

Agenda Items
Meeting
of the
Board of Regents

April 11, 2019



**MEETING OF THE BOARD OF REGENTS
THE TEXAS A&M UNIVERSITY SYSTEM
April 11, 2019
College Station, Texas**

1. COMMITTEE ON FINANCE

- 1.1 Approval of Revisions to System Policy 22.02, *System Investment*, A&M System
- 1.2 Approval for the President of Texas A&M University to Hold a Public Hearing and Adjust Specific Undergraduate Tuition and Fees of Students Admitted to Programs in the Health Science Center, A&M System

2. COMMITTEE ON AUDIT

3. COMMITTEE ON BUILDINGS AND PHYSICAL PLANT

- 3.1 Approval to Amend the FY 2019-FY 2023 Texas A&M University System Capital Plan to Add the HVAC System and Roof Replacement at the Wallrath AgriLife Extension Service Building Project (Project No. 07-29222019) for Texas A&M AgriLife Extension Service with a Fiscal Year 2019 Start Date, AgriLife Extension
- 3.2 Approval to Amend the FY 2019-FY 2023 Texas A&M University System Capital Plan to Add the Innovative Technologies Development Complex Project (Project No. 28-3298) for Texas A&M Engineering Experiment Station with a Fiscal Year 2019 Start Date, A&M System
- 3.3 Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the RELLIS Agriculture & Workforce Education Complex Project, The Texas A&M University System RELLIS Campus, Bryan, Texas (Project No. 01-3270), A&M System
- 3.4 Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the Academic and Administration Building - Phase I Project, Texas A&M University-San Antonio, San Antonio, Texas (Project No. 25-3255), A&M System
- 3.5 Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the Gilchrist Renovation Project, Texas A&M University, College Station, Texas (SSC Project No. 2016-01335), Texas A&M
- 3.6 Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the '72 Wing Chemistry Ground Floor Project, Texas A&M University, College Station, Texas (SSC Project No. 2018-03164), Texas A&M

**Certified by the general counsel or other appropriate attorney as confidential or information that may be withheld from public disclosure in accordance with Section 551.1281 and Chapter 552 of the Texas Government Code.*

Informational Report

Report of System Construction Projects Authorized by the Board

4. COMMITTEE ON ACADEMIC AND STUDENT AFFAIRS**5. THE TEXAS A&M UNIVERSITY SYSTEM BOARD OF REGENTS (*not assigned to Committee*)**

- 5.1 Approval of Revisions to System Policy 17.01, *Intellectual Property Management and Commercialization*
- 5.2 Approval of New System Policy 21.06, *Clinical Healthcare Operations*
- 5.3 Adoption of a Resolution Recognizing Mr. Ervin A. Bryant for His Service as the 2018-2019 Student Member of the Board of Regents of The Texas A&M University System and Bestowing the Title of Student Regent Emeritus
- 5.4 Adoption of a Resolution Honoring Regent Anthony G. Buzbee for His Outstanding Dedication and Service as a Member of the Board of Regents of The Texas A&M University System and Bestowing the Title of Regent Emeritus
- 5.5 Adoption of a Resolution Honoring Regent Morris E. Foster for His Outstanding Dedication and Service as a Member of the Board of Regents of The Texas A&M University System and Bestowing the Title of Chairman Emeritus
- 5.6 Adoption of a Resolution Honoring Regent Charles W. Schwartz for His Outstanding Dedication and Service as a Member of the Board of Regents of The Texas A&M University System and Bestowing the Title of Chairman Emeritus

Executive Session Items

- 5.7 *Authorization to Execute a Ground Lease on Approximately Five Acres for Construction of Phases 1 and 2 of the Innovation and Commercialization Center for Entrepreneurs and a Lease of Space in the Newly Constructed Building, PVAMU
- 5.8 *Authorization to Execute a Lease for Space at the Early Childhood Development Center Building Being Constructed Near Hensel Street in College Station, Brazos County, Texas, Texas A&M
- 5.9 *Authorization to Execute a Sublease of Approximately 53,312 Square Feet of Space from Blinn College District in the Texas A&M University Health Science Center Clinical Building 1, City of Bryan, Brazos County, Texas, Texas A&M
- 5.10 *Authorization to Purchase a Building in Corpus Christi, Nueces County, Texas, A&M-Corpus Christi
- 5.11 *Authorization to Execute a Cooperative Use Agreement for the RELLIS Agriculture & Workforce Education Complex Located on The Texas A&M University System RELLIS Campus, Bryan, Brazos County, Texas, A&M System

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- 5.12 *Consideration and Action Relating to the Proposed Exercise of an Option to Purchase the Land at 2207 Culver Street, Commerce, Hunt County, Texas, A&M-Commerce
- 5.13 *Naming of Athletics Facilities and Related Spaces, Texas A&M
- 5.14 *Authorize the President to Negotiate and Execute an Employment Contract with a New Men's Basketball Coach, Texas A&M

6. CONSENT AGENDA ITEMS

The Texas A&M University System/Board of Regents

- 6.1 Approval of Minutes
- 6.2 Granting of the Title of Emeritus, April 2019
- 6.3 Confirmation of Appointment and Commissioning of Peace Officers
- 6.4 Approval of Fiscal Year 2020 Holiday Schedules
- 6.5 Approval of Changes to the Admissions Standards for System Member Universities for the 2020-21 Academic Year
- 6.6 Approval of Revisions to System Policy *03.02, Academic Mission Statements and Tables of Programs*
- 6.7 Approval of Non-substantive Revisions to System Policy *09.02, Use of System Names and Indicia*
- 6.8 Approval of Revisions to System Policy *12.01, Academic Freedom, Responsibility and Tenure*
- 6.9 Approval of Revisions to System Policy *16.01, System Ethics and Compliance Program*
- 6.10 Approval of Non-substantive Revisions to System Policies *31.07, Retirement, and 34.06, Appointment, Commissioning and Authority of Peace Officers*
- 6.11 Adoption of a Resolution Honoring Texas A&M University-San Antonio's First Decade of Success Bringing World-class Higher Education to an Underserved South Texas Population

Prairie View A&M University

- 6.12 Approval of Academic Tenure, April 2019
- 6.13 Approval of a New Master of Science Degree Program with a Major in Clinical Adolescent Psychology, and Authorization to Request Approval from the Texas Higher Education Coordinating Board

**Certified by the general counsel or other appropriate attorney as confidential or information that may be withheld from public disclosure in accordance with Section 551.1281 and Chapter 552 of the Texas Government Code.*

- 6.14 Adoption of a Resolution Honoring the Prairie View A&M University Men's Basketball Team
- 6.15 Adoption of a Resolution Honoring the Prairie View A&M University Women's Basketball Team
- 6.16 Adoption of a Resolution Honoring the Prairie View A&M University Women's Bowling Team

Tarleton State University

- 6.17 Approval of Academic Tenure, April 2019
- 6.18 Granting of Faculty Development Leave for FY 2020
- 6.19 Authorization to Award an Honorary Degree to Mr. Mike A. Myers
- 6.20 *Authorization for the President to Execute an Amended Employment Contract for the Head Football Coach

Texas A&M International University

- 6.21 Approval of Academic Tenure, April 2019
- 6.22 Approval of a New Bachelor of Science in Public Health Degree Program, and Authorization to Request Approval from the Texas Higher Education Coordinating Board

Texas A&M University

- 6.23 Approval of Academic Tenure, April 2019
- 6.24 Adoption of a Resolution Honoring Mr. P. William "Bill" Toler '76 for His Outstanding Dedication and Service as Trustee of the Texas A&M Foundation
- 6.25 Authorization for the President to Negotiate and Execute an Agreement and Other Related Documents in Connection with the Development and Administration of Customized International Services with Centro de Estudios e Investigacion Santa Clara, Sociedad Civil (S.C.)
- 6.26 Approval for Dr. Moble Benedict, a System Employee, to Serve as an Officer, Member of the Board of Directors and Employee of Harmony Aeronautics LLC, an Entity that Proposes to License Technology from The Texas A&M University System
- 6.27 Authorization for the Texas A&M University Health Science Center to Make Intergovernmental Transfers on Behalf of Qualifying Entities
- 6.28 Establishment of the Gulf Center for Sea Turtle Research
- 6.29 *Naming of a Room in Langford Building A

**Certified by the general counsel or other appropriate attorney as confidential or information that may be withheld from public disclosure in accordance with Section 551.1281 and Chapter 552 of the Texas Government Code.*

- 6.30 *Naming of Areas within The Gardens
- 6.31 *Namings of Academic Rooms and Related Spaces in the Zachry Engineering Education Complex
- 6.32 *Naming of the Sales Leadership Institute
- 6.33 *Namings of Rooms and Spaces in and Around the John D. White '70 – Robert L. Walker '58 Music Activities Center and a Space in the Memorial Student Center
- 6.34 *Namings of Areas in and around the Texas A&M University Swimming and Diving Expansion, James '95 & Susan '90 Goodman Family Aggie Golf Complex, Davis Football Player Development Center and Cox-McFerrin Center for Aggie Basketball
- 6.35 *Naming of Small Garden at the Becky Gates Children's Center
- 6.36 *Authorization for the President to Negotiate and Execute a New Employment Contract for Assistant Football Coach

Texas A&M University-Central Texas

- 6.37 Approval of Academic Tenure, April 2019

Texas A&M University-Commerce

- 6.38 Approval of Academic Tenure, April 2019
- 6.39 Granting of Faculty Development Leave for FY 2020
- 6.40 *Authorization for the President to Negotiate and Execute a New Employment Contract for the Director of Athletics
- 6.41 *Authorization for the President to Negotiate and Execute a New Employment Contract for the Head Football Coach

Texas A&M University-Corpus Christi

- 6.42 Approval of Academic Tenure, April 2019
- 6.43 Granting of Faculty Development Leave for FY 2020

Texas A&M University-Kingsville

- 6.44 Approval of Academic Tenure, April 2019

Texas A&M University-San Antonio

- 6.45 Approval of Academic Tenure, April 2019
- 6.46 Authorization to Award an Honorary Degree to Mr. Harold Oliver

**Certified by the general counsel or other appropriate attorney as confidential or information that may be withheld from public disclosure in accordance with Section 551.1281 and Chapter 552 of the Texas Government Code.*

- 6.47 Approval of a New Master of Science Degree Program with a Major in Computer Science, and Authorization to Request Approval from the Texas Higher Education Coordinating Board
- 6.48 Approval of a New Bachelor of Science Degree Program with a Major in Cyber Engineering Technology, and Authorization to Request Approval from the Texas Higher Education Coordinating Board
- 6.49 Approval of a New Bachelor of Science Degree Program with a Major in Water Resources Science and Technology, and Authorization to Request Approval from the Texas Higher Education Coordinating Board

Texas A&M University-Texarkana

- 6.50 Approval of Academic Tenure, April 2019
- 6.51 Approval of a New Bachelor of Science Degree Program with a Major in Mechanical Engineering, and Authorization to Request Approval from the Texas Higher Education Coordinating Board
- 6.52 *Removing the "Guaranty Bond Bank Fitness Center" name in University Center-UC124 upon its Relocation and Naming the Men's and Women's Locker Rooms in the Patterson Student Center

West Texas A&M University

- 6.53 Approval of Academic Tenure, April 2019
- 6.54 *Naming of New Animal Health Lab (Room 313)

Texas A&M Engineering Experiment Station

- 6.55 Establishment of the Center of Innovation in Mechanics for Design and Manufacturing

Texas A&M Forest Service

- 6.56 Confirmation of Appointment and Commissioning of Peace Officers
- 6.57 Authorization to Execute FY 2019 Federal Non-research Grant Agreements, and Any Amendments, Modifications or Extensions for the Same Grant Programs

A&M System	The Texas A&M University System
A&M-Central Texas	Texas A&M University-Central Texas
A&M-Commerce	Texas A&M University-Commerce
A&M-Corpus Christi	Texas A&M University-Corpus Christi
A&M-San Antonio	Texas A&M University-San Antonio
A/E.....	Architect/Engineer
AgriLife Extension.....	Texas A&M AgriLife Extension Service
AgriLife Research	Texas A&M AgriLife Research
BOR	Board of Regents
FP&C.....	Facilities Planning and Construction
NCTM	National Center for Therapeutics Manufacturing
POR.....	Program of Requirements
PUF	Permanent University Fund
PVAMU	Prairie View A&M University
RELLIS	Respect, Excellence, Leadership, Loyalty, Integrity and Selfless Service
RFS.....	Revenue Financing System
TAMHSC	Texas A&M Health Science Center
TAMIU	Texas A&M International University
TAMUG.....	Texas A&M University at Galveston
TAMUT	Texas A&M University-Texarkana
Tarleton.....	Tarleton State University
TEES.....	Texas A&M Engineering Experiment Station
TEEX.....	Texas A&M Engineering Extension Service
Texas A&M at Qatar.....	Texas A&M University at Qatar
Texas A&M	Texas A&M University
Texas A&M-Kingsville.....	Texas A&M University-Kingsville
TFS.....	Texas A&M Forest Service
THECB.....	Texas Higher Education Coordinating Board
TTI.....	Texas A&M Transportation Institute
TVMDL.....	Texas A&M Veterinary Medical Diagnostic Laboratory
UTIMCO.....	The University of Texas/Texas A&M Investment Management Company
WTAMU.....	West Texas A&M University

Agenda Item No.

AGENDA ITEM BRIEFING

Submitted by: Maria L. Robinson, Chief Investment Officer and Treasurer
The Texas A&M University System

Subject: Approval of Revisions to System Policy 22.02, *System Investment*

Proposed Board Action:

Approve revisions to System Policy 22.02, *System Investment*.

Background Information:

As part of the on-going review by treasury personnel and the system's investment consultant, revisions are recommended to System Policy 22.02, *System Investment*. Changes to the asset allocations for each of the System's investment pools, the Cash Concentration Pool and the System Endowment Fund, are included in these recommendations.

It is recommended that the asset allocation for the Cash Concentration Pool be revised to eliminate the Liquidity Portfolio and combine assets under Fixed Income. With the growth of the Cash Concentration Pool, there is no longer a need for an additional layer of immediate liquidity beyond the Short-Term Portfolio. However, if necessary, additional liquidity needs can be funded from the Fixed Income asset class. Additionally, it is recommended that the allocation to bank loans be modified to include other non-traditional credit investments, diversifying and enhancing the return of the portfolio. Implementation of these recommendations will increase the long-term expected return for the Cash Concentration Pool to 6.7% from 6.4% at essentially the same risk level.

It is recommended that the asset allocation for the System Endowment Fund be revised to increase the allocation to Private Equity to 25% from 15%, with reductions to the Domestic and International Equity asset classes to 15% from 20% each. This reallocation will align the portfolio more closely with peer institutions that have a 27% allocation to Private Equity. This portfolio would also incorporate the recommended change to the bank loan allocation described above. Once implemented, these changes will increase the long-term expected return of the endowment fund to 8.9% from 8.6% while decreasing the risk of the portfolio.

A&M System Funding or Other Financial Implications:

None.

Agenda Item No.

THE TEXAS A&M UNIVERSITY SYSTEM

Office of Treasury Services

February 7, 2019

Members, Board of Regents
The Texas A&M University System

Subject: Approval of Revisions to System Policy 22.02, *System Investment*

I recommend adoption of the following minute order:

“The revisions to System Policy 22.02, *System Investment*, as shown in the attached exhibit, are approved, effective immediately.”

Respectfully submitted,

Maria L. Robinson
Chief Investment Officer and Treasurer

Approval Recommended:

Approved for Legal Sufficiency:

John Sharp
Chancellor

Ray Bonilla
General Counsel

Billy Hamilton
Deputy Chancellor and
Chief Financial Officer

22.02 System Investment



Reviewed ~~April 11, 2019~~January 2, 2018 (MO -2019)
Next Scheduled Review: ~~April 11, 2020~~January 2, 2019
Click to view [Revision History](#).

Policy ~~Summary~~Statement

This policy sets out the responsibilities of the Board of Regents (board), as assigned by law, to act as a fiduciary in the management of assets under the control of The Texas A&M University System (system) and This policy delineates the roles and responsibilities of the ~~board~~, chancellor and system staff regarding the management of assets under the control of the board.

~~Reason for Policy~~

~~Policy~~Procedures and Responsibilities

1. GENERAL

- 1.1 As provided in the Texas Education Code, each board member has the legal responsibilities of a fiduciary in the management of funds under the control of the system. All investments will be made in accordance with applicable state and federal regulations. All assets of the system will at all times be vested in the board, and such assets will be deemed to be held by the board as a fiduciary regardless of the name in which the securities may be registered.
- 1.2 The board has granted to the chancellor the authority for the purchase, sale, assignment, transfer and management of all investments of any kind or character of the system or any member thereof and has authorized the chancellor to execute on behalf of the board or any member thereof any and all documents required in the purchase, sale, assignment, transfer and management of these investments.
- 1.3 The chancellor may delegate to treasury personnel the authority to execute any and all documents required to accomplish the actions outlined above and the deposit, withdrawal, or transfer of assets on behalf of the members.
- 1.4 Investments are defined to include, but are not limited to, any monetary or negotiable asset or property right held by a member including all operating, non-operating and other funds. This includes any asset or property right acquired or held by any member as trustee of a trust or as executor of an estate. Assets will~~shall~~ include land and other real property, market investments, business enterprises and any other investments of any kind or character held or acquired by such funds.

- 1.5 Prudent Investor Rule – Each person responsible for making or retaining each and all investments and in acquiring, investing, reinvesting, exchanging, retaining, selling, supervising and managing funds ~~will~~shall do so in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
- 1.6 In the management of system investments, consideration will be given to general economic/capital market conditions, the possible effect of inflation or deflation, the expected tax consequences, the role that each investment or course of action plays within the overall investment portfolio and the requirements for liquidity, diversification, safety of principal, yield, maturity, quality and capability of investment management, with the primary emphasis on safety. Consideration will also be given to incur only costs that are appropriate and reasonable in relation to the assets.
- 1.7 The overall objective of the investment policy is to invest the system's available funds in such a manner as to earn as high a level of return as can reasonably be achieved within the framework of the policy and consistent with the system's primary objective of the safety and preservation of capital.
- 1.8 Each custodian bank will furnish monthly statements to the Office of the ~~Deputy Executive Vice~~ Chancellor and Chief Financial Officer that will include cost and market value for all positions, industry segmentation and percentage composition of the portfolio represented by each issue. The custodian bank statements will be used as the basis for quarterly investment performance reports to the board.
- 1.9 Coordination of investment policy, cash management and system depositories' activities will be maintained by the chancellor through the Office of the ~~Deputy Executive Vice~~ Chancellor and Chief Financial Officer.
- 1.10 The chancellor will provide the board's Committee on Finance an annual report on the need to revise the system investment policy in regard to authorized securities, asset allocation, payout or any other pertinent matters.

2. INVESTMENT OF FUNDS

2.1 Quality Restrictions

For the purpose of this policy all traditional fixed income securities which use long-term credit ratings must be rated the equivalent of "B" or better by a nationally recognized ~~credit~~statistical rating organization. The fixed income portfolios must have an overall credit rating of "A" or better by a nationally recognized statistical rating organization. Securities using short-term credit ratings must be rated at least A-2, P-2, F-2 or the equivalent by a nationally recognized ~~credit~~statistical rating service.

2.2 Authorized Investments

2.2.1 Direct obligations of the principal and interest which are guaranteed by the United States Government or its agencies to include:

- (a) obligations of the U.S. Treasury.

(b) direct obligations guaranteed by the Federal Intermediate Credit Bank (FICB), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Government National Mortgage Association (GNMA), Student Loan Marketing Association (SLMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), Tennessee Valley Authority (TVA) ~~or and~~ other government-sponsored ~~enterprises~~ entities (GSE).

2.2.2 Obligations of states, agencies, counties, cities and other political subdivisions of any state.

2.2.3 United States dollar denominated debentures or obligations and preferred and common stocks issued by corporations, associations or other institutions, and convertible securities of all kinds issued by corporations. Not more than 4.9% of the voting stock of any one corporation ~~will~~shall be owned by the system at any given time. This includes participation in publicly traded domestic Real Estate Investment Trusts (REITs).

2.2.4 Debentures or obligations, and preferred or common stock of international governments and corporations. International preferred and common stock issues must be listed on an organized stock exchange. Utilization of derivatives for the hedging of currency risk is permissible.

2.2.5 Certificates of Deposit issued by state and national banks not to exceed 10% of banks' total deposits. Certificates of Deposit must be insured by the Federal Deposit Insurance Corporation, or its successor, or secured (collateralized) by surety bond, or obligations described in this policy, with such collateral to be held by a third party, and that at all times will have a market value of not less than the principal amount of the certificates or in any manner and amount provided by law for deposits of the investing entities, and with the additional provision that all collateral based on direct agency or instrumentality issued mortgage backed securities must have been rated the equivalent of "AAA" by a nationally recognized credit rating organization (NRSRO).

2.2.6 Negotiable Certificates of Deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1 or the equivalent by a nationally recognized credit rating agency.

2.2.7 Deposits in federally insured savings and loan associations, building and loan associations, and state and national banks not to exceed the amount insured by the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation or their successors.

2.2.8 Bankers Acceptances, accepted by a bank organized and existing under laws of the U.S. or any state, in accordance with Section 2.1.

2.2.9 Money Market Mutual Funds. Funds must be registered with the Securities and Exchange Commission, have a maximum maturity of 13 months and be no-load

funds. Fund must have assets consisting of securities authorized under this policy.

- 2.2.10 Mutual Funds. Funds must be registered with the Securities and Exchange Commission and invest in assets authorized under this policy.
- 2.2.11 Direct Security Repurchase Agreements. Direct Repos must be fully secured (collateralized) by obligations authorized under this policy. Such collateral must be held by a third party. All agreements will be in compliance with Federal Reserve Bank guidelines.
- 2.2.12 Securities Lending. The securities lending agent is required to provide indemnification against borrower default. Further, loan exposure to borrowers ~~mustshall~~ be diversified and managed within prudent limits to avoid concentrated borrower risk. The securities lending agent must provide credit approval for all borrowers and is required to perform on-going review and monitoring of borrower default risk and exposures. The amount of the portfolio out on loan ~~mustshall~~ be limited to one-third of each portfolio. Cash collateral will be held in excess of the market value of lent securities in an amount no less ~~that~~-than 102% of the market value. The securities lending agent is required to market the value of collateral daily and ~~mustshall~~ review collateral positions and prices to ensure adequate collateral is received and prices used are current and valid. The investment collateral ~~mustshall~~ be invested within the restrictions delineated under SEC Rule 2a-7 under the Investment Company Act of 1940. Basis risk in the portfolio is limited to 30 days when accounting for variable rate securities and loans by their respective reset dates. If loans are not in accordance with these guidelines, they are subject to termination.
- 2.2.13 Investments in Bank Loans and other non-traditional credit investments may be used to diversify and enhance the return of the portfolio.
- 2.2.14 Derivative instruments may be used in place of underlying securities to modify risk/return characteristics or to cost-effectively implement change in asset allocation. Additional uses of derivatives Investment in a derivative investment class requires written approval of the chancellor or designee. Derivative investments will not be utilized for the purpose of introducing leverage to the portfolio other than in accordance with Section 2.2.16.
- 2.2.15 Investments in venture capital and/or private equity partnerships may be used to enhance the expected return of the portfolio. These investments are long-term, illiquid, private partnerships with high variability of returns. No investment will be made that would comprise more than 10% of ~~any individual partnership's assets~~total commitments to a single fundraising, which includes commingled and separately managed funds.
- 2.2.16 Investments in absolute return strategies may be used to diversify and enhance the return of the portfolio. Absolute return strategies may invest in derivative instruments, employ leverage and sell securities short. Hedge fund investments may be made in offshore limited partnership shares or by using blocker corporations in order to avoid unrelated business income tax (UBIT). No

investment will be made that will comprise more than 10% of any ~~individual~~ partnership's assets other than a separate fund mandate for portfolio assets.

2.2.17 Real assets investments including timber, energy and real estate may be used to diversify and enhance the return of the portfolio. These investments are long-term, illiquid and have high variability of returns. No investment will be made that would comprise more than 10% of total commitments to a single fundraise, which includes commingled and separately managed funds.

2.3 Stock Rights, Fractional Shares, and Proxies

In each instance, exercise or sale of the rights is to be made at the discretion of the chancellor. The chancellor is authorized to execute proxies within the approved investment policy.

2.4 Quasi-Endowments

The board may, on recommendation of the chancellor, establish a quasi-endowment using any source of funding at its disposal except educational (program) and general funds and restricted gifts or grants. Income from funds held in quasi-endowments is available for the purpose established by the board. The corpus of such funds will be held until such time as the board, on recommendation of the chancellor, abolishes the quasi-endowment, at which time the corpus is available for such purpose(s) as may be designated by the board. All quasi-endowments established by the board will be invested in the System Endowment Fund.

2.5 Matching of Private Gifts from Available University Fund (AUF)

Subject to the availability of matching funds appropriated for that purpose by the board, and with the approval of the chancellor, the presidents of Texas A&M University and Prairie View A&M University are authorized to accept private gifts and to match such gifts with AUF monies, provided such actions are reported to the board at its next regularly scheduled meeting.

