

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS

BOX N - AUSTIN, TEXAS 78712 (512) 471-1265

MEMORANDUM

DATE June 29, 1982

TO: Chairman Powell
FROM: Art Dilly *AD*
SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

Please update your copy of the Regents' Rules and Regulations, Part Two by destroying the pages listed in Column "A" and substituting in lieu thereof the pages listed in Column "B":

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page iii	Page iii
Pages VIII-1 through VIII-5	Pages VIII-1 through VIII-5

The amendments approved at the June 10-11, 1982 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AHD:mg

Enclosures

RULES AND REGULATIONS
OF THE
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM
FOR THE GOVERNMENT OF
THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

As Revised by the Board of Regents on December 1, 1978
(with Amendments to June 11, 1982)

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CHAPTER VIII

PHYSICAL PLANT IMPROVEMENTS

Sec. 1. Major New Building Construction Exceeding the Amount of \$100,000 per Project. --

- 1.1 After the Board approves the construction of new buildings, the procedures shall be as follows:
 - 1.11 The Institutional Building Advisory Committee shall hold necessary hearings and make proper investigations to translate the approved academic program into priorities for new construction, with suggestions as to total project area and function, and make such recommendations to the chief administrative officer.
 - 1.12 The Institutional Building Advisory Committee shall be relieved of further direct responsibility whenever a building contract is awarded, but shall be available for consultation as the building progresses, as requested by the chief administrative officer, the Office of the Chancellor or its delegate, and the project architect.
 - 1.13 New projects shall be submitted to the Board for approval, including proposed funding, upon recommendation of the chief administrative officer, the Office of the Chancellor, or its delegate.
- 1.2 Project Development.
 - 1.21 The Board will employ a project architect for each new major building project at all component institutions.
 - 1.22 The chief administrative officer may appoint according to the Institutional Handbook of Operating Procedures an Ad Hoc Project Building Committee composed of but not limited to representatives of the departments or divisions that will occupy the building. The committee shall work with the Office of Facilities Planning and Construction to prepare a detailed program of the needs for each project.
 - 1.23 The chairman of the Institutional Building Advisory Committee, or his delegate, shall be an ex officio member of each Ad Hoc Project Building Committee.

- 1.24 The project architect shall be given the detailed program and will work in conjunction with the Office of Facilities Planning and Construction to prepare preliminary plans, exterior design, outline specifications, cost estimates, etc., which shall be submitted to the Board for approval upon the recommendation of the institutional head, the Office of the Chancellor, or its delegate.
 - 1.25 After approval of the preliminary plans, the Board shall authorize the preparation of the working drawings and specifications. In the preparation of the final plans and specifications, the project architect shall work with the Ad Hoc Project Building Committee and the Office of Facilities Planning and Construction.
 - 1.26 The final working drawings and specifications shall be submitted to the Board for approval upon the recommendation of the institutional head, the Office of the Chancellor, or its delegate.
- 1.3 Bidding and Construction Phase of Project.
- 1.31 After the Board approves the final plans and specifications, the Board shall authorize the Office of Facilities Planning and Construction to advertise for bids. Advertisements for bids for buildings shall be in accordance with State law and shall be published for four consecutive weeks unless the urgency, limited scope of work, or economy, as determined by the Chancellor, shall justify a lesser period of time.
 - 1.32 The Chancellor, or his delegate, shall receive and open bids, with the project architect and others, tabulate and study such bids, and make recommendations to the Board.
 - 1.33 The Board will award the contracts for all work in excess of the amount of \$100,000. The contract will be signed by the contractor(s) involved and the Chairman of the Board and approved by the Board in accordance with law.
 - 1.331 In the event the lowest bidder is found to be not responsible, or other facts and circumstances necessitate award of contract to other than the lowest bidder, the bidder(s) submitting proposal(s) lower than the bidder to whom award is proposed shall be notified of the Board's proposed decision for award.
 - 1.332 If the lowest bidder fails to timely state his protest of such award and requests to present evidence, the Board's proposed award will be final.

- 1.333 If the lowest bidder timely files notice of protest, the Board will hear the protest or will delegate to the Chancellor the authority to appoint a Hearing Officer who shall promptly convene and conduct a hearing and subsequently prepare and submit a report of his findings through the Chancellor to the Board. The Board shall make a final decision based upon the records of the hearing before the Hearing Officer.
- 1.334 The contract documents will be prepared by the Project Architect and approved by the Chancellor, or his delegate, and the General Counsel for the System, or his delegate, before submission to the Chairman of the Board.
- 1.335 At the time contracts are awarded, additional appropriations will be made if required.
- 1.34 The Office of the Chancellor, or its delegate, shall approve contractor's estimates, sign change orders, and provide general supervision of all new construction. That office shall advise the Board if developments during construction require additional funds or other decisions of the Board.
- 1.35 The Office of the Chancellor, or its delegate, shall inspect the completed building and recommend final acceptance and final payment.

Sec. 2. Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving Less than \$100,000 per Project. -- Minor new building construction, minor repairs and remodeling of the physical plant, and construction of improvements other than buildings that involve a total expenditure of \$100,000 or less per project may be handled at the component institution. Necessary funds must have been approved through the proper procedure. In each case, the project must have been approved by the director of physical plant, the chief business officer, and the chief administrative officer of the institution involved, and must have the prior approval of the Vice Chancellor for Business Affairs and the Office of the Chancellor.

Sec. 3. Major Repairs and Remodeling and Improvements Other than Buildings. --

- 3.1 Any repair or remodeling project of the Physical Plant or construction of improvements other than buildings involving an estimated expenditure that exceeds \$100,000 shall be deemed a construction project and shall be handled under

the procedures set out in Section 1. A repair or remodeling project or a project that involves the construction of improvements other than buildings that does not exceed \$100,000 may be handled at the component institution in accordance with the procedures set out in Section 2 of this Chapter.

3.2 Unless otherwise approved by the Board, the procedures and regulations pertaining to new building construction shall apply to major repairs and remodeling projects.

Sec. 4. Professional Services. --Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$10,000 with the approval of the Vice Chancellor for Business Affairs and the Office of the Chancellor on recommendation of the chief administrative officer and the chief business officer.

Sec. 5. Constitutional and Legislative Restrictions.

5.1 Section 18, Article VII, of the Texas Constitution requires approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under this section at the component institutions other than The University of Texas at Austin and at El Paso.

5.2 New construction projects not otherwise authorized by law, in excess of \$100,000 and all major repair and rehabilitation projects in excess of \$100,000, must be approved by the Coordinating Board, Texas College and University System as to purpose and gross dimensions. Format for submission will be as prescribed by the Coordinating Board. Submission will be prepared by the component institution, in consultation with and assisted by the Office of Facilities Planning and Construction, if necessary, and forwarded to System Administration for review, approval and handling of submission. It is the objective to submit the necessary documents to the Coordinating Board when the project scope and estimated cost are sufficiently defined to meet the Coordinating Board's requirements for approval. Normally, submission will be made when the Board approves preliminary plans and specifications and the related cost estimate.

Sec. 6. Modification of Bids.

- 6.1 No bid shall be changed, amended, or modified by telegram or otherwise after it has been submitted or filed in response to an advertisement for bids in connection with the construction or erection of permanent improvements at any of the component institutions of the System under Article 2593, Revised Civil Statutes of Texas, 1925.
- 6.2 The substance of this requirement shall be stated in the advertisement for such bids; provided, however, that this requirement shall not be construed to prohibit the submission of filing of more than one separate and independent bid by any bidder.

Sec. 7. Institutional Building Advisory Committees.

- 7.1 At each of the component institutions there shall be an institutional building advisory committee.
- 7.2 The committee shall be appointed by the chief administrative officer in the same manner as other institution-wide committees are appointed.
- 7.3 The composition of the institutional building advisory committee shall be set forth in the institutional Handbook of Operating Procedures of each component institution.
- 7.4 The Vice Chancellor for Business Affairs, or his delegate, and the chief business officer of the institution shall be ex officio members of such committees.

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THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS

BOX N - AUSTIN, TEXAS 78712 512/471-1265

MEMORANDUM

DATE April 28, 1982

TO: Chairman James L. Powell

FROM: Arthur H. Dilly *AHD*

SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

Please update your copy of the Regents' Rules and Regulations, Part Two by destroying the pages listed in Column "A" and substituting in lieu thereof the pages listed in Column "B":

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Pages I-1 and I-2	Pages I-1 and I-2
Pages III-8 and III-9	Pages III-8 and III-9

The amendments approved at the April 7-8, 1982 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AHD:mg

Enclosures

RULES AND REGULATIONS
OF THE
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM
FOR THE GOVERNMENT OF
THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

As Revised by the Board of Regents on December 1, 1978
(with Amendments to April 8, 1982)

CHAPTER I

GENERAL

Sec. 1. Gifts to The University of Texas System.

- 1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.
- 1.2 Recommendations for the acceptance of gifts showing details as to value, form, stipulations regarding use, and provisions for custody and disbursement of funds shall be transmitted by the chief administrative officer to the Office of the Chancellor and by that office, with recommendations, to the Board.
- 1.3 The authority to accept gifts to a component institution is delegated to the chief administrative officer when the gift is to a fund, foundation, or enterprise already approved by the Board or is a continuation of a series which has been previously approved by the Board. Each chief administrative officer is empowered to accept cash gifts (except endowments) to a component institution of the System in the amount of \$25,000 or less and gifts in kind having a value of \$25,000 or less, within the policies of the Board and Legislature governing the acceptability of gifts, and to deposit such gifts to the appropriate accounts. All gifts (except those described in Subsection 1.4 below) shall be reported by the dockets of each component institution as prescribed by the Board.
- 1.4 A quarterly report of all such gifts of \$25,000 or less showing name and address of donor, amount of cash gift or value of gift in kind, purpose, and date of the gift shall be filed with the Board within thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$2,500 or less showing only total dollars and number of gifts.
- 1.5 Except as provided in the preceding sections, no member of the staff of any institution has the authority to accept gifts of money to the System or to any of its component institutions. Gifts to the component institutions of books or other objects of very small value and very obvious propriety, without conditions attached, may be accepted by individual members of the staffs provided these gifts are reported to the Board.

