest month-end preceding the date the gift is added to the fund. The NAV will be calculated as the month-end market value of the LTIF divided by the number of outstanding units in the LTIF. Earnings determined under the policy statement's spending policy shall be calculated on a unit basis for distribution purposes.

6.3 Professional services (investment managers and advisors) deemed appropriate for the management and investment of the fund may be retained. All investment managers and advisors who are required to be registered under the Investment Advisors Act of 1940 shall provide the most recent Form ADV filed with the SEC.

Section 7 Long-term Institutional Funds Authorized Withdrawal.

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

Section 8 Administration and Management of the LTIF.

8.1 The Board, IAC, and institutional personnel of the TTU system shall exercise ordinary business care and prudence under the facts and circumstances prevailing at the time of the action or decision. In managing and investing the LTIF, the Board, IAC, and institutional personnel shall consider all of the following:

a. general economic conditions;

b. the possible effect of inflation or deflation;

c. the expected tax consequences, if any, of investment decisions or strategies;

d. the role that each investment or course of action plays within the overall investment portfolio of the fund;

e. the expected return based on levels of liquidity and investment risk that are prudent and reasonable under present circumstances, and such circumstances may change over time;

f. the expected total return from income and appreciation of investments;

g. other resources of the TTU system;

h. the needs of the TTU system and the fund to make distributions and to preserve capital; and

i. an asset's special relationship or special value, if any, to the charitable purposes of the institution.

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

Section 9 Spending Policy.

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

a. the duration and preservation of the LTIF;

b. the purposes of the TTU system and the LTIF;

c. general economic conditions;

d. the possible effect of inflation or deflation;

e. the expected total return from income and the appreciation of investments;

f. other resources of the TTU system; and

g. the overall investment policy.

9.2 The distribution of spendable earnings to each unit of the LTIF shall not exceed 6% nor be less than 4% of the average NAV of the LTIF for the 12 quarters just ended. Distribution shall be made quarterly, as soon as practicable after the last calendar day of November, February, May, and August.

9.3 The target annual distribution rate shall be reviewed annually by the Board.

Section 10 Core Beliefs.

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

10.1 A well-defined governance structure with clearly delineated responsibilities is critical in achieving consistent, long term performance objectives.

10.2 Strategic Asset Allocation, through longer term, static risk, return and correlation estimates, sets the amount of risk spent on each asset class, and drives the overall volatility of the portfolio and the majority of the expected return.

10.3 Tactical Allocation should be exploited to take advantage of dislocations in markets, or changes in the expected risk, return and/or correlations.

10.4 Prices are driven by expectations – sentiment, technical and fundamental factors.

10.5 Absent a strategic or tactical view, the base case portfolio should be a risk balanced portfolio.

10.6 The opportunity for active manager out performance (alpha) is not uniformly distributed across asset classes or strategies.

10.7 Be "risk-focused" with an opportunistic mindset.

10.8 Leverage, both directly and indirectly, can improve a program's overall risk and return profile, but only when structured appropriately.

10.9 Management of liquidity risk is paramount in order to be opportunistic in market dislocations.

10.10 Contractual income is important in stabilizing portfolio volatility.

Section 11 Statement of Goals and Objectives.

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

The multiple investment objectives and goals are outlined as follows:

Total Fund Objectives:

11.1 To outperform the target weighted Policy Index over rolling three year periods.

11.2 To outperform a 60/40 portfolio consisting of the MSCI ACWI and Barclays Global Aggregate Bond Index (unhedged) over rolling three year periods.

11.3 Each investment manager will be evaluated versus a benchmark and/or a peer universe, as defined by the CIO and approved by the IAC. Managers should rank above the median over a rolling three-year period.

Total Fund Goals:

11.4 The financial goal for management of endowment and long-term institutional funds is to preserve the real (inflation-adjusted) purchasing power of principal and earnings after accounting for endowment spending, inflation, and costs of investment management. The total return goal for the LTIF is to exceed the Consumer Price Index plus 5% over rolling ten-year periods.

11.5 To consistently rank in the top half of the NACUBO universe, defined as peers with portfolios ranging from 750 million to 1.5 billion dollars, over rolling one-year periods and top quartile over rolling three-year periods.

Section 12 Governance.

Governance Oversight				
For approval of:	**CIO**	**IAC**	**Board**	**Comment**
[~~**Investment Policy**~~] **Strategic Asset Class Ranges** [~~**/Targets**~~]	Recommend	Recommend	Approve	Long-term strategic ranges for broad asset classes [~~, with ranges~~] that provide the IAC flexibility to adjust the target [~~asset allocation~~] and range within the Board approved strategic ranges. See Schedule A, Part 1.
~~**Tactical Allocation Ranges/Targets**~~	~~Recommend~~	~~Approve~~	~~Review~~	~~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.~~
~~**Asset Class Structures**~~	~~Recommend~~	~~Approve~~	—–—–—	~~The target allocation.~~
Investment Policy Index & Repositioning	Recommend	Approve	Review	Corresponding policy index benchmarks are approved by the IAC as a performance measure. Repositioning the long-term targets for broad asset classes and their underlying policy benchmarks, within the Board approved ranges, provides flexibility. See Schedule A, Part 1.
CIO Rebalancing	Approve	Review	N/A	The CIO is authorized to tactically over or underweight against the targets as defined in Schedule A, Part 2.
Manager Selection & Redemption	Approve	Review	[—–—–—] N/A	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. The CIO is authorized to redeem from a manager and will notify the IAC at the next regularly scheduled meeting.
~~**Tactical Rebalancing**~~	~~Approve~~	~~Review~~	—–—–—	~~The CIO is authorized to tactically over- or underweight against the targets as defined in Schedule A, part II.~~