Authorization for the expenditure of AUF to match endowments is in the general appropriations act, subject to biennial renewal by the legislature. Matching may be completed as long as the pledge is received during a time when the rider authorization is in effect.

2.6 Investment Transactions

Sales, purchases and exchanges will be effected through financial institutions or through well-capitalized, nationally known investment firms which are recognized as being major participants in the equity and fixed income markets, in accordance with normal investment practices, if, in the judgment of the chancellor, these services will produce the maximum benefit to the system.

2.7 Use of Outside Investment Managers

2.7.1 The chancellor, within statutory and other regulatory authority, may place selected funds of the system with investment managers outside the system for investment

purposes. The investment of such funds will be subject to the same authorizations and criteria as prescribed for investments consistent with this investment policy.

- 2.7.2 External investment manager(s) will be governed by either a Letter of Instruction outlining investment instructions and asset allocation parameters expressed in writing by the chancellor or subscription/limited partnership/similar agreement(s). The Letter of Instruction will detail the specific investment benchmark to be used to evaluate the external investment manager.
- 2.7.3 Consistent with this investment policy statement and the Letter of Instruction or subscription/limited partnership/similar agreement(s), the external investment manager(s) will be responsible for making decisions on a fully discretionary basis. This includes buy, hold, sell and timing decisions.
- 2.7.4 An external manager(s) will invest only into the security class(es) for which the external manager(s) is retained to manage. A fixed income manager(s) has full discretion to place funds into cash; however, the fixed income manager(s)'s performance will be measured against the investment benchmark detailed in the Letter of Instruction.
- 2.7.5 When prudent, system investment personnel may accept appointments on advisory boards or committees for external managers, serving in an advisory capacity with no additional compensation other than reimbursement for out-of-pocket expenses.

3. CASH MANAGEMENT

- 3.1 A centralized cash management program will be maintained with the objective that all available cash or cash equivalents are invested and reported in accordance with applicable rules and regulations.
- 3.2 The cash management system will provide competitive and enhanced returns for each member. There will be no subsidy from one member to another. The benefits of the cash management system will exceed the full incremental costs associated with implementing and managing the system.
- 3.3 The Office of the ~~Deputy Executive Vice~~ Chancellor and Chief Financial Officer is assigned staff responsibility for the management oversight of the system-wide cash management system, in coordination with appropriate member officials.

4. INVESTMENTS AND OTHER RELATIONSHIPS WITH DEPOSITORIES

- 4.1 The Office of the ~~Deputy Executive Vice~~ Chancellor and Chief Financial Officer 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 system and its members. Once each year, the Office of the ~~Deputy Executive Vice~~ Chancellor and Chief Financial Officer will provide to the chancellor certification that the investments and banking relationships are in compliance with the policy.

4.2 System Depositories

4.2.1 The system is authorized to maintain time and demand bank deposits with only those depositories recommended by the chancellor and approved by the board which have executed a depository agreement. Depository agreements will be executed in accordance with System Policy 25.07, *Contract Administration*. Depositories will be selected on the basis of competitive bids, and the bids will be reviewed by the Office of the ~~Deputy Executive Vice~~ Chancellor and Chief Financial Officer and made a part of the permanent records of the system. The only exceptions to the above are those working funds (imprest funds) which may be authorized within the system with the approval of the chancellor. Such working funds are excluded from the provisions of the system investment policy inasmuch as such funds are not authorized to be invested. Whenever the amount of a working fund is in excess of needs, the excess will be transferred to the appropriate fiscal officer for management in accordance with system investment policy.

4.2.2 The amount of funds which may be deposited with any system bank will be limited to \$100,000,000 or 10% of total deposits, whichever is less. Collateral of 102% will be pledged against all deposits.

4.2.3 Only the chancellor and those officers and/or employees of the members specifically designated in writing by the chief executive officer of each member are authorized to deposit, withdraw, invest, transfer or otherwise manage local funds of the respective members in time and demand deposits with system depositories.

4.3 Responsibilities of System Offices

The Office of the ~~Deputy Executive Vice~~ Chancellor and Chief Financial Officer is responsible for the overall administration of system banking relationships. This responsibility includes:

- (a) identification of proposed depositories;
- (b) securing approval of depositories by the board;
- (c) negotiating System Depository and Pledge Agreement(s);
- (d) preparation of depository, safe keeping and trust accounts agreements with depositories and trustee institutions for execution by the chancellor;
- (e) acceptance and release of securities pledged to secure deposits of the system;
- (f) maintenance of relationships with depositories and trustee institutions;
- (g) monitoring the amount of funds on deposit for each member in each depository and maintaining collateral at sufficient levels; and
- (h) maintenance of records of the specific deposits and related collateral levels for each member for both time and demand deposits;

4.4 Responsibilities of the Chancellor or the Chancellor's Designee at each Member

Within the overall investment and cash management program of the system, the chancellor or the chancellor's designee at each member and his or her successor in office, is responsible for:

- (a) reporting and making available for investment by the Office of the ~~Deputy Executive Vice~~ Chancellor and Chief Financial Officer all local funds for the member in deposits or other arrangements with system depositories;
- (b) designating in writing those persons who are authorized to withdraw, transfer or otherwise place local funds for the member in system depositories; and
- (c) furnishing one copy of each designation required by (b) above to the Office of the ~~Deputy Executive Vice~~ Chancellor and Chief Financial Officer.

5. SYSTEM ENDOWMENT FUND

5.1 Fund Name, Purpose and Eligibility for Participation

- 5.1.1 The System Endowment Fund as herein established will be known as "The Texas A&M University System Endowment Fund" (SEF) and will be under the control of the board, as Trustee.
- 5.1.2 The purpose of the SEF is to provide for the collective investment of all endowment and trust funds held by the system or by the board in a fiduciary capacity. The SEF is to provide funding for scholarships, fellowships, professorships and academic chairs and other uses as specified by donors.
- 5.1.3 No endowment or trust fund will be admitted unless it is under the sole control, with full discretion as to investments, of the board and/or an official or officials of the system in their official capacity. However, no such official, other than the board or chancellor will have any control over the management of the SEF other than to request admittance or withdrawal of any endowment or trust fund under his or her control as designated trustee thereof. No endowment or trust will be admitted which contains a specific provision against commingling or whose investment restrictions prohibit purchase of securities authorized in this system investment policy.

5.2 Investments

Investments of system funds ~~must~~shall be accomplished in accordance with the following principles, objectives and purposes:

- 5.2.1 There are two primary investment objectives. One is to provide a continuing and dependable cash payout, stable and preferably growing in real terms, after giving effect to inflation. The second is to cause the total value of the fund to appreciate, over time, exclusive of growth derived from donations.
- 5.2.2 The cash payout requirement on the SEF is substantial and continuous. Income and capital appreciation must be sufficient to provide an adequate and consistent cash stream for the development of excellence and distinction in the academic programs of the system. In addition, the SEF needs to appreciate to ensure preservation of the purchasing power of the SEF and also to satisfy the need for payout growth in the future.
- 5.2.3 Management of the SEF attempts to meet these objectives by maximizing the return on the SEF's investments, consistent with an appropriate level of risk.

Additionally, the SEF ~~must~~shall be diversified at all times to provide reasonable assurance that investment in a single security, a class of securities or industry will not have an excessive impact on the SEF.

- 5.2.4 A goal of the SEF is to maintain a balance between investment objectives and liquidity needs. Liquidity is necessary to meet the cash payout requirements and any extraordinary events. In many instances, the most appropriate investment option is one that comes with liquidity constraints. The tradeoff between appropriateness and liquidity will be considered throughout the portfolio construction process.

5.3 Asset Allocation

- 5.3.1 The SEF's asset allocation policy will be consistent with the investment objectives and risk tolerances. These policies, developed after examining the historical relationships of risk and return among asset classes and integrating an analysis of both assets and liabilities, are designed to provide the highest probability of meeting or exceeding the SEF's return objectives at the lowest possible risk. The overall objective of the SEF is to invest the funds in such a manner as to achieve a reasonable balance of growth of corpus and consistent payout while maintaining the purchasing power of these endowments, as can reasonably be achieved within the framework of the policy consistent with the system's objective of the safety and preservation of capital. Although dynamic capital markets may cause fluctuating risk/return opportunities over a market cycle, the following standards will be used as a flexible framework for asset allocation as measured at market value. The targets outlined below represent the current allocation objective of the board and ~~must~~shall be adhered to within the range for each asset class as outlined below. The board recognizes markets will fluctuate and accordingly charges the Office of the ~~Deputy Executive Vice~~ Chancellor and Chief Financial Officer with aligning the actual allocation towards these targets on a quarterly basis.

<u>Asset Class</u> Types of <u>Securities</u>	<u>Target</u>	<u>Range</u>
Fixed Income	15%	10% - 20%
Domestic Equity	20 15%	15 10% - 25%
International Equity	20 15%	15 10% - 25%
Real Assets	15%	10% - 25%
Absolute Return	15%	10% - 20%
Private Equity	15 25%	10 15% - 25 35%

The SEF will compare total fund performance to a Policy Index that approximates the long-term asset allocation ~~and an Asset Allocation Index that approximates the actual asset allocation of the SEF, adjusted quarterly~~. The investment benchmarks that comprise the Policy Index ~~and the Asset Allocation Index~~ will be those detailed in the Letters of Instruction and/or designated by the Office of the ~~Deputy Executive Vice~~ Chancellor and Chief Financial Officer.

- 5.3.2 Fixed income will be managed with a duration of +/- 30% of the effective duration of the investment benchmark detailed in the Letter of Instruction while seeking

to outperform the investment benchmark and to attain performance in the top quartile when compared to an appropriate manager universe over a five-year moving time period. Long-term preservation of capital is the primary objective when making any fixed income investment.

5.3.3 The equity allocation will be diversified among the various management styles in order to attain the desired expected return within appropriate risk tolerances. These assets will be managed at a risk level (beta) of no greater than 1.20 times the investment benchmark detailed in the Letter of Instruction while seeking to outperform the investment benchmark and to attain performance in the top quartile when compared to an appropriate manager universe over a five-year moving time period. Diversification of each equity manager's portfolio will require no more than 25% of equities in one industry. Each equity manager is expected to stay fully invested in equities. In general, cash or cash equivalents should not exceed 5% of the market value of each equity portfolio. In the event of severe economic/capital market conditions or strong liquidity needs, the investment managers may raise a significant amount of cash. Any such decision arising from economic/capital market conditions must be explained in writing to the system staff within 10 working days thereafter. Any other deviations must first be communicated to, and approved in writing by, the designated member of the system staff. Long-term appreciation of the fund is the primary objective when making any equity investment.

5.3.4 ~~Inflation—HedgeReal Assets~~, Absolute Return and Private Equity ~~funds~~investments will be selected and evaluated based on, but not limited to, the following criteria: Tenure and track record of management team, expertise in targeted areas of investment, diversification strategy, use of leverage, liquidity of investments and performance relative to similar investments.

5.4 Distribution of Income

Distribution will be made quarterly as soon as practicable after the last calendar day of November, February, May and August of each fiscal year to the endowment and trust funds participating in the SEF during the respective quarter. The income distribution per unit for each fiscal year will be to distribute, excluding fees, 5% of the 20-quarter average market value per unit as of the end of the previous February.

5.5 Amendment or Termination of Plan

The board reserves the right to amend or terminate the SEF as it deems necessary or advisable.

6. SYSTEM CASH CONCENTRATION POOL

6.1 Fund Name, Purpose and Eligibility for Participation

6.1.1 The Cash Concentration Pool herein established will be known as "The Texas A&M University System Cash Concentration Pool" (Pool) and will be under the control of the board. The direction of the Pool will be under the chancellor in accordance with Section 1.3.

6.1.2 The purpose of the Pool is to provide for the collective investment of all operating, non-operating and other funds resting with system or its members. The Pool was established to provide incremental return to assist in meeting the operating needs of the system.

6.1.3 All funds deposited into the Pool must be under sole control of the board and/or an official or officials of the system in their official capacity. However, no such official, other than the chancellor, ~~will~~shall have any control over the management of the Pool other than to request deposits or withdrawals on the fund.

6.2 Investments

The Pool will be limited to such investments as are eligible under system investment policy as adopted by the board as amended from time to time.

6.3 Asset Allocation

6.3.1 The Pool's asset allocation policy will reflect, and be consistent with, the investment objectives and risk tolerances. These policies, developed after examining the historical relationships of risk and return among asset classes and integrating an analysis of both assets and liabilities, are designed to provide the highest probability of meeting or exceeding the Pool's return objectives at the lowest possible risk. The overall objective of the Pool is to invest the funds in such a manner as to achieve a reasonable balance of growth of corpus and consistent payout to meet the operating needs of the system, as can reasonably be achieved within the framework of the policy consistent with the system's objective of the safety and preservation of capital. Although dynamic capital markets may cause fluctuating risk/return opportunities over a market cycle, the following standards will be used as a flexible framework for asset allocation and portfolio structure (as measured at market value). The targets outlined below represent the current allocation objective of the board and ~~must~~shall be adhered to within the range for each asset class as outlined in this section. The board recognizes markets will fluctuate and accordingly charges the Office of the ~~Deputy Executive Vice~~ Chancellor and Chief Financial Officer with aligning the actual allocation towards these targets on a quarterly basis. All allocation percentages are to be exclusive of debt proceeds which are to be invested in the Short-Term Portfolio.

Asset Class <u>Types of</u> <u>Securities</u>	<u>Target</u>	<u>Range</u>
Short-Term Portfolio	8%	6% - 12%
Liquidity Portfolio	10%	8% - 12%
Fixed Income	22 <u>32</u> %	17 <u>27</u> % - 27 <u>37</u> %
Domestic Equity	20%	15% - 25%
International Equity	20%	15% - 25%
Absolute Return	20%	15% - 25%

6.3.2 The Short-Term Portfolio will be managed to meet short-term cash requirements with a duration not to exceed one year.

~~6.3.3 The Liquidity Portfolio will be managed with a duration +/- 30% of the effective duration of the investment benchmark detailed in the Letter of Instruction, while seeking to outperform the investment benchmark and to attain performance in the top quartile when compared to an appropriate manager universe over a five-year moving time period.~~

~~6.3.4~~6.3.3 Fixed Income will be managed with a weighted average duration +/- 30% of the effective duration of the investment benchmark detailed in the Letter of Instruction, while seeking to outperform the investment benchmark and to attain performance in the top quartile when compared to an appropriate manager universe over a five-year moving time period.

~~6.3.5~~6.3.4 The Equity Portfolios will be diversified among the various management styles and equity asset classes in order to attain the desired expected return within appropriate risk tolerances. These assets will be managed at a risk level (beta) not to exceed 1.20 times the investment benchmark detailed in the Letter of Instruction while seeking to outperform the investment benchmark and to rank in the top quartile when compared to an appropriate manager universe over a five-year moving time period. Diversification of each manager's portfolio will require no more than 25% of equities in one industry. Each equity manager is expected to stay fully invested in equities. In general, cash and cash equivalents should not exceed 5% of the market value of each equity portfolio.

~~6.3.6~~6.3.5 Absolute return strategies will be selected and evaluated based on, but not limited to, the following criteria: Tenure and track record of management team, expertise in targeted areas of investment, diversification strategy, use of leverage, liquidity of investments, level of general partner investment, fees and potential conflicts of interest.

6.4 Amendment or Termination of Plan

The board reserves the right to amend or terminate the Pool as it deems necessary or advisable.

7. PLACEMENT AGENTS

The purpose of this provision of the system investment policy is to ensure all system investment transactions and decisions are free from improper influence or the appearance of such consistent with the board's fiduciary responsibilities. The system requires transparency and accountability of the role of the placement agent. Prior to investing with an investment manager, the system ~~must~~shall obtain a statement from the manager that it did not use a placement agent in connection with the system's investment or, if the manager has used a placement agent, it will disclose certain information regarding the payment of or the incurrence of an obligation to pay any placement fee and the services to be performed by the placement agent including as set forth in the placement agent questionnaire submitted to treasury personnel. Furthermore, the fund or manager ~~must~~shall certify, represent and warrant that the disclosures required by the questionnaire are complete, true and correct in all material respects. The system cannot be responsible or liable for the payment of any placement fee unless such amounts are completely offset by reductions to the management fees or other fees payable by the system to the fund.

Related Statutes, Policies, or Requirements

System Policy [07.01, Ethics](#)

[System Policy 07.03, Conflicts of Interest, Dual Office Holding and Political Activities](#)

[System Policy 25.07, Contract Administration](#)

Tex. Educ. Code §§ [51.003](#), [51.0031](#)

[Tex. Prop. Code Ch. 163](#)

Member Rule Requirements

A rule is not required to supplement this policy.

Contact Office

System Office of Treasury Services
(979) 458-6330



22.02 System Investment

Reviewed [April 11, 2019](#) (MO -2019)
Next Scheduled Review: April 11, 2020
Click to view [Revision History](#).

Policy Summary

This policy sets out the responsibilities of the Board of Regents (board), as assigned by law, to act as a fiduciary in the management of assets under the control of The Texas A&M University System (system) and delineates the roles and responsibilities of the chancellor and system staff regarding the management of assets under the control of the board.

Policy

1. GENERAL

- 1.1 As provided in the Texas Education Code, each board member has the legal responsibilities of a fiduciary in the management of funds under the control of the system. All investments will be made in accordance with applicable state and federal regulations. All assets of the system will at all times be vested in the board, and such assets will be deemed to be held by the board as a fiduciary regardless of the name in which the securities may be registered.
- 1.2 The board has granted to the chancellor the authority for the purchase, sale, assignment, transfer and management of all investments of any kind or character of the system or any member thereof and has authorized the chancellor to execute on behalf of the board or any member thereof any and all documents required in the purchase, sale, assignment, transfer and management of these investments.
- 1.3 The chancellor may delegate to treasury personnel the authority to execute any and all documents required to accomplish the actions outlined above and the deposit, withdrawal, or transfer of assets on behalf of the members.
- 1.4 Investments are defined to include, but are not limited to, any monetary or negotiable asset or property right held by a member including all operating, non-operating and other funds. This includes any asset or property right acquired or held by any member as trustee of a trust or as executor of an estate. Assets will include land and other real property, market investments, business enterprises and any other investments of any kind or character held or acquired by such funds.
- 1.5 Prudent Investor Rule – Each person responsible for making or retaining each and all investments and in acquiring, investing, reinvesting, exchanging, retaining, selling, supervising and managing funds will do so in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

- 1.6 In the management of system investments, consideration will be given to general economic/capital market conditions, the possible effect of inflation or deflation, the expected tax consequences, the role that each investment or course of action plays within the overall investment portfolio and the requirements for liquidity, diversification, safety of principal, yield, maturity, quality and capability of investment management, with the primary emphasis on safety. Consideration will also be given to incur only costs that are appropriate and reasonable in relation to the assets.
- 1.7 The overall objective of the investment policy is to invest the system's available funds in such a manner as to earn as high a level of return as can reasonably be achieved within the framework of the policy and consistent with the system's primary objective of the safety and preservation of capital.
- 1.8 Each custodian bank will furnish monthly statements to the Office of the Deputy Chancellor and Chief Financial Officer that will include cost and market value for all positions, industry segmentation and percentage composition of the portfolio represented by each issue. The custodian bank statements will be used as the basis for quarterly investment performance reports to the board.
- 1.9 Coordination of investment policy, cash management and system depositories' activities will be maintained by the chancellor through the Office of the Deputy Chancellor and Chief Financial Officer.
- 1.10 The chancellor will provide the board's Committee on Finance an annual report on the need to revise the system investment policy in regard to authorized securities, asset allocation, payout or any other pertinent matters.

2. INVESTMENT OF FUNDS

2.1 Quality Restrictions

For the purpose of this policy all traditional fixed income securities which use long-term credit ratings must be rated the equivalent of "B" or better by a nationally recognized statistical rating organization. The fixed income portfolios must have an overall credit rating of "A" or better by a nationally recognized statistical rating organization. Securities using short-term credit ratings must be rated at least A-2, P-2, F-2 or the equivalent by a nationally recognized statistical rating service.

2.2 Authorized Investments

2.2.1 Direct obligations of the principal and interest which are guaranteed by the United States Government or its agencies to include:

- (a) obligations of the U.S. Treasury.
- (b) direct obligations guaranteed by the Federal Intermediate Credit Bank (FICB), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Government National Mortgage Association (GNMA), Student Loan Marketing Association (SLMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB),

Tennessee Valley Authority (TVA) and other government-sponsored entities (GSE).

- 2.2.2 Obligations of states, agencies, counties, cities and other political subdivisions of any state.
- 2.2.3 United States dollar denominated debentures or obligations and preferred and common stocks issued by corporations, associations or other institutions, and convertible securities of all kinds issued by corporations. Not more than 4.9% of the voting stock of any one corporation will be owned by the system at any given time. This includes participation in publicly traded domestic Real Estate Investment Trusts (REITs).
- 2.2.4 Debentures or obligations, and preferred or common stock of international governments and corporations. International preferred and common stock issues must be listed on an organized stock exchange. Utilization of derivatives for the hedging of currency risk is permissible.
- 2.2.5 Certificates of Deposit issued by state and national banks not to exceed 10% of banks' total deposits. Certificates of Deposit must be insured by the Federal Deposit Insurance Corporation, or its successor, or secured (collateralized) by surety bond, or obligations described in this policy, with such collateral to be held by a third party, and that at all times will have a market value of not less than the principal amount of the certificates or in any manner and amount provided by law for deposits of the investing entities, and with the additional provision that all collateral based on direct agency or instrumentality issued mortgage backed securities must have been rated the equivalent of "AAA" by a nationally recognized credit rating organization (NRSRO).
- 2.2.6 Negotiable Certificates of Deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1 or the equivalent by a nationally recognized credit rating agency.
- 2.2.7 Deposits in federally insured savings and loan associations, building and loan associations, and state and national banks not to exceed the amount insured by the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation or their successors.
- 2.2.8 Bankers Acceptances, accepted by a bank organized and existing under laws of the U.S. or any state, in accordance with Section 2.1.
- 2.2.9 Money Market Mutual Funds. Funds must be registered with the Securities and Exchange Commission, have a maximum maturity of 13 months and be no-load funds. Fund must have assets consisting of securities authorized under this policy.
- 2.2.10 Mutual Funds. Funds must be registered with the Securities and Exchange Commission and invest in assets authorized under this policy.

- 2.2.11 Direct Security Repurchase Agreements. Direct Repos must be fully secured (collateralized) by obligations authorized under this policy. Such collateral must be held by a third party. All agreements will be in compliance with Federal Reserve Bank guidelines.
- 2.2.12 Securities Lending. The securities lending agent is required to provide indemnification against borrower default. Further, loan exposure to borrowers must be diversified and managed within prudent limits to avoid concentrated borrower risk. The securities lending agent must provide credit approval for all borrowers and is required to perform on-going review and monitoring of borrower default risk and exposures. The amount of the portfolio out on loan must be limited to one-third of each portfolio. Cash collateral will be held in excess of the market value of lent securities in an amount no less than 102% of the market value. The securities lending agent is required to market the value of collateral daily and must review collateral positions and prices to ensure adequate collateral is received and prices used are current and valid. The investment collateral must be invested within the restrictions delineated under SEC Rule 2a-7 under the Investment Company Act of 1940. Basis risk in the portfolio is limited to 30 days when accounting for variable rate securities and loans by their respective reset dates. If loans are not in accordance with these guidelines, they are subject to termination.
- 2.2.13 Investments in bank loans and other non-traditional credit investments may be used to diversify and enhance the return of the portfolio.
- 2.2.14 Derivative instruments may be used in place of underlying securities to modify risk/return characteristics or to cost-effectively implement change in asset allocation. Additional uses of derivatives require written approval of the chancellor or designee. Derivative investments will not be utilized for the purpose of introducing leverage to the portfolio other than in accordance with Section 2.2.16.
- 2.2.15 Investments in venture capital and/or private equity partnerships may be used to enhance the expected return of the portfolio. These investments are long-term, illiquid, private partnerships with high variability of returns. No investment will be made that would comprise more than 10% of total commitments to a single fundraise, which includes commingled and separately managed funds.
- 2.2.16 Investments in absolute return strategies may be used to diversify and enhance the return of the portfolio. Absolute return strategies may invest in derivative instruments, employ leverage and sell securities short. Hedge fund investments may be made in offshore limited partnership shares or by using blocker corporations in order to avoid unrelated business income tax (UBIT). No investment will be made that will comprise more than 10% of any partnership's assets other than a separate fund mandate for portfolio assets.
- 2.2.17 Real assets investments including timber, energy and real estate may be used to diversify and enhance the return of the portfolio. These investments are long-term, illiquid and have high variability of returns. No investment will be made that would comprise more than 10% of total commitments to a single fundraise, which includes commingled and separately managed funds.

2.3 Stock Rights, Fractional Shares, and Proxies

In each instance, exercise or sale of the rights is to be made at the discretion of the chancellor. The chancellor is authorized to execute proxies within the approved investment policy.