- 1.6 Neither the System nor any of its component institutions will accept a gift for the benefit of any designated student unless the donor is exempt from Federal Income Taxes as defined by the Commissioner of Internal Revenue.
- 1.7 The acceptance of gifts of real property is prohibited without prior express approval of the Legislature except for establishing scholarships, professorships, or other trusts for educational purposes, provided that such property will not thereafter require legislative appropriations for operation, maintenance, repair, or construction of buildings. (Current Appropriation Bill)

Sec. 2. Acceptance of Small Gifts. -- The Board welcomes contributions, both large and small, in aid of the educational purposes of its various component institutions. Because of the high, and mounting, costs involved in the continued maintenance and servicing of individual accounts, practicality requires the establishment of policies with respect to the acceptance of gifts made for the establishment of permanent endowment funds. Accordingly, the following guidelines are hereby adopted with respect to the establishment hereafter of permanent endowment funds:

- 2.1 No gift of less than \$10,000 will be accepted as a separate permanent endowment. All gifts to establish permanent endowments of any nature shall be accepted by the Board via the Agenda.
- 2.2 All gifts are subject to the ensuing provisions:
 - 2.21 Should the Board determine at any time that the fund is not of sufficient size, and has no foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.
 - 2.22 A permanent register of Memorial Gifts shall be maintained at each component institution to record gifts, or where the gift or donation is not specifically directed to a component, the register shall be maintained by System Administration.

Sec. 3. Fellowships, Scholarships, and Loan Funds.

- 3.1 After gifts for fellowships, scholarships, and loan funds have been accepted by the Board, as indicated previously, they are administered jointly by designated committees and the business office of each component institution.

such reimbursement within the limitations established by the current appropriations act.

- 10.4313 In addition to employees, these provisions apply to reimbursement of travel expenses for prospective employees as provided in the statutes.
- 10.432 Reimbursement for Dues or Membership Fees. -- Reimbursement will not be allowed for dues or membership fees incurred in joining or attending any type of organization or association unless the membership is in the name of the State of Texas and/or the System or a component institution thereof. Such dues or membership fees will not normally be included for reimbursement on a travel claim, but will be separately approved and paid. (See Section 8.)
- 10.44 Special Exceptions to Foregoing Travel Provisions. -- The foregoing provisions apply to all employees and all funds but employees may elect to take advantage of the specific exceptions authorized below:
- 10.441 Contracts. -- Travel allowances under research or other contracts, which are 100 percent reimbursable, will follow the terms of the contract, and in the absence of specifications the travel rules and regulations covering payments from gifts, grants, and designated funds will apply.
- 10.442 Gifts, Grants, Designated and Auxiliary Enterprise Funds. -- Reimbursement of travel expenses paid from Gifts, Grants, Designated and Auxiliary Enterprise Funds will be as follows:
- (a) For grants from or derived from Federal or State agencies, travel allowances shall be paid as specified in the foregoing provisions.
 - (b) For other gifts, grants, designated, or auxiliary enterprise funds, travel allowances may be for actual expenses for meals and lodging not to exceed \$120 per day. The transportation allowances will be as specified in the foregoing provisions.
- The provisions of both (a) and (b) above are subject to the terms, provisions and conditions of the particular gifts, grants, or funds involved. Further exceptions of these provisions may be in accordance with specific authorization by the Board with certain designated funds. Likewise, when anticipated living

costs are unusually low for those engaged in travel, the person authorizing the travel may reduce the allowance for all or any part of the travel, provided that the employee shall be notified of such reduced allowance before being allowed to incur any expense. When not otherwise prohibited by the terms of the gift or grant, employees may also be reimbursed for required registration fees or similar expenses incurred in attending meetings of organizations or associations. Receipts for lodging, registration fees, or similar expenses shall be obtained and attached to the expense voucher. Project Directors, Principal Investigators, Departmental Chairmen, or other authorized personnel under a gift or grant who travel in their personally owned airplanes on necessary official business may be reimbursed therefor as provided in the current Appropriations Act.

- 10.443 Intercollegiate Athletics. --Actual expenses will be paid at no per diem limit, provided such expenditures in the amount of \$4.00 or more are supported by signed receipts.
- 10.45 Travel Advances. --As provided by statute, the System, including component institutions may establish procedures for making advances for travel expenses incurred by employees in the exercise of their official duties. Any such procedures established shall be in accordance with the statute, based on guidelines provided by the State Comptroller, and provide for prompt recovery of any such advances.
- 10.46 Institutional Travel Regulations. --Component institutions shall issue institutional travel regulations to implement the provision of this Section 10.4 for guidance of all personnel concerned. Copies of all such regulations shall be filed with the System Comptroller, who shall also issue clarifying instructions as appropriate.

Sec. 11. Insurance on Money and Securities; Fidelity Bonds.

- 11.1 Insurance on Money and Securities. --As approved by the Board, the System carries a blanket System-wide policy insuring against loss of money or securities at any of the component institutions. The premium paid by each institution is separately computed and is based on the coverage applicable at each institution. At

OFFICE OF THE BOARD OF REGENTS

MEMORANDUM

DATE January 6, 1982

TO: Chairman James L. Powell

FROM: Arthur H. Dilly *AH*

SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

Please update your copy of the Regents' Rules and Regulations, Part Two by destroying the pages listed in Column "A" and substituting in lieu thereof the pages listed in Column "B":

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page ii	Page ii
Pages VI-1 through VI-21	Pages VI-1 through VI-6

The amendments approved at the December 10-11, 1981 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AHD:mg

Enclosures

RULES AND REGULATIONS

OF THE

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

FOR THE GOVERNMENT OF

THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

As Revised by the Board of Regents on December 1, 1978
(with Amendments to December 11, 1981)

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CHAPTER VI

STAFF BENEFITS

(Staff benefits may be subject to change by State and Federal Laws. Application in specific instances should be verified.)

- Sec. 1. Teacher Retirement System.
Pursuant to Title 110B, Subtitle D, Chapters 31-35, Vernon's Texas Civil Statutes (to be included in the Texas Government Code), a person, unless eligible to participate and participating in the Optional Retirement Program (Section 2 below), employed by the System at least one-half time for a cumulative period of four and one-half months within one fiscal year must participate in the Teacher Retirement System of Texas.
- Sec. 2. Optional Retirement Program.
- 2.1 Pursuant to Section 36.101 et seq., Title 110B, Vernon's Texas Civil Statutes (to be included in the Texas Government Code), the following employees are eligible to participate in the Optional Retirement Program (O. R. P.):
- 2.11 Full-time faculty members appointed at least four and one-half months.
- 2.12 Full-time administrative, research or professional personnel appointed for at least four and one-half months, unless included in the classified personnel pay plan of a component institution.
- 2.2 In accordance with conditions approved by the U. T. Board of Regents, the Office of the Vice Chancellor for Business Affairs will approve the companies authorized to provide annuity contracts, custodial accounts or investment contracts under the O. R. P.
- 2.3 One change of O. R. P. companies is allowed per year. The change may be made only on the first day of a month.

Sec. 3. Tax Sheltered Annuities.

- 3.1 Pursuant to Article 6228a-5, Vernon's Texas Civil Statutes, an employee may purchase Tax Sheltered Annuities (T.S.A.) through an approved company.
- 3.2 In accordance with conditions approved by the U. T. Board of Regents, the Office of the Vice Chancellor for Business Affairs will approve companies authorized to offer annuities under the T.S.A. Program.

Sec. 4. Group Hospitalization and Medical Benefit Plan.

- 4.1 A person employed at least one-half time may elect optional group hospitalization and medical insurance coverage under a System-wide contract approved by the Office of the Chancellor and the U. T. Board of Regents.
- 4.2 Employees who do not enroll within 60 days of eligibility may do so only in the annual enrollment period during the month of September.
- 4.3 The anniversary date of the contract is September 1 of each year.
- 4.4 An employee enrolled for group hospitalization and medical coverage is automatically enrolled for group dental coverage. (Section 5 below.)

Sec. 5. Group Dental Insurance.

- 5.1 An employee covered by group hospitalization and medical insurance is also covered by group dental insurance under a System-wide contract approved by the Office of the Chancellor and the U. T. Board of Regents.
- 5.2 Dependents' dental coverage is available but may be discontinued only if dependents' group hospitalization and medical coverage is discontinued.
- 5.3 Reinstatement of discontinued dependents' dental coverage shall require a wait of 18 months from date of re-application.

Sec. 6. Group Term Life Insurance.

- 6.1 A person employed at least one-half time is eligible to purchase group term life insurance and dependents' group term life insurance under a System-wide "One Year Term" plan approved by the Office of the Chancellor and the U. T. Board of Regents.
- 6.2 The amount of insurance available may not exceed four times annual earnings.

Sec. 7. Group Cash Value Paid-Up at Age 65 Life Insurance Plan.

A person employed at least one-half time is eligible to purchase group cash value paid-up at age 65 life insurance under a policy approved by the Office of the Chancellor and the U. T. Board of Regents.

Sec. 8. Group Long Term Disability Income Insurance.

A person employed at least one-half time may purchase group long term disability income insurance under a policy approved by the Office of the Chancellor and the U. T. Board of Regents.

Sec. 9. Group Accident Insurance.

A person under age 70 and employed at least one-half time may purchase group accident insurance under a policy approved by the Office of the Chancellor and the U. T. Board of Regents.