12.1 Determination and implementation of asset allocation.

a. Asset allocation is the primary mechanism to select the types of broad categorical risks which drive investment return. To achieve the goal and objectives of the LTIF, the fund's assets may be invested in the categories listed in Schedule A of this policy statement ("Schedule A").

b. The LTIF shall be diversified both by asset class and, within asset classes. Consideration shall be given to economic sectors, industries, global regions, market capitalizations (size), factors, and economic environments. The purpose of diversification is to limit the risk associated with any single security or class of securities.

c. Any changes to the policy targets within the approved ranges for each asset class must be approved in advance by the [~~Board, and Schedule A shall be revised accordingly~~] IAC. The Board will be promptly updated upon approval.

d. Any changes to the policy targets outside the approved ranges for each asset class must be approved in advance by the Board, and Schedule A shall be revised accordingly.

e. Any changes to the policy benchmark must be approved in advance by the IAC, and Schedule A shall be revised accordingly. The Board will be promptly updated upon approval.

[~~b. The CIO is responsible for implementing the target asset allocation. The CIO, in conjunction with the consultant and staff, will recommend asset class structures for review and approval by the IAC. An asset class structure represents the allocation to sub-strategies within an asset class. After approval of the target allocation and ranges of the structure, the CIO has authority to implement the approved structure.~~]

12.2 Monitoring and rebalancing of asset allocation.

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

b. The CIO is considered in compliance with this policy if certain illiquid asset classes breach a range due to market volatility in other asset classes or substantial increases in unrecognized gains for illiquid investments.

c. The CIO has the authority to substitute synthetic exposure in lieu of like physical exposure, and vice versa, within the portfolio or as an overlay, as approved by the IAC. In addition, buy-write and put-write strategies are acceptable as equity beta replacements, subject to the following:

   (1) Buy-write strategies are limited to 25% of the equity allocation.

   (2) Put-write strategies are limited to 5% of assets, with minimum 20% collateral.

   (3) Over- or underweights to private asset classes will impact the allocation to other asset classes.

   (4) OTC exposure is limited to 20% of plan assets.

d. The CIO has the authority to physically rebalance between manager accounts and/or utilize forwards, futures, swaps, swaptions, options or other synthetic exposures as a way to adjust exposures tactically within Tactical Rebalancing ranges.

Section 13 Investment Manager Guidelines.

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

13.1 Specific guidelines may be established with each individual outside investment manager.

13.2 Each investment manager must agree to the performance objectives and asset allocation guidelines.

13.3 Each investment manager shall have full investment discretion with regard to security selection, consistent with this policy.

13.4 Each investment manager, where applicable, shall handle the voting of proxies and tendering of shares in a manner that is in the best interest of the LTIF and consistent with the investment objectives contained herein.

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

Section 14 Investment Manager Selection and Termination.

14.1 The LTIF will be managed primarily by external investment management organizations. Investment managers will be delegated with the discretion to manage the assigned assets to best achieve the goal and objectives of the LTIF.

14.2 The CIO is authorized to hire and terminate external investment managers.

a. In the exercise of this delegation of authority, standard actions regarding legal and due diligence review shall be conducted. Certain review considerations in hiring Hedge Funds and Private Equity managers are listed in Schedule C.

b. Investment managers hired under this delegation of authority will be reported to the IAC at a regularly scheduled meeting.

14.3 Investment manager termination. In most cases any action to terminate an investment manager should be taken by the CIO. If the CIO determines that termination is necessary, the IAC will be notified.

Section 15 Standards of Conduct for Investment Managers and Advisors.

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

15.1 Code of ethics. Investment managers and advisors employed by the TTU system shall:

a. act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, and colleagues in the investment profession and other participants in the global capital markets;

b. place the interest of clients, the interest of their employer, and the integrity of the investment profession above their own personal interest;

c. use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, or engaging in other professional activities;

d. practice, and encourage others to practice, in a professional and ethical manner that will reflect credit on themselves and the profession;

e. promote the integrity of and uphold the rules governing global capital markets; and

f. maintain and improve their professional competence.

15.2 Standards of professional conduct:

a. Knowledge of the law. Investment managers and advisors must understand and comply with all applicable laws, rules, and regulations of any government agency, regulatory organization, licensing agency, or professional association governing their professional activities. Investment managers and advisors must not knowingly participate or assist in any violation of such laws, rules, or regulations.

b. Independence and objectivity. Investment managers and advisors must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Investment managers and advisors must not offer, solicit, or accept any gift, benefit, compensation, or consideration that could be reasonably expected to compromise their own or another's independence and objectivity.

c. Misrepresentation. Investment managers and advisors must not knowingly make any statement that misrepresents facts relating to investment analysis, recommendations, actions, or other professional activities.

d. Misconduct. Investment managers and advisors must not engage in any conduct involving dishonesty, fraud, deceit, or commit any act that reflects adversely on their integrity, trustworthiness, or professional competence.