2.4 Quasi-Endowments

The board may, on recommendation of the chancellor, establish a quasi-endowment using any source of funding at its disposal except educational (program) and general funds and restricted gifts or grants. Income from funds held in quasi-endowments is available for the purpose established by the board. The corpus of such funds will be held until such time as the board, on recommendation of the chancellor, abolishes the quasi-endowment, at which time the corpus is available for such purpose(s) as may be designated by the board. All quasi-endowments established by the board will be invested in the System Endowment Fund.

2.5 Matching of Private Gifts from Available University Fund (AUF)

Subject to the availability of matching funds appropriated for that purpose by the board, and with the approval of the chancellor, the presidents of Texas A&M University and Prairie View A&M University are authorized to accept private gifts and to match such gifts with AUF monies, provided such actions are reported to the board at its next regularly scheduled meeting.

Authorization for the expenditure of AUF to match endowments is in the general appropriations act, subject to biennial renewal by the legislature. Matching may be completed as long as the pledge is received during a time when the rider authorization is in effect.

2.6 Investment Transactions

Sales, purchases and exchanges will be effected through financial institutions or through well-capitalized, nationally known investment firms which are recognized as being major participants in the equity and fixed income markets, in accordance with normal investment practices, if, in the judgment of the chancellor, these services will produce the maximum benefit to the system.

2.7 Use of Outside Investment Managers

2.7.1 The chancellor, within statutory and other regulatory authority, may place selected funds of the system with investment managers outside the system for investment purposes. The investment of such funds will be subject to the same authorizations and criteria as prescribed for investments consistent with this investment policy.

2.7.2 External investment manager(s) will be governed by either a Letter of Instruction outlining investment instructions and asset allocation parameters expressed in writing by the chancellor or subscription/limited partnership/similar agreement(s). The Letter of Instruction will detail the specific investment benchmark to be used to evaluate the external investment manager.

2.7.3 Consistent with this investment policy statement and the Letter of Instruction or subscription/limited partnership/similar agreement(s), the external investment manager(s) will be responsible for making decisions on a fully discretionary basis. This includes buy, hold, sell and timing decisions.

2.7.4 An external manager(s) will invest only into the security class(es) for which the external manager(s) is retained to manage. A fixed income manager(s) has full discretion to place funds into cash; however, the fixed income manager(s)'s performance will be measured against the investment benchmark detailed in the Letter of Instruction.

2.7.5 When prudent, system investment personnel may accept appointments on advisory boards or committees for external managers, serving in an advisory capacity with no additional compensation other than reimbursement for out-of-pocket expenses.

3. CASH MANAGEMENT

3.1 A centralized cash management program will be maintained with the objective that all available cash or cash equivalents are invested and reported in accordance with applicable rules and regulations.

3.2 The cash management system will provide competitive and enhanced returns for each member. There will be no subsidy from one member to another. The benefits of the cash management system will exceed the full incremental costs associated with implementing and managing the system.

3.3 The Office of the Deputy Chancellor and Chief Financial Officer is assigned staff responsibility for the management oversight of the system-wide cash management system, in coordination with appropriate member officials.

4. INVESTMENTS AND OTHER RELATIONSHIPS WITH DEPOSITORIES

4.1 The Office of the Deputy Chancellor and Chief Financial Officer 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 system and its members. Once each year, the Office of the Deputy Chancellor and Chief Financial Officer will provide to the chancellor certification that the investments and banking relationships are in compliance with the policy.

4.2 System Depositories

4.2.1 The system is authorized to maintain time and demand bank deposits with only those depositories recommended by the chancellor and approved by the board which have executed a depository agreement. Depository agreements will be executed in accordance with System Policy 25.07, *Contract Administration*. Depositories will be selected on the basis of competitive bids, and the bids will be reviewed by the Office of the Deputy Chancellor and Chief Financial Officer and made a part of the permanent records of the system. The only exceptions to the above are those working funds (imprest funds) which may be authorized within the system with the approval of the chancellor. Such working funds are excluded

from the provisions of the system investment policy inasmuch as such funds are not authorized to be invested. Whenever the amount of a working fund is in excess of needs, the excess will be transferred to the appropriate fiscal officer for management in accordance with system investment policy.

4.2.2 The amount of funds which may be deposited with any system bank will be limited to \$100,000,000 or 10% of total deposits, whichever is less. Collateral of 102% will be pledged against all deposits.

4.2.3 Only the chancellor and those officers and/or employees of the members specifically designated in writing by the chief executive officer of each member are authorized to deposit, withdraw, invest, transfer or otherwise manage local funds of the respective members in time and demand deposits with system depositories.

4.3 Responsibilities of System Offices

The Office of the Deputy Chancellor and Chief Financial Officer is responsible for the overall administration of system banking relationships. This responsibility includes:

- (a) identification of proposed depositories;
- (b) securing approval of depositories by the board;
- (c) negotiating System Depository and Pledge Agreement(s);
- (d) preparation of depository, safe keeping and trust accounts agreements with depositories and trustee institutions for execution by the chancellor;
- (e) acceptance and release of securities pledged to secure deposits of the system;
- (f) maintenance of relationships with depositories and trustee institutions;
- (g) monitoring the amount of funds on deposit for each member in each depository and maintaining collateral at sufficient levels; and
- (h) maintenance of records of the specific deposits and related collateral levels for each member for both time and demand deposits;

4.4 Responsibilities of the Chancellor or the Chancellor's Designee at each Member

Within the overall investment and cash management program of the system, the chancellor or the chancellor's designee at each member and his or her successor in office, is responsible for:

- (a) reporting and making available for investment by the Office of the Deputy Chancellor and Chief Financial Officer all local funds for the member in deposits or other arrangements with system depositories;
- (b) designating in writing those persons who are authorized to withdraw, transfer or otherwise place local funds for the member in system depositories; and
- (c) furnishing one copy of each designation required by (b) above to the Office of the Deputy Chancellor and Chief Financial Officer.

5. SYSTEM ENDOWMENT FUND

5.1 Fund Name, Purpose and Eligibility for Participation

- 5.1.1 The System Endowment Fund as herein established will be known as "The Texas A&M University System Endowment Fund" (SEF) and will be under the control of the board, as Trustee.
- 5.1.2 The purpose of the SEF is to provide for the collective investment of all endowment and trust funds held by the system or by the board in a fiduciary capacity. The SEF is to provide funding for scholarships, fellowships, professorships and academic chairs and other uses as specified by donors.
- 5.1.3 No endowment or trust fund will be admitted unless it is under the sole control, with full discretion as to investments, of the board and/or an official or officials of the system in their official capacity. However, no such official, other than the board or chancellor will have any control over the management of the SEF other than to request admittance or withdrawal of any endowment or trust fund under his or her control as designated trustee thereof. No endowment or trust will be admitted which contains a specific provision against commingling or whose investment restrictions prohibit purchase of securities authorized in this system investment policy.

5.2 Investments

Investments of system funds must be accomplished in accordance with the following principles, objectives and purposes:

- 5.2.1 There are two primary investment objectives. One is to provide a continuing and dependable cash payout, stable and preferably growing in real terms, after giving effect to inflation. The second is to cause the total value of the fund to appreciate, over time, exclusive of growth derived from donations.
- 5.2.2 The cash payout requirement on the SEF is substantial and continuous. Income and capital appreciation must be sufficient to provide an adequate and consistent cash stream for the development of excellence and distinction in the academic programs of the system. In addition, the SEF needs to appreciate to ensure preservation of the purchasing power of the SEF and also to satisfy the need for payout growth in the future.
- 5.2.3 Management of the SEF attempts to meet these objectives by maximizing the return on the SEF's investments, consistent with an appropriate level of risk. Additionally, the SEF must be diversified at all times to provide reasonable assurance that investment in a single security, a class of securities or industry will not have an excessive impact on the SEF.
- 5.2.4 A goal of the SEF is to maintain a balance between investment objectives and liquidity needs. Liquidity is necessary to meet the cash payout requirements and any extraordinary events. In many instances, the most appropriate investment option is one that comes with liquidity constraints. The tradeoff between appropriateness and liquidity will be considered throughout the portfolio construction process.

5.3 Asset Allocation

5.3.1 The SEF's asset allocation policy will be consistent with the investment objectives and risk tolerances. These policies, developed after examining the historical relationships of risk and return among asset classes and integrating an analysis of both assets and liabilities, are designed to provide the highest probability of meeting or exceeding the SEF's return objectives at the lowest possible risk. The overall objective of the SEF is to invest the funds in such a manner as to achieve a reasonable balance of growth of corpus and consistent payout while maintaining the purchasing power of these endowments, as can reasonably be achieved within the framework of the policy consistent with the system's objective of the safety and preservation of capital. Although dynamic capital markets may cause fluctuating risk/return opportunities over a market cycle, the following standards will be used as a flexible framework for asset allocation as measured at market value. The targets outlined below represent the current allocation objective of the board and must be adhered to within the range for each asset class as outlined below. The board recognizes markets will fluctuate and accordingly charges the Office of the Deputy Chancellor and Chief Financial Officer with aligning the actual allocation towards these targets on a quarterly basis.

<u>Asset Class</u>	<u>Target</u>	<u>Range</u>
Fixed Income	15%	10% - 20%
Domestic Equity	15%	10% - 25%
International Equity	15%	10% - 25%
Real Assets	15%	10% - 25%
Absolute Return	15%	10% - 20%
Private Equity	25%	15% - 35%

The SEF will compare total fund performance to a Policy Index that approximates the long-term asset allocation. The investment benchmarks that comprise the Policy Index will be those detailed in the Letters of Instruction and/or designated by the Office of the Deputy Chancellor and Chief Financial Officer.

5.3.2 Fixed income will be managed with a duration of +/- 30% of the effective duration of the investment benchmark detailed in the Letter of Instruction while seeking to outperform the investment benchmark and to attain performance in the top quartile when compared to an appropriate manager universe over a five-year moving time period. Long-term preservation of capital is the primary objective when making any fixed income investment.

5.3.3 The equity allocation will be diversified among the various management styles in order to attain the desired expected return within appropriate risk tolerances. These assets will be managed at a risk level (beta) of no greater than 1.20 times the investment benchmark detailed in the Letter of Instruction while seeking to outperform the investment benchmark and to attain performance in the top quartile when compared to an appropriate manager universe over a five-year moving time period. Diversification of each equity manager's portfolio will require no more than 25% of equities in one industry. Each equity manager is

expected to stay fully invested in equities. In general, cash or cash equivalents should not exceed 5% of the market value of each equity portfolio. In the event of severe economic/capital market conditions or strong liquidity needs, the investment managers may raise a significant amount of cash. Any such decision arising from economic/capital market conditions must be explained in writing to the system staff within 10 working days thereafter. Any other deviations must first be communicated to, and approved in writing by, the designated member of the system staff. Long-term appreciation of the fund is the primary objective when making any equity investment.

- 5.3.4 Real Assets, Absolute Return and Private Equity investments will be selected and evaluated based on, but not limited to, the following criteria: Tenure and track record of management team, expertise in targeted areas of investment, diversification strategy, use of leverage, liquidity of investments and performance relative to similar investments.

5.4 Distribution of Income

Distribution will be made quarterly as soon as practicable after the last calendar day of November, February, May and August of each fiscal year to the endowment and trust funds participating in the SEF during the respective quarter. The income distribution per unit for each fiscal year will be to distribute, excluding fees, 5% of the 20-quarter average market value per unit as of the end of the previous February.

5.5 Amendment or Termination of Plan

The board reserves the right to amend or terminate the SEF as it deems necessary or advisable.

6. SYSTEM CASH CONCENTRATION POOL

6.1 Fund Name, Purpose and Eligibility for Participation

- 6.1.1 The Cash Concentration Pool herein established will be known as "The Texas A&M University System Cash Concentration Pool" (Pool) and will be under the control of the board. The direction of the Pool will be under the chancellor in accordance with Section 1.3.
- 6.1.2 The purpose of the Pool is to provide for the collective investment of all operating, non-operating and other funds resting with system or its members. The Pool was established to provide incremental return to assist in meeting the operating needs of the system.
- 6.1.3 All funds deposited into the Pool must be under sole control of the board and/or an official or officials of the system in their official capacity. However, no such official, other than the chancellor, will have any control over the management of the Pool other than to request deposits or withdrawals on the fund.

6.2 Investments

The Pool will be limited to such investments as are eligible under system investment policy as adopted by the board as amended from time to time.

6.3 Asset Allocation

6.3.1 The Pool's asset allocation policy will reflect, and be consistent with, the investment objectives and risk tolerances. These policies, developed after examining the historical relationships of risk and return among asset classes and integrating an analysis of both assets and liabilities, are designed to provide the highest probability of meeting or exceeding the Pool's return objectives at the lowest possible risk. The overall objective of the Pool is to invest the funds in such a manner as to achieve a reasonable balance of growth of corpus and consistent payout to meet the operating needs of the system, as can reasonably be achieved within the framework of the policy consistent with the system's objective of the safety and preservation of capital. Although dynamic capital markets may cause fluctuating risk/return opportunities over a market cycle, the following standards will be used as a flexible framework for asset allocation and portfolio structure (as measured at market value). The targets outlined below represent the current allocation objective of the board and must be adhered to within the range for each asset class as outlined in this section. The board recognizes markets will fluctuate and accordingly charges the Office of the Deputy Chancellor and Chief Financial Officer with aligning the actual allocation towards these targets on a quarterly basis. All allocation percentages are to be exclusive of debt proceeds which are to be invested in the Short-Term Portfolio.

<u>Asset Class</u>	<u>Target</u>	<u>Range</u>
Short-Term Portfolio	8%	6% - 12%
Fixed Income	32%	27% - 37%
Domestic Equity	20%	15% - 25%
International Equity	20%	15% - 25%
Absolute Return	20%	15% - 25%

6.3.2 The Short-Term Portfolio will be managed to meet short-term cash requirements with a duration not to exceed one year.

6.3.3 Fixed Income will be managed with a weighted average duration +/- 30% of the effective duration of the investment benchmark detailed in the Letter of Instruction, while seeking to outperform the investment benchmark and to attain performance in the top quartile when compared to an appropriate manager universe over a five-year moving time period.

6.3.4 The Equity Portfolios will be diversified among the various management styles and equity asset classes in order to attain the desired expected return within appropriate risk tolerances. These assets will be managed at a risk level (beta) not to exceed 1.20 times the investment benchmark detailed in the Letter of Instruction while seeking to outperform the investment benchmark and to rank in the top quartile when compared to an appropriate manager universe over a five-year moving time period. Diversification of each manager's portfolio will require no more than 25% of equities in one industry. Each equity manager is expected to

stay fully invested in equities. In general, cash and cash equivalents should not exceed 5% of the market value of each equity portfolio.

- 6.3.5 Absolute return strategies will be selected and evaluated based on, but not limited to, the following criteria: Tenure and track record of management team, expertise in targeted areas of investment, diversification strategy, use of leverage, liquidity of investments, level of general partner investment, fees and potential conflicts of interest.

6.4 Amendment or Termination of Plan

The board reserves the right to amend or terminate the Pool as it deems necessary or advisable.

7. PLACEMENT AGENTS

The purpose of this provision of the system investment policy is to ensure all system investment transactions and decisions are free from improper influence or the appearance of such consistent with the board's fiduciary responsibilities. The system requires transparency and accountability of the role of the placement agent. Prior to investing with an investment manager, the system must obtain a statement from the manager that it did not use a placement agent in connection with the system's investment or, if the manager has used a placement agent, it will disclose certain information regarding the payment of or the incurrence of an obligation to pay any placement fee and the services to be performed by the placement agent including as set forth in the placement agent questionnaire submitted to treasury personnel. Furthermore, the fund or manager must certify, represent and warrant that the disclosures required by the questionnaire are complete, true and correct in all material respects. The system cannot be responsible or liable for the payment of any placement fee unless such amounts are completely offset by reductions to the management fees or other fees payable by the system to the fund.

Related Statutes, Policies, or Requirements

[System Policy 07.01, Ethics](#)

[System Policy 07.03, Conflicts of Interest, Dual Office Holding and Political Activities](#)

[System Policy 25.07, Contract Administration](#)

Tex. Educ. Code §§ [51.003](#), [51.0031](#)

[Tex. Prop. Code Ch. 163](#)

Member Rule Requirements

A rule is not required to supplement this policy.

Contact Office

System Office of Treasury Services
(979) 458-6330

Agenda Item No.

AGENDA ITEM BRIEFING

Submitted by: Billy Hamilton, Deputy Chancellor and Chief Financial Officer
The Texas A&M University System

Subject: Approval for the President of Texas A&M University to Hold a Public Hearing and Adjust Specific Undergraduate Tuition and Fees of Students Admitted to Programs in the Health Science Center

Proposed Board Action:

Approve for the president of Texas A&M University to hold a public hearing and adjust specific undergraduate tuition and fees of students admitted to programs in the Health Science Center as outlined in the attached justification form.

Background Information:

The Texas Education Code and System [Policy 26.01, Tuition and Fees](#) provides guidance on all student tuition, fees and charges allowable for collection by institutions of higher education. Many of the authorized tuition and fees require approval from the Board of Regents (Board) prior to implementation. In addition, increases to certain tuition and fees require that the Board hold a public hearing to receive input from students and the general public prior to the increases taking effect.

The purpose of the agenda item is to delegate, to the president of Texas A&M University, the authority to hold a public hearing and adjust the undergraduate tuition and fees for students admitted to programs in the Health Science Center to align both the amounts and the structures with comparable programs on the main campus and with comparable programs at public institutions in the state of Texas. This authority would be limited to a one-time adjustment and will expire on August 31, 2021.

Students already enrolled in a guaranteed plan will not be impacted.

A&M System Funding or Other Financial Implications:

Attached.

Agenda Item No.

THE TEXAS A&M UNIVERSITY SYSTEM
Office of the Deputy Chancellor and Chief Financial Officer
February 8, 2019

Members, Board of Regents
The Texas A&M University System

Subject: Approval for the President of Texas A&M University to Hold a Public Hearing and Adjust Specific Undergraduate Tuition and Fees of Students Enrolled in Programs in the Health Science Center

I recommend adoption of the following minute order:

“The Board of Regents of The Texas A&M University System hereby approves for the president of Texas A&M University to hold a public hearing and adjust the undergraduate tuition and fees for students enrolled in programs in the Health Science Center to align both the amounts and the structures with comparable programs on the main campus and with comparable programs at public institutions in the state of Texas.

This authority is limited to a one-time adjustment and will expire on August 31, 2021.”

Respectfully submitted,

Billy Hamilton
Deputy Chancellor and
Chief Financial Officer

Approval Recommended:

Approved for Legal Sufficiency:

John Sharp
Chancellor

Ray Bonilla
General Counsel

Texas A&M Health Science Center Programs
Undergraduate Tuition and Fee Alignment

I. Programmatic justification and proposed use of the increased fee

Following the merger of the academic programs of the Health Science Center (TAMHSC) into Texas A&M University (Texas A&M), the tuition and fees for the TAMHSC undergraduate programs have never been aligned to the structures and levels of the Texas A&M main campus programs. This lack of alignment is causing enrollment and financial challenges as student enrollment is shifting based on the lack of alignment and creating situations where students are making cost-based decisions and exacerbating challenges of adequate faculty and staff to support these enrollment shifts. In addition, students are not being treated equitably across the institution.

Therefore, the university requests authority be given to the president to hold a public hearing and make a one-time adjustment in the undergraduate tuition and fees of the baccalaureate programs of students admitted to programs of the Health Science Center to align both the amounts and the structures with comparable programs on the main campus and with comparable programs at public institutions in the state of Texas. This authority would be limited to a one-time adjustment and expire by August 31, 2021.

The primary purpose of this adjustment would be to do the following:

- a) Provide clear and consistent tuition and fee schedules for students and parents, which align with other health programs at Texas A&M, and more closely align with comparable schools within the state of Texas.
- b) Address the inability to recruit, retain, and support a diverse and highly qualified student body.
- c) Address the inability to support, retain, and recruit diverse and highly productive faculty.

II. Public hearing and/or student referendum requirements

The proposed change would be presented to students in the impacted programs of the Health Science Center in accordance with the delegated authority, and feedback from the hearing would be utilized to finalize any changes.

III. Budget impact if fee request is not approved

If this change is not implemented, the lack of resources will inhibit the school's delivery of high quality programs at the undergraduate level in accordance with levels of excellence expected at Texas A&M and may necessitate the phasing out of existing programs as they may not be sustainable as is.

IV. Justification for ending balance

No anticipated ending balance.

V. Additional information

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AGENDA ITEM BRIEFING

Submitted by: Dr. Parr Rosson, Interim Director
The Texas A&M AgriLife Extension Service

Subject: Approval to Amend the FY 2019-FY 2023 Texas A&M University System Capital Plan to Add the HVAC System and Roof Replacement at the Wallrath AgriLife Extension Service Building Project (Project No. 07-29222019) for Texas A&M AgriLife Extension Service with a Fiscal Year 2019 Start Date

Proposed Board Action:

- (1) Amend the approved FY 2019-FY 2023 Texas A&M University System Capital Plan to add the HVAC System and Roof Replacement at the Wallrath AgriLife Extension Service Building Project for Texas A&M AgriLife Extension Service (AgriLife Extension) with an FY 2019 start date and a total planning amount of \$5,658,427.
- (2) Appropriate \$565,800 for pre-construction services and related project costs.

Funding/Planning Amount:

<u>Funding Source</u>	<u>Planning Amount</u>	<u>Average Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Permanent University Fund Debt Proceeds	\$2,100,000 *	\$163,243	Available University Fund
Revenue Financing System Debt Proceeds	\$2,000,000	\$236,845	Indirect Cost Recoveries and Interest Income
Cash (Indirect Cost Recoveries)	<u>\$1,558,427</u>	N/A	N/A
Total Project Cost	<u>\$5,658,427</u>		

*AgriLife Extension is using \$2.1 million of its PUF Equipment Allocations to provide funding for this project.

Project Justification:

The Wallrath AgriLife Extension Service Building, located in College Station, Texas, was originally constructed in 1987 and renovated in 2004. The building is a single-story office building with a total square footage of approximately 47,179 gross square feet (GSF). The building is primarily conditioned with Packaged DX Rooftop Units (RTU). There is also a DX split Computer Room Air Conditioning (CRAC) unit currently serving a server room. Heating for most of the building is provided by a high-efficiency condensing natural gas boiler with hot water heating coils

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in the terminal units. The building is currently equipped with a pneumatic control system. The Packaged DX RTUs include five Trane variable air volume (VAV) units (RTU-1, 2, 3, 4 and 6), configured with supply and return fans. Supply ductwork for the five VAV RTUs is routed to zone terminal units with hot water heating coils. There are no access panels in the terminal units, so the condition of the re-heat coils is unknown. RTU-5 and RTU-7 are single zone constant volume units. RTU-5 is the only unit originally designed with gas heat and it serves the previous gym area which is currently used as storage space. RTU-7 was manufactured by Carrier and provides overhead air distribution to condition the server room. This RTU works in conjunction with a vertical Liebert split CRAC unit that conditions the space via underfloor distribution. In addition to the RTUs needing replacement, the VAV control boxes, duct work and pneumatic controls will be replaced with modern digital controls for energy management and efficiency.

The HVAC system has reached the end of its useful life and is in dire need of replacement. There have been over 200 work orders placed for the repairs of various RTUs in the last two years. The units simply cannot be maintained any longer and the availability of parts is minimal at best.

Due to the nature of the RTUs being placed on the roof and much needed repairs through the years, the roof has become extremely compromised. Currently, the roof has periodic leaks throughout the facility. The roof type is referred to as a traditional built-up roof, which consists of insulation, a layer of tar and a generous layer of gravel. The roof is in such poor shape that a good portion of the roof is no longer covered in gravel to protect the substrate. The facility's small parapet wall leaks constantly and needs new flashing and caulking. Roof drains will need to be cleaned out, replaced and/or reset along with vents, exhaust fans and condensation drain pipes. The roof needs to be replaced at the same time as the RTUs.

Scope:

The facility will make a major transition from the building's DX units to a chilled water system. Existing RTUs would be replaced by roof-mounted chilled water air handling units (AHU). The new chill-water plant will consist of air-cooled chillers, chilled water pumps, an expansion and buffer tank that could be located to the northwest of the existing building. RTU-1, 2, 3 and 6 will be replaced with new chilled-water AHUs. Existing roof curbs will be modified or replaced as needed to accommodate units. The AHU used to replace the RTU-4 will be sized to accommodate the additional load of the server room and original gym area (previously served by RTU-5). New terminal units and an extension of primary ductwork will be required. Phasing of the construction will be required and a total building shut-down for approximately 8-10 weeks. The agency anticipates a short term lease of space, as employees will be temporarily relocated during the renovation. The scope of work will also address items that are related to the HVAC system. These items are: exhaust fans, new digital operating control systems, new VAV terminal units, testing and balancing the system and any architectural modifications due to the project. The project will provide a permanent means of access to the roof. Structural modification will need to be made to the roof in order to accept the new AHUs.

The HVAC project will simultaneously coordinate the replacement of the roof system. The entire existing roof system will be removed and replaced with a new energy efficient membrane roofing system along with walking and utility pads. Flashing will be replaced at the parapet walls and elevated areas.