Sec. 10. Workers' Compensation Insurance.

- 10.1 Pursuant to Article 8309d of Vernon's Texas Civil Statutes, a System-wide Workers' Compensation Insurance (W. C. I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.
- 10.2 The System Personnel Office, with the assistance of other appropriate System and component institution offices, shall investigate injuries and publish and enforce safety regulations.
- 10.3 The System Personnel Office shall be responsible for reporting all covered injuries to the Industrial Accident Board (I. A. B.).
- 10.4 The System Personnel Office shall coordinate occupational safety and health activities and enforce occupational safety and health standards.

- 10.5 The Office of General Counsel shall be responsible for a determination on appeal of I. A. B. decisions.
- 10.6 A percentage of annual payroll, as approved by the U. T. Board of Regents, shall be set aside to fund the Workers' Compensation Insurance Fund (W. C. I. Fund).
- 10.61 The System Personnel Office shall be responsible for deposit in the W. C. I. Fund of amounts to be forwarded monthly by each institutional chief business officer for salaries paid from other than state funds.
- 10.62 The System Personnel Office shall request the State Comptroller to transfer amounts due on payrolls from State funds to the W. C. I. Fund.
- 10.7 The System Personnel Office shall process all W. C. I. claims for medical care and compensation.
- 10.8 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the W. C. I. Fund.

Sec. 11. Unemployment Compensation Program.

- 11.1 The System-wide Unemployment Compensation (U. C.) Program will provide weekly benefits as specified in Article 5221-b et seq., Vernon's Texas Civil Statutes.
- 11.2 The U. C. Fund is established by the U. T. Board of Regents to be maintained in one or more regular depositories approved by the U. T. Board of Regents. The System Personnel Office shall administer funding by assessment on all salary sources other than State General Revenue Funds as provided in Section 11.24 below.
- 11.21 The System will reimburse the State General Revenue Fund from the U. C. Fund for claims charge-backs paid by the State Comptroller for former employees paid from other funds.
- 11.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.
- 11.23 The U. C. Fund shall at all times operate under principles agreed upon by the System and the U. S. Department of Health and Human Services.

- 11.24 Assessment rates shall be calculated to maintain the U. C. Fund balance within a range of \$1, 215, 000 to \$1, 755, 000 and to provide minimum balance fluctuations and maximum rate stability.
- 11.25 Expenditures from the U. C. Fund shall be limited to direct costs in accordance with Federal Management Circular 73-8, Section J. 7.

11.3 The System Personnel Office, working in coordination with appropriate System and component institution offices, shall administer the U. C. Program and represent the System and component institutions in appeals to the Texas Employment Commission (T. E. C.).

11.4 The Office of General Counsel shall be responsible for a determination on appeals of T. E. C. decisions.

11.5 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the U. C. Fund.

Sec. 12. Social Security (Old Age and Survivors Insurance).

Pursuant to 42 U. S. C. §410, all employees must participate in the Social Security Program.

Sec. 13. Deferred Compensation Plan.

As authorized by Article 6252-3b, Vernon's Texas Civil Statutes, any employee may participate in the Deferred Compensation Plan.

Sec. 14. Premium Sharing.

14.1 A person employed at least one-half time is eligible to receive the full amount of premium sharing specified by state law.

14.2 A person employed at least one-half time will receive a basic insurance coverage. Each eligible employee may elect other optional coverage within 60 days of employment or waive coverage at any time.

14.3 The total premium for basic coverage shall not exceed the amount of employer contribution.

Sec. 15. U. S. Savings Bonds.

All employees shall be provided the opportunity to participate in the purchase of U. S. Savings Bonds by payroll deduction.

Sec. 16. Availability of Complete Benefit Descriptions.

The Office of the Chancellor shall insure that up-to-date accurate descriptions of the participation and eligibility requirements for all employee benefits and programs are conveniently available to all prospective and current employees at System Administration offices and at all component institutions.

OFFICE OF THE BOARD OF REGENTS

MEMORANDUM

DATE November 13, 1981

to: Chairman James L. Powell

FROM: Arthur H. Dilly *AHD*

SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

Please update your copy of the Regents' Rules and Regulations, Part Two by destroying the pages listed in Column "A" and substituting in lieu thereof the pages listed in Column "B":

<u>"A"</u>	<u>"B"</u>
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Pages I-1, I-3, I-4, I-4a, I-6 and I-7	Pages I-1, I-3, I-4, I-4a, I-6 and I-7
Pages II-1, II-5 and II-6	Pages II-1, II-5 and II-6
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Pages XI-1 and XI-2	Pages XI-1 and XI-2

The amendments approved at the October 8-9, 1981 meeting of the U. T. Board of Regents have been incorporated on the revised pages. Also included in this distribution are revised pages containing editorial changes as authorized by the U. T. Board of Regents at their meetings on August 13-14 and October 8-9, 1981.

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Enclosures

RULES AND REGULATIONS
OF THE
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM
FOR THE GOVERNMENT OF
THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

As Revised by the Board of Regents on December 1, 1978
(with Amendments to October 9, 1981)

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CHAPTER I

GENERAL

Sec. 1. Gifts to The University of Texas System.

- 1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.
- 1.2 Recommendations for the acceptance of gifts showing details as to value, form, stipulations regarding use, and provisions for custody and disbursement of funds shall be transmitted by the chief administrative officer to the Office of the Chancellor and by that office, with recommendations, to the Board.
- 1.3 The authority to accept gifts to a component institution is delegated to the chief administrative officer when the gift is to a fund, foundation, or enterprise already approved by the Board or is a continuation of a series which has been previously approved by the Board. Each chief administrative officer is empowered to accept cash gifts to a component institution of the System of \$5,000 or less, within the policies of the Board and Legislature governing the acceptability of gifts, and to deposit such gifts to the appropriate accounts. All gifts (except those described in Subsection 1.4 below) shall be reported by the dockets of each component institution as prescribed by the Board.
- 1.4 A quarterly report of such gifts of \$5,000 or less showing name and address of donor, amount, purpose, and date of the gift shall be filed with the Board within thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$500 or less showing only total dollars and number of gifts.
- 1.5 Except as provided in the preceding sections, no member of the staff of any institution has the authority to accept gifts of money to the System or to any of its component institutions. Gifts to the component institutions of books or other objects of very small value and very obvious propriety, without conditions attached, may be accepted by individual members of the staffs provided these gifts are reported to the Board.

- 3.2 In the case of scholarships and fellowships, the appropriate committee, or designated individual, receives applications, makes the necessary inquiries, and determines the award. The committee advises the institutional head of the award and he, in turn, approves and forwards the notice of award to the business office. Payments on scholarships and fellowships are made through the business office of the component institution.
- 3.3 In the case of loan funds, the appropriate committee or designated person receives applications for loans, makes the necessary inquiries, and approves or declines the original loan as well as all renewals and extensions. The chairman notifies the business office of the granting of loans, and all records including notes, cash, accounts and collections are thereafter handled by that office. The principal of loan funds is kept intact insofar as possible. The chairman of the awarding committee may be requested by the business office to assist in collection of past due interest or principal.

Sec. 4. Endowment of Academic Positions.

- 4.1 No endowment will be established or announced without prior approval of the Board, and no initial appointment of an individual will be made to an endowed academic position without prior approval by the Board via the Agenda. Subsequent successive appointments of the same individual to the same position may be approved via the Chancellor's Docket.
- 4.2 No negotiations or commitments implying the establishment of the endowment of an academic position will be undertaken by any faculty member or officer of the component institution until the proposal has been formally approved by the chief administrative officer.
- 4.3 Recommendations to the Board concerning acceptance of gifts for endowment of academic positions will be made through the Office of the Chancellor to the Board. Before the final action of the Board, such recommendations will be referred to the Land and Investment Committee as to fiscal arrangements and to the Academic or Health Affairs Committee as to policy.
- 4.4 The six categories of endowed and named academic positions are: Chairs, Professorships, Visiting Professorships, Lectureships, Fellowships and Endowed Teaching Fellowships, and requirements for same are:
 - 4.41 Endowed Chairs. The endowed chair will be established with a minimum of \$500,000 or the equivalent

in annual contributions arranged according to agreements recommended by the Office of the Chancellor and approved by the Board. Grants of \$400,000 already under contractual agreement for the future, bequests included in wills made prior to January 25, 1975, and other prior bona fide arrangements for \$400,000 endowment chairs are excepted in this regulation. The component institution will pay from its funds such amounts as are necessary to set the salary of the occupant at a level commensurate with his or her record, experience, and position in the faculty. The endowment will be used both for salary supplementation and for other professional support of the holder of the chair, including assistance in the holder's research.

- 4.42 Endowed Professorships. The endowed professorship will be established with a minimum of \$100,000 or the equivalent in annual contributions arranged according to agreements recommended by the Office of the Chancellor and approved by the Board. Income from endowment will be used chiefly to supplement the salary of the occupant of the professorship but will be available for other professional support, including assistance in the occupant's research.
- 4.43 Endowed Visiting Professorships. The endowment of the visiting professorship specifies that such positions must be funded with a minimum endowment of \$50,000. Such appointments will be given to distinguished scholars who are in temporary residence at the component while participating in planned academic programs.
- 4.44 Endowed Lectureships. The endowed lectureship will be established with a minimum of \$20,000 and within a range of \$20,000 and \$100,000, with the provision that all such lectureships for which bona fide arrangements are in negotiation are excluded from this regulation. The lectureship will be consider a temporary appointment, usually given to a visiting scholar during temporary residence at the institution where the lectureship is established. Other emoluments for such visiting lectureships may be provided the visiting scholar through regular budgetary procedures, but no visiting lecturer will be remunerated from two or more lectureship endowments.