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

a. exercise diligence, independence, and thoroughness in conducting investment analysis, making investment recommendations, and taking investment actions; and

b. have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, and action.

15.4 Disclosure and conflicts of interest:

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

b. Managers and advisors must, on an annual basis, ensure that such disclosures are prominently set forth, are delivered in plain language, and communicate the relevant information using the Texas State Auditor's Uniform Disclosure Form.

c. Managers, advisors, and potential managers are investing public funds and are subject to the Texas Open Records Act.

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

16.1 Introduction.

a. It is the policy of the TTU system that members of the Board, members of the IAC, and TTUS OI employees having authority over, or input into, the selection of investments or investment managers shall act in a manner consistent with their responsibilities to the TTU system and avoid circumstances in which their financial or other ties to outside persons or entities could present an actual, potential, or apparent conflict of interest or impair the reputation of the TTU system.

b. Board members, IAC members, and TTUS OI employees should avoid any actions or situations that might result in or create the appearance of using their association with the TTU system for private gain, according unwarranted preferential treatment to any outside individual or organization, losing independence or impartiality, or adversely affecting the reputation of or public confidence in the integrity of the TTU system. Toward this end, it is the responsibility of each Board member, IAC member, and TTUS OI employee to ensure that the system is made aware of situations that involve personal, familial, or business relationships that could jeopardize the reputation of or public confidence in the TTU system by complying with this policy and making all disclosures and certifications as set forth herein.

c. For the purposes of this section, "business entity" means: any entity recognized by law through which business is conducted, including a sole proprietorship, partnership, firm, corporation, limited liability company, holding company, joint stock company, receivership, or trust.

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

16.3 Presumed conflict of interest.

a. A conflict of interest is presumed to arise when the TTU system has or is considering an investment in a business entity in which a Board member, an IAC member, a TTUS OI employee, or a family member of any of these individuals has a substantial financial interest. A financial interest is presumed to be substantial if it entails:

(1) any ownership or investment interest in a business entity (including stock, options, a partnership interest, or any other ownership or investment interest) valued at more than $10,000, except equity in a company amounting to less than 10% ownership interest in the company;

(2) receipt of funds from the business entity that exceed 10 percent of the Board member's gross income for the previous year, or the expectation of the receipt of such funds in the future;

(3) any ownership interest in real property, personal property, intellectual property or any other interest valued at $10,000 or more;

(4) a position of real or apparent authority in a business entity such as director, officer, trustee, partner, agent, controlling shareholder, shareholder with a 10% or more voting interest, or a direct or indirect participating interest in any shares, stock or otherwise, regardless of whether voting rights are included, in 10% or more of the profits, proceeds or capital gains of the entity involved; or

(5) any position as an employee of the entity involved.

b. A Board member, an IAC member, or a TTUS OI employee is not deemed to have a substantial financial interest in a publicly traded entity by reason of an investment in that entity by another publicly traded entity, such as through a mutual fund or non-discretionary managed account or PIPE, of which the Board member does not control investment decisions.

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

16.5 Restriction on parallel investments.

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

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

c. Any investment made on behalf of a Board member from the Board, the IAC member from the IAC, or the TTUS OI employee from the TTU system in any investment is not deemed in conflict if within a non-discretionary investment vehicle.

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

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

b. In the instance where a conflict exists, the Board member, IAC member and TTUS OI employee must certify in writing, or by electronic submission, that he or she has not been involved in any decision regarding the proposed investment.

16.7 Annual requirements.

a. Each IAC member annually shall:

(1) review this policy on conflicts of interest and restrictions on investments;

(2) acknowledge by his or her signature that he or she has read and understood the policy and is and has been in full compliance with the letter and spirit of this policy;

(3) disclose all publicly traded entities in which an IAC member, or the family members of an IAC member, has an ownership interest of 10% or more;

(4) disclose all employer-employee relationships of the IAC member and the family members of the IAC member; and

(5) disclose any position as a director or officer of a publicly traded company.

b. All Board members and TTUS OI employees annually shall:

(1) review this policy on conflicts of interest and restrictions on investments;

(2) acknowledge by his or her signature that he or she has read and understood the policy and is and has been in full compliance with the letter and spirit of this policy; and

(3) in the case of members of the Board, file financial disclosures as required by Section 03.03.4, *Regents' Rules*; or

(4) in the case of TTUS OI employees, file the disclosure statement as required by Section 03.04.4, *Regents' Rules*.

c. All disclosures required under this section shall be filed with the office of the TTUS VC and CFO.

Section 17 Communications and Reporting.

17.1 The investment managers are responsible for frequent and open communication to the TTU system administration on all significant matters pertaining to the investment policies and the management of the LTIF assets.

17.2 The reporting responsibilities include:

a. communicating major changes in the investment managers' investment outlook, strategy, and portfolio structure;

b. communicating significant changes in the ownership, organizational structure, financial condition, or personnel staffing;

c. communicating, on a monthly or quarterly basis, all investment activities during the preceding month or quarter and providing valuation reports of the month- or quarter-end portfolio holdings;

d. communicating, on a quarterly basis, the performance of investment managers' activities; and

e. meeting at least annually, to discuss the managers' performance, investment outlook, investment strategy and portfolio re-balancing strategies.

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

Section 18 Management Reports.

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

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

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

[~~b.~~] asset balances, at market value, by asset class; <u>and</u>

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

[~~d. benchmarks; and~~

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

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

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

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

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

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

Section 20 Management Fee.