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Construction on this project is anticipated to start in November 2019 with substantial completion projected for May 2020. The total project planning amount is \$5,658,427.

A more definitive project scope and budget will be determined during the pre-construction phase and approved by the Board prior to construction contract award.

Other Major Fiscal Impacts:

None.

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TEXAS A&M AGRILIFE EXTENSION SERVICE

Office of the Director

February 7, 2019

Members, Board of Regents
The Texas A&M University System

Subject: Approval to Amend the FY 2019-FY 2023 Texas A&M University System Capital Plan to Add the HVAC System and Roof Replacement at the Wallrath AgriLife Extension Service Building Project (Project No. 07-29222019) for Texas A&M AgriLife Extension Service with a Fiscal Year 2019 Start Date

I recommend adoption of the following minute order:

“The request to amend the FY 2019-FY 2023 Texas A&M University System Capital Plan to add the HVAC System and Roof Replacement at the Wallrath AgriLife Extension Service Building Project for Texas A&M AgriLife Extension Service with an FY 2019 start date and a total planning amount of \$5,658,427 is approved.

The amount of \$565,800 is appropriated from Account No. 07-210700, Indirect Costs Recoveries, for pre-construction services and related project costs.

The Board of Regents of The Texas A&M University System (Board) reasonably expects to incur debt in one or more obligations for this project, and all or a portion of the proceeds received from the sale of such obligations is reasonably expected to be used to reimburse the account(s) for amounts previously appropriated and/or expended from such account(s).

As required by Section 5(a) of the Master Resolution of the Revenue Financing System, the Board hereby determines that it will have sufficient funds to meet the financial obligations of The Texas A&M University System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System and that

the Participants, on whose behalf the debt is issued, possess the financial capacity to satisfy their Direct Obligations.”

Respectfully submitted,

Dr. Parr Rosson, Interim Director
Texas A&M AgriLife Extension Service

Approval Recommended:

John Sharp
Chancellor

Billy Hamilton
Deputy Chancellor and
Chief Financial Officer

Patrick J. Stover
Vice Chancellor and Dean
Agriculture and Life Sciences

Approved for Legal Sufficiency:

Ray Bonilla
General Counsel

**TEXAS A&M AGRILIFE EXTENSION SERVICE
PERMANENT UNIVERSITY FUND
HVAC System and Roof Replacement at the Wallrath AgriLife Extension Service Building
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	2,125,000.00			
YEAR 1	2,055,000.00	70,000.00	95,625.00	165,625.00
YEAR 2	1,985,000.00	70,000.00	92,475.00	162,475.00
YEAR 3	1,910,000.00	75,000.00	89,325.00	164,325.00
YEAR 4	1,830,000.00	80,000.00	85,950.00	165,950.00
YEAR 5	1,750,000.00	80,000.00	82,350.00	162,350.00
YEAR 6	1,665,000.00	85,000.00	78,750.00	163,750.00
YEAR 7	1,575,000.00	90,000.00	74,925.00	164,925.00
YEAR 8	1,485,000.00	90,000.00	70,875.00	160,875.00
YEAR 9	1,390,000.00	95,000.00	66,825.00	161,825.00
YEAR 10	1,290,000.00	100,000.00	62,550.00	162,550.00
YEAR 11	1,185,000.00	105,000.00	58,050.00	163,050.00
YEAR 12	1,075,000.00	110,000.00	53,325.00	163,325.00
YEAR 13	960,000.00	115,000.00	48,375.00	163,375.00
YEAR 14	840,000.00	120,000.00	43,200.00	163,200.00
YEAR 15	715,000.00	125,000.00	37,800.00	162,800.00
YEAR 16	585,000.00	130,000.00	32,175.00	162,175.00
YEAR 17	450,000.00	135,000.00	26,325.00	161,325.00
YEAR 18	305,000.00	145,000.00	20,250.00	165,250.00
YEAR 19	155,000.00	150,000.00	13,725.00	163,725.00
YEAR 20	-	155,000.00	6,975.00	161,975.00
		<u>\$ 2,125,000.00</u>	<u>\$ 1,139,850.00</u>	<u>\$ 3,264,850.00</u>

Estimated Issuance Costs of \$25,000.00 are included in this schedule.
Long-term rates are assumed to be 4.50%. Rates are subject to market change.
Prepared by the Office of the Treasurer - Treasury Services 02/01/2019

Rates are subject to market change. Amounts are preliminary estimates that will be revised at the time bonds are issued.

**TEXAS A&M AGRILIFE EXTENSION SERVICE
REVENUE FINANCING SYSTEM
HVAC System and Roof Replacement at the Wallrath AgriLife Extension Service Building
Indirect Cost Recoveries and Interest Income**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	2,020,000.00				
YEAR 1	1,845,000.00	175,000.00	60,600.00	235,600.00	270,940.00
YEAR 2	1,665,000.00	180,000.00	55,350.00	235,350.00	270,652.50
YEAR 3	1,480,000.00	185,000.00	49,950.00	234,950.00	270,192.50
YEAR 4	1,285,000.00	195,000.00	44,400.00	239,400.00	275,310.00
YEAR 5	1,085,000.00	200,000.00	38,550.00	238,550.00	274,332.50
YEAR 6	880,000.00	205,000.00	32,550.00	237,550.00	273,182.50
YEAR 7	670,000.00	210,000.00	26,400.00	236,400.00	271,860.00
YEAR 8	455,000.00	215,000.00	20,100.00	235,100.00	270,365.00
YEAR 9	230,000.00	225,000.00	13,650.00	238,650.00	274,447.50
YEAR 10	-	230,000.00	6,900.00	236,900.00	272,435.00
		<u>\$ 2,020,000.00</u>	<u>\$ 348,450.00</u>	<u>\$ 2,368,450.00</u>	<u>\$ 2,723,717.50</u>

Estimated Issuance Costs of \$20,000.00 are included in this schedule.
Long-term rates are assumed to be 3.00%. Rates are subject to market change.
Prepared by the Office of the Treasurer - Treasury Services 02/01/2019

Rates are subject to market change. Amounts are preliminary estimates that will be revised at the time bonds are issued.



HVAC SYSTEM AND ROOF REPLACEMENT AT THE WALLRATH AGRILIFE EXTENSION SERVICE BUILDING

Texas A&M AgriLife Extension Service

Project No. 07-29222019

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AGENDA ITEM BRIEFING

Submitted by: Billy Hamilton, Deputy Chancellor and Chief Financial Officer
The Texas A&M University System

Subject: Approval to Amend the FY 2019-FY 2023 Texas A&M University System Capital Plan to Add the Innovative Technologies Development Complex Project (Project No. 28-3298) for Texas A&M Engineering Experiment Station with a Fiscal Year 2019 Start Date

Proposed Board Action:

- (1) Amend the approved FY 2019-FY 2023 Texas A&M University System Capital Plan to add the Innovative Technologies Development Complex Project for Texas A&M Engineering Experiment Station (TEES) with an FY 2019 start date and a total planning amount of \$80,000,000.
- (2) Appropriate \$8,000,000 for pre-construction services and related project costs, contingent upon the completion of a Program of Requirements (POR) scoped to the approved budget.

Funding/Planning Amount:

<u>Funding Source</u>	<u>Planning Amount</u>	<u>Average Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Permanent University Fund			Available University
Debt Proceeds	<u>\$80,000,000</u>	\$6,210,953	Fund
Total Project Cost	<u>\$80,000,000</u>		

Project Justification:

The creation of technology solutions rapidly and effectively through acceleration of the development process is a primary goal of this project. A creative approach to identifying and cultivating innovation is needed for agile and responsive technology development to maintain competitive primacy. The Texas A&M University System (A&M System) will develop a technology research and development program with iterative design, prototype development, and testing and evaluation that allows for fundamental research to be linked with user engagement to produce cutting-edge tools, networks, vehicles, and communication systems.

This unique complex will support the development of a state-of-the-art innovation hub for technology acceleration and will provide platforms for agile technology evaluation cycles in collaboration with industry partners. Furthermore, a Technology Innovation and Modernization Catalyst (TIMC) will accelerate commercialization of these technologies by providing opportunities for the business community to invest in new technology development as it moves toward procurement. The Innovative Technologies Development Complex Project will lead periodic Innovation and Integration Evaluation Events (I2E2) to accelerate technology

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maturation and deployment. These events will encourage technology development sprints by developers and provide valuable rapid feedback on system integration performance. Research, development, experimentation, and testing and evaluation platforms will enable the convergence of technologies toward mission objectives and support acceleration of technologies through user-based engagement.

The RELLIS campus, a 2,000-acre collaborative ecosystem built to foster advanced research, technology development, testing and evaluation, and workforce training, will be home to the Innovative Technologies Development Complex Project which is contemplated to include the fully instrumented Innovation Proving Ground (IPG), the TIMC, and required housing through a public-private partnership.

The proposal to locate the Innovative Technologies Development Complex Project in the Secure Industry area west of the runways on the RELLIS campus will also require extension of campus infrastructure to this area.

Scope:

The A&M System will construct an 80 million dollar state-of-the-art, 65,000 net square foot building at the RELLIS campus. This facility will be a multifaceted-use facility and will include the following supporting functions:

- Offices, conference, and collaboration spaces for university and industry subject matter experts to create novel concepts
- Applied research and development laboratories for designing technologically superior elements required to meet established concepts
- Makerspaces and machine shops for transitioning concepts into a high-performing capability by extensive prototyping
- Innovation collaboration locations for testing and evaluating advanced-concept prototypes and technology demonstrations in association with I2E2

The Innovative Technologies Development Complex Project will include specialized laboratories enabling the optimal functionality of I2E2.

Utility work for this project will include an extension of the campus loop road, electrical and telecom ductbank, gas lines, domestic water lines, hydronic (thermal) piping, and limited sanitary sewer lines. Extensions will serve the west side of campus and the proving grounds area on and between the runways contemplated to be part of the Innovative Technologies Development Complex Project.

A more definitive project scope and budget will be determined during the pre-construction phase and approved by the Board prior to the construction contract award.

Other Major Fiscal Impacts:

None.

THE TEXAS A&M UNIVERSITY SYSTEM
FACILITIES PLANNING AND CONSTRUCTION
Office of the Deputy Chancellor and Chief Financial Officer
February 25, 2019

Members, Board of Regents
The Texas A&M University System

Subject: Approval to Amend the FY 2019-FY 2023 Texas A&M University System Capital Plan to Add the Innovative Technologies Development Complex Project (Project No. 28-3298) for Texas A&M Engineering Experiment Station with a Fiscal Year 2019 Start Date

I recommend adoption of the following minute order:

“The request to amend the FY 2019-FY 2023 Texas A&M University System Capital Plan to add the Innovative Technologies Development Complex Project for Texas A&M Engineering Experiment Station with an FY 2019 start date and a total planning amount of \$80,000,000 is approved.

Contingent upon the completion of the Program of Requirements, the amount of \$8,000,000 is appropriated from Account No. 01-084243, Permanent University Fund Debt Proceeds (Available University Fund), for pre-construction services and related project costs. This appropriation is contingent upon the completion of a Program of Requirements scoped to the approved budget.

The Board of Regents of The Texas A&M University System (Board) reasonably expects to incur debt in one or more obligations for this project, and all or a portion of the proceeds received from the sale of such obligations is reasonably expected to be used to reimburse the account(s) for amounts previously appropriated and/or expended from such account(s).”

Respectfully submitted,

Billy Hamilton
Deputy Chancellor and
Chief Financial Officer

Approval Recommended:

John Sharp
Chancellor

Approved for Legal Sufficiency:

Ray Bonilla
General Counsel

M. Katherine Banks, Ph.D., P.E.
Vice Chancellor of Engineering and National Laboratories,
The Texas A&M University System
Director, Texas A&M Engineering Experiment Station

Kelly Templin, Director
The Texas A&M University System
RELLIS Campus

**TEXAS A&M ENGINEERING EXPERIMENT STATION
PERMANENT UNIVERSITY FUND
28-3298 Innovative Technologies Development Complex
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	80,790,000.00			
YEAR 1	78,215,000.00	2,575,000.00	3,635,550.00	6,210,550.00
YEAR 2	75,525,000.00	2,690,000.00	3,519,675.00	6,209,675.00
YEAR 3	72,715,000.00	2,810,000.00	3,398,625.00	6,208,625.00
YEAR 4	69,775,000.00	2,940,000.00	3,272,175.00	6,212,175.00
YEAR 5	66,705,000.00	3,070,000.00	3,139,875.00	6,209,875.00
YEAR 6	63,495,000.00	3,210,000.00	3,001,725.00	6,211,725.00
YEAR 7	60,140,000.00	3,355,000.00	2,857,275.00	6,212,275.00
YEAR 8	56,635,000.00	3,505,000.00	2,706,300.00	6,211,300.00
YEAR 9	52,975,000.00	3,660,000.00	2,548,575.00	6,208,575.00
YEAR 10	49,150,000.00	3,825,000.00	2,383,875.00	6,208,875.00
YEAR 11	45,150,000.00	4,000,000.00	2,211,750.00	6,211,750.00
YEAR 12	40,970,000.00	4,180,000.00	2,031,750.00	6,211,750.00
YEAR 13	36,605,000.00	4,365,000.00	1,843,650.00	6,208,650.00
YEAR 14	32,040,000.00	4,565,000.00	1,647,225.00	6,212,225.00
YEAR 15	27,270,000.00	4,770,000.00	1,441,800.00	6,211,800.00
YEAR 16	22,285,000.00	4,985,000.00	1,227,150.00	6,212,150.00
YEAR 17	17,075,000.00	5,210,000.00	1,002,825.00	6,212,825.00
YEAR 18	11,630,000.00	5,445,000.00	768,375.00	6,213,375.00
YEAR 19	5,945,000.00	5,685,000.00	523,350.00	6,208,350.00
YEAR 20	-	5,945,000.00	267,525.00	6,212,525.00
		<u>\$ 80,790,000.00</u>	<u>\$ 43,429,050.00</u>	<u>\$ 124,219,050.00</u>

Estimated Issuance Costs of \$790,000 are included in this schedule.

Long-term rates are assumed to be 4.50%. Rates are subject to market change.

Prepared by the Office of the Treasurer - Treasury Services 03/08/2019

Rates are subject to market change. Amounts are preliminary estimates that will be revised at the time bonds are issued.

AGENDA ITEM BRIEFING

Submitted by: Billy Hamilton, Deputy Chancellor and Chief Financial Officer
The Texas A&M University System

Subject: Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the RELLIS Agriculture & Workforce Education Complex Project, The Texas A&M University System RELLIS Campus, Bryan, Texas (Project No. 01-3270)

Background and Prior Actions:

The RELLIS Agriculture & Workforce Education Complex Project was included as an approved project on the FY 2019 – FY 2023 A&M System Capital Plan approved by the Board at the August 2018 meeting.

Proposed Board Action:

- (1) Approve the project scope and budget.
- (2) Appropriate \$13,500,000 for construction services and related project costs. \$1,500,000 has been previously appropriated.
- (3) Approve construction of the RELLIS Agriculture & Workforce Education Complex Project at The Texas A&M University System RELLIS Campus.

Funding/Budget Amount:

<u>Funding Source</u>	<u>Budget Amount</u>	<u>Average Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Permanent University Fund Debt Proceeds (A&M System)	\$10,000,000	\$776,564	Available University Funds
* Permanent University Fund Debt Proceeds (AgriLife Research)	\$ 2,000,000	\$155,304	Available University Funds
** Cash (Blinn Contribution)	<u>\$ 3,000,000</u>	N/A	N/A
Total Project Funds	<u>\$15,000,000</u>		

* AgriLife Research is using \$2 million of its PUF Equipment Allocations to provide funding for this project.

** Blinn Contribution will be received subsequent to execution of the Use Agreement, subject to Board approval.

Project Justification:

In 2017, approximately 2.5 million new, middle-skill jobs will be added to the workforce, accounting for nearly 40 percent of all job growth. Electricians, welders, mechanics, carpenters and technicians are just some of the trades that will be in high demand. However, the United States is facing a shortage of workers with the proper education and skills for these jobs, as well as struggling to retain a quality workforce. The RELIS Agriculture & Workforce Education Complex Project is designed to meet the growing demands for vocational education and workforce training, and will provide the venue to train the next generation of trade professionals.

The workforce trades building is fully supportive of the goals of the 60x30TX initiative of the Texas Higher Education Coordinating Board (THECB). 60x30TX is a statewide plan developed by the THECB to enhance the workforce of the state through higher education. A goal of the initiative is that by 2030, at least 60 percent of Texans aged 25-34 have a degree or certificate. The THECB states that this overarching goal for 60x30TX is essential for the future prosperity of Texas, and that without bold action, Texas faces a future of diminished incomes, opportunities, and resources. The proposed facility works toward achieving that goal by providing high-quality hands-on teaching space for providing education in the construction and agricultural trades. The complex will provide the opportunity for students to obtain trades training culminating in certificates, and construction science and engineering students to obtain hands-on training in the trades as part of their respective degree programs.

Scope:

The RELIS Agriculture & Workforce Education Complex Project will be constructed on the RELIS campus at the southeast corner of 7th Street and Avenue B, and will serve as the home of Texas A&M University's agricultural education program which prepares agri-science teachers to enter high school classrooms across the state. Blinn College District's workforce training offerings will also be housed in the complex, providing access to training ranging from advanced manufacturing, welding, carpentry and HVAC to the plumbing and electrical trades.

The complex will feature an approximately 16,000 square foot classroom building featuring seminar rooms incorporating state-of-the-art teaching and simulation technology, faculty offices and space for student collaboration. Students will also have access to two approximately 11,000 square foot pavilions that will serve as large open laboratory spaces, maximizing collaboration on large-scale projects utilizing workforce equipment. By providing hands-on learning opportunities and training, we will be empowering individuals to excel in industries with high demands and big rewards.

Construction on this project is scheduled to start in May 2019, with substantial completion scheduled for June 2020. The total project budget is \$15,000,000.

Other Major Fiscal Impacts:

None.

Agenda Item No.

THE TEXAS A&M UNIVERSITY SYSTEM
FACILITIES PLANNING AND CONSTRUCTION
Office of the Deputy Chancellor and Chief Financial Officer
February 6, 2019

Members, Board of Regents
The Texas A&M University System

Subject: Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the RELLIS Agriculture & Workforce Education Complex Project, The Texas A&M University System RELLIS Campus, Bryan, Texas (Project No. 01-3270)

I recommend adoption of the following minute order:

“The project scope along with a project budget of \$15,000,000 for the RELLIS Agriculture & Workforce Education Complex Project is approved.

The amount of \$10,500,000 is appropriated from Account No. 01-084243, Permanent University Fund Debt Proceeds (AUF), and the amount of \$3,000,000 is appropriated from Account No. 01-810103, Blinn Contribution, for construction services and related project costs.

The RELLIS Agriculture & Workforce Education Complex Project, The Texas A&M University System RELLIS Campus, Bryan, Texas, is approved for construction, contingent upon receipt of all funds outlined herein.

The Board of Regents of The Texas A&M University System (Board) reasonably expects to incur debt in one or more obligations for this project, and all or a portion of the proceeds received from the sale of such obligations is reasonably expected to be used to reimburse the account(s) for amounts previously appropriated and/or expended from such account(s).”

Respectfully submitted,

Billy Hamilton
Deputy Chancellor and
Chief Financial Officer

Approval Recommended:

Approved for Legal Sufficiency:

John Sharp
Chancellor

Ray Bonilla
General Counsel

Kelly Templin, Director
The Texas A&M University System RELLIS Campus

RELLIS AGRICULTURE & WORKFORCE EDUCATION COMPLEX THE TEXAS A&M UNIVERSITY SYSTEM RELLIS CAMPUS PROJECT NO. 01-3270	PROJECT BUDGET
---	-----------------------

1.	Amount Available for Construction Contract	\$11,461,500
2.	DB Pre-Construction Services	\$ 697,825
3.	Physical Plant/Facility Services	\$ 25,000
4.	Data / CIS	\$ 149,000
5.	Telecommunications	\$ 167,000
6.	Construction Audit	\$ 6,000
7.	Hazardous Materials	\$ 5,000
8.	Security	\$ 50,000
9.	Testing and Air Balancing	\$ 38,000
10.	Construction Materials Testing	\$ 79,000
11.	Envelope Testing	\$ 15,000
12.	A/V Equipment	\$ 350,000
13.	Moveable Furnishings	\$ 446,000
14.	Owner Supplied Insurance	\$ 257,000
15.	FP&C Project Management and Inspection Fees	\$ 398,000
16.	Owner's Contingency	\$ 752,675
17.	Miscellaneous	<u>\$ 103,000</u>
18.	TOTAL ESTIMATED COST OF PROJECT	<u>\$15,000,000</u>

RELLIS AGRICULTURE & WORKFORCE EDUCATION COMPLEX THE TEXAS A&M UNIVERSITY SYSTEM RELLIS CAMPUS PROJECT NO. 01-3270	PROJECT SCHEDULE
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1. Issue DB RFQ July 26, 2018
2. BOR Approval of Capital Plan August 16, 2018
3. Receive DB RFQ Responses August 16, 2018
4. Shortlist DB Firms August 23, 2018
5. Issue DB RFP..... August 24, 2018
6. Receive DB RFP Responses August 30, 2018
7. Interview DB Teams September 4, 2018
8. DB Ranked Order Approved by Chancellor October 2, 2018
9. Execute DB Agreement October 26, 2018
10. Design Kickoff..... October 29, 2018
11. Complete Schematic Design December 19, 2018
12. Complete Design Development February 8, 2019
13. Receive GMP from DB..... March 21, 2019
14. BOR Approval for Construction..... April 11, 2019
15. Submit THECB Application May 9, 2019
16. Begin Construction May 9, 2019
17. Complete Construction Documents May 10, 2019
18. Substantial Completion..... June 1, 2020
19. Owner Occupancy..... July 1, 2020

**THE TEXAS A&M UNIVERSITY SYSTEM
PERMANENT UNIVERSITY FUND
01-3270 RELLIS Workforce Training Facility
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	10,100,000.00			
YEAR 1	9,780,000.00	320,000.00	454,500.00	774,500.00
YEAR 2	9,445,000.00	335,000.00	440,100.00	775,100.00
YEAR 3	9,095,000.00	350,000.00	425,025.00	775,025.00
YEAR 4	8,730,000.00	365,000.00	409,275.00	774,275.00
YEAR 5	8,345,000.00	385,000.00	392,850.00	777,850.00
YEAR 6	7,945,000.00	400,000.00	375,525.00	775,525.00
YEAR 7	7,525,000.00	420,000.00	357,525.00	777,525.00
YEAR 8	7,085,000.00	440,000.00	338,625.00	778,625.00
YEAR 9	6,625,000.00	460,000.00	318,825.00	778,825.00
YEAR 10	6,145,000.00	480,000.00	298,125.00	778,125.00
YEAR 11	5,645,000.00	500,000.00	276,525.00	776,525.00
YEAR 12	5,120,000.00	525,000.00	254,025.00	779,025.00
YEAR 13	4,575,000.00	545,000.00	230,400.00	775,400.00
YEAR 14	4,005,000.00	570,000.00	205,875.00	775,875.00
YEAR 15	3,410,000.00	595,000.00	180,225.00	775,225.00
YEAR 16	2,785,000.00	625,000.00	153,450.00	778,450.00
YEAR 17	2,135,000.00	650,000.00	125,325.00	775,325.00
YEAR 18	1,455,000.00	680,000.00	96,075.00	776,075.00
YEAR 19	745,000.00	710,000.00	65,475.00	775,475.00
YEAR 20	-	745,000.00	33,525.00	778,525.00
		<u>\$ 10,100,000.00</u>	<u>\$ 5,431,275.00</u>	<u>\$ 15,531,275.00</u>

Estimated Issuance Costs of \$10,000.00 are included in this schedule.

Long-term rates are assumed to be 4.5%. Rates are subject to market change.