- 4.45 **Endowed Fellowships.** The endowed fellowship will be established with a minimum of \$50,000 or the equivalent in annual contributions arranged according to agreements recommended by the Office of the Chancellor and approved by the Board of Regents. Income from the endowment may be used to supplement the salary of the occupant of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status, and will also be available for other professional support of the occupant.
- 4.46 **Endowed Teaching Fellowships.** The endowed teaching fellowship will be established with a minimum of \$50,000. Income from the endowment may be used to supplement the salary of the recipient of the fellowship for one academic year. The recipient may be a person of any academic rank, irrespective of tenure status, who has been selected for his or her teaching excellence through procedures established by the component institution. This one-year salary supplement shall be in addition to any mandated or merit salary increase.

notification will also inform applicants that they may seek financial assistance from the State Rural Medical Education Board at any time during medical school should they subsequently determine that they desire to enter the practice of medicine in a rural area. The fact that an applicant has contracted for a loan, grant or scholarship from the State Rural Medical Education Board will be considered by the admissions committee in the overall consideration of the applicant.

Sec. 9. Admission of Nonresident Students. --No nonresident of the State of Texas shall be enrolled as a new or transfer student in any school, college, or degree-granting program at any component institution of the System when all of the three following conditions occur: (1) when there is a limitation on the number of students that will be enrolled in the class of which such nonresident would be a member if he were enrolled; (2) when the result of enrolling such nonresident would be to increase to greater than 10% the percentage of non-residents enrolled in the class of which such nonresident would be a member if he were enrolled; and (3) when at the time of the proposed enrollment of such nonresident, admission to the school, college, or degree-granting program is being denied to one or more Texas residents who have applied for admission and who reasonably demonstrate that they are probably capable of doing the quality of work that is necessary to obtain the usual degree awarded by the school, college, or degree-granting program.

Sec. 10. Official Seal, Colors, Flag, and Mascot.

10.1 The official seal of the System shall be the seal held in the custody of the Executive Secretary to the Board on which shall be inscribed "Seal of The University of Texas." The official seal of each component institution shall consist of the System seal with such heraldic variations as may be approved by the Board upon recommendation of the head of the component institution and the Office of the Chancellor. This official seal shall be used for the purpose of certifying diplomas, official transcripts for students and for such other official purposes as may be approved by the Board, by System Administration, or by the chief administrative officer of a component institution. Provided, however, that if any component institution has previously adopted and presently uses an institutional seal, such component institution may continue to use such seal in lieu of the seal hereby provided for. Provided further, however, no component institution shall use as its official seal that seal approved herein as the official seal of the System, unless the full title of the institution as designated in the Rules and Regulations of the Board, Part One, Chapter VIII, Section 4, is also used as an integral part of the seal.

- 10.2 The official colors for the System shall be orange and white; provided, however, that a component institution may adopt other colors to be used only in connection with athletic activities of the institution when approved by the Board upon recommendation of the chief administrative officer of the component institution and the Office of the Chancellor.
- 10.3 The Texas State Flag shall be designated as the official flag of the System, and the official flag of each component institution shall be the Texas State Flag with a streamer with the official name of the component institution in white letters on an orange field. No component institution shall have or display as its official flag or as a flag representative or symbolic of the institution any other flag.
- 10.4 Each component institution may adopt a theme and a mascot to be used in connection with athletic activities, provided same is approved by the Board upon recommendation of the chief administrative officer of the component institution and the Office of the Chancellor.

Sec. 11. Appropriation Act Riders. --The System will comply with the provisions of the current General Appropriation Act insofar as applicable.

CHAPTER II

ACCOUNTING, AUDITING, REPORTING, AND BUDGETARY CONTROL

Sec. 1. Types of Funds.

1.1 Current Funds.

- 1.11 General. --General Funds are those unrestricted operating funds which are available for any purpose. Such funds are expended in accordance with the budgets and appropriations approved by the Board. General Funds balances shall not be reappropriated from one fiscal year to another unless specific approval is given by the Office of the Chancellor and the Board.
- 1.12 Auxiliary Enterprises. --Auxiliary Enterprises Funds are those funds set aside for operating entities which exist to furnish specified services to students, faculty, or staff, and which charge fees that are directly related to the cost of the service.
- 1.13 Designated. --Designated Current Funds are those funds designated for special activities by the System. The income and expenditures are ordinarily related to a particular department. Expenditures follow the same programs as are found in the General and Restricted Current Funds. Such funds are subject to the same budgetary restrictions as General Funds although balances are automatically reappropriated at the end of each fiscal year.
- 1.14 Restricted. --Restricted Current Funds are those received from federal and local governments, state agencies, individuals, foundations, corporations, etc., or income derived from endowments, to be used only for a particular purpose or project, specified by the donor, such as research, conferences, scholarships, fellowships, etc. The period of use is usually designated in the agreement approved by the Board. The accounting for the funds will be on the accrual basis; however, in financial reporting, the amounts reported as revenues are limited to the expenditures. Unless otherwise specified, balances are automatically reappropriated at the end of each fiscal year.

- 1.2 Loan Funds. --Those funds that have been set aside for loans to be granted to students, faculty, or staff, including interest earned thereon.

- 4.2 Two reports, both of which shall be prepared under the direction of the chief business officer and the System Comptroller, shall be prepared annually:
- 4.21 Annual Financial Report. --As required by law, printed financial reports, in the format recommended in "College and University Business Administration, Third Edition," (1974), or its successor publication, shall be filed with the Coordinating Board, Texas College and University System and other State offices as specified by law.
- 4.22 Salary Payment Report. --On or before December 31, each year, an itemized report in format prescribed by System Administration shall be prepared of salaries and wages paid all employees for services during the preceding fiscal year out of any funds from any source or character under the control and/or custody of the Board, listing for each employee the total amount paid from each source during the twelve months of the fiscal year, the title of the position held or kind of service rendered. Copies of this report shall be furnished the Executive Secretary to the Board, the System Budget Director, and the System Comptroller.
- 4.3 Monthly financial reports, in the form prescribed by the System Comptroller, shall be prepared by each institutional chief business officer and distributed to the chief administrative officer, the Executive Secretary to the Board, the System Budget Director, and the System Comptroller. Copies of such monthly reports, verified under oath, shall be furnished semiannually to the Governor.

Sec. 5. Operating Budgets.

- 5.1 Operating Budgets for all the component institutions shall be approved annually by the Board within the budget estimates of income prepared by the chief business officer and the chief administrative officer and approved by the Office of the Chancellor.
- 5.2 General policies for the budget preparation shall be recommended by the Office of the Chancellor to the Board and shall be followed in preparing the budgets. Instructions for details of budget preparation shall be furnished to the chief administrative officers by the Office of the Chancellor.
- 5.3 The institutional chief administrative officer shall issue local instructions and shall furnish forms to the budget-recommending officials. Their recommendations for salaries, maintenance and operation, equipment, travel, and other pertinent items shall be reviewed by the chief administrative officer. The budget as finally recommended by the chief administrative officer shall be forwarded to the Office of the Chancellor for further review and recommendation to the Board.

- 5.4 Rules and procedures for budget administration shall be prepared by the Office of the Chancellor, approved by the Board, and shall be included in the completed budgets.
- 5.5 A copy of each budget, and any subsequent amendment thereto, shall be filed by the Executive Secretary to the Board with the Legislative Reference Library to be available for public inspection, and also with such other State offices as required by law.

Sec. 6. Legislative Budget Requests.

- 6.1 Legislative budget requests, biennial or otherwise, as may be required shall be submitted to the Coordinating Board, Texas College and University System, to the Legislative Budget Board, and to the Executive Budget Office in the form and at the time prescribed.
- 6.2 These legislative budget requests shall be prepared in conformity with the same general procedures, as outlined above in Section 5, for the annual budgets in the following sequence:
 - 6.21 Approval of budget request writing policies by the Board upon recommendation of the Office of the Chancellor.
 - 6.22 Preparation of a recommended budget request of expenditures by the chief administrative officer in conformity with these policies.
 - 6.23 Approval of the completed budget request by the Office of the Chancellor and the Board.

- 10.32 Requests for authorization to be absent for a period in excess of two weeks, but not in excess of twenty-nine days, including travel on official business, shall be transmitted through proper administrative channels to the Office of the Chancellor for approval prior to such absence.
 - 10.33 Requests for authorization to be absent for a period in excess of twenty-nine days, (excluding holidays approved by the Board), including travel on official business, shall be transmitted through proper administrative channels to the Office of the Chancellor for approval prior to such absence. Such approvals are to be reported in the regular dockets of the institutions affected.
 - 10.34 Requests for authorization to be absent by the administrative officers and staff of System Administration shall be approved by the Chancellor.
 - 10.35 Any travel that contemplates reimbursement from funds appropriated by the Legislature for travel expenses incurred must have the advance written approval of the Governor, with the exception of travel to, in, and from the several states, United States possessions, Mexico, and Canada.
 - 10.36 In lieu of any of the delegations of authority to approve absence from usual and regular duties, including official travel, specified in the above subsections, the Office of the Chancellor may exercise such authority.
 - 10.37 The chief administrative officers of the component institutions shall keep records of all approved absences which shall be available for review by the Office of the Chancellor and the Board, or their delegate.
- 10.4 Travel Expense Reimbursements.
- 10.41 Travel expenses shall be reimbursed only from funds appropriated or authorized for travel. The chief administrative officers shall plan the travel of all employees under their authority to achieve maximum economy and efficiency.
 - 10.411 Each travel voucher submitted for reimbursement shall include such a description as to identify persons or places contacted and/or the nature of the official business of the State performed within the legal responsibilities of the institution. When recruiting of faculty and staff is involved, names of persons contacted are required.
 - 10.412 In submitting travel vouchers for payment from funds in the State Treasury, component institutions should recognize the regulations of the State Comptroller with respect to such claims.