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

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

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

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

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

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

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

20.5 [~~20.4~~] The management fee rate shall be reviewed annually by the [~~IAC and the~~] TTUS VC and CFO [~~, with any recommended changes submitted to the Board for approval. The Board will approve the allocation of the fee to the TTUS OI and Office of Institutional Advancement, as set forth~~] in conjunction with the preparation of annual operating budgets. Any recommended changes will be communicated during the annual budget process as outlined in [~~the~~] Section 07.04, *Regents' Rules* [~~, regarding budget rules and procedures~~].

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

Section 21 Securities Lending.

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

21.2 Commingled funds are exempt from this restriction.

Section 22 Placement Agents and Other Third-Party Marketers.

22.1 Placement agents are any person or entity hired by or acting on behalf of an investment manager to market, solicit, or raise money either directly or indirectly from the TTU system. The purpose of this policy is to bring transparency to placement agent activity in connection with the LTIF and to help ensure that all investment decisions are made solely on merit.

22.2 Prior to the LTIF investing with any manager, the CIO shall obtain a written representation from the investment manager stating that the investment manager has not used a placement agent in connection with the TTU system's investment, or if the manager has used a placement agent, it will disclose the following:

a. the name of the placement agent;

b. the fee paid or payable to the placement agent;

c. a copy of the agreement between the manager and placement agent;

d. representation that the fee is the sole obligation of the investment manager and not of the TTU system or the LTIF;

e. current or former Board members, IAC members, TTUS OI employees, or consultants or a member of the immediate family of any such person that are either employed or receiving compensation from the placement agent;

f. the regulatory agencies with which the placement agent or any of its affiliates are registered, such as the SEC, Financial Industry Regulatory Authority ("FINRA"), or any similar regulatory agency; and

g. the licenses (Series 7, for example) held by the placement agent professional primarily used for solicitation of the TTU system's investment.

Section 23 Amendment of Investment Policy Statement.

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

Section 24 Effective Date.

This investment policy was approved by the Board on [~~May 19, 2017~~] ________________.

Schedule A

1. POLICY ALLOCATION TARGET & RANGES

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

2. TACTICAL REBALANCING TARGET & RANGES

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

3. ALPHA POOL AND BETA OVERLAY

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

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

a. Equity:

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

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

(2) Investment strategies: U.S. Equity, Developed Market International Equity, Emerging Markets Equity, Private Equity, Hedge Funds, and derivatives and equity oriented or volatility based strategies, such as put-write and buy-write strategies.

b. Fixed Income:

(1) Credit and fixed-income instruments are securities issued by governments, government-related entities and public and private companies that generally contain contractual obligations from the issuer to make interest and principal repayments to investors over the duration of the negotiated term agreement.

(2) Investment strategies: Cash, Cash Equivalents, Government Debt, Debt Issued by Government Agencies, Investment Grade Debt, Below Investment Grade Debt, Private Placement Debt, Asset-backed Securities, Hedge Funds, and Distressed Debt.

c. Diversifying Assets:

(1) Diversifying assets are investments that may be liquid or semi-liquid with expected low correlation to public equities.

(2) Investment strategies: Commodities-related strategies, reinsurance, life settlements, trade finance, royalties, factoring, macro, CTA's and other less correlated arbitrage trading strategies. These may include inflation sensitive assets as well.

d. Private Equity:

(1) Any of several non-financial assets that are less liquid and less transparent than public equity, for which both risk and return are relatively higher. Private equity funds make investments directly into private companies and may also conduct buyouts of public companies.

(2) Investment strategies: Venture capital, growth equity, buyouts, distressed, mezzanine, secondaries and fund of funds.

e. Private [~~Debt~~] <u>Credit</u>:

(1) Private debt investments that typically provide capital to private sector borrowers.

(2) Investment strategies: Direct lending, venture lending, mezzanine, distressed, private credit, structured credit, securitization of hard assets and fund of funds.

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

(1) Institutional real estate represents a range of properties (for example, office buildings, malls, industrial properties, apartment complexes, hotels) which provide income and/or appreciation potential. Investments in real estate can be structured as public or private debt and/or equity, and can be in the U.S. or foreign countries.

(2) Investment strategies: Real estate investment trusts (REITS); core, value-add, and opportunistic real estate funds; direct real estate holdings; mezzanine debt investments; and fund of funds.

[~~g. Illiquid Real Assets:~~]

(3) [~~(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.

(4) [~~(2)~~] Investment strategies: Energy, infrastructure, factoring, royalties, minerals, land rights, farmland, timber and commodities. Structured assets based on underlying hard assets, such as rail cars and commercial airlines, are additional examples of permissible strategies. [~~Real estate also can be classified under the broader illiquid real asset umbrella.~~]

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

(1) Separately Managed Accounts (SMA): A privately managed investment account where the investor has direct look-through (full transparency) and control of the underlying securities. This type of account has more liability than a pooled account, but also can be tailored to the investor's specific requirements, typically with staff discretion.

(2) Mutual Funds or Pooled Accounts: A separate legal entity where funds from multiple investors are pooled together under the same investment strategy. All investors are treated the same. There is less liability, but also less transparency.

(3) Limited Partnerships: A contractual agreement between two parties that explicitly defines an agent-principle relationship. In particular, the investor (or limited partner, "LP") becomes the agent and has limited liability while the investment manager (or general partner, "GP") becomes the principal and bears liability.