Prepared by the Office of the Treasurer - Treasury Services 01/14/2019

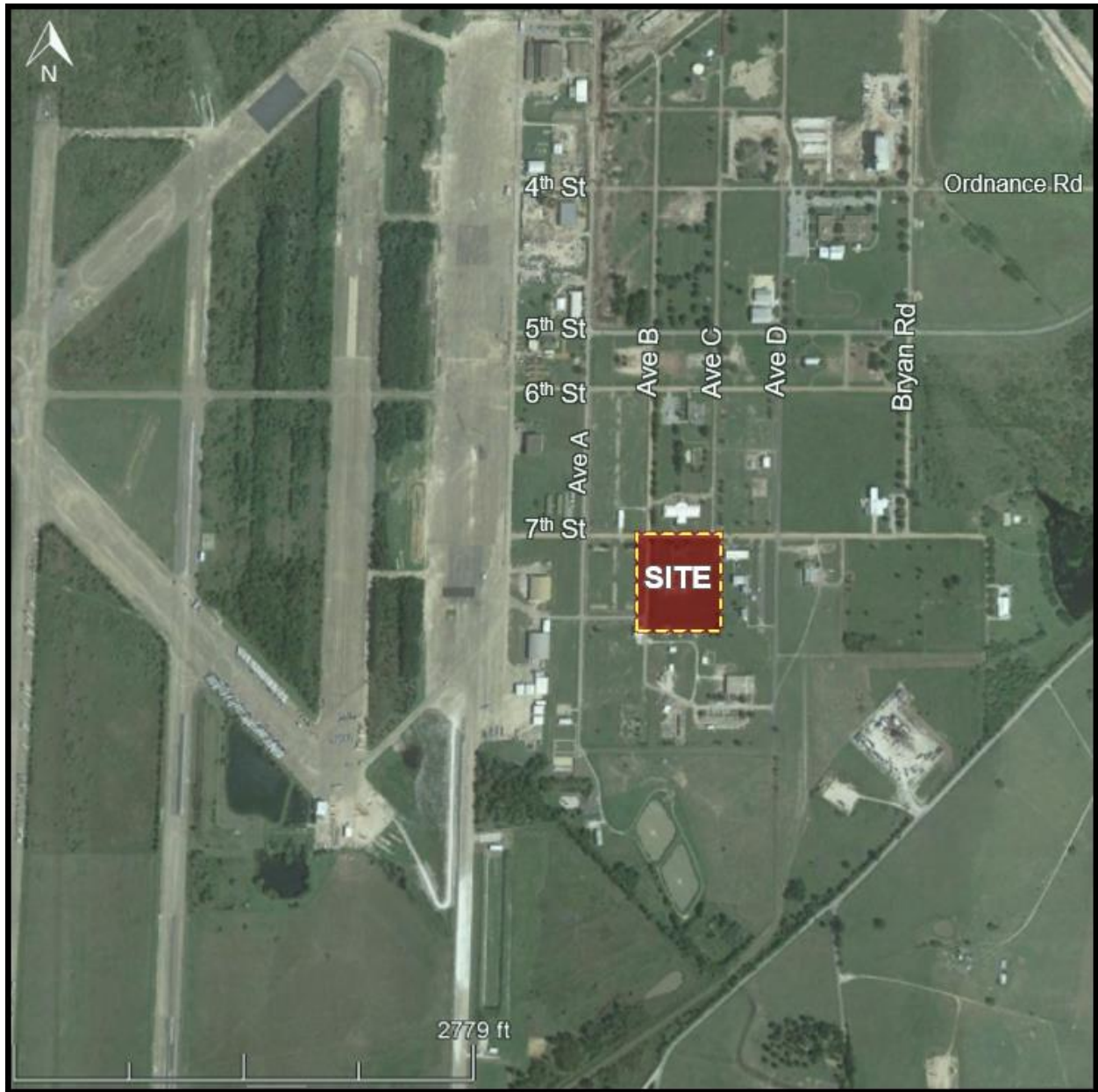
Rates are subject to market change. Amounts are preliminary estimates that will be revised at the time bonds are issued.

**TEXAS AGRILIFE RESEARCH
PERMANENT UNIVERSITY FUND
01-3270 RELLIS Workforce Training Facility
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	2,020,000.00			
YEAR 1	1,955,000.00	65,000.00	90,900.00	155,900.00
YEAR 2	1,890,000.00	65,000.00	87,975.00	152,975.00
YEAR 3	1,820,000.00	70,000.00	85,050.00	155,050.00
YEAR 4	1,745,000.00	75,000.00	81,900.00	156,900.00
YEAR 5	1,670,000.00	75,000.00	78,525.00	153,525.00
YEAR 6	1,590,000.00	80,000.00	75,150.00	155,150.00
YEAR 7	1,505,000.00	85,000.00	71,550.00	156,550.00
YEAR 8	1,415,000.00	90,000.00	67,725.00	157,725.00
YEAR 9	1,325,000.00	90,000.00	63,675.00	153,675.00
YEAR 10	1,230,000.00	95,000.00	59,625.00	154,625.00
YEAR 11	1,130,000.00	100,000.00	55,350.00	155,350.00
YEAR 12	1,025,000.00	105,000.00	50,850.00	155,850.00
YEAR 13	915,000.00	110,000.00	46,125.00	156,125.00
YEAR 14	800,000.00	115,000.00	41,175.00	156,175.00
YEAR 15	680,000.00	120,000.00	36,000.00	156,000.00
YEAR 16	555,000.00	125,000.00	30,600.00	155,600.00
YEAR 17	425,000.00	130,000.00	24,975.00	154,975.00
YEAR 18	290,000.00	135,000.00	19,125.00	154,125.00
YEAR 19	150,000.00	140,000.00	13,050.00	153,050.00
YEAR 20	-	150,000.00	6,750.00	156,750.00
		<u>\$ 2,020,000.00</u>	<u>\$ 1,086,075.00</u>	<u>\$ 3,106,075.00</u>

Estimated Issuance Costs of \$20,000.00 are included in this schedule.
Long-term rates are assumed to be 4.5%. Rates are subject to market change.
Prepared by the Office of the Treasurer - Treasury Services 01/14/2019

Rates are subject to market change. Amounts are preliminary estimates that will be revised at the time bonds are issued.



RELLIS Agriculture & Workforce Education Complex

The Texas A&M University System RELLIS Campus

Project No. 01-3270

Agenda Item No.

AGENDA ITEM BRIEFING

Submitted by: Billy Hamilton, Deputy Chancellor and Chief Financial Officer
The Texas A&M University System

Subject: Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the Academic and Administration Building - Phase I Project, Texas A&M University-San Antonio, San Antonio, Texas (Project No. 25-3255)

Background and Prior Actions:

The Academic and Administration Building - Phase I Project was included as an approved project on the FY 2019 – FY 2023 A&M System Capital Plan approved by the Board at the August 2018 meeting.

Proposed Board Action:

- (1) Approve the project scope and budget.
- (2) Appropriate \$27,000,000 for construction services and related project costs. \$3,000,000 has been previously appropriated.
- (3) Approve construction of the Academic and Administration Building - Phase I Project at Texas A&M University-San Antonio (A&M-San Antonio).

Funding/Budget Amount:

<u>Funding Source</u>	<u>Budget Amount</u>	<u>Average Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Permanent University Fund Debt Proceeds	<u>\$30,000,000</u>	\$2,329,478	Available University Funds
Total Project Funds	<u>\$30,000,000</u>		

* A&M-San Antonio is using \$5 million of its PUF Equipment Allocations to provide funding for this project. These funds have been reverted back to System so that they can be appropriated to this major project.

Project Justification:

A&M-San Antonio is a fast growing institution adding approximately 1,000 new students per year. Much of that growth is from the recent initiative of adding the freshman and sophomore years to its undergraduate instruction while continuing to grow its upper division offerings as well as its graduate level programs. The university has also recently consolidated its instruction by vacating the Brooks and Alamo Colleges locations which were in leased space. The growth and consolidation initiatives have put immense pressure on the existing 29 remaining classrooms of the university located in the following buildings:

Agenda Item No.
Agenda Item Briefing

- Senator Frank L. Madla Building – 21 classrooms
- Central Academic Building (CAB) – 7 classrooms
- Patriots' Casa – 1 classroom

To mitigate the classroom deficiency, the campus has installed two modular classroom buildings that will yield a total of 17 classrooms. Additionally, the campus has opened a new building with a total of 30 new classrooms between the original scope (27) and the expansion (3).

Scope:

The Academic and Administration Building - Phase I Project will provide approximately 55,000 gross square feet of space. Future phases are projected for this building but are as yet unfunded and the scope of those phases is not known beyond general academic instruction and administrative functions. The scope of this project includes the following:

- Large, medium and small classrooms
- Art suite – 2D drawing studio, 3D sculpture studio, Equipment & workshop support
- Language lab suite – Testing lab, Graduate seminar, Language conversion lab
- An incubator classroom with support
- Faculty offices with support spaces
- A small lobby
- General storage

The building has been identified in the recently completed campus master plan to be located just south of the existing CAB on the northeast corner of the future “quad.”

Construction on this project is scheduled to start in May 2019, with substantial completion scheduled for June 2020. The total project budget is \$30,000,000.

Other Major Fiscal Impacts:

None.

Agenda Item No.

THE TEXAS A&M UNIVERSITY SYSTEM
FACILITIES PLANNING AND CONSTRUCTION
Office of the Deputy Chancellor and Chief Financial Officer
February 6, 2019

Members, Board of Regents
The Texas A&M University System

Subject: Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the Academic and Administration Building - Phase I Project, Texas A&M University-San Antonio, San Antonio, Texas (Project No. 25-3255)

I recommend adoption of the following minute order:

“The project scope along with a project budget of \$30,000,000 for the Academic and Administration Building - Phase I Project is approved.

The amount of \$27,000,000 is appropriated from Account No. 01-085640, Permanent University Fund Debt Proceeds (AUF), for construction services and related project costs.

The Academic and Administration Building - Phase I Project, Texas A&M University-San Antonio, San Antonio, Texas, is approved for construction.

The Board of Regents of The Texas A&M University System (Board) reasonably expects to incur debt in one or more obligations for this project, and all or a portion of the proceeds received from the sale of such obligations is reasonably expected to be used to reimburse the account(s) for amounts previously appropriated and/or expended from such account(s).”

Respectfully submitted,

Billy Hamilton
Deputy Chancellor and
Chief Financial Officer

Approval Recommended:

Approved for Legal Sufficiency:

John Sharp
Chancellor

Ray Bonilla
General Counsel

Cynthia Teniente-Matson, President
Texas A&M University-San Antonio

ACADEMIC AND ADMINISTRATION BUILDING - PHASE I TEXAS A&M UNIVERSITY-SAN ANTONIO PROJECT NO. 25-3255	PROJECT BUDGET
--	-----------------------

1.	Amount Available for Construction Contract	\$21,655,000
2.	A/E Services	\$ 2,187,950
3.	CMAR Pre-Construction Services	\$ 123,000
4.	Physical Plant/Facility Services	\$ 36,000
5.	Data / CIS	\$ 424,000
6.	Telecommunications	\$ 127,000
7.	Construction Audit	\$ 2,000
8.	Program of Requirements.....	\$ 19,400
9.	Security.....	\$ 90,000
10.	Testing and Air Balancing.....	\$ 139,000
11.	Construction Materials Testing	\$ 153,000
12.	Envelope Testing.....	\$ 100,000
13.	A/V Equipment.....	\$ 868,000
14.	Moveable Furnishings	\$ 1,624,000
15.	Moveable Equipment	\$ 6,000
16.	Owner Supplied Insurance	\$ 549,900
17.	FP&C Project Management and Inspection Fees.....	\$ 795,000
18.	Owner's Contingency	\$ 898,050
19.	Miscellaneous	<u>\$ 202,700</u>
20.	TOTAL ESTIMATED COST OF PROJECT	<u>\$30,000,000</u>

ACADEMIC AND ADMINISTRATION BUILDING - PHASE I TEXAS A&M UNIVERSITY-SAN ANTONIO PROJECT NO. 25-3255	PROJECT SCHEDULE
--	-------------------------

1. Original BOR Approval of Capital Plan..... August 25, 2017
2. Issue A/E RFQ December 6, 2017
3. Receive A/E RFQ Responses..... January 5, 2018
4. Issue Construction Manager at Risk (CMAR) RFP..... January 10, 2018
5. Shortlist A/E Firms January 19, 2018
6. Interview A/E Shortlist January 26, 2018
7. Receive CMAR RFP Responses January 31, 2018
8. Shortlist CMAR Firms February 14, 2018
9. Interview CMAR Shortlist February 21, 2018
10. A/E Ranked Order Approved by Chancellor February 26, 2018
11. CMAR Shortlist Approved March 23, 2018
12. Execute A/E Agreement March 26, 2018
13. A/E Design Kickoff March 28, 2018
14. Execute CMAR Agreement April 23, 2018
15. Complete Schematic Design July 26, 2018
16. Complete Design Development November 21, 2018
17. Receive GMP January 22, 2019
18. Complete Construction Documents March 20, 2019
19. BOR Approval for Construction April 11, 2019
20. Begin Construction May 6, 2019
21. Submit THECB Application May 2019
22. Substantial Completion June 2020
23. Owner Occupancy August 2020

**TEXAS A&M UNIVERSITY - SAN ANTONIO
PERMANENT UNIVERSITY FUND
25-3255 ACADEMIC AND ADMINISTRATION BUILDING - PHASE I
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	30,300,000.00			
YEAR 1	29,335,000.00	965,000.00	1,363,500.00	2,328,500.00
YEAR 2	28,325,000.00	1,010,000.00	1,320,075.00	2,330,075.00
YEAR 3	27,270,000.00	1,055,000.00	1,274,625.00	2,329,625.00
YEAR 4	26,170,000.00	1,100,000.00	1,227,150.00	2,327,150.00
YEAR 5	25,020,000.00	1,150,000.00	1,177,650.00	2,327,650.00
YEAR 6	23,815,000.00	1,205,000.00	1,125,900.00	2,330,900.00
YEAR 7	22,560,000.00	1,255,000.00	1,071,675.00	2,326,675.00
YEAR 8	21,245,000.00	1,315,000.00	1,015,200.00	2,330,200.00
YEAR 9	19,870,000.00	1,375,000.00	956,025.00	2,331,025.00
YEAR 10	18,435,000.00	1,435,000.00	894,150.00	2,329,150.00
YEAR 11	16,935,000.00	1,500,000.00	829,575.00	2,329,575.00
YEAR 12	15,370,000.00	1,565,000.00	762,075.00	2,327,075.00
YEAR 13	13,730,000.00	1,640,000.00	691,650.00	2,331,650.00
YEAR 14	12,020,000.00	1,710,000.00	617,850.00	2,327,850.00
YEAR 15	10,230,000.00	1,790,000.00	540,900.00	2,330,900.00
YEAR 16	8,360,000.00	1,870,000.00	460,350.00	2,330,350.00
YEAR 17	6,405,000.00	1,955,000.00	376,200.00	2,331,200.00
YEAR 18	4,365,000.00	2,040,000.00	288,225.00	2,328,225.00
YEAR 19	2,230,000.00	2,135,000.00	196,425.00	2,331,425.00
YEAR 20	-	2,230,000.00	100,350.00	2,330,350.00
		<u>\$ 30,300,000.00</u>	<u>\$ 16,289,550.00</u>	<u>\$ 46,589,550.00</u>

Estimated issuance costs and rounding of \$300,000 are included in this schedule.
Long-term rates are assumed to be 4.50%. Rates are subject to market change.
Prepared by the Office of the Treasurer - Treasury Services 01/22/2019

Rates are subject to market change. Amounts are preliminary estimates that will be revised at the time bonds are issued.



Academic and Administration Building - Phase I

Texas A&M University-San Antonio

Project No. 25-3255

AGENDA ITEM BRIEFING

Submitted by: Michael K. Young, President
Texas A&M University

Subject: Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the Gilchrist Renovation Project, Texas A&M University, College Station, Texas (SSC Project No. 2016-01335)

Background and Prior Actions:

The Gilchrist Renovation Project was included as a proposed project on the FY 2019 – FY 2023 A&M System Capital Plan approved by the Board at the August 2018 meeting. The Chair of the Committee on Buildings & Physical Plant approved revision of the projected fiscal year start date on January 30, 2019.

Proposed Board Action:

- (1) Approve the project scope and budget.
- (2) Appropriate \$7,789,705 for construction services and related project costs and revert previous appropriations to the source account. \$400,000 previously appropriated for pre-construction services.
- (3) Approve construction of the Gilchrist Renovation Project at Texas A&M University (Texas A&M).

Funding/Budget Amount:

<u>Funding Source</u>	<u>Budget Amount</u>	<u>Average Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Cash (Designated Tuition)	\$4,000,000	N/A	N/A
Cash (Differential Tuition - Education)	\$1,189,705	N/A	N/A
Cash (Plant Funds - Provost)	<u>\$3,000,000</u>	N/A	N/A
Total	<u>\$8,189,705</u>		

Project Justification:

Texas A&M desires to renovate the Gibb Gilchrist Building #1600 located on the College Station campus of Texas A&M. The Gilchrist Building is an existing three-story office building currently being utilized by the Texas A&M Transportation Institute (TTI). The building was designed in 1997 and built the following year. The structure houses typical business functions

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Agenda Item Briefing

such as offices, conference rooms, work rooms and support spaces. The building was built to Texas A&M standards at the time.

The Department of Health and Kinesiology (HLKN) is a department within the College of Education and Human Development. HLKN is the largest academic department at Texas A&M. HLKN is being consolidated from the current various locations such as Blocker, Heldenfels and Heap into the Gilchrist Building as a part of a larger campus wide restructuring and consolidation. Occupants of the building will include HLKN departments and programs, lecture and classroom spaces as a part of the campus inventory, the Private Enterprise Research Center, academic advising and other support functions. The programmed spaces in the renovated Gilchrist building will include offices, conference and meeting rooms, lecture and classroom spaces, teaching and research laboratories and support spaces.

Scope:

The building renovation is organized with all public spaces located on the first floor; this includes the various campus-wide classrooms, teaching labs, department leadership, some department offices and academic advising. The second floor is where a departmental classroom, additional department offices, meeting space, and other support spaces will be located. The third floor supports the research labs as well as additional department offices and support spaces.

Demolition and renovations in the building will be selective. Modifications to the first floor will include a new 138-seat lecture hall, a 50-seat classroom, two 25-seat classrooms, three teaching labs, circulation modification to corridors, and security passage barriers. The lecture hall will have tiered theater-style seating with fixed furniture, while the classrooms will have movable furniture on flat floors for maximum flexibility. Minor renovations of limited office space will be necessary to accommodate some department needs.

Modifications to the second floor will include a graduate student work area and a department classroom with 50 seats in movable furniture on a flat floor. Minor renovations of limited office space will be necessary to accommodate some department needs.

Construction on this project is scheduled to start in June 2019 with substantial completion scheduled for December 2019. The total project budget is \$8,189,705.

Other Major Fiscal Impacts:

None.

Agenda Item No.

TEXAS A&M UNIVERSITY

Office of the President

February 7, 2019

Members, Board of Regents
The Texas A&M University System

Subject: Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the Gilchrist Renovation Project, Texas A&M University, College Station, Texas (SSC Project No. 2016-01335)

I recommend adoption of the following minute order:

“The project scope along with a project budget of \$8,189,705 for the Gilchrist Renovation Project is approved.

The amount of \$2,300,000 is appropriated from Account No. 02-085008 Designated Tuition Capital, the amount of \$3,000,000 is appropriated from 02-808832 Provost Plant Funds, the amount of \$1,300,000 is appropriated from 02-241302 College of Education Support Services, and the amount of \$1,189,705 is appropriated from account 02-239080 Differential Tuition – CLED for construction services and related project costs.

The Gilchrist Renovation Project, Texas A&M University, College Station, Texas, is approved for construction.”

Respectfully submitted,

Michael K. Young
President

Approval Recommended:

Approved for Legal Sufficiency:

John Sharp
Chancellor

Ray Bonilla
General Counsel

Billy Hamilton
Deputy Chancellor and
Chief Financial Officer

GILCHRIST RENOVATION**PROJECT BUDGET****TEXAS A&M UNIVERSITY****SSC PROJECT NO. 2016-01335**

1.	Amount Available for Construction Contract.....	\$6,655,000
2.	Owner's Contingency	332,750
3.	Architectural/Engineering Fees	331,420
4.	A/V Equipment and Telecommunications.....	632,000
5.	SSC Project Management Fee	<u>\$ 238,535</u>
6.	TOTAL ESTIMATED COST OF PROJECT.....	<u>\$8,189,705</u>

1. Execute A/E Agreement April 5, 2017
2. Complete Design Development July 31, 2018
3. BOR Approval to Include in Capital Plan August 16, 2018
4. Receive Signed POR from Campus January 15, 2019
5. Receive Fiscal Year Revision Approval January 30, 2019
6. Complete Construction Documents March 4, 2019
7. Advertise for Competitive Sealed Proposals (CSPs) March 4, 2019
8. BOR Approval for Construction April 11, 2019
9. CSP Evaluation April 21, 2019
10. Issue Construction Notice to Proceed May 2019
11. Begin Construction June 2019
12. Substantial Completion December 2019
13. Owner Occupancy January 2020



Gilchrist Renovation

Texas A&M University

SSC Project No. 2016-01335

AGENDA ITEM BRIEFING

Submitted by: Michael K. Young, President
Texas A&M University

Subject: Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the '72 Wing Chemistry Ground Floor Project, Texas A&M University, College Station, Texas (SSC Project No. 2018-03164)

Background and Prior Actions:

The '72 Wing Chemistry Ground Floor Project was included as an approved project on the A&M System FY2019 - FY2023 Capital Plan approved by the Board of Regents at the August 2018 meeting.

Proposed Board Action:

- (1) Approve the project scope and budget.
- (2) Appropriate \$5,910,000 for construction services and related project costs; \$490,000 has been previously appropriated.
- (3) Approve construction of the '72 Wing Chemistry Ground Floor Project at Texas A&M University (Texas A&M).

Funding/Budget Amount:

<u>Funding Source</u>	<u>Budget Amount</u>	<u>Average Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Cash (Designated Tuition)	<u>\$6,400,000</u>	N/A	N/A
Total Project Funds	<u>\$6,400,000</u>		

Project Justification:

This project will provide renovated laboratories and associated support facilities for biological chemistry and synthetic organic chemistry research projects, as well as laboratories for analytical and mass spectrometry instrumentation. This modernized and updated space is needed to accommodate the research program of a senior faculty member in the field of biological chemistry and drug discovery, as well as that of a junior faculty member using novel mass spectrometric methodologies for developing sustainable synthetic methods.

Scope:

The project described here will completely re-design and renovate laboratories, offices, and supporting facilities on this floor of the building and will provide the same high-quality synthetic chemistry and instrumentation space that now exists on the recently renovated 1st, 2nd, 3rd, and 4th floors of the 1972 wing of the Chemistry Building. Laboratories of the types that are needed for synthetic chemistry contain a comparatively large number of fume hoods.

In addition to the various types of laboratory space described above, the research program will require at least 1,200 square feet of suitably renovated office space. This space will provide offices for faculty and researchers, as well as for the manager of the drug discovery center.

The project also will allocate space for a required MDF (Main Distribution Frame) room, which is a cable rack that interconnects and manages the telecommunications wiring between itself and various Intermediate Distribution Frames. The MDF connects private or public lines coming into the entire building with the building's internal network.

Construction on this project is scheduled to start in May 2019, with substantial completion scheduled for September 2019. The total project budget is \$6,400,000.

Other Major Fiscal Impacts:

None.

Agenda Item No.

TEXAS A&M UNIVERSITY

Office of the President

February 7, 2019

Members, Board of Regents
The Texas A&M University System

Subject: Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the '72 Wing Chemistry Ground Floor Project, Texas A&M University, College Station, Texas (SSC Project No. 2018-03164)

I recommend adoption of the following minute order:

“The project scope along with a project budget of \$6,400,000 for the '72 Wing Chemistry Ground Floor Project is approved.

The amount of \$3,410,000 is appropriated from Account No. 02-808816, Capital Project Contingency, and \$2,500,000 is appropriated from Account No. 02-246254, Provost Initiatives, for construction services and related project costs.

The '72 Wing Chemistry Ground Floor Project, Texas A&M University, College Station, Texas, is approved for construction.”