- 10.42 Travel vouchers for reimbursement of all official travel authorized pursuant to the foregoing provisions shall be approved and signed as follows:
- 10.421 System Administration. --Reimbursement for all travel by employees of the System Administration shall be approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs or their delegates, or the Director of Accounting or Assistant Director of Accounting of The University of Texas at Austin.
- 10.422 Component Institutions. --Reimbursement for all travel by employees of the component institutions shall be approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, or by the institutional administrative officers designated below:
chief administrative officer or chief business officer or other senior administrative or fiscal officers as may be delegated in writing by the chief administrative officer and the chief business officer. Such delegations shall be approved by the Chancellor and filed with the Executive Secretary to the Board and the State Comptroller of Public Accounts, together with the names of the individuals occupying the positions named.
- 10.43 Allowances for Meals and Lodging (including Per Diem), Transportation and Related Expenses. --Provisions of the applicable current appropriations act and the Travel Regulations Act of 1959 (Article 6823a VTCS), as amended, shall govern such allowances.
- 10.431 Exceptions to Per Diem Allowance. --
- 10.4311 Chief administrative officers shall be reimbursed for their actual meals, lodging, and incidental expenses (exclusive of expenses related to motor vehicles for which transportation is paid) when traveling on official business either in or out of state.
- 10.4312 Partial Per Diem Allowance for Meals and Lodging. --An employee who is traveling on official University business for a continuous period of a minimum of six (6) hours but less than twenty-four (24) hours which does not involve over-night stay will be reimbursed a partial per diem for meals in lieu of actual expenses, for both in-state and out-of-state travel. The Office of the Chancellor shall prescribe

such reimbursement within the limitations established by the current appropriations act.

- 10.4313 In addition to employees, these provisions apply to reimbursement of travel expenses for prospective employees as provided in the statutes.
- 10.432 Reimbursement for Dues or Membership Fees.-- Reimbursement will not be allowed for dues or membership fees incurred in joining or attending any type of organization or association unless the membership is in the name of the State of Texas and/or the System or a component institution thereof. Such dues or membership fees will not normally be included for reimbursement on a travel claim, but will be separately approved and paid. (See Section 8.)
- 10.44 Special Exceptions to Foregoing Travel Provisions.-- The foregoing provisions apply to all employees and all funds but employees may elect to take advantage of the specific exceptions authorized below:
- 10.441 Contracts.--Travel allowances under research or other contracts, which are 100 percent reimbursable, will follow the terms of the contract, and in the absence of specifications the travel rules and regulations covering payments from gifts, grants, and designated funds will apply.
- 10.442 Gifts, Grants, Designated and Auxiliary Enterprise Funds.--Reimbursement of travel expenses paid from Gifts, Grants, Designated and Auxiliary Enterprise Funds will be as follows:
- (a) For grants from or derived from Federal or State agencies, travel allowances shall be paid as specified in the foregoing provisions.
- (b) For other gifts, grants, designated, or auxiliary enterprise funds, travel allowances may be for actual expenses for meals and lodging not to exceed \$70 per day. The transportation allowances will be as specified in the foregoing provisions.
- The provisions of both (a) and (b) above are subject to the terms, provisions and conditions of the particular gifts, grants, or funds involved. Further exceptions of these provisions may be in accordance with specific authorization by the Board with certain designated funds. Likewise, when anticipated

living costs are unusually low for those engaged in travel, the person authorizing the travel may reduce the allowance for all or any part of the travel, provided that the employee shall be notified of such reduced allowance before being allowed to incur any expense. When not otherwise prohibited by the terms of the gift or grant, employees may also be reimbursed for required registration fees or similar expenses incurred in attending meetings of organizations or associations. Receipts for lodging, registration fees, or similar expenses shall be obtained and attached to the expense voucher. Project Directors, Principal Investigators, Departmental Chairmen, or other authorized personnel under a gift or grant who travel in their personally owned airplanes on necessary official business may be reimbursed therefor as provided in the current Appropriations Act.

- 10.443 Intercollegiate Athletics. --Actual expenses will be paid at no per diem limit, provided such expenditures in the amount of \$4.00 or more are supported by signed receipts.
- 10.45 Travel Advances. --As provided by statute, the System, including component institutions may establish procedures for making advances for travel expenses incurred by employees in the exercise of their official duties. Any such procedures established shall be in accordance with the statute, based on guidelines provided by the State Comptroller, and provide for prompt recovery of any such advances.
- 10.46 Institutional Travel Regulations. --Component institutions shall issue institutional travel regulations to implement the provision of this Section 10.4 for guidance of all personnel concerned. Copies of all such regulations shall be filed with the System Comptroller, who shall also issue clarifying instructions as appropriate.

Sec. 11. Insurance on Money and Securities; Fidelity Bonds.

- 11.1 Insurance on Money and Securities. --As approved by the Board, the System carries a blanket System-wide policy insuring against loss of money or securities at any of the component institutions. The premium paid by each institution is separately computed and is based on the coverage applicable at each institution. At

CHAPTER IV

PURCHASING

- Sec. 1. Authority to Obligate Institutional Funds. --The official purchasing agents of the component institutions shall have sole authority to obligate institutional funds for purchases of supplies, materials, services, and equipment unless otherwise provided in these regulations or otherwise specifically approved by the component chief administrative officer and the Office of the Chancellor or by the Board. No liability can be assumed for payment of obligations except those incurred in accordance with authority thus granted.
- Sec. 2. Purchasing Ethics.
- 2.1 First consideration shall be given to the objectives and policies of the System and its component institutions.
 - 2.2 Every effort shall be made to obtain the maximum ultimate value for each dollar of expenditure.
 - 2.3 Honesty in sales representation shall be demanded, whether offered through the medium of oral or written statement, an advertisement, or a sample of the product.
 - 2.4 Purchasing agents and their staffs and others authorized by or under these regulations to make purchases shall not accept personal gifts or gratuities that might in any way result in an obligation to individuals or firms seeking business.
 - 2.5 All qualified, reputable bidders shall be given equal opportunity to submit bids on a uniform basis when competition is possible.
 - 2.6 No bidder shall receive special consideration or be allowed to revise his bid after the time set for opening bids.
 - 2.7 Any violations of these purchasing ethics shall be reported promptly by the chief business officer to the Office of the Chancellor.

6.2 Proposals for space leases require the advance approval of the Vice Chancellor for Business Affairs. Lease contracts drawn in accordance with such approval shall be executed by the Vice Chancellor for Business Affairs, or his delegate, and submitted for ratification by the Board through the institutional docket.

6.3 A proposal shall be approved and the lease completed prior to occupancy of any space for office, storage, or other purposes. The proposal must show type of space and purpose of its use, approximate number of square feet, location, whether janitor service and/or utilities will be furnished by the lessor, period of lease, and any other requirements.

Sec. 7. Purchases from Employees. -- Purchases are not permitted from any officer or employee of the System unless the cost is less than that from any other known source and until approved by the component chief administrative officer, the Office of the Chancellor, and the Board. Details of such transactions shall be reported in the dockets or Minutes of the Board.

recommendations to chief administrative officers for further referral to the Office of the Chancellor and the Board (in those cases when action by the Office of the Chancellor and/or the Board is required), Institutional Patent Committees shall be established as directed by the Office of the Chancellor.

- 2.432 System Patent Office: To assist the Institutional Patent Committees to provide technical advice to individual faculty and staff members in patent matters and to coordinate details in respect to patent procedures, a System Patent Office shall be established.
- 2.44 Classification of Discoveries by Source of Research Support.
 - 2.441 The patentable idea has developed as a result of the individual's efforts on his own time, with no direct System support or use of System facilities.
 - 2.442 The patentable idea has resulted from research performed by the individual on System time, with support by State funds, or using System facilities.
 - 2.443 The patentable idea has resulted from research supported by a grant or contract with the Federal Government or an agency thereof, or with a nonprofit foundation, or by a private gift to the System.
 - 2.444 The patentable idea has resulted from research supported by commercial concerns or industry.
- 2.45 Property Rights and Obligations:
 - 2.451 Patentable ideas developed on an individual's own time and without direct System support or use of System facilities (See 2.441.) are the exclusive property of the inventor, and the System has no interest in any patent obtained, and no claim to any profits resulting therefrom. Should the inventor choose to offer his invention to the System, the Institutional Patent Committee shall recommend as to whether the System should support and finance the patent application and manage the patent development. If the inventor makes his offer after obtaining the patent, the Institutional Patent Committee shall recommend as to whether the System should reimburse the inventor for his expenses in obtaining the patent. If the Patent Committee recommends and the invention is accepted for patent management by the System, the procedures to be followed and the rights of the parties shall be those set out in Subsection 2.4524 following.