(4) Joint Ventures: An enterprise with an expected terminal lifespan created by pooled equity capital between two parties. The parties involved control the enterprise, and thus, share revenues and expenses.

(5) Master Limited Partnerships: A partnership whereby approximately 90% of the cash flows are generated from natural resources, commodities or real estate. The limited partners provide capital to the general partner who is responsible for managing the Master Limited Partnership.

(6) Master Custody Accounts: An account that allows multiple products, allocation between products, as well as direct and/or co- investments to be structured with a single manager typically with substantial fee breaks and explicit guidelines, typically with staff discretion.

Schedule B

GLOSSARY OF INVESTMENT STRATEGY DESCRIPTIONS

1. "Agency Debt" is debt issued by government-related agencies; level of government backing/sponsorship varies; primarily mortgages; domestic only; denominated in U.S. dollars.

2. "60/40" is a naive portfolio of 60% global equities and 40% global bonds. This 60/40 portfolio is essentially a measure of how a liquid, passively invested portfolio would perform.

3. "Alpha Pool" is a portfolio of investment strategies managed to have a low correlation with the overall program asset allocation, low to moderate volatility, and seeking to generate consistent returns above cash to enhance the total return of the overall program.

4. "Below Investment Grade Debt," also known as high yield or junk bonds, are low-quality bonds that may be in danger of default because of relatively high levels of debt that the issuing company has relative to the amount of equity; under the current credit rating system, bonds with ratings below BB (S&P), Ba1 (Moody's), or B (Fitch) are considered low credit quality and are commonly referred to as junk bonds or high-yield bonds.

5. "Cash Equivalents" encompass a wide spectrum of generally liquid assets, including bank deposits, money market mutual funds, U.S. Treasury bills, federal agency securities, repurchase agreements, stable value funds, short-term bond funds, some medium-term notes, and commercial paper.

6. "Commodities" are investments in global natural resources; includes physical commodities as well as derivative instruments (such as futures); generally, commodities are divided into the following categories: energy (such as oil and gas), precious metals (such as gold), industrial metals (such as aluminum and copper), agriculture (such as wheat and corn), and livestock (such as cattle and hogs).

7. "CTAs/Managed Futures" is a strategy that invests in listed financial and commodity futures markets and currency markets around the world; the managers are usually registered as Commodity Trading Advisors, or CTAs; trading disciplines are usually classified as systematic or discretionary; systematic traders tend to use price and market specific information (often technical) to make trading decisions, while discretionary managers use a judgmental approach based on fundamental analysis.

8. "Developed Market International Equity" are equity securities of non-companies located in the most developed countries and regions of the world such as Canada, the United Kingdom, the European Union, Switzerland, Scandinavia, Japan, New Zealand, and Australia.

9. "Derivatives" are securities or contractual agreements which derive their value from some underlying security, commodity, currency, or index. This includes both Derivative Contracts (Forwards, Futures, Swaps, and so forth) and Derivative Securities (CMOs, Structured Notes).

10. "Distressed Debt" are debt securities of companies or government entities that are either already in default, under bankruptcy protection, or in distress and heading toward such a condition; although there is no precise definition, fixed income securities with a yield to maturity in excess of 1000 basis points over the risk free rate of return are commonly thought of as being distressed.

11. "Event Driven" is a strategy by which managers take significant positions in a limited number of companies with special situations; the situations of these companies often are complex in a variety of ways and offer profit opportunities from depressed valuations, mergers and acquisitions, reorganizations, and so forth.

12. "Emerging Markets Equity" are equity securities of companies located in less-developed regions of the world such as Asia, Latin America, Africa, Eastern Europe, and the Middle East.

13. "Government Debt" is debt issued by sovereign governments, domestic or international, developed or emerging; may or may not be denominated in U.S. dollars.

14. "Global Macro" is a strategy by which global macro managers carry long and short positions in any of the world's major capital or derivatives markets; these positions reflect their views on overall market direction as influenced by major economic trends and/or events; the portfolios of these managers can include stocks, bonds, currencies and commodities in the form of securities and/or derivative instruments.

15. "Hedge Funds" are not an asset class *per se*, but are a form of a privately organized, pooled investment vehicle, which seeks to achieve consistently positive absolute returns independent of market conditions, typically through the use of a wide range of traditional and non-traditional securities as well as directional and non-directional strategies.

    a. "Long/Short Hedge Funds" is a directional strategy that involves equity or credit investing on both the long and short sides of the market; managers have the flexibility to shift from a net long position to a net short position; managers may use individual securities or futures and options to hedge their positions; some managers attempt to be market neutral which, if properly executed, is a non-directional strategy that eliminates market risk (beta) so that returns are driven purely by stock selection.

    b. "Multi-Strategy Hedge Funds" are, by definition, multi-strategy funds that engage in a variety of investment strategies; under normal market conditions, the diversification may reduce volatility compared to single strategy funds; strategies employed in multi-strategy funds may include, but are not limited to, convertible bond arbitrage, equity long/short, merger arbitrage, and event driven.

16. “Infrastructure” is investments in the basic facilities, services and installations needed for the functioning of a community or society, such as transportation and communications systems, water and power lines, utilities and renewable energy.

