

- 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.
- 7.2.2 The chancellor may delegate to the VCFRC, 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.
- 7.2.3 The VCFRC is responsible for the day to day operations of the OTC and reports directly to the chancellor.
- 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 VCFRC 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 as a member of the governing board.

### 7.3 Intellectual Property Committees

A standing Intellectual Property Oversight Committee shall be established, chaired by the chancellor and comprised of the VCFRC, the CEO from each system member principally involved in research and commercialization as determined by the chancellor, and one faculty representative. This committee shall advise the chancellor on matters related to intellectual property and may be expanded by the chancellor to include additional committee members.

A standing Intellectual Property Constituent Committee shall also be established, 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, the VCFRC shall prepare for the chancellor, the system board and the participating member CEO, a report listing the titles and a brief description of each disclosure received under Section 3.2 of this policy since the last report.
- 7.4.2 The VCFRC shall prepare a semi-annual report on all license agreements and commercialization activities involving system intellectual property. The VCFRC shall present the semi-annual report to the Intellectual Property Oversight and Constituent Committees. For third party license agreements, the report should include an overview of each licensee's progress towards meeting development milestones, and resulting gains to the system through financial return or increased research funding. For commercialization activities in which an equity interest was received, the semi-annual report will include the following information: (1) total securities held and percentage of ownership in each venture; (2) any commitments which will result in additional ownership or investment in each participant; (3) the change in market value of the financial interest; and (4) any anticipated liquidity event which will realize the return on investment.
- 7.4.3 In compliance with Section 51.912 of the Texas Education Code, the system 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 System Office of the Treasurer will submit to the system board's Committee on Finance a quarterly report on technology commercialization investments. 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. The System Office of the Treasurer is responsible for the calculation and monitoring of valuations on all holdings.

#### 7.5 Dispute Resolution