2. 452 Patentable ideas resulting from research performed on System time, with support by State funds, or using System facilities. (See 2. 442.)
2. 4521 The inventor may choose to publish the details of his research and not to patent.
2. 4522 Before or after publishing, if the inventor decides to patent ideas resulting from research done on System time, with support by State funds, or using System facilities, he shall submit such ideas to the Institutional Patent Committee for determination of the System's interest. In those instances, however, where delay would jeopardize obtaining the patent, the inventor may, with the approval of the Chairman of the Institutional Patent Committee and the chief administrative officer, file the patent application prior to the Committee and administrative review provided in the following two subsections. If the request is granted, the inventor may proceed with the filing of his patent application pending the determination of the System's interest as provided therein; provided, however, that the inventor shall be reimbursed for his expenses in filing the patent application if the decision of the System is to assert and exploit its interests. The Chairman of the Institutional Patent Committee shall notify the System Patent Office of any such application.
2. 4523 If the Institutional Patent Committee recommends that the System not assert and exploit its interest, and that recommendation is approved by the System Patent Officer and the Office of the Chancellor, the inventor shall be notified within ninety (90) days of the date of submission that he is free to obtain and exploit a patent in his own right and the System shall not have any further rights, obligations or duties thereto. (In some instances, the Committee may elect to impose certain limitations or obligations, dependent upon the degree of System support.)
2. 4524 If the System decides to patent and assert and exploit its interest, it shall proceed

- some limited period of time; (e) exclusive license for the life of the patent; or (f) such other provisions as will properly equate the equities involved, including the right of the System to terminate an exclusive license upon failure of the industrial participant to develop or exploit the invention in a manner which will enhance the interests of the public.
- 2.4544 All such arrangements or contracts with industrial participants shall be approved in advance by the Institutional Patent Committee and recommended and approved by the chief administrative officer, the Office of the Chancellor, and the Board.
- 2.4545 Employees of the System whose patentable ideas result from research supported by a grant or contract with commercial concerns or industry shall make such assignment of inventions or patents as is necessary in each case in order that the System may discharge its obligations, express or implied, under the particular agreement.
- 2.46 Any agreement altering the basic patent policy of the System as set out in the preceding sections shall have the advance approval of the Patent Committee, the chief administrative officer, the Office of the Chancellor, and the Board.
- 2.47 University Income from Patents.
The portion of the net income the System retains from royalty or other patent-related income shall be used first to defray the expenses of the System Patent Office, if any, and thereafter, as approved by the Board, for research purposes at the component institutions where the invention originated.
- 2.48 Implementation of Revised Patent Policy.
A Patent Procedures Manual shall be developed to provide more detail as to procedures to be followed under the various provisions of this policy.

basis for employees of all component institutions of the System subject to approval of the Office of the Chancellor and the Board.

- 4.2 Any employee employed at least one-half time or more is eligible for coverage. An insured employee's spouse and unmarried children between the ages of 19 and 25 may also be covered.
- 4.3 Employees may enroll within 60 days after they become eligible for coverage. Employees who do not enroll within 60 days may then do so only during the annual enrollment period.
- 4.4 The anniversary date of the contract is September 1 of each year. The annual enrollment period will fall during the month of September.
- 4.5 The contract offers three benefit schedules that provide each employee with options to determine the most suitable plan consistent with his income. The premium rates for coverage depend on the plan selected by the employee and the number of persons in the family to be covered.
- 4.6 Under the In-Patient and Out-of-Hospital portions of the contract, specified percentages of costs are provided for under the three plans.
- 4.7 An insurance continuation provision is available for employees who leave the employment of the System or who retire.

Sec. 5. Group Term Life Insurance.

- 5.1 The System carries a master group term life insurance policy, applicable to all component institutions, with the Aetna Life Insurance Company for a "One Year Term Plan." Premiums are payable monthly by payroll deduction and increase with each year of age. The program is optional and is available to any employee employed at least one-half time or more; new employees are notified of their eligibility by the personnel office at the time of employment.
- 5.2 The amount of insurance available is based on a schedule that may not exceed two times annual earnings with a maximum of \$100,000 or 200% of annual compensation, whichever is the lesser amount. The amount of insurance for any employee who does not elect to change to the new schedule will continue to conform to the Insurance Table in effect prior to September 1, 1975. Annual earnings for academic personnel shall be the nine-month or twelve-month academic rate as applicable. Annual earnings

injuries, the supervisor has information available on request concerning benefits for specific injuries such as the loss of a hand or eye. In case of death, benefits shall be the same as those provided in Article 8306, Section 8, Vernon's Texas Civil Statutes.

9. (12) Payment for medical aid, hospitalization and compensation is through the System Personnel Office.
9. (13) The System Personnel Office shall issue an annual report through proper channels to the Office of the Chancellor and to the Executive Secretary to the Board for the information of the members of the Board which shall include at least the following information for each component institution: The total claims and number of days lost, total compensation and medical benefits paid, receipts, and total expenditures including allocation of overhead. The report shall also include the balance in the fund at the beginning of the fiscal year, total receipts including interest, total disbursements, and balance in the fund at the end of the fiscal year.

Sec. 10. Unemployment Compensation Program.

- 10.1 The System Unemployment Compensation Program, effective January 1, 1972, and thereafter, is administered on a System-wide basis. Under the program, certain weekly benefits are payable to former employees who were separated from employment with the System under conditions specified in the Texas Unemployment Compensation Act and are unable to find suitable employment. Two methods of funding the cost of approved claims for such former employees will be in effect, as follows:
 - 10.11 For former employees whose salaries were paid from State General Revenue Funds, the cost of approved claims charge-backs are paid by the State Comptroller as provided in the current State General Appropriation Act. Initially, the Texas Employment Commission (TEC) pays approved claims and, quarterly, notifies the State Comptroller's Office and the appropriate System component institution of the claims amounts paid by individual. TEC bills the State Comptroller's Office, which makes payments to TEC from State General Revenue Funds appropriated for this purpose. Administration of claims, periodic reporting of salaries paid, and other aspects of administering the program for employees whose salaries are paid out of State General Revenue are the same as for those whose salaries are not paid out of State General Revenue, except that the assessments provided in Subsection 10.4 are not applied to

CHAPTER VIII

PHYSICAL PLANT IMPROVEMENTS

Sec. 1. New Building Construction Exceeding the Amount of \$50,000 per Project.

- 1.1 After the Board approves the construction of new buildings, the procedures shall be as follows:
 - 1.11 The Institutional Building Advisory Committee shall hold necessary hearings and make proper investigations to translate the approved academic program into priorities for new construction, with suggestions as to total project area and function, and make such recommendations to the chief administrative officer.
 - 1.12 The Institutional Building Advisory Committee shall be relieved of further direct responsibility whenever a building contract is awarded, but shall be available for consultation as the building progresses, as requested by the chief administrative officer, the Office of the Chancellor or its delegate, and the project architect.
 - 1.13 New projects shall be submitted to the Board for approval, including proposed funding, upon recommendation of the chief administrative officer, the Office of the Chancellor, or its delegate.
- 1.2 Project Development.
 - 1.21 The Board will employ a project architect for each new major building project at all component institutions.
 - 1.22 The chief administrative officer may appoint according to the Institutional Handbook of Operating Procedures an Ad Hoc Project Building Committee composed of but not limited to representatives of the departments or divisions that will occupy the building. The committee shall work with the Office of Facilities Planning and Construction to prepare a detailed program of the needs for each project.
 - 1.23 The chairman of the Institutional Building Advisory Committee, or his delegate, shall be an ex officio member of each Ad Hoc Project Building Committee.

- 1.24 The project architect shall be given the detailed program and will work in conjunction with the Office of Facilities Planning and Construction to prepare preliminary plans, exterior design, outline specifications, cost estimates, etc., which shall be submitted to the Board for approval upon the recommendation of the institutional head, the Office of the Chancellor, or its delegate.
 - 1.25 After approval of the preliminary plans, the Board shall authorize the preparation of the working drawings and specifications. In the preparation of the final plans and specifications, the project architect shall work with the Ad Hoc Project Building Committee and the Office of Facilities Planning and Construction.
 - 1.26 The final working drawings and specifications shall be submitted to the Board for approval upon the recommendation of the institutional head, the Office of the Chancellor, or its delegate.
- 1.3 Bidding and Construction Phase of Project.
- 1.31 After the Board approves the final plans and specifications, the Board shall authorize the Office of Facilities Planning and Construction to advertise for bids. Advertisements for bids for buildings shall be in accordance with State law and shall be published for four consecutive weeks unless the urgency, limited scope of work, or economy, as determined by the Chancellor, shall justify a lesser period of time.
 - 1.32 The Chancellor, or his delegate, shall receive and open bids, with the project architect and others, tabulate and study such bids, and make recommendations to the Board.
 - 1.33 The Board will award the contracts for all work in excess of the amounts of \$50,000 for new construction and \$80,000 for major remodeling/repair projects. The contract will be signed by the contractor(s) involved and the Chairman of the Board and approved by the Board in accordance with law.
 - 1.331 In the event the lowest bidder is found to be not responsible, or other facts and circumstances necessitate award of contract to other than the lowest bidder, the bidder(s) submitting proposal(s) lower than the bidder to whom award is proposed shall be notified of the Board's proposed decision for award.
 - 1.332 If the lowest bidder fails to timely state his protest of such award and requests to present evidence, the Board's proposed award will be final.

- 1.333 If the lowest bidder timely files notice of protest, the Board will hear the protest or will delegate to the Chancellor the authority to appoint a Hearing Officer who shall promptly convene and conduct a hearing and subsequently prepare and submit a report of his findings through the Chancellor to the Board. The Board shall make a final decision based upon the records of the hearing before the Hearing Officer.
- 1.334 The contract documents will be prepared by the Project Architect and approved by the Chancellor, or his delegate, and the General Counsel for the System, or his delegate, before submission to the Chairman of the Board.
- 1.335 At the time contracts are awarded, additional appropriations will be made if required.
- 1.34 The Office of the Chancellor, or its delegate, shall approve contractor's estimates, sign change orders, and provide general supervision of all new construction. That office shall advise the Board if developments during construction require additional funds or other decisions of the Board.
- 1.35 The Office of the Chancellor, or its delegate, shall inspect the completed building and recommend final acceptance and final payment.

Sec. 2. New Building Construction Involving Less than \$50,000 per Project.--
 New construction that involves a total expenditure of \$50,000 or less per project may be handled at the component institution. Necessary funds must have been approved through the proper procedure. In each case, the project must have been approved by the director of physical plant, the chief business officer, and the chief administrative officer of the institution involved, and the Vice Chancellor of Business Affairs.