17. “Inflation-linked Bonds” are bonds whose principal and/or coupon payments are adjusted with the general level of prices as measured by a commonly accepted price index; inflation-linked bonds, commonly referred to as TIPS, are designed to be a hedge against inflation.

18. “Investment Grade Debt” are high quality notes or bonds that are the least likely to default; under the current credit rating system, bonds with ratings above BBB (S&P), Baaa3 (Moody’s), or B (Fitch) are considered investment grade.

19. “Policy Index” is an index that is constructed to measure policy allocation decisions on a monthly basis. The equation for constructing the index is as follows: Policy Index = (Target Asset Class Weights) * (Index Returns).

20. “Private Debt” is debt issued by private companies and sold directly to an institutional investor; these securities are not required to be registered with the SEC. This broad category can include private placements, direct loans to companies, distressed debt, non-performing loans, and other non-traded or illiquid debt securities.

21. “Private Real Estate” is land or buildings held in private partnerships.

22. “Real Estate Investment Trusts” are a corporation or trust that uses pooled capital from many investors to purchase and manage income property (equity REIT) and/or mortgage debt (mortgage REIT); REITs are traded on exchanges just like common stocks.

23. “U.S. Equity” is ownership of publicly-traded shares of companies listed on U.S. exchanges; this category may include various styles, market capitalization ranges, and active management versus index funds.

Schedule C

ALTERNATIVE INVESTMENTS POLICY

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

1. PRIVATE EQUITY FUND MANAGER SELECTION

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

a. History.

(1) Funds being offered by firms with proven and verifiable successful investment histories will be given preference. TTUS typically will only consider investment firms with at least a three- to five-year track record or a track record that is reasonably verifiable from another firm.

(2) Performance of past mature funds must be consistently above the median and preferably in the top quartile of similar managers from the same peer group.

(3) Firms must have a clearly described risk management program with an organizational structure and procedures that demonstrate successful implementation.

(4) Generally, first time funds will not be given serious consideration. Exceptions may be taken under consideration, if the following criteria are met:

A. Key Principals can provide a complete, successful and verifiable investment history attributable to themselves.

B. The fund's strategy is one which is a high priority for TTUS.

C. At that point in time, there is an absence of desirable proven managers raising a fund in a similar strategy.

b. Investment Size. At the time of origination, the amount committed to individual private equity funds must be equal to at least 2.0% of the total market value of the LTIF, and the TTUS ownership position must not be greater than 10% of the private equity fund's aggregate capital. In unique circumstances, staff may consider exceptions to these size parameters with prior approval of the IAC.

c. Strategy.

(1) The strategy must target an inefficient space where returns are expected to be above public market opportunities in order to compensate for the illiquid nature of these investments.

(2) The strategy must fit within current portfolio needs in terms of diversification and expected returns.

d. Personnel.

(1) A stable team who has worked together where their interests are aligned for continued success is a must.

(2) Personnel will be evaluated on integrity, and a "key man/person(s)" clause will be essential.

e. Terms.

(1) Management fees should be adequate given the fund size and strategy to fund day to day operations.

(2) Carried Interest should be within industry norms for the strategy.

(3) Certain strategies, normally those with lower expected returns, will require a preferred return provision.

f. Transparency.

(1) The firm will have a valuation policy that follows both industry best practices and FASB policy for valuing investments.

(2) Complete portfolio reports will be made available quarterly along with annual audited financial statements prepared by a reputable accounting firm.

(3) Capital Calls and Distributions will clearly delineate the following: investment capital, fees, recalled capital, return of capital, gains/(losses), and carried interest.

g. Other factors determined by the IAC.

2. HEDGE FUND MANAGER SELECTION

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

a. History.

(1) Funds being offered by firms with proven and verifiable successful investment histories will be given preference. TTUS typically will only consider funds with at least a three- to five-year track record or a track record that is reasonably verifiable from another firm.

(2) Annual performance must be consistently above the median and preferably top quartile results over a three-to-five year period compared to similar managers from the same peer group.

(3) Firms must have a clearly described risk management program with an organizational structure and procedures that demonstrate successful implementation.

(4) Generally, first time funds will not be given serious consideration. Exceptions may be taken under consideration, if the following criteria are met:

A. Key Principals can provide a complete, successful and verifiable investment history attributable to themselves.

B. The fund's strategy is one which is a high priority for TTUS.

C. At that point in time, there is an absence of proven managers in a particular strategy.

b. Investment Size. At the time of origination, the amount invested in an individual hedge fund strategy must be equal to at least 2.0% of the total market value of the LTIF, and the TTUS ownership position must not be greater than 10.0% of the hedge fund strategy's aggregate capital. In unique circumstances, staff may consider exceptions to these size parameters with prior approval of the IAC.

c. Strategy

(1) The strategy must fit within current portfolio needs in terms of diversification and expected returns.

(2) As leverage is inherent in many of these strategies, leverage will be used in a manner prudent for the given strategy. As a general rule, TTUS will favor managers and strategies which use low levels of leverage.

d. Personnel.

(1) A stable team who has worked together where their interests are aligned for continued success is a must.

(2) Personnel will be evaluated on integrity, and a "key man/person(s)" clause will be essential.

e. Terms.

(1) Management fees should be adequate given the fund size and strategy to fund day to day operations.

(2) Carried Interest should be within industry norms for the strategy.