Respectfully submitted,

Michael K. Young
President

Approval Recommended:

Approved for Legal Sufficiency:

John Sharp
Chancellor

Ray Bonilla
General Counsel

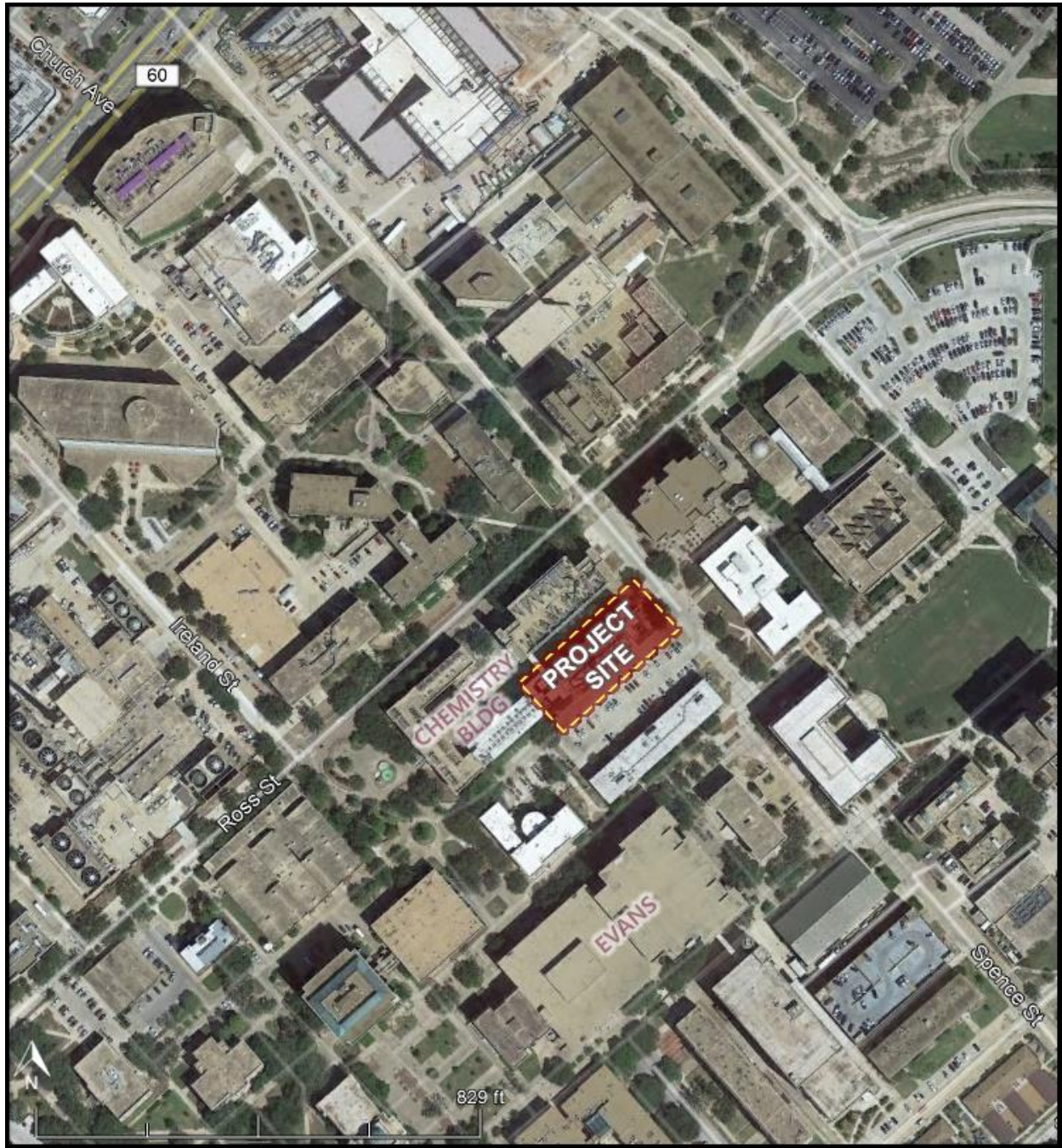
Billy Hamilton
Deputy Chancellor and
Chief Financial Officer

'72 WING CHEMISTRY GROUND FLOOR
TEXAS A&M UNIVERSITY
SSC PROJECT NO. 2018-03164

PROJECT BUDGET

1.	Amount Available for Construction Contract.....	\$5,279,559
2.	Owner Contingencies	\$ 204,675
3.	A/E fees	\$ 451,355
4.	Professional Fees	\$ 28,000
5.	Testing	\$ 50,000
6.	AV and Technology	\$ 200,000
7.	Project Management	<u>\$ 186,411</u>
8.	TOTAL ESTIMATED COST OF PROJECT.....	<u>\$6,400,000</u>

1. BOR Approval of Capital Plan August 16, 2018
2. Issue A/E Request For Qualifications (RFQ) August 24, 2018
3. Receive A/E RFQ Responses..... September 17, 2018
4. Issue Construction Manager at Risk (CMAR) RFP.....November 11, 2018
5. Execute A/E AgreementNovember 19, 2018
6. Complete CMAR Evaluation.....November 27, 2018
7. Complete Schematic Design January 7, 2019
8. Complete Design Development February 4, 2019
9. Complete Construction Documents April 2, 2019
10. BOR Approval for Construction..... April 11, 2019
11. Begin Construction May 2, 2019
12. Substantial Completion..... September 6, 2019
13. Owner Occupancy..... September 2019



'72 Wing Chemistry Ground Floor

Texas A&M University

SSC Project No. 2018-03164

Construction Project Status Report

Effective 03/13/2019

Projects in Programming / Planning:	17 Projects	\$	685,288,365
Projects in Design:	7 Projects	\$	106,879,900
Projects in Construction:	36 Projects	\$	1,670,214,735
Combined Total:	60 Projects	\$	2,462,383,000

PROJECTS TO BE AUTHORIZED BY THE BOARD OF REGENTS

Projects in Programming / Planning:

Bryan, TX

28-3298	Combat Development Complex	\$	80,000,000
28-3252	Industrial Distribution Building #2	\$	17,866,000
01-3273	RELLIS Academic Complex - Phase II	\$	28,000,000
01-3245	RELLIS Master Plan - Phase A + B	\$	859,865

College Station, TX

02-3299	College of Architecture Building C Renovation + Addition	\$	20,000,000
09-3269	Fire Station-Classroom-Office Facility - Brayton Fire Field	\$	30,000,000
02-3272	Instructional Laboratory & Innovative Learning Building (ILSQ)	\$	85,000,000
02-3278	Peterson Building Renovation	\$	11,500,000
02-3267	South Campus Recreation Center	\$	35,062,500
02-3279	Wehner Building Renovation & Addition	\$	60,000,000
02-3277	West Campus Dining Facility	\$	15,000,000

Corpus Christi, TX

15-3268	Arts & Media Building	\$	65,000,000
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Prairie View, TX

05-3300	Engineering Classroom and Research Building	\$	60,000,000
05-3301	Multipurpose Education & Event Facility	\$	48,000,000

San Antonio, TX

25-3265	Academic and Administration Building Phase 2	\$	53,000,000
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Stephenville, TX

04-3280	College of Business/Hydrology Renovation	\$	6,000,000
04-3281	Ft. Worth Building #2/Physical Plant/Infrastructure	\$	70,000,000

Total of Projects in Programming / Planning		\$	685,288,365
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Projects in Design:

Bryan, TX

28-3230	Industrial Distribution Building No. 1	\$	18,640,000
01-3270	RELLIS Agriculture & Workforce Education Complex	\$	15,000,000

College Station, TX

02-3276	HVAC Replacment Dunn Hall	\$	15,194,130
02-3274	Swimming & Diving Expansion	\$	7,000,000
09-3257	Water Wastewater Treatment System Expansion	\$	11,045,770

San Antonio, TX

25-3255	Academic and Administration Building - Phase I	\$	30,000,000
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Stephenville, TX

04-3264	Aquatics Center	\$	10,000,000
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Total of Projects in Design		\$	106,879,900
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Projects in Construction:

Bryan, TX

01-0236	RELLIS Building 8081 Renovation	\$	3,500,000
	J. T. Vaughn Construction, LLC		
Status:	On Schedule	Substantial Completion Date:	07/01/2019
		Construction Work Completed:	20%
23-3203	Medical Research & Education Building 2	\$	103,800,000
	J. T. Vaughn Construction, LLC		
Status:	On Schedule	Substantial Completion Date:	04/15/2019
		Construction Work Completed:	93%
01-3233	RELLIS Academic Complex - Phase I	\$	42,000,000
	Hensel Phelps Construction, Inc.		
Status:	On Schedule	Substantial Completion Date:	06/07/2019
		Construction Work Completed:	71%
01-3228	RELLIS Campus Infrastructure	\$	58,492,500
	J. T. Vaughn Construction, LLC		
Status:	On Schedule	Substantial Completion Date:	04/30/2019
		Construction Work Completed:	98%
12-3224	TTI Headquarters	\$	71,800,010
	Bartlett Cocke General Contractors		
Status:	Substantially Complete	Substantial Completion Date:	02/14/2019
		Construction Work Completed:	99%

Canyon, TX

18-3199	Agricultural Sciences Complex	\$	49,036,000
Western Builders			
Status:	Substantially Complete	Substantial Completion Date:	08/14/2018
		Construction Work Completed:	100%
18-3250	Amarillo Center Renovation - Phase II	\$	18,200,000
Wiley Hicks Jr., Inc.			
Status:	Substantially Complete	Substantial Completion Date:	11/01/2018
		Construction Work Completed:	100%
18-3234	Energy Consumption Reduction Project - WTAMU	\$	15,130,500
Ameresco			
Status:	On Schedule	Substantial Completion Date:	11/18/2019
		Construction Work Completed:	42%
18-3226	Football Stadium	\$	38,800,000
Western Builders			
Status:	On Schedule	Substantial Completion Date:	09/09/2019
		Construction Work Completed:	35%
18-3227	Renovate Jarrett Hall Phase II	\$	14,330,000
Western Builders			
Status:	On Schedule	Substantial Completion Date:	03/08/2019
		Construction Work Completed:	98%
02-3266	Veterinary Education, Research & Outreach Center	\$	22,000,000
J. T. Vaughn Construction, LLC			
Status:	On Schedule	Substantial Completion Date:	09/02/2020
		Construction Work Completed:	4%
20-3256	TVMDL - Canyon Facility	\$	17,600,000
J. T. Vaughn Construction, LLC			
Status:	On Schedule	Substantial Completion Date:	08/21/2020
		Construction Work Completed:	4%

College Station, TX

02-3236	21st Century Classroom Building	\$	85,000,000
J. T. Vaughn Construction, LLC			
Status:	On Schedule	Substantial Completion Date:	06/29/2020
		Construction Work Completed:	18%
02-3184	Aggie Track & Field Stadium	\$	39,800,000
Austin Commercial, LP			
Status:	Substantially Complete	Substantial Completion Date:	10/25/2018
		Construction Work Completed:	99%

02-3208	Agriculture Building #5	\$	49,000,000
SpawGlass Construction, Inc.			
Status:	On Schedule	Substantial Completion Date:	05/07/2019
		Construction Work Completed:	75%
02-3205	Biocontainment Research Facility	\$	86,000,000
J. T. Vaughn Construction, LLC			
Status:	On Schedule	Substantial Completion Date:	06/26/2019
		Construction Work Completed:	84%
02-3238	HVAC Replacement Aston Hall	\$	13,955,660
HOAR Construction			
Status:	On Schedule	Substantial Completion Date:	07/31/2019
		Construction Work Completed:	2%
02-3211	Music Activities Center	\$	42,750,000
SpawGlass Construction, Inc.			
Status:	On Schedule	Substantial Completion Date:	06/11/2019
		Construction Work Completed:	74%
02-3254	Polo Garage	\$	78,367,296
SpawGlass Construction, Inc.			
Status:	On Schedule	Substantial Completion Date:	11/16/2020
		Construction Work Completed:	1%
02-3220	Storm Water System Improvements	\$	11,430,000
Larry Young Paving, Inc.			
Status:	On Schedule	Substantial Completion Date:	06/10/2020
		Construction Work Completed:	22%
02-3235	Student Services Building	\$	40,141,969
J. T. Vaughn Construction, LLC			
Status:	On Schedule	Substantial Completion Date:	09/18/2019
		Construction Work Completed:	50%

Commerce, TX

21-3186	Nursing & Health Sciences Building	\$	54,000,000
BE&K Building Group			
Status:	Behind Schedule	Substantial Completion Date:	01/14/2019
		Construction Work Completed:	80%

Corpus Christi, TX

15-3188	Life Sciences Research & Engineering Complex-Ph I	\$	60,600,000
Fulton Construction Corp./Coastcon Corp. JV			
Status:	Substantially Complete	Substantial Completion Date:	01/08/2019
		Construction Work Completed:	99%

Dallas, TX

06-3192	Dallas AgriLife Center	\$	34,000,000
	Sedalco, Inc.		
Status:	Substantially Complete	Substantial Completion Date:	12/21/2018
		Construction Work Completed:	99%
23-3202	Dentistry Clinical Education Facility	\$	127,500,000
	J. T. Vaughn Construction, LLC		
Status:	On Schedule	Substantial Completion Date:	11/15/2019
		Construction Work Completed:	66%

Ft. Worth, TX

04-3191	Southwest Metroplex Building	\$	40,800,000
	Holder Construction Group, LLC		
Status:	On Schedule	Substantial Completion Date:	05/31/2019
		Construction Work Completed:	80%

Houston, TX

23-3258	En/Health Building Renovation	\$	85,718,000
	J. T. Vaughn Construction, LLC		
Status:	On Schedule	Substantial Completion Date:	09/21/2020
		Construction Work Completed:	5%

Killeen, TX

24-3194	Multipurpose Building 3	\$	36,000,000
	Austin Commercial, LP		
Status:	Substantially Complete	Substantial Completion Date:	11/02/2018
		Construction Work Completed:	99.9%

Kingsville, TX

17-3207	Education Complex	\$	63,048,770
	SpawGlass Construction, Inc.		
Status:	On Schedule	Substantial Completion Date:	08/30/2019
		Construction Work Completed:	65%

Laredo, TX

16-3206	Addition of Instructional and Support Spaces	\$	74,925,000
	Bartlett Cocke General Contractors		
Status:	On Schedule	Substantial Completion Date:	05/08/2019
		Construction Work Completed:	87%

Prairie View, TX

05-3204	Capital Improvements	\$	22,232,000
	Flintco, LLC		
Status:	On Schedule	Substantial Completion Date:	05/27/2019
		Construction Work Completed:	78%

05-3251	Energy Consumption Reduction Project - PVAMU	\$	15,302,030
Ameresco			
Status:	On Schedule	Substantial Completion Date:	04/01/2019
		Construction Work Completed:	95%

San Antonio, TX

25-3158	Science and Technology Building	\$	63,000,000
SpawGlass Construction, Inc.			
Status:	Substantially Complete	Substantial Completion Date:	01/12/2019
		Construction Work Completed:	97%

Stephenville, TX

04-3195	Applied Sciences Building	\$	54,000,000
BE&K Building Group			
Status:	Behind Schedule	Substantial Completion Date:	03/18/2019
		Construction Work Completed:	88%

04-3259	Farm Repair & Modernization	\$	10,900,000
Linbeck			
Status:	On Schedule	Substantial Completion Date:	07/15/2019
		Construction Work Completed:	23%

04-3176	Memorial Stadium Renovation and Expansion	\$	27,055,000
Sedalco, Inc.			
Status:	On Schedule	Substantial Completion Date:	04/29/2019
		Construction Work Completed:	93%

Total of Projects in Construction	\$	1,670,214,735
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Private Development:

Bryan, TX

01-3286	Commercial Office Building	\$	17,000,000
01-3285	Data Center	\$	150,000,000
01-3262	Microgrid - Enchanted Rock Project	\$	1,600,000
01-3287	Student Support Building	\$	12,000,000

College Station, TX

02-3165	Century Square	\$	300,000,000
02-3290	Development Tract (~8 acres on George Bush Drive)	\$	14,000,000
02-3284	Early Childhood Development Center	\$	6,500,000
02-3289	Intergenerational Living Center	\$	35,000,000
02-3297	Park West Parking Lot Expansion Phase 1	\$	540,000
02-3247	Doug Pitcock '49 Hotel and Conference Center	\$	152,000,000

Commerce, TX

21-3292	Development Tract (~8 acres at corner of Culver and Hwy 24)	\$	10,000,000
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Fort Worth, TX

04-3288	Fort Worth Early Childhood Development Center	\$	6,500,000
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Houston, TX

23-3293	Development Tract (~4.5 acres on Holcombe Blvd.-adjacent to TMC)	\$	325,000,000
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Prairie View, TX

05-3242	Innovation and Commercialization Center for Entrepreneurs (ICCE)	\$	10,100,000
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05-3283	PVAMU Phase 9 Student Housing	\$	41,000,000
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San Antonio, TX

25-3294	Development Tract (~10 acres on Hwy 410 / Connally Loop)	\$	37,249,000
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Stephenville, TX

04-3190	Tarleton 2016 Residence Hall	\$	76,790,746
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Texarkana, TX

22-3217	Student Recreation Center at TAMU-T	\$	12,370,119
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Total of Private Development Projects		\$	1,207,649,865
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AGENDA ITEM BRIEFING

Submitted by: Jon Mogford, Vice Chancellor for Research
The Texas A&M University System

Subject: Approval of Revisions to System Policy *17.01, Intellectual Property Management and Commercialization*

Proposed Board Action:

Approve revisions to System Policy *17.01, Intellectual Property Management and Commercialization*.

Background Information:

In January 2016, the System Internal Audit Department (Internal Audit) released an audit report determining that Texas A&M Technology Commercialization (TTC) was not complying with System Policy *17.01* in various respects. Internal Audit's report also recommended that System Policy *17.01* be updated and clarified to more effectively address the System's process for managing and administering intellectual property. Representatives of the System, Texas A&M, AgriLife and TEES have worked in consultation with TTC, Internal Audit, and the Board's Committee on Audit over the past several years to develop a revised System Policy *17.01* and accompanying proposed System regulations to implement the policy.

Below is a summary of the proposed revisions to this policy for the Board's consideration.

- **Effective Date and Next Review Date.** May 1, 2019 is the proposed effective date in order to align with the proposed effective date of the corresponding System regulations that will support this policy and clarify administration of the System commercialization program. A longer review cycle is proposed to ensure a predictable System technology commercialization process and governance structure.
- **Definitions.** The policy's definitions are updated to reflect current legal terminology and the current structure of the System technology commercialization enterprise.
- **Section 1.1.** TTC's role as the System's technology commercialization center, with primary responsibility for managing commercialization of System intellectual property as authorized by the Texas Education Code, is reiterated. Prior text referring to the Office of Technology Commercialization (TTC's prior name) is stricken. Existing member commercialization offices are identified, and these offices support the member's commercialization activities in coordination with TTC. At the direction of the chancellor or designee, members without a commercialization office can use an existing commercialization office of another member. Additional member commercialization offices may be established with the chancellor's approval. The chancellor is authorized to delegate responsibility for System intellectual property support and management to member commercialization offices, subject to TTC oversight as appropriate.

- **Section 1.2.** Existing Section 7.2.4 is renumbered and updated.
- **Section 1.3.** Existing text has been moved to this section and clarified.
- **Section 1.4.** A reference to an obsolete system regulation is stricken.
- **Sections 2 through 7.** Sections 2 through 7 are stricken and will be replaced with seven System regulations addressing the corresponding topics. These sections provide a detailed discussion of the System's management and administration of intellectual property (IP), including IP ownership, IP evaluation and protection, IP commercial development and licensing, formation and investment in entities commercializing IP, conflicts of interest, and administration. System regulations are more appropriate to address such operational details.

A&M System Funding or Other Financial Implications:

None.

Agenda Item No.

THE TEXAS A&M UNIVERSITY SYSTEM

Office of the Vice Chancellor for Research

March 13, 2019

Members, Board of Regents
The Texas A&M University System

Subject: Approval of Revisions to System Policy *17.01, Intellectual Property Management and Commercialization*

I recommend adoption of the following minute order:

“The revisions to System Policy *17.01, Intellectual Property Management and Commercialization*, as shown in the attached exhibit, are approved, effective May 1, 2019.”

Respectfully submitted,

Jon Mogford
Vice Chancellor for Research

Approval Recommended:

John Sharp
Chancellor

Billy Hamilton
Deputy Chancellor and
Chief Financial Officer

Approved for Legal Sufficiency:

Ray Bonilla
General Counsel



17.01 Intellectual Property Management and Commercialization

Revised ~~May 1, 2019 (MO -2019)~~~~August 3, 2012 (MO-186-2012)~~

Next Scheduled Review: May 1, 2029~~August 3, 2017~~

Click to view [Revision History](#).

Policy ~~Summary~~Statement

This policy ~~establishes principles for the management and administration of intellectual property within The Texas A&M University System (system) in order to~~ ensures that the new ideas, discoveries and technologies arising from research conducted as a part of the educational process are used in the best interest of ~~The Texas A&M University System (system)~~the system, its members and the public it serves.

~~Reason for Policy~~

~~This policy addresses the establishment of principles for the management and administration of intellectual property within the system.~~

Definitions

Click to view [Definitions](#).

The following definitions apply to this policy and all regulations under this policy:

Background intellectual property – intellectual property, which is usually a patent or patent application, that was conceived or developed prior to or independently developed of a disclosure, research agreement or license agreement and is necessary for or necessary to practice the technology set forth in such disclosure, research agreement or license agreement. The phrase “necessary to practice” means that a party cannot make, use, sell or offer to sell a product or use a method covered by the technology without potentially infringing the claims of the background patent or pending patent application if that pending patent application issues with such claims.

Copyrightable ~~W~~work – ~~a~~An original work of authorship ~~that~~~~which~~ has been fixed in any tangible medium of expression from which it can be perceived, reproduced or otherwise communicated, either directly or with the aid of a machine or device, such as books, journals, software, computer programs, musical works, dramatic works, videos, multimedia products, sound recordings, pictorial and graphical works. A copyrightable work may be the product of a single author or a group of authors who have collaborated on a project, or may be a derivative work based upon one or more preexisting copyrightable works.

Cost of legal protection – cost of legal protection includes, but is not limited to, the following: (a) legal costs and fees for obtaining protection of intellectual property; (b) legal costs and fees for determining if there is a legal issue in the way of commercializing or the protection of the system, member(s), IP creator(s), and/or the intellectual property itself; (c) legal costs and fees for enforcement of intellectual property rights and/or settlement of intellectual property disputes; (d) legal costs and fees for investigating alleged or actual infringement of intellectual property; and (e) other legal costs and fees for obtaining opinions related to the intellectual property. Cost of legal protection does not include the legal costs and fees for the formation of companies and legal opinions and/or advice associated with system interests in companies where the system owns or may own interest.

Creator – A person who invents, authors or otherwise creates intellectual property.

Intellectual Pproperty – Ccollectively, all forms of intellectual property including but not limited to issued patents, patent applications, patentable inventions, (including without limitation those inventions where the system has decided not to file for patent protection, or has deferred a decision to file for patent protection, or a patent application is not currently filed), plant variety protection certificates, copyrightable works, trademarks, mask works and trade secrets.

Intellectual property documents – legal documents relating to system’s rights in intellectual property, including, but not limited to, license agreements, letter agreements, option agreements, release agreements, inter-institutional agreements, confidentiality agreements, corporate agreements, applications, declarations, affidavits, disclaimers, and other such documents for the commercialization of system intellectual property.

Intellectual property family – all intellectual property described in a single disclosure (excluding any background intellectual property) and created by the IP creator(s). For more information on disclosures, see System Regulation 17.01.02, *Evaluation and Protection of Intellectual Property*.

Invention – Aany discovery, including without limitation, Aany art or process (way of doing or making things), methods, machine, devices, manufacture, design or composition of matter, or any new and useful improvement thereof, or any new plant or variety of plant, which is or may be patentable under the patent laws or protected under the Plant Variety Protection Act of the United States or other similar laws in foreign jurisdictions. An invention further includes those inventions that may not be eligible for patent protection, but are otherwise commercially valuable.

IP creator – a person who invents, authors or otherwise creates intellectual property.

Member commercialization office – an office within a member responsible for supporting that member’s commercialization activities and in which licensing managers may be located.

Patent – Aa property right granted by a government to an inventor to exclude others from making, using, offering for sale, or selling the invention in a territory, or importing the invention into a territory, for a limited time in exchange for public disclosure of the invention when the patent is granted.

Published – produced or released for distribution or dissemination in paper or digital form.

Tangible research property (TRP) – ~~T~~angible items produced in the course of system research that can be ~~physically~~ distributed, including to and/or used by a third party, including without limitation such items as biological materials, engineering drawings, integrated circuit chips, software, computer databases, prototype devices, circuit diagrams, and equipment. Individual items of tangible research property may be associated with one or more intangible properties, such as inventions, copyrightable works and trademarks.

Trademark (including service mark) – ~~A~~a distinctive word, design or graphic symbol, or combination word and design, that distinguishes and identifies the goods and services of one party from those of another, such as names or symbols used in conjunction with plant varieties or computer programs.

Works for hire – copyrightable works that are created by an employee who was hired by a member or the system specifically to create such works; or copyrightable works created within the scope of his or her employment to produce copyrightable works for institutional purposes; or copyrightable works created by a third party that was commissioned or contracted by a member and assigned to that member, or commissioned or contracted by the system and assigned to the system. Example works for hire include, but are not limited to: work assigned to programmers employed by the system or one of its members; software developed for the member by staff working collaboratively as part of their job duties; and creation of brochures, training programs, videos and manuals developed by staff or faculty as part of their job duties. The general expectation that faculty teach, research and publish does not by itself make intellectual property a work for hire.

Policy Procedures and Responsibilities

1. GENERAL POLICY STATEMENTS

1.1 Introduction

1. INTRODUCTION

The system is committed to teaching, inquiry-driven learning and the research associated with it, and public service. Research is one of the most important and rewarding aspects of the educational process, regularly leading to the development of new ideas, discoveries and technologies with the potential to benefit the public at large.

This policy is based on three fundamental principles: enhancing academic freedom, providing a clear pathway for pursuing technology commercialization and protecting all interested parties. To that end, the purposes of this policy are to:

- (a) ensure that the commercial development of research results enhances the system's education, research and public service missions;
- (b) protect the academic freedom of faculty with respect to the publication of their research findings;

- (c) foster an entrepreneurial environment through incentives and protections that encourages the creation, discovery, development and rapid transfer of new knowledge for the public benefit;
- (d) educate and assist faculty, staff and others in the use of the intellectual property process with respect to their discoveries and inventions; and
- (e) establish the principles for determining and protecting the interests of the system, IP creator, and sponsor with respect to discoveries and inventions created by faculty, staff and others in a manner that is equitable to all parties.