Sec. 3. Minor Repairs and Remodeling and Improvements Other than Buildings. --
 Minor repairs and remodeling of the physical plant and construction of improvements other than buildings involving proposed expenditures of less than \$80,000 per project shall be made under the supervision of the director of physical plant and the chief business officer at the component institutions, with the prior approval of the chief administrative officer provided that necessary funds have been approved through proper procedure, and provided, further, that no such repairs, remodeling or construction shall be made without the prior approval of the Vice Chancellor for Business Affairs where the proposed expenditure exceeds \$50,000.

Sec. 4. Major Repairs and Remodeling and Improvements Other than Buildings. --

4.1 Any repair or remodeling project of the Physical Plant and

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

Sec. 1. Authorizations re Sales, Assignments, Conveyances, Receipt of Property, and Proxies.

- 1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund of The University of Texas System (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his delegate, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute any and all documents necessary to the consummation of any purchases or exchanges. In addition, Investment Counselors appointed by the Board of Regents may purchase, sell, or exchange securities from funds designated from the PUF and the Common Trust Fund in accordance with such Counselor's contracts.
- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, the Comptroller and Associate Comptroller, and the Trust Officer may each assign and transfer any and all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board.
- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, the Vice Chancellor for Business Affairs, and the Vice Chancellor for Lands Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders,

geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.

- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.
- 1.5 Authority to Execute Proxies.--The Chancellor, or his delegate, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, and the Investment Officer and the Director of Stock Research are each authorized to execute proxies within the approved investment policies.
- 1.6 Authority to Purchase, Sell, and Transfer Book-Entry United States Government and Government Agency Securities.--The Chancellor, or his delegate, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, or the Investment Officer of The University of Texas System may direct a member bank of the Federal Reserve System to purchase, sell, or transfer any United States Government or Government Agency securities in book-entry form for the Permanent University Fund of The University of Texas System and for the Board of Regents of The University of Texas System.

Sec. 2. Investment Policy for PUF.

- 2.1 Investments Authorized for Purchase.
 - 2.11 Bonds of the United States, the State of Texas or counties, cities, or school districts of the State of Texas, or in bonds issued under and by virtue of the Federal Farm Loan Act approved by the President of the United States, July 17, 1916, and amendments thereto.
 - 2.12 Bonds or other obligations issued, insured, or guaranteed in any manner by the United States Government or any of its agencies.

- 2.13 Bonds, debentures, or obligations and preferred and common stocks issued by corporations, associations, or other institutions.
 - 2.14 Convertible securities, of all kinds, issued by corporations whose common stock is eligible for purchase by the Permanent University Fund.
- 2.2 Standards as to Quality.
- 2.21 Corporate Stocks:
 - 2.211 Stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for five (5) consecutive years or longer immediately prior to the date of purchase.
 - 2.212 Except for bank and insurance shares, stock must be listed upon an exchange registered with the Securities and Exchange Commission, or its successors.
 - 2.213 Common Stocks are eligible for purchase if they are rated "B" or higher by Standard and Poor's Corporation. Stocks not rated by Standard and Poor's may be purchased if, in the opinion of the Investment Staff, they are of comparable quality to stocks rated "B" or higher by Standard and Poor's. An Investment Counselor shall obtain written approval of the Investment Staff before purchasing a stock which is not rated by Standard and Poor's.
 - 2.22 Corporate Obligations and Preferred Stocks: Corporate Bonds and Preferred Stocks must be "Baa" or higher as rated by Moody's Investors Service, Inc. or "BBB" by Standard and Poor's Corporation. Bonds or preferred stocks offered by private placement and not rated may be purchased if, in the opinion of the University's Investment Staff or Investment Counselor, they are of at least equal quality to publicly offered bonds and preferred stock eligible for purchase. Commercial Paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. or Standard and Poor's Corporation to be eligible for purchase.
- 2.3 Diversification.
- 2.31 Not more than 5% of the voting stock of any one (1) corporation shall be owned at any given time by the PUF.
 - 2.32 Not more than 1% of the book value of the PUF shall be invested at any given time in securities issued by any one (1) corporation.

2.4 Standard of Care.

2.41 Prudent Person Rule*: In making or retaining each and all investments for the PUF and in the management, purchase, and sale of such investments from time to time, there shall be exercised the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital.

2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.

2.51 Exercise of or sale of stock rights is to be made at the discretion of the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts. Stock rights which arise in connection with funds under control of an investment counselor shall be handled by that counselor in its discretion.

2.52 As a general rule, fractional shares received from stock dividends, etc., are to be sold. In each instance, the decision to round out fractional shares or to sell will be made by the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts. Fractional shares which arise in connection with funds under control of an investment counselor shall be handled by that counselor in its discretion.

2.53 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Executive Director for Investments and Trusts determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or, in his absence, to the Chairman of the Land and Investment Committee.

2.6 Exchange of Bonds. The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts is authorized to exchange bonds owned, from time to time, on a par for

* Refers to the rule set out in the second paragraph of Article VII, Section 11a, Texas Constitution

par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield.

- 2.7 Advice of Investment Advisory Committee. The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings on all of the major matters involving the PUF.
- 2.8 Reports of Purchases, Sales, and Exchanges of Investments. All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Land and Investment Committee.
- 2.9 U. S. Government Insured Mortgages F.H.A. , V.A. , or Any Other Mortgage Loans Fully Guaranteed by the United States Government or Any Agency Thereof.
 - 2.91 Minimum standards set up by F.H.A. or V.A. shall be adhered to, and adequate Title and Hazard insurance policies must be carried by borrower. The policy of hazard insurance must be issued by an underwriter rated "A" or better by the then current issue of "Best's Insurance Reports: Property Casualty. "
 - 2.92 Implementation of Mortgage Loan Program: the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts are each authorized to purchase insured mortgage loans and to execute such documents necessary in conducting a mortgage loan program, including the execution of assignments of any notes and liens when appropriate to do so.
 - 2.93 The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default occurring with respect to any guaranteed loans, including the power to acquire title on behalf of the Board to the property securing any such note and to execute on behalf of the Board the necessary deed conveying the properties to the U. S. Government or department or agency thereof.

- 2.94 Minimum Standards for Seller-servicers from which F. H. A. or V. A. Loans are Purchased:
- 2.941 The Seller-servicer must be an approved F. H. A. or V. A. mortgagee and must have satisfactory credit rating and an unimpaired capital and surplus of at least \$1, 000, 000.
 - 2.942 It must have been actively engaged for at least five years in the mortgage loan business, and except for commercial bank, the mortgage loan business must be its principal business and must have a capable and experienced organization, together with the necessary equipment to furnish timely accounting on a block basis.
 - 2.943 It must be servicing at least \$100, 000, 000 of loans, and its clients (other than Federal National Mortgage Association) must include at least three institutional investors and must have a capability of producing not less than \$10, 000, 000 per year in F. H. A. or V. A. loans.
 - 2.944 It must carry a Mortgage Bankers Blanket Bond in an amount not less than \$500, 000.

Sec. 3. Investment Policy for Trust and Special Funds.

- 3.1 Investments Authorized for Purchase. -- Unless otherwise limited by the terms of the instrument by which the fund was created, trust and special funds under the control of the Board shall be invested and reinvested in such securities and investments as are permitted by the Texas Trust Act as legal investments for funds held by trustees.
- 3.2 The provisions of Sections 2.6, 2.7, 2.8, and 2.9, with respect to the investment and management of the PUF, shall likewise apply to trust and special funds.

Sec. 4. Investment Policy for Common Trust Fund. -- The policies for the investment and management of funds for the System Common Trust Fund shall be the same as those outlined in Section 3 with respect to trust and special funds.

Sec. 5. Staff Investment Committee.

- 5.1 Membership. -- The Staff Investment Committee shall consist of the Vice Chancellor for Business Affairs, the Executive Director for

Investments and Trusts, the Investment Officer, and such other members as may be designated from time to time by the Chancellor or the Vice Chancellor for Business Affairs.

5.2 Duties. --The Staff Investment Committee shall cooperate with and advise the Chancellor on matters relating to the management of investments.

Sec. 6. Investment Advisory Committee. --The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts with respect to matters relating to the management of investments for which said Executive Director is responsible. The following rules shall apply to such Committee:

6.1 Membership. --Five members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.

6.2 Selection Procedure. --Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.

6.3 Term of Office. --Each member shall serve a five year term on a rotating basis, with the term of one member expiring each August 31.

6.4 Meetings. --Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor.

Sec. 7. Investment Transactions. --Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with normal investment practices.

CHAPTER X

AUXILIARY ENTERPRISES

- Sec. 1. Auxiliary Enterprises are those operated primarily for service to students and staff. Such enterprises are expected to be self-supporting. Examples of such enterprises are residence halls, dining halls, student hospitals, student unions, bookstores, and any activities supported from fees collected as Student Activities Fees, whether such fees are optional or mandatory.
- Sec. 2. Annual budgets for these activities shall be prepared and submitted through regular administrative channels, and expenditures shall be within budgets approved by administrative officials and the Board. Income of Auxiliary Enterprises is not deposited with the State Treasury, however, and any balances or deficits at the end of a fiscal year may be reappropriated for the succeeding year.
- Sec. 3. With the exception of intercollegiate athletic departments, to which the general and special provisions of the Appropriation Bill do not apply, the same regulations and applicable laws shall govern as apply to the budgeting and expenditure of general funds unless otherwise specifically authorized. The Board, upon recommendation of appropriate administrative officials, approves the regulations for the management and operation of athletic departments.
- Sec. 4. Rentals and related policies and rates for dormitories and housing facilities shall be approved in advance by the chief administrative officer, the Office of the Chancellor, and the Board.
- Sec. 5. Rules and regulations for the administration of dormitories, other housing facilities, dining halls, and other eating facilities, shall be promulgated by administrative officials and the chief administrative officer at the institution concerned.
- Sec. 6. The money values of meals, lodging, and other services the employees are authorized to receive in lieu of additional wages or salary, are recommended to the chief administrative officer by the chief business officer and approved by the Office of the Chancellor and the Board.
- Sec. 7. Statutory Provisions Currently in Effect. --Auxiliary Budgets shall comply with statutory provisions and rider provisions of current Appropriation Bill.