(3) Redemption terms should be appropriately matched with the investment strategy and the liquidity of the underlying securities.

f. Transparency.

(1) The firm will have comprehensive, written valuation policies and procedures, consistent with best industry practice.

(2) Firms must utilize third-party fund administrators.

(3) Quarterly (or preferably Monthly) reports will be made available that disclose aggregate risk exposures, leverage measures and return attribution for the portfolio.

(4) Annual audits, prepared by a reputable accounting firm, are required and should include independent valuations for the portfolio.

g. Other factors determined by the IAC.

Schedule D

DERIVATIVES POLICY

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

1. Types of and Amount of Derivative Contracts:

   a. The CIO is limited to directing derivatives exposure, over-the-counter (OTC) and exchange traded, to a maximum amount of 40% of the portfolio.

   b. Forward-based derivatives, including forward contracts, futures contracts, swaps, and similar instruments.

   c. Option-based derivatives, including put options, call options, interest rate caps and floors, and similar instruments.

2. Types of Derivative Securities:

   a. Collateralized Mortgage Obligations (CMOs).

   b. Structured Notes.

3. Derivatives may be used as efficient substitutes for traditional securities, to reduce portfolio risks created by other securities, or in fully hedged positions to take advantage of market anomalies; the risks of derivatives, like more traditional securities, should be evaluated in the context of the total portfolio.

4. Where appropriate, the CIO, in conjunction with the Derivatives Overlay Manager and/or Investment Managers may use derivative contracts for the following reasons:

   a. Hedging: To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts that can be used to reduce those risks, the Investment Managers, where allowed per the policy, are permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures.

   b. Creation of Market Exposures is permitted through the use of derivatives to replicate the risk/return profile of an asset or asset class.

   c. Foreign Currency Hedging: The CIO, in conjunction with the Derivatives Overlay Manager and/or Investment Managers may leave foreign currency investments unhedged or hedged backed into U.S. dollars. Hedging activity cannot create additional exposure to a currency greater than the underlying value of the investments in that specific currency. The net exposure to any currency cannot be negative. Proxy hedging is not allowed.

d. The CIO, in conjunction with the Derivatives Overlay Manager and/or Investment Managers, may sell (be short) interest rate futures or other derivatives as part of the overall process to manage portfolio risks.

e. The CIO, in conjunction with the Derivatives Overlay Manager and/or Active equity Investment Managers, may purchase options, or may sell options on securities that are held in their account.

f. The CIO, in conjunction with the Derivatives Overlay Manager and/or Active international equity Investment Managers, can short a country stock index to adjust their exposure to a particular country.

5. The CIO, in conjunction with the Derivatives Overlay Manager and/or Investment Managers, may use derivative contracts or securities for the following purposes:

   a. Leverage: This is a means of enhancing value and risk without increasing investment through borrowing. Derivatives shall not be used to magnify overall portfolio exposure to an asset, asset class, interest rate, or any other financial variable beyond that which would be allowed by a portfolio's investment guidelines if derivatives were not used, unless specifically approved by the IAC.

   b. Unrelated Speculation: Derivatives shall not be used to create exposures to securities, currencies, indices, or any other financial variable unless such exposures would be allowed by a portfolio's investment guidelines if created with non-derivative securities. Leverage is permitted by hedge funds and risk parity managers, but must be consistent with the targets and limits as outlined by the managers' investment process and/or product that were approved by the IAC. The hedge fund and risk parity managers will notify staff and the Investment Consultant, of any leverage level above the targets and limits as previously outlined.

6. Counterparty Risk: External investment managers are required to measure and monitor exposure to counterparty credit risk. When over-the-counter derivative instruments are used, the investment manager is responsible for making an independent analysis of the counterparty credit risk and the appropriateness relative to the overall guidelines of the portfolio. Managers must have a Credit Support Annex (CSA) to their ISDA agreements with each counterparty. Based on their analysis of the counterparty's credit risk, managers are responsible for determining adequate collateral thresholds, minimum transfer amounts and contract valuation frequency to ensure adequate collateralization for all over-the-counter derivatives.

   a. All counterparties shall have a long-term credit rating of at least BBB/Baa2 or equivalent by at least one nationally recognized rating agency at the time the related derivative is executed. If the term of the derivative contract is less than one year, a counterparty shall have a short-term credit rating of at least A1/P1 or equivalent by at least one nationally recognized rating agency at the time the related derivative is executed. If a counterparty is downgraded below the required levels, the manager must notify the CIO within one week to discuss options regarding termination of the contract.

b. The maximum notional value of over-the-counter (OTC) derivative contracts entered into with any one counterparty shall be limited to 5% of total portfolio value, unless the notional exposure is collateralized and marked to market daily. The combination of the alpha pool and cash collateral is considered collateralized. In the case of OTC derivatives contracts with collateral movement based on a CSA, consolidation of counterparties is allowed to benefit from netting (rather than diversification across multiple counterparties), and the 5% maximum notional limit per counterparty would not apply in that case. Exception to this rule may apply to the Derivatives Overlay Manager with prior approval of the CIO.

c. Investment Managers are responsible for adhering to approved counterparty credit guidelines. Any deviation from these guidelines requires the written approval from the CIO prior to executing any transactions.

d. The preference is for exchange traded derivatives over OTC instruments due to counterparty risk and lack of transparency. While OTC instruments are permitted, the CIO will limit exposure to no more than 20% of assets. Higher OTC exposure is permitted, but only with IAC approval.