~~The Office of Technology Commercialization (OTC) was created in December 2005 to facilitate technology transfer for the system. It is the mission of the OTC to encourage broad practical application of system research for public benefit; to encourage and assist those associated with the system in the protection, licensing and commercialization of their discoveries; to ensure the equitable distribution of royalties and other monetary benefits resulting from the commercial application of intellectual property; and to see that commercialization activities benefit the research, education and outreach missions of the system into the future.~~

1.1 Delegation of Authority

In accordance with Texas Education Code, Chapter 153, the system Board of Regents (board), as the governing board, holds ownership in all intellectual property developed by faculty, scientists and staff employed by the members. Texas A&M Technology Commercialization (TTC) was established by the board under Texas Education Code, Chapter 153, to manage, transfer, market and otherwise commercialize intellectual property owned by the system or in which it owns an interest. TTC provides centralized administrative, accounting, revenue distribution and reporting services, as well as assistance and resources for new venture formation, for all members. The board authorizes TTC to undertake some or all of the activities described in Sections 153.004 and 153.006 of the Texas Education Code.

Member commercialization offices have been established within Texas A&M University, Texas A&M Engineering Experiment Station, Texas A&M Transportation Institute, and Texas A&M AgriLife Research. If a member commercialization office was not established within a particular member and that member desires to engage in commercialization activities, the chancellor or designee may direct one of the established member commercialization offices to support such member's commercialization activities. Additional member commercialization offices may be established with approval from the chancellor.

~~7.2.1~~The board delegates to the chancellor responsibility for the management of intellectual property subject to ownership by the system. The chancellor may delegate responsibility for the support and management of intellectual property subject to ownership by the system to member commercialization offices, subject to TTC oversight as appropriate.

1.2 Board of Directors Representation Authorization

The chancellor or designee is authorized to serve, in his or her official capacity, on the governing board or as an officer of entities formed for the purpose of development and commercialization of intellectual property owned by the system until the next regular meeting of the board. At the next regular meeting of the board, the chancellor or designee will provide information concerning the entity and the system's involvement to the board with a request for authorization for the chancellor or designee or a system designee to continue serving or serve as a member of the governing board of that entity.

1.3 Equity Holdings Related to Commercialization

The system is not restricted in the percentage of equity it may own in an entity formed for the purpose of developing and/or commercializing system intellectual property. All such equity will be and is owned and held by the system.

1.24 Applicability

This policy applies to all employees of the system and its members including, but not limited to, full and part-time faculty and staff and all persons using system facilities under the supervision of system personnel including visiting and adjunct faculty and researchers, undergraduate students, candidates for master's and doctoral degrees, post-doctoral students, and non-degree seeking graduate students, provided that visiting and adjunct faculty may be excluded in a written agreement negotiated by the system or its member in advance of employment or visitation. ~~The ownership and rights to technology-mediated materials are governed by System Regulation 17.02.02, *Technology-Mediated Instruction*.~~

~~2. OWNERSHIP OF INTELLECTUAL PROPERTY AND TANGIBLE RESEARCH PROPERTY (TRP)~~

~~Rights in intellectual property and TRP are as follows:~~

~~2.1 Creator or Third Party owned~~

~~2.1.1 Intellectual property which is unrelated to an individual's employment responsibilities and developed on his or her own time without the support of the system or any of its members or significant use of their facilities as defined in Section 2.2.3 of this policy, is owned by the creator, subject to the rights of third parties.~~

~~2.1.2 The system recognizes and affirms the traditional academic freedom of its faculty and staff to publish pedagogical, scholarly or artistic works without restriction. In keeping with this philosophy, the system does not claim copyright to pedagogical, scholarly or artistic works, regardless of their form of expression, unless required by a funding or research contract. Such works include, but are not limited to, faculty prepared works such as textbooks, course materials and refereed literature, and copyrightable works of students created in the course of their education, such as dissertations, papers and journal articles. Furthermore, the system claims no ownership in popular nonfiction, novels, poems, musical compositions or other works of artistic imagination that do not constitute~~

~~significant use of resources and/or are not works for hire as defined in Section 2.3.1 of this policy.~~

~~2.1.3 If an author retains title to copyright in teaching or course materials that are not works for hire, such as class notes, curriculum guides and laboratory notebooks, the system will retain a royalty-free right to use the materials for educational purposes.~~

~~2.1.4 Authors of copyrightable works that are not owned by the system, its members or another party such as a research sponsor, own the copyright in their works and are free to publish them, register the copyright and receive any revenues which may result.~~

~~2.2 System-owned~~

~~2.2.1 Except as otherwise expressly provided in this policy, intellectual property conceived or developed (1) as a result of activities related to an individual's employment responsibilities, and/or (2) with support from the system or any of its members in the form of administered funds, and/or (3) with significant use of resources as defined in Section 2.2.3 of this policy, shall be owned by and is hereby assigned to the system by such individuals.~~

~~2.2.2 Intellectual property that is conceived or developed in the course of or resulting from research supported by a grant or contract with the federal government (or an agency thereof) or a nonprofit or for-profit nongovernmental entity or by a private gift or grant to the system or its members, shall be determined in accordance with the terms of the sponsored grant or contract or, in the absence of such terms and to the extent consistent with applicable law, shall be owned by and is hereby assigned to the system by such individuals.~~

~~2.2.3 Intellectual property that is not institutional work or work for hire as defined in Section 2.3.1 of this policy, but is work that is developed with significant use of funds, space, hardware or facilities administered by a member, where use was essential and substantial rather than incidental, shall be owned by and is hereby assigned to the system by such individuals. The system will not construe the provision of salaries, offices or library facilities as constituting significant use of system resources, and therefore these works may be owned by the creator in accordance with Section 2.1.2.~~

~~2.3 Member-owned~~

~~2.3.1 Intellectual property that is either (1) created by an employee who was hired by a member specifically or required as part of his or her employment to produce intellectual property for institutional purposes, or (2) commissioned or contracted by the member and assigned to the member in writing, will be owned by the member and is hereby assigned to the member on whose behalf the work was performed. For example, work assigned to programmers is institutional work or work for hire as defined by law, as is software developed for the member by staff working collaboratively. Brochures, training programs, CD-ROMs, videos and~~

~~manuals developed by staff are other examples of institutional works or works for hire. The general expectation that faculty teach, research and publish does not by itself make intellectual property an institutional work or work for hire under this Section 2.3.1. The member is responsible for the commercialization of all institutional works or works for hire.~~

~~2.3.2 The member that first adopts and uses a trademark in connection with its goods or services will own and is hereby assigned that trademark.~~

~~2.4 Intellectual Property Involving Sponsored Research~~

~~2.4.1 Except as provided by Section 2.4.3, intellectual property conceived or developed in the course of or resulting from research supported by a grant or contract with governmental entities or a nonprofit or for-profit nongovernmental entity shall be owned by the system as provided in Section 2.2. The research sponsor should be offered an option to acquire license rights to develop and commercialize any intellectual property resulting from the project, subject to system policy and in accordance with the licensing guidelines in Section 4.3 of this policy.~~

~~2.4.2 The OTC, in coordination with the sponsored research offices of the members, shall ensure that all reporting requirements and other obligations to research sponsors regarding intellectual property including, but not limited to, obligations to the U.S. government under 37 CFR 401, are met. Intellectual property developed under sponsored research should be promptly disclosed to the OTC through the relevant member chief executive officer (CEO) or designee so all sponsor requirements and obligations can be met.~~

~~2.4.3 The acceptance of a contract, grant or agreement which does not require ownership of intellectual property by the system may be approved by the OTC or by a member CEO or designee with notification to the OTC if the benefit from the level of funding for proposed research and/or other consideration from the sponsor, licensee or other party outweighs the potential value of system ownership.~~

~~2.5 Intellectual Property Arising from Consulting Activities~~

~~The system recognizes that external faculty consulting can be an effective mechanism for professional development and for establishing good relationships with industry. Notwithstanding anything to the contrary in this policy, System Policy 31.05, *External Employment and Expert Witness*, and regulations promulgated pursuant to such policy shall solely govern all intellectual property arising under consulting or external employment subject to any of the system's prior legal obligations to third parties.~~

~~2.6 Tangible Research Property~~

~~The system owns TRP related to an individual's employment responsibilities and/or developed with support from system administered funds, facilities, equipment or personnel. Prior to the transfer, distribution and/or sale of system-owned TRP, the creator of the TRP must notify the OTC through his or her CEO or designee. The member~~

and the OTC will review the developmental history of the TRP to assess any obligations and to determine the conditions of such proposed transfer, distribution or sale.

If the TRP is determined by the member and the OTC to have commercial value, it will be managed by the OTC as system intellectual property, including licensing and distribution of income from commercialization in accordance with Sections 4.2, 4.8.1 and 4.8.2.

If the member and the OTC determine that the TRP can be distributed or sold outside of the system for non-commercial research purposes with no financial consideration beyond the recovery of costs associated with shipping and handling, the member will manage and facilitate the transfer and distribution with assistance from the OTC as needed.

Any transfer, distribution or sale of TRP for commercial purposes must include a written agreement between the system and the recipient of the TRP, and any transfer or distribution of TRP for non-commercial purposes must include a written agreement between the member and the recipient of the TRP.

2.7—Multiple Creators

In the event of multiple creators, the creators will agree between or among themselves as to their relative contributions and how they will share any benefits accruing to the creators consistent with the terms of this policy. Final determination of each creator's share shall be made only upon receipt by the OTC of a signed agreement between or among the creators. In the event that the creators cannot agree upon an appropriate sharing arrangement as evidenced by a clear and unequivocal written agreement within three months of the submission of a completed invention disclosure form, that portion of income to which the creators are entitled under Section 4.8 of this policy will be distributed amongst the creators as the member CEO may deem appropriate under the circumstances. Such a decision shall be binding on the creators.

2.8—Joint Employment

In the event that a creator is a joint employee of two or more members or in the event that multiple creators represent two or more members, the member CEOs will agree as to the relative contribution of each member and how the members will share any benefits accruing to the members, considering such factors as annualized FTE by member and level of financial support by the member. If the member CEOs cannot agree upon the appropriate sharing arrangement, the chancellor or designee will make the decision as deemed appropriate under the circumstances and such decision shall be binding on the members.

2.9—Offers of Intellectual Property

2.9.1—If an owner of intellectual property chooses to offer to the system intellectual property in which the system has no claim, the system may accept ownership of the intellectual property provided that (1) the owner makes the offer through the system or one of the members as if the intellectual property had been created within the system; (2) the owner agrees to all provisions (including distribution

~~of income provisions) of this policy; (3) the owner warrants that he or she owns all right, title and interest to the intellectual property and that, to the best of his or her knowledge, the intellectual property does not infringe upon any existing intellectual property legal rights; and (4) the gift is accepted by the Board of Regents (board) pursuant to System Policy 21.05, *Gifts, Donations, Grants and Endowments*.~~

~~2.9.2—The member CEOs shall advise the OTC of all such offers.~~

~~2.9.3—Should the board agree to accept the offer of intellectual property on behalf of the system, the owner will execute an assignment agreement transferring all right, title and interest in the intellectual property to the system, and acknowledging that the owner agrees to all provisions of this policy. In cases in which the owner has already expended funds toward obtaining patent or other legal protection for the intellectual property, the owner and the member may negotiate terms to allow recovery of legal and/or patent expenses from license fees and/or royalty income. Such an agreement would modify normal royalty sharing provisions until such expenses are recovered by the party entitled to recovery of the expenses.~~

~~2.9.4—The board may accept charitable donations of intellectual property from governmental or private organizations in accordance with System Policy 21.05. Upon the transfer of title in the intellectual property to the system, the intellectual property will be managed in accordance with this policy.~~

~~2.9.5—OTC, in consultation with the relevant member, will determine the distribution of income at the time of donation.~~

2.10 Software Ownership

~~Except as otherwise stated in this policy, the system may assert ownership in software as an invention and/or as a copyrightable work consistent with the other provisions of this policy.~~

~~3. EVALUATION AND PROTECTION OF INTELLECTUAL PROPERTY~~

3.1—Responsibility

~~The OTC is responsible for administering the system's rights and obligations, evaluating the commercial potential, determining inventorship, obtaining the necessary legal protection and taking the required actions to maximize the benefits of any intellectual property to the public, the creator(s), the system and its members. The OTC will also advise the creator(s) and the members on the process and best practices of protecting and commercializing intellectual property.~~

3.2—Disclosure

~~Individuals subject to this policy are required to promptly disclose to the OTC, through their CEO, all inventions, copyrightable work and tangible research property in which the system has an ownership interest under the provisions of Section 2 of this policy or~~

~~for which disclosure is required by contract or law. Prompt disclosure is especially important for inventions conceived and/or made with federal or state agency funding so that the system may meet its legal obligations under such funding agreements.~~

~~Questions about whether an idea or discovery constitutes an invention, and is therefore patentable, can be complex. Any publication or verbal disclosure that describes a patentable invention prior to filing for patent protection may entirely preclude patenting in foreign countries and may also preclude protection in the United States unless a patent is filed within one year of publication. In recognition of this complexity, individuals covered by this policy are encouraged to disclose as soon as possible after the conception of the invention or seek guidance from a technology licensing professional at the OTC as soon as questions arise as to what is patentable and what must be disclosed to the OTC.~~

~~Disclosure shall be made in a form prescribed by and available from the OTC, include a full and complete description of the discovery or development, and identify all contributing participants. Disclosure will initiate the evaluation process. Disclosure forms are available on the OTC website.~~

~~3.3—Disclosure Evaluation Process~~

~~Upon receipt of a completed disclosure form, the OTC will conduct a review of the disclosure to determine the rights and obligations of all parties concerned and the commercial significance of the discovery, and will evaluate patentability issues. The first step in this process is typically a meeting with the creator(s) to better understand the disclosure's scientific and commercial merit and, if necessary, devise strategies for protection, development and commercialization. It is the obligation of the creator(s) to make available to the OTC additional information as needed in all stages of this process.~~

~~The OTC will inform the creator of the outcome of its review regarding rights and obligations as soon as practical, but no later than 90 calendar days from receipt of a complete disclosure in the case of inventions and tangible research property and no later than 60 days in the case of works subject to copyright.~~

~~Members are encouraged to review disclosures for scientific and commercial merit and share the results with the OTC to assist in the management of intellectual property owned by the system.~~

~~3.4—Assignment of Rights~~

~~All persons subject to this policy shall, upon request by the chancellor, the CEO or designee of the respective member, or the OTC, execute an assignment agreement available through the OTC to set forth effectively the ownership and rights to intellectual property of the system or member. Such written assignment is to confirm, in a specific instance, the allocation and present assignment of intellectual property rights mandated by this policy and shall not be construed as making the present assignment of rights in this policy conditional upon the execution of such written agreement.~~

~~3.5—Protection of Intellectual Property~~

~~3.5.1—The system will not generally seek protection for innovations that the OTC determines are not commercially attractive even if the intellectual property has intellectual merit, unless required by the sponsor or the member CEO, in which case the sponsor or the member shall reimburse the OTC for all related costs associated with protecting the intellectual property. The associate vice chancellor for commercialization (AVCC) or designee, through the vice chancellor for federal and state relations of the system (VCFSR), shall notify the relevant member CEO of his/her decision; if the decision is not to seek protection, the CEO or designee shall notify the OTC if the member requires the OTC to seek protection.~~

~~3.5.2—The OTC may fund all of the costs associated with the protection of intellectual property subject to ownership by the system or it may request funding at any time from the member originating the intellectual property. Unless the member is requiring protection of the intellectual property, the decision whether to provide such funding shall be at the discretion of the member CEO or designee. In either case, costs associated with the protection of the intellectual property will be recovered for the funding party before distributing royalties, license fees or sale proceeds as outlined in Section 4.8.~~

~~4.—COMMERCIAL DEVELOPMENT~~

~~4.1—Creator Assistance~~

~~With few exceptions, the involvement of the creator(s) in the commercialization process is critical to success. The subject matter expertise, industry contacts and ongoing research of the creator(s) often facilitate commercialization. Successful commercialization requires that the OTC, member and the creator(s) all work in consultation with one another.~~

~~4.2—Licensing of Inventions and Copyright to Third Parties~~

~~Licensing intellectual property to third parties is the most common strategy for technology transfer. In the case of exclusive licensing, the third party is given the necessary rights to justify the often significant investment of time and resources in the commercial development of the technology. Given the breadth of research taking place within the system and the diversity of the intellectual property created, each license agreement is somewhat unique to the technology being licensed. However, there is a need to ensure consistency with respect to certain legal principles in each agreement.~~

~~4.2.1—The OTC and the Office of General Counsel (OGC) shall cooperatively develop a model license agreement for licensing system intellectual property which shall include, as a minimum, the guidelines set forth below. The model agreement shall be submitted to all potential licensees for system intellectual property, and individuals involved in negotiation of license agreements shall endeavor to achieve utilization of the significant aspects of the model agreement for all licenses of system intellectual property under the administration of the OTC. Any exceptions to the model agreement, other than special terms set out in a member-~~

~~approved sponsored research agreement, must be approved by the VCFSR or designee and the OGC.~~

~~4.2.2 In the case of member owned intellectual property, the licensing guidelines in Section 4.3 do not apply. The member has the primary responsibility and authority, with assistance from the OGC, for negotiating with third parties having an interest in using, developing or otherwise commercializing intellectual property resulting from institutional works or works for hire and trademarks. The member CEO or designee may also request that the OTC conduct the commercialization of certain intellectual property resulting from institutional works or works for hire.~~

~~4.3 Licensing Guidelines~~

~~The following guidelines are applicable to license agreements with private entities including those formed primarily for the purpose of developing and/or commercializing system owned intellectual property. The VCFSR or designee may approve exceptions to these guidelines from time to time.~~

- ~~(a) No entity shall be granted the exclusive right to the development and/or commercialization of all intellectual property created at a member. Agreements should grant rights only under specified projects.~~
- ~~(b) If an entity is granted the exclusive rights with respect to a particular invention, product, process, utility, methodology or other item of intellectual property, the agreement should provide that such rights will revert to the system in the event the entity fails to develop and commercialize the property within a specified period of time that is appropriate to the particular circumstances as determined by the OTC.~~
- ~~(c) An entity that is granted exclusive rights to develop or commercialize intellectual property that is patentable should be required to reimburse or bear all expenses incurred by the system in obtaining the licensed patent(s).~~
- ~~(d) The system, the member and the employees of each should be protected and indemnified from all liability arising from the development, marketing or use of the particular intellectual property.~~
- ~~(e) The OTC will work with the creator to ensure that the licensing process does not restrict publication rights of the creator.~~
- ~~(f) Commitments should not be made for future inventions even when improvements are expected. The VCFSR or designee may make exceptions occasionally as appropriate including, without limitation, to handle subordinate patents and well-defined derivative works for software.~~

~~License agreements shall contain such other provisions as may be determined by the OTC and the OGC to be in the best interest of the system.~~

~~4.4 Licensing of System owned Intellectual Property to Creators~~

~~Individuals subject to this policy may also request a license to commercially develop system owned intellectual property they conceived where such licensing would best~~

achieve the transfer of technology, is consistent with system obligations to third parties, does not involve a conflict of interest and follows the licensing guidelines set forth above. For additional information on conflicts of interest, see System Policies *07.01, Ethics*, and *07.03, Conflicts of Interest, Dual Office Holding and Political Activities*, System Regulation *31.05.01*, and Section 4.6 of this policy.

4.5 Waiver or Release of System Rights

Subject to any federal research or other sponsorship agreements and with appropriate approval from the sponsor, following notice and approval by the member, the OTC may waive or release the system's rights to specified intellectual property for or to the creator(s), clearing the way for the creator(s) to seek ownership. At any time, a creator(s) may request a waiver or release of system rights in writing to the OTC through the creator's member CEO or designee. The following provisions will apply to any waiver or release of system rights:

4.5.1 The system shall retain a perpetual, royalty free license to use the intellectual property and any corresponding patents, copyrights, service marks or trademarks for research and educational purposes.

4.5.2 In the case of significant use of resources as defined in Section 2.2.3 of this policy, the system may elect to receive a share, to be negotiated at the time of waiver or release of system rights, of proceeds generated from commercialization of the intellectual property after the creator recovers documented out of pocket costs for obtaining legal protection for the intellectual property. If there was not a significant use of resources, no such share of proceeds shall be sought. Use of significant resources will be resolved by the member CEO or designee.

4.5.3 In the case of a waiver or release of system rights to the creator, the creator will not receive a share of the proceeds received by the system in consideration of the waiver or release of the system's rights.

4.5.4 Creators receiving a waiver or release of system rights should review potential conflicts of interest with their department head. For additional information on conflicts of interest, see System Policies *07.01* and *07.03* and System Regulations *31.05.01* and *15.01.03, Conflict of Interest in the Design, Conduct and Reporting of Sponsored Research and Educational Activities*.

4.6 Board of Regents Approval Requirement

In accordance with Texas Education Code, Section 51.912, a creator of intellectual property who wishes to participate as an employee, officer or member of the governing board or authority of a business entity that has agreements with the system relating to the research, development, licensing or exploitation of the creator's intellectual property, must obtain approval from the board. See also System Regulation *31.05.01* for additional information.

4.7 Tangible Research Property

~~Commercial distribution of system-owned tangible research property will be managed by the OTC. The OTC shall ensure that the TRP distribution agreement contains provisions which address proper use, limits on creator's and member's liability for the TRP or products derived therefrom and other necessary terms. Sharing of any income resulting from the distribution of TRP will be made in accordance with Sections 4.8.1 and 4.8.2 of this policy.~~

~~4.8 — Distribution of Royalties, License Fees and Sale Proceeds from Licensing~~

~~Royalties, license fees and sale proceeds received by the system from the licensing or sale of intellectual property will be distributed at the end of each quarter in which they were collected.~~

~~The chancellor, subject to approval by the board, may adjust the allocation of royalties, license fees and sale proceeds set forth herein.~~

~~4.8.1 — Distribution of Royalties, License Fees and Sale Proceeds from Licensing or Sale of Patentable Inventions, Plant Varieties and TRP, Licensed or Sold Before June 1, 2006~~

~~Step 1 — Deduct from gross royalties, license fees or sale proceeds the cost of obtaining legal protection for the intellectual property (when such costs are not already paid in full by another source at the time of distribution) and payments to any third parties to arrive at net income.~~

~~Step 2 — Distribute forty two and one half percent (42.5%) of net income to the creator(s) as personal income.~~

~~Step 3 — Distribute thirty nine and one half percent (39.5%) of net income to the member supporting the research leading to the disclosure.~~

~~Step 4 — Distribute eighteen percent (18%) of net income to the OTC. This deduction is directed toward covering the administrative costs associated with evaluating, protecting, marketing and managing intellectual property.~~

~~4.8.2 — Distribution of Royalties, License Fees and Sale Proceeds from Licensing or Sale of Patentable Inventions, Plant Varieties and TRP, Licensed or Sold On or After June 1, 2006~~

~~Step 1 — Deduct from gross royalties, license fees or sale proceeds the cost of obtaining legal protection for the intellectual property (when such costs are not already paid in full by another source at the time of distribution) and payments to any third parties to arrive at net income.~~

~~Step 2 — Distribute thirty seven and one half percent (37.5%) of net income to the creator(s) as personal income.~~

~~Step 3 — Distribute thirty seven and one half percent (37.5%) of net income to the member supporting the research leading to the disclosure.~~

~~Step 4 — Distribute twenty-five percent (25%) of net income to the OTC. This deduction is directed toward covering the administrative costs associated with evaluating, protecting, marketing and managing intellectual property.~~

~~4.8.3 — Distribution of Royalties, License Fees and Sale Proceeds from Copyrightable Works Licensed or Sold On or After June 1, 2006~~

~~Step 1 — Deduct from gross royalties, license fees or sale proceeds the cost of obtaining legal protection for the intellectual property (when such costs are not already paid in full by another source at the time of distribution) and payments to any third parties to arrive at net income.~~

~~Step 2 — Distribute forty percent (40%) of net income to the creator(s) as personal income.~~

~~Step 3 — Distribute forty percent (40%) of net income to the member supporting the research leading to the disclosure.~~

~~Step 4 — Distribute twenty percent (20%) of net income to the OTC. This deduction is directed toward covering the administrative costs associated with evaluating, protecting, marketing and managing intellectual property.~~

~~4.8.4 — In those cases in which the OTC and the member originating the copyrightable work agree that the member will conduct the commercialization, the distribution of royalties, license fees and sale proceeds shall be determined by the member.~~

~~4.8.5 — Notwithstanding the provisions of Sections 4.8.1, 4.8.2, 4.8.3 and 4.8.4, the member shall be entitled to all income from the distribution or commercialization of institutional works, works for hire and trademarks as defined in Section 2.3.1 of this policy.~~

~~4.9 — Equity as a Consideration in Licensing~~

~~The OTC may negotiate an equity interest in lieu of or in addition to royalty and/or other monetary consideration as a part of an agreement relating to rights in intellectual property owned by the system. The system is not restricted in the percentage of equity it may take in a company as a part of an agreement relating to rights in intellectual property owned by the system.~~

~~The distribution of income from equity received as consideration for a license agreement will be distributed in the same manner as royalties and license fees as described in Section 4.8 of this policy. The system may, in its discretion, distribute shares of equity when appropriate. Should the system elect not to distribute shares, it shall control the disposition of equity at its sole discretion. This may include agreeing to receive the equity interest under terms that restrict its ability to sell, distribute or otherwise deal with the equity interests.~~