Schedule E

CONSULTANT RESPONSIBILITIES

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

Attachment to Finance & Administration Committee Item #3

Chapter 09 -- Investments and Endowments

Date last revised: 08-10-2018

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

09.00 **Chapter definitions.**

09.00.1 "IAC" means the Investment Advisory Committee.

09.00.2 "LTIF" means the Long Term Investment Fund.

09.00.3 "ITIF" means the Intermediate Term Investment Fund.

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

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

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

09.01 **Roles and responsibilities.**

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

a. To meet at least quarterly with the CIO, investment counsel, investment managers and other appropriate TTU system officers and staff for the purpose of reviewing with and [~~consulting with~~] advising these parties, and [~~advising~~] reporting to the board and the board of directors of the Texas Tech Foundation on asset allocation, investment policy and performance; and

b. For identifying fund managers, monitoring the performance of investments, evaluating fund manager performance and developing and recommending an asset allocation for the LTIF and the ITIF.

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

09.01.3 Chief investment officer.

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

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

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

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

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

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

09.01.5 Investment managers. The duties and responsibilities of each of the investment managers retained by the board include:

a. Managing the assets under its management in accordance with the policy guidelines and objectives expressed herein.

b. Meeting or exceeding the manager specific benchmarks established by the CIO or Treasurer.

c. Exercising investment discretion within the guidelines and objectives stated herein; and such discretion includes decisions to buy, hold or sell securities in amounts and proportions reflective of the investment manager's current investment strategy and as compatible with the investment objectives.

d. Complying with all provisions pertaining to the investment manager's duties and responsibilities as a fiduciary, with fund assets being invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent professional investment manager, acting in a like capacity and familiar with such matters, would use in the investment of TTU system assets.

e. Using best efforts to ensure that portfolio transactions are placed on a "best execution" basis.

f. Exercising ownership rights, where available, through proxy solicitations, doing so strictly for the economic benefit of the LTIF, ITIF, or [~~SITIF~~] STIF, as applicable.

g. Meeting with the CIO and IAC or Treasurer at least annually or more frequently upon request; additionally, each investment manager shall report to the IAC, investment consultant, CIO, and/or Treasurer as outlined in the specific [~~SITIF~~] ITIF and LTIF investment policy statements.

h. Acknowledging in writing to the CIO/Treasurer the investment manager's intention to comply with Section 09.01.5, *Regents' Rules*, as it currently exists or as modified in the future.

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

a. accept daily instructions from designated investment staff;

b. advise designated investment staff daily of changes in cash equivalent balances;

c. immediately advise designated investment staff of additions or withdrawals from the custodial account;

d. notify investment managers of proxies, tenders, rights, fractional shares or other dispositions of holdings;

e. resolve any problems that designated investment staff may have relating to the custodial account;

f. maintain safekeeping of securities;

g. collect interest and dividends;

h. perform daily cash sweep of idle principal and income cash balances;

i. process all investment manager transactions;

j. collect proceeds from maturing securities;

k. disburse all income or principal cash balances as directed;

l. provide monthly statements by investment account and a consolidated statement of all assets;

m. work with the investment consultant and the TTU system accountant to ensure accuracy in reporting;

n. manage the securities lending program; and

o. provide written statements revealing monthly reconciliation of custody and investment managers' accounting statements.

09.02 [**~~Short/Intermediate~~**] **Short Term Investment Fund.** The policies for the investment of funds in the [~~Cash Pool, Short Term Pool, and Intermediate Pool of the SITIF~~] STIF shall be those outlined in the [~~INVESTMENT POLICY STATEMENT FOR THE SHORT/INTERMEDIATE TERM INVESTMENT FUND~~] Investment Policy Statement for the Short Term Investment Fund.

09.03 **Intermediate Term Investment Fund.** The policies for the investment of funds in the ITIF shall be those outlined in the Investment Policy Statement for the Intermediate Term Investment Fund.

09.04 **Long Term Investment Fund (Endowment).** The policies for the investment of funds for the LTIF shall be those outlined in the [~~INVESTMENT POLICY STATEMENT FOR THE LONG TERM INVESTMENT FUND~~] Investment Policy Statement for the Long Term Investment Fund.

09.05 **Investment Fund Exceptions.** In rare circumstances, the board may acknowledge the need to accommodate placement of funds held within the STIF, ITIF, and/or LTIF with a modification to asset allocation or placement of funds held in trust outside of the STIF, ITIF, and LTIF. The board shall approve all such investment exceptions.

09.06 [~~09.04~~] **Proxy voting.**

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

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

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

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

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

<u>09.09.1</u> [~~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.

<u>09.09.2</u> [~~09.07.2~~] Mineral and royalty interests derived from trusts and gifts.

a. Leases will be negotiated with prospective lessees to obtain their best offer above the minimums outlined in Section 09.07.2.c, *Regents' Rules*.

b. Leases will normally be for oil and gas production only. Separate leases will be required for other mineral production, whether strip-mined or not.

c. No proposal shall be accepted that offers a royalty of less than one-quarter of production, a primary term of more than five years or a delay rental of less than $5 per year per mineral acre, beginning with the second year of the lease.

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

e. Use of TTU system standardized division order forms will be required for all division orders.

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

Dates Approved or Amended:

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

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