~~As stated in Texas Education Code, Section 153.007, and except as otherwise provided by law, the board, the system, members and employees of the system do not owe a fiduciary duty to any person claiming an interest in consideration received by the system or a member in exchange for technology.~~

~~Individuals subject to this policy should also refer to System Regulation 31.05.01 regarding equity ownership.~~

~~4.10 Revenue from Enforcement of Intellectual Property Rights~~

~~If the system receives revenue from third parties as a result of settlement or litigation related to the enforcement of system rights in intellectual property, such revenue will be first used to reimburse the system (or the sponsor or licensee, if appropriate) for expenses related to such actions. The creator(s) and the member are entitled to the recovery of lost royalties from the remaining net revenue according to the distribution formula outlined in Section 4.8 of this policy.~~

~~4.11 Research Support as Consideration in Licensing~~

~~If the system accepts research support in the form of a sponsored research agreement or unrestricted grant as part of an agreement relating to rights in intellectual property owned by the system in addition to or in lieu of royalties, license fees, equity and/or other monetary consideration, the creator shall have no entitlement to receive a share of the research support or grant as personal income.~~

~~4.12 Distribution of Income from Intellectual Property in Case of Death~~

~~In the case of death or incapacitation of a creator, royalty distributions, including any equity to which the creator was entitled, shall be made pursuant to the Texas Probate Code and the United States Internal Revenue Code.~~

~~5. FORMATION AND INVESTMENT IN OR ASSISTANCE PROVIDED TO VENTURES DEVELOPING OR COMMERCIALIZING SYSTEM INTELLECTUAL PROPERTY OR ESTABLISHED TO ASSIST INDIVIDUALS COVERED BY THIS POLICY TO COMMERCIALIZE INTELLECTUAL PROPERTY~~

~~5.1 General~~

~~5.1.1 Following disclosure, evaluation and protection of intellectual property, the OTC may elect to form and operate a business entity or assist with the formation and operation of a business entity, or enter into a new venture with another party for the purpose of developing and/or commercializing system intellectual property.~~

~~5.1.2 The commercialization process should include the means by which the system and members will be able to receive a return on investment of system and member resources. If monetary or non-monetary support is exchanged in part or in whole for equity, the exchange of equity must comply with this policy and Texas Education Code, Chapter 153. Equity received by the system or member in exchange for monetary or non-monetary support will not be subject to distribution of funds in Section 4.8.~~

~~5.1.3—Creators of intellectual property covered by this policy or members from which the intellectual property originated shall be offered equity in a company formed or business venture entered into by the OTC or any of its centers based on their level of involvement in the formation and ongoing operations of the company or venture. Offers of equity in OTC ventures will be recommended by the AVCC through the VCFSR and approved by the chancellor.~~

~~5.2—Company Formation by the OTC~~

~~5.2.1—The OTC is responsible for determining the organizational structure and the financing strategy, executing a license agreement subject to the guidelines set forth in this policy between the company and the system, and other activities related to company formation, such as selection of a CEO, other company officers and members of the governing board or authority. The system will obligate the company to comply with applicable laws, regulations and system requirements.~~

~~5.2.2—Outside counsel services may be contracted to assist with the formation of a company or to review and prepare documents associated with a venture whose purpose is to develop and commercialize system intellectual property with the consent of the VCFSR or designee and the OGC and, as required by law, the attorney general of the state of Texas. Outside counsel contracts are subject to System Regulation 09.04.01, *Legal Counsel and Attorney General Opinion Requests*.~~

~~5.2.3—The OTC and the OGC shall review all shareholder or member agreements for the protection of the system's interest in a company subject to this policy.~~

~~5.2.4—A license agreement will be executed with the company following the licensing guidelines set forth in Section 4.3 of this policy.~~

~~5.2.5—The system is not restricted in the percentage of equity it may own in an entity formed for the purpose of developing and/or commercializing system intellectual property.~~

~~5.3—Due Diligence Process~~

~~Before the OTC elects to form a business venture or assist with the formation of a business venture, or enter into a business venture with an existing company for the purpose of developing and/or commercializing system intellectual property, the OTC will perform due diligence on the proposed business venture. OTC shall determine the extent of the due diligence to be performed which will depend on the extent to which system resources are involved.~~

~~5.3.1—To guide the consideration of OTC business ventures, the OTC will be responsible for the development and maintenance of the minimum requirements for OTC business ventures, subject to approval by the VCFSR and chancellor. Business ventures may not be considered unless they meet the minimum requirements.~~

- ~~5.3.2 The OTC is responsible for submitting a commercialization plan for review including (1) an analysis of the potential business venture's business model and financial plan; (2) its probability of succeeding in commercialization; (3) a plan for addressing conflicts of interest; and (4) potential return to the system in terms of investment return or increased research revenue. The AVCC, subject to approval of the VCFSR and chancellor, will have authority for approving the commercialization plan, consistent with the results of the review and analysis, and the responsibility for setting milestones for the business venture.~~
- ~~5.3.3 Due diligence documents for OTC business ventures will include (1) a review of the manner in which conflicts of interest will be addressed; (2) background checks on the CEO and other corporate officers; (3) evaluation of the competence of management to execute the business plan; (4) evaluation of the financial risk and reward profile of the company and (5) a review of legal risks by the OGC, including a review of the commercialization plan.~~
- ~~5.3.4 The OTC is responsible for reviewing the business venture's progress every six months. If the venture receives a financial investment from the OTC, the initial review shall be conducted in three months. Review will focus on compliance with the commercialization plan and the achievement of established milestones. Results of all reviews will be provided to the VCFSR, chancellor and the chief financial officer and treasurer.~~
- ~~5.3.5 OTC business ventures must have an exit strategy which indicates how any financial interest will be returned to investors. In the event a business venture distributes publicly traded securities to the system, securities will be immediately transferred to the Office of the Chief Financial Officer and Treasurer for management.~~
- ~~5.3.6 To ensure that potential and actual conflicts of interest are promptly identified and resolved, the OTC shall provide to the OGC the information required by this subsection:~~
- ~~(a) The OTC shall obtain annual financial disclosures from all individuals who serve, at the request of the system, as a member of the governing board of business entities that have agreements with the system relating to the research, development, licensing or exploitation of intellectual property in which the system has an ownership interest.~~
 - ~~(b) The OTC shall promptly disclose to the OGC information revealing the existence of a potential or actual conflict of interest regarding OTC employees or the individuals listed in a) of this subsection. The OGC, in consultation with the Office of the Chief Financial Officer and Treasurer and the System Internal Audit Department, shall review information provided by the OTC in this subsection and shall report to the board, the chancellor, and the OTC the status of its review and recommendations for resolving any potential or actual conflicts. The OGC's recommendations shall be implemented to the satisfaction of the board chairman and the chancellor.~~

5.4—Assistance Programs Offered by the OTC

~~As described by the Texas Education Code, Section 153.004, the OTC may operate programs to provide assistance to individual persons and companies in commercializing technology owned wholly or in part by the system or in which the system has an interest, including individuals covered by this policy. Assistance may include providing monetary support or non-monetary support, including the use of premises, computers, computer software, telecommunications terminal equipment, office equipment and supplies, machinery, custodial services, utilities or other services that are customarily treated as overhead expenses.~~

5.5—Technology Commercialization Funds

~~5.5.1—The chancellor may establish one or more technology commercialization funds at the system level to aid in the establishment, maintenance and operation of the OTC or to aid in the discovery, development, protection or commercialization of technology. The fund or funds may accept state appropriations, gifts, grants, contracts and donations. Members and their affiliates, at the discretion of the CEO or designee, may contribute to the fund or funds. All gifts, grants and donations from individuals and corporations outside of the system are subject to System Policy 21.05. The OTC may solicit gifts to the system for the purpose of supporting commercialization efforts. The chancellor may delegate to the VCFSR or, with the prior approval of the board, may delegate to another employee of the System Offices, management oversight responsibility of the fund or funds.~~

~~5.5.2—Any additional financial, intellectual, administrative and/or infrastructure support for the OTC endeavors related to company formation may come from members or affiliated entities, at the discretion of each respective CEO or designee.~~

~~5.5.3—As provided in the Texas Education Code, each board member has the legal responsibilities of a fiduciary in the management of funds under the control of the system on behalf of the system.~~

~~5.5.4—Investment of fund assets into any single business venture will be limited to the greater of \$250,000 or ten percent (10%) of a fund's total value consistent with System Policy 22.02, *System Investment*.~~

6.—CONFLICTS OF INTEREST

~~In all activities addressed by this policy, system employees are responsible for avoiding (or, if applicable, disclosing/managing) potential and actual conflicts of interest and conflicts of commitment in compliance with federal and state requirements and applicable system policies and regulations, such as System Policies 07.01; 07.03; 07.04, *Benefits, Gifts and Honoraria*; 31.05; 33.03, *Nepotism*; 33.04, *Use of System Resources*; and System Regulations 15.01.03; 31.05.01; and 33.04.01, *Use of System Resources for External Employment*. The reporting requirements listed in Section 7.4 are in addition to the requirements of System Policy 07.03.~~

7.—ADMINISTRATION

7.1—Operation and Support of the OTC

~~The OTC was established by the board under Texas Education Code, Chapter 153, to manage, transfer, market and otherwise commercialize technology owned by the system or in which it owns an interest. The board authorizes the system, through the OTC and/or through any other center created by the board for the commercialization of technology, to undertake all of the activities described in Sections 153.004 and 153.006 of the Texas Education Code.~~

7.2—Delegation of Authority

~~Chapter 153 of the Texas Education Code authorizes the system to engage in technology development and transfer activities under authority provided to the board and other state and federal law.~~

~~7.2.1 The board delegates to the chancellor responsibility for the management of intellectual property subject to ownership by the system to include the authority to negotiate and execute, on behalf of the system, legal documents relating to the system's rights in intellectual property, including, but not limited to, license agreements, assignments of intellectual property, letter agreements, option agreements, inter-institutional agreements, commercial material transfer agreements, shareholder agreements, corporate agreements, applications, declarations, affidavits, powers of attorney, disclaimers, non-disclosure agreements and other such documents related to patents, copyrights and trademarks and the formation and operation of companies for the commercialization of system technologies including, without limitation, the authority to do all things necessary to effectuate the operation of such companies.~~

~~7.2.2 The chancellor may delegate to the VCFSR or designee the authority to negotiate and execute, on behalf of the system, legal documents relating to the system's rights in intellectual property including, but not limited to, license agreements, assignments of intellectual property, letter agreements, option agreements, inter-institutional agreements, commercial material transfer agreements, shareholder agreements, corporate agreements, applications, declarations, affidavits, powers of attorney, disclaimers, non-disclosure agreements and other such documents related to patents, copyrights and trademarks and the formation and operation of companies for the commercialization of system technologies. Furthermore, the chancellor may delegate to the VCFSR or designee the authority to do all things necessary to effectuate the operation of companies that the system forms or in which the system has an equity interest.~~

~~7.2.3 The AVCC is responsible for the day-to-day operations of the OTC and reports directly to the VCFSR. The AVCC shall file annually with the chancellor an Annual Financial Disclosure Report as required for vice chancellors in System Policy 07.03.~~

~~7.2.4—The chancellor or designee is authorized to serve, in his or her official capacity, on the governing board or as an officer of entities formed for the purpose of development and commercialization of technology owned by the system that have met the requirements of this policy. At the next regular meeting of the board, following the date on which the chancellor or designee becomes a member of the governing board, the AVCC through the VCFSR will provide information concerning the company and the system's involvement to the board with a request for authorization for the chancellor or designee to continue serving or serve as a member of the governing board.~~

~~7.3—Intellectual Property Committees~~

~~The Intellectual Property Oversight Committee (Oversight Committee) is chaired by the chancellor and comprised of the VCFSR, the AVCC, the CEO from each member principally involved in research and commercialization as determined by the chancellor, and one faculty representative who is the chair of the Intellectual Property Constituent Committee (Constituent Committee). The Oversight Committee shall advise the chancellor on matters related to intellectual property and may be expanded by the chancellor to include additional members.~~

~~The Constituent Committee is chaired by a faculty representative and comprised of no fewer than three faculty or research representatives, three deans and three administrators within the system. This committee shall review quarterly reports provided by the OTC and make recommendations on policies and other matters relating to intellectual property affecting faculty to the Oversight Committee.~~

~~7.4—Reporting Requirements~~

~~The chancellor shall ensure that the following reports are prepared and submitted:~~

~~7.4.1—Annually, within 60 days of the end of each fiscal year, the AVCC shall prepare and route through the VCFSR a report listing the titles and a brief description of each disclosure received under Section 3.2 of this policy since the last report for the board, chancellor and the participating member CEO.~~

~~7.4.2—The AVCC shall prepare a semi-annual report on all license agreements and commercialization activities involving system intellectual property. The AVCC through the VCFSR shall present the semi-annual report to the Oversight and Constituent Committees. For third party license agreements, the report should include an overview of each licensee's compliance with license terms and resulting gains to the system through financial return or increased research funding.~~

~~7.4.3—In compliance with Section 51.912 of the Texas Education Code, the board must file a report identifying (a) all employees who conceive, create, discover, invent or develop intellectual property and have an equity interest in or serve as an employee, officer or member of the governing board of business entities that have agreements with the system relating to the research, development, licensing or exploitation of intellectual property for which they are the creator and in which~~

~~the system has an ownership interest, and (b) all individuals who serve, at the request of the system, as a member of the governing board of business entities that have agreements with the system relating to the research, development, licensing or exploitation of intellectual property in which the system has an ownership interest. The report will be filed in accordance with the requirements of Section 51.005 of the Texas Education Code.~~

~~7.4.4—The AVCC through the VCFSR will submit to the board’s Committee on Finance and the Oversight and Constituent Committees an annual report on technology commercialization investments within 60 days of the end of each fiscal year. The investment report will include detailed investment holdings, transaction reports, valuation of holdings and material events that will affect the value of the investments since the last report.~~

~~7.5—Dispute Resolution~~

~~Disputes related to this policy can be made in writing to the chancellor who will submit the dispute to a panel, chaired by the faculty representative on the Oversight Committee and composed of no less than three disinterested members of the Oversight Committee. This panel may be expanded by the chancellor as needed. Once the panel has conducted its review of the dispute, it will forward its recommendation to the full Oversight Committee for consideration. The chancellor will be the final arbiter in matters relating to this policy. The OGC will provide legal advice to the panel and to the Oversight Committee.~~

Related Statutes, Policies or Requirements

[37 C.F.R. § 401](#)

[Tex. Educ. Code § 51.004](#)

[Tex. Educ. Code §51.005](#)

[Tex. Educ. Code §51.912](#)

[Tex. Educ. Code Ch. 153](#)

[Office of Technology Commercialization Disclosure Form](#)

[System Policy 07.01, *Ethics*](#)

[System Policy 07.03, *Conflicts of Interest, Dual Office Holding and Political Activities*](#)

[System Policy 07.04, *Benefits, Gifts and Honoraria*](#)

[System Regulation 09.04.01, *Legal Counsel and Attorney General Opinion Requests*](#)

~~[System Regulation 15.01.03, Financial Conflicts of Interest in Sponsored Research](#)~~

~~[System Policy 21.05, Gifts, Donations, Grants and Endowments](#)~~

~~[System Policy 22.02 System Investment](#)~~

~~The May 2006 version of this policy superseded~~

~~[System Policy 17.02, Patents](#)~~

~~[System Regulation 17.02.01, Management of Intellectual Property](#)~~

Member Rule Requirements

A rule is not required to supplement this policy.

Contact Office

~~[System Office of the Vice Chancellor for Research](#)~~[Texas A&M Technology Commercialization](#)
(979) 458-6000458-0117~~~~

17.01 Intellectual Property Management and Commercialization

Revised [May 1, 2019](#) (MO -2019)
Next Scheduled Review: May 1, 2029
Click to view [Revision History](#).



Policy Summary

This policy establishes principles for the management and administration of intellectual property within The Texas A&M University System (system) in order to ensure that the new ideas, discoveries and technologies arising from research conducted as a part of the educational process are used in the best interest of the system, its members and the public it serves.

Definitions

Click to view [Definitions](#).

Policy

1. INTRODUCTION

The system is committed to teaching, inquiry-driven learning and the research associated with it, and public service. Research is one of the most important and rewarding aspects of the educational process, regularly leading to the development of new ideas, discoveries and technologies with the potential to benefit the public at large.

This policy is based on three fundamental principles: enhancing academic freedom, providing a clear pathway for pursuing technology commercialization and protecting all interested parties. To that end, the purposes of this policy are to:

- (a) ensure that the commercial development of research results enhances the system's education, research and public service missions;
- (b) protect the academic freedom of faculty with respect to the publication of their research findings;
- (c) foster an entrepreneurial environment through incentives and protections that encourages the creation, discovery, development and rapid transfer of new knowledge for the public benefit;
- (d) educate and assist faculty, staff and others in the use of the intellectual property process with respect to their discoveries and inventions; and

- (e) establish the principles for determining and protecting the interests of the system, IP creator, and sponsor with respect to discoveries and inventions created by faculty, staff and others in a manner that is equitable to all parties.

1.1 Delegation of Authority

In accordance with Texas Education Code, Chapter 153, the system Board of Regents (board), as the governing board, holds ownership in all intellectual property developed by faculty, scientists and staff employed by the members. Texas A&M Technology Commercialization (TTC) was established by the board under Texas Education Code, Chapter 153, to manage, transfer, market and otherwise commercialize intellectual property owned by the system or in which it owns an interest. TTC provides centralized administrative, accounting, revenue distribution and reporting services, as well as assistance and resources for new venture formation, for all members. The board authorizes TTC to undertake some or all of the activities described in Sections 153.004 and 153.006 of the Texas Education Code.

Member commercialization offices have been established within Texas A&M University, Texas A&M Engineering Experiment Station, Texas A&M Transportation Institute, and Texas A&M AgriLife Research. If a member commercialization office was not established within a particular member and that member desires to engage in commercialization activities, the chancellor or designee may direct one of the established member commercialization offices to support such member's commercialization activities. Additional member commercialization offices may be established with approval from the chancellor.

The board delegates to the chancellor responsibility for the management of intellectual property subject to ownership by the system. The chancellor may delegate responsibility for the support and management of intellectual property subject to ownership by the system to member commercialization offices, subject to TTC oversight as appropriate.

1.2 Board of Directors Representation Authorization

The chancellor or designee is authorized to serve, in his or her official capacity, on the governing board or as an officer of entities formed for the purpose of development and commercialization of intellectual property owned by the system until the next regular meeting of the board. At the next regular meeting of the board, the chancellor or designee will provide information concerning the entity and the system's involvement to the board with a request for authorization for the chancellor or designee or a system designee to continue serving or serve as a member of the governing board of that entity.

1.3 Equity Holdings Related to Commercialization

The system is not restricted in the percentage of equity it may own in an entity formed for the purpose of developing and/or commercializing system intellectual property. All such equity will be and is owned and held by the system.

1.4 Applicability

This policy applies to all employees of the system and its members including, but not limited to, full and part-time faculty and staff and all persons using system facilities under the supervision of system personnel including visiting and adjunct faculty and researchers, undergraduate students, candidates for master's and doctoral degrees, post-doctoral students, and non-degree seeking graduate students, provided that visiting and adjunct faculty may be excluded in a written agreement negotiated by the system or its member in advance of employment or visitation.

Related Statutes, Policies or Requirements

[37 C.F.R. § 401](#)

[Tex. Educ. Code § 51.004](#)

[Tex. Educ. Code Ch. 153](#)

[System Policy 22.02 *System Investment*](#)

Member Rule Requirements

A rule is not required to supplement this policy.

Contact Office

System Office of the Vice Chancellor for Research
(979) 458-6000

Agenda Item No.

AGENDA ITEM BRIEFING

Submitted by: John Sharp, Chancellor
The Texas A&M University System

Subject: Approval of New System Policy 21.06, *Clinical Healthcare Operations*

Proposed Board Action:

Approve new System Policy 21.06, *Clinical Healthcare Operations*.

Background Information:

Clinical healthcare operations are essential to the maintenance of high quality academic programs and critical to the financing of the Texas A&M University Health Science Center (TAMHSC). The purpose of this policy is to establish a governance framework for the clinical practice of faculty members in the schools and colleges of TAMHSC and to provide standards for implementation of a TAMHSC faculty practice plan (TAMHSC Practice Plan). The TAMHSC Practice Plan will promote excellence in teaching, research, clinical service, and administration and lead to continued growth of TAMHSC clinical operations through clinical practice and compensation strategies that will attract and retain outstanding faculty by rewarding performance, clinical innovation and productivity, research, teaching, and administrative excellence; providing fairness and consistency in compensation determinations; and aligning faculty performance with the TAMHSC's mission.

A&M System Funding or Other Financial Implications:

None.

Agenda Item No.

THE TEXAS A&M UNIVERSITY SYSTEM

Office of the Chancellor

February 26, 2019

Members, Board of Regents
The Texas A&M University System

Subject: Approval of New System Policy *21.06, Clinical Healthcare Operations*

I recommend adoption of the following minute order:

“New System Policy *21.06, Clinical Healthcare Operations*, as shown in the attached exhibit, is approved, effective immediately. This policy supersedes Board of Regents Minute Order 301-2007, approved December 7, 2007.”

Respectfully submitted,

John Sharp
Chancellor

Approval Recommended:

Billy Hamilton
Deputy Chancellor and
Chief Financial Officer

Approved for Legal Sufficiency:

Ray Bonilla
General Counsel



21.06 Clinical Healthcare Operations

Approved: April 11, 2019 (MO -2019)

Next Scheduled Review: April 11, 2024

Policy Summary

Clinical healthcare operations are essential to the maintenance of high quality academic programs and critical to the financing of the Texas A&M University Health Science Center (TAMHSC). This policy governs the clinical practice of faculty members in the schools and colleges of the TAMHSC and establishes standards for implementation of a faculty practice plan (TAMHSC Practice Plan) to govern the management of the professional activities of such faculty members to promote excellence in teaching, research and human patient care, and to ensure compliance with applicable legal requirements.

Policy

1. PRACTICE PLAN AND ADDITIONAL STANDARDS

- 1.1 The clinical practice of faculty members in the schools and colleges of the TAMHSC must be performed through a TAMHSC Faculty Practice Plan authorized and administered in accordance with this policy.
- 1.2 The senior vice president must submit the TAMHSC Practice Plan, including any amendments to the Plan, to the System Office of General Counsel for review and approval as to form and legal sufficiency and to the president of Texas A&M University (president) and to the chancellor or designee(s) for approval.
- 1.3 The chancellor will develop a regulation describing additional governance, compliance and operational standards required for the TAMHSC Practice Plan.

2. AUTHORIZED PROFESSIONAL BUSINESS EXPENDITURES

The senior vice president will annually review and amend, if necessary, the list of authorized professional business expenditures for the TAMHSC Practice Plan.

3. PRACTICE PLAN BUDGET

The senior vice president must submit the annual budget for the TAMHSC Practice Plan to the president and The Texas A&M University System (system) chief financial officer for review. After review, the TAMHSC Practice Plan budget will be incorporated into Texas A&M University's annual operating budget developed and approved in accordance with System Policy 27.03, *Annual Operating Budget Process*.

4. AUDITS

The TAMHSC Practice Plan will be subject to regular audits on a schedule to be determined by the chief auditor in accordance with System Policy 10.01, Internal Auditing.

5. REPORTS

The senior vice president will annually submit financial and management reports of the TAMHSC Practice Plan to the board through the president and chancellor or designee(s).

Related Statutes, Policies, or Requirements

This policy supersedes Board of Regents Minute Order 301-2007, approved December 7, 2007.

Member Rule Requirements

A rule is not required to supplement this policy.

Contact Office

Vice Chancellor, Health Services
(979) 436-9100



21.06 Clinical Healthcare Operations

Approved: [April 11, 2019](#) (MO -2019)

Next Scheduled Review: April 11, 2024

Policy Summary

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Member Rule Requirements

A rule is not required to supplement this policy.

Contact Office

Vice Chancellor, Health Services
(979) 436-9100

MINUTE ORDER 301-2007 (AGENDA ITEM 34)
APPROVAL OF THE BYLAWS FOR THE
TEXAS A&M HEALTH SCIENCE CENTER COLLEGE OF
MEDICINE MEDICAL SERVICES, RESEARCH AND DEVELOPMENT PLAN,
THE TEXAS A&M UNIVERSITY SYSTEM HEALTH SCIENCE CENTER

On motion of Mr. Nye, seconded by Mr. Fraga and by a unanimous vote, the following minute order was adopted:

The bylaws of the Texas A&M Health Science Center College of Medicine Medical Services, Research and Development Plan, in the form attached as **Exhibit F**, a copy of which is attached to the official minutes, are hereby approved, and the College of Medicine is hereby authorized to implement the terms of such plan in accordance with the provisions contained therein.

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**\*Certified by the general counsel or other appropriate attorney as confidential or information that may be withheld from public disclosure in accordance with Section 551.1281 and Chapter 552 of the Texas Government Code.**

**PLACEHOLDER**

*This Item has not been finalized*