- Sec. 8 Student Publications. --Rules and regulations for the establishment, administration and operation of student publications shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Office of the Chancellor for inclusion in the institutional Handbook of Operating Procedures.
- Sec. 9 Student Union Facilities. --Rules and regulations for the establishment, administration and operation of student union facilities shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Office of the Chancellor for inclusion in the institutional Handbook of Operating Procedures.
- Sec. 10 Intercollegiate Athletics Programs. --Rules and regulations governing the establishment, administration and operation of intercollegiate athletics programs shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Office of the Chancellor for inclusion in the institutional Handbook of Operating Procedures.
- Sec. 11. Employment of a Students' Attorney.
- 11.1 If an attorney is retained in any manner by a component institution or by a Students' Association or other agency of student government at any component institution of the System to serve as a students' attorney, said attorney shall not act as counsel of record nor represent any student, faculty member, or staff member, or any group or combination of students, faculty members, or staff members, or System Administration or any component institution of the System:
- 11.11 In any matter that requires an administrative decision to be made by any officer, committee, board, or agency of a component institution of the System, the System, or the Board.
- 11.12 At any stage of any criminal proceeding in any federal, state, county, or local court.
- 11.13 At any stage of any civil proceeding in any federal, state, county, or local court where such proceeding is directly or indirectly against or antagonistic to the interest of the System or any component institution thereof, or against or antagonistic to the interests

CHAPTER XI

CONTRACTS AND GRANTS FOR RESEARCH, TRAINING, AND EDUCATIONAL SERVICES, INCLUDING INSTITUTIONAL SUPPORT GRANTS

- Sec. 1. Contracts, grants, and agreements from or with outside agencies for research, training, and educational services, including institutional support grants (except as provided in Subsection 1. 1 below) shall be approved by the chief administrative officer and ratified by the Board via the institutional dockets.
1. 1 Contracts or agreements with foreign governments, agencies thereof, and with institutions, enterprises or individuals subject to the jurisdiction of foreign governments, shall be submitted to the Office of the Chancellor for prior review sufficiently in advance of effective date for prior approval of the Board, if such prior approval is deemed appropriate by the General Counsel and the Office of the Chancellor.
 1. 2 The Office of the Chancellor will issue special instructions for those contracts and grants requiring special approvals other than as provided in this section.
 1. 3 Funds shall not be encumbered or expended under any contract or grant prior to the approval of the contract or grant as indicated above.
 1. 4 Institutional support grants include NSF Institutional Grants for Science, NIH General Research Support Grants, Health Professions Education Improvement and/or Capitation Grant Programs, and other such grants awarded on a formula basis rather than a budgeted project basis.
- Sec. 2. Proposals for such contracts, grants and agreements, whether with government agencies, industry, foundations, or other private granting agencies, shall be initiated by the faculty member (or other appropriate official who will direct the work) and shall be approved by designated administrative officials, including the chief administrative officer. These proposals will receive such review and approval as directed by the Office of the Chancellor. The chief business officer at each component institution is responsible for the business aspects of the proposals.

- Sec. 3. Copies of contracts, grants, and agreements specified in Section 1 of this chapter shall be filed with the Executive Secretary to the Board, together with a copy of the proposal or application, if any, that resulted in the contract, grant, or agreement.
- Sec. 4. Detailed budgets are generally included in the proposals that result in a contract or grant for a specific research, training, or educational project, and expenditures should conform to such budgets, unless amended by authorized procedures. For those institutional or "formula" type grants identified in Subsection 1.3 of Section 1 of this chapter, a proposed budget must be submitted to the Office of the Chancellor for review, approval, and submission to the Board.
- Sec. 5. Proposals as to overhead rates and specialized rates for fringe benefits, computers, and other facilities chargeable to cost-reimbursement contracts and other government contracts and grants shall be worked out in preliminary form by the chief business officer concerned and shall be reviewed and approved by the System Comptroller before being submitted. Subject to approval of the Vice Chancellor for Business Affairs, the System Comptroller shall negotiate all such rates for the component institutions of the System.
- Sec. 6. Information as to overhead and specialized rates applicable to the type of contract, grant or agreement to be entered into shall be secured from the System Comptroller via the business officers and/or the appropriate research administration officer.
- Sec. 7. To the extent that indirect cost recoveries from the application of overhead rates are derived from use charges for buildings, other improvements, or equipment, the funds so derived shall be designated for renewals and replacements of plant fund assets or for other purposes specified and approved in the budgetary processes as related to the indirect cost recoveries.

Approval Process For
Capital Improvement Projects

1. Approval by Board of Regents
 - a) Major new building construction exceeding \$100,000.
 - b) Major repairs and remodeling and improvements other than buildings exceeding \$100,000.

2. Approvals by Institutional Personnel (director of physical plant, chief business officer and chief administrative officer), and prior approval of Vice Chancellor for Business Affairs and Office of the Chancellor (appropriate executive vice chancellor).
Minor new building construction, minor repairs and remodeling, and construction of improvements other than buildings involving less than \$100,000 per project.

3. These dollar limits were established based upon the legislative requirement that new construction projects and major repair and rehabilitation projects in excess of \$100,000 must have Coordinating Board approval unless funded by constitutional funds or have specific legislative approval. Coordinating Board will not consider until specific Regental approval has been obtained.

Amended 0-9-87

CHAPTER VIII

PHYSICAL PLANT IMPROVEMENTS

Sec. 1. [✓] MAXOR New Building Construction Exceeding the Amount of ~~\$50,000~~ ^{\$100,000} per Project.

- 1.1 After the Board approves the construction of new buildings, the procedures shall be as follows:
 - 1.11 The Institutional Building Advisory Committee shall hold necessary hearings and make proper investigations to translate the approved academic program into priorities for new construction, with suggestions as to total project area and function, and make such recommendations to the chief administrative officer.
 - 1.12 The Institutional Building Advisory Committee shall be relieved of further direct responsibility whenever a building contract is awarded, but shall be available for consultation as the building progresses, as requested by the chief administrative officer, the Office of the Chancellor or its delegate, and the project architect.
 - 1.13 New projects shall be submitted to the Board for approval, including proposed funding, upon recommendation of the chief administrative officer, the Office of the Chancellor, or its delegate.

- 1.2 Project Development.
 - 1.21 The Board will employ a project architect for each new major building project at all component institutions.
 - 1.22 The chief administrative officer may appoint according to the Institutional Handbook of Operating Procedures an Ad Hoc Project Building Committee composed of but not limited to representatives of the departments or divisions that will occupy the building. The committee shall work with the Office of Facilities Planning and Construction to prepare a detailed program of the needs for each project.
 - 1.23 The chairman of the Institutional Building Advisory Committee, or his delegate, shall be an ex officio member of each Ad Hoc Project Building Committee.

- 1.24 The project architect shall be given the detailed program and will work in conjunction with the Office of Facilities Planning and Construction to prepare preliminary plans, exterior design, outline specifications, cost estimates, etc., which shall be submitted to the Board for approval upon the recommendation of the institutional head, the Office of the Chancellor, or its delegate.
- 1.25 After approval of the preliminary plans, the Board shall authorize the preparation of the working drawings and specifications. In the preparation of the final plans and specifications, the project architect shall work with the Ad Hoc Project Building Committee and the Office of Facilities Planning and Construction.
- 1.26 The final working drawings and specifications shall be submitted to the Board for approval upon the recommendation of the institutional head, the Office of the Chancellor, or its delegate.

1.3 Bidding and Construction Phase of Project.

- 1.31 After the Board approves the final plans and specifications, the Board shall authorize the Office of Facilities Planning and Construction to advertise for bids. Advertisements for bids for buildings shall be in accordance with State law and shall be published for four consecutive weeks unless the urgency, limited scope of work, or economy, as determined by the Chancellor, shall justify a lesser period of time.
- 1.32 The Chancellor, or his delegate, shall receive and open bids, with the project architect and others, tabulate and study such bids, and make recommendations to the Board.
- 1.33 The Board will award the ^{\$100,000.} contracts for all work in excess of the amounts of ~~\$50,000 for new construction and \$80,000 for major remodeling/repair projects.~~ The contract will be signed by the contractor(s) involved and the Chairman of the Board and approved by the Board in accordance with law.
 - 1.331 In the event the lowest bidder is found to be not responsible, or other facts and circumstances necessitate award of contract to other than the lowest bidder, the bidder(s) submitting proposal(s) lower than the bidder to whom award is proposed shall be notified of the Board's proposed decision for award.
 - 1.332 If the lowest bidder fails to timely state his protest of such award and requests to present evidence, the Board's proposed award will be final.

11-10-81

- 1.333 If the lowest bidder timely files notice of protest, the Board will hear the protest or will delegate to the Chancellor the authority to appoint a Hearing Officer who shall promptly convene and conduct a hearing and subsequently prepare and submit a report of his findings through the Chancellor to the Board. The Board shall make a final decision based upon the records of the hearing before the Hearing Officer.
- 1.334 The contract documents will be prepared by the Project Architect and approved by the Chancellor, or his delegate, and the General Counsel for the System, or his delegate, before submission to the Chairman of the Board.
- 1.335 At the time contracts are awarded, additional appropriations will be made if required.
- 1.34 The Office of the Chancellor, or its delegate, shall approve contractor's estimates, sign change orders, and provide general supervision of all new construction. That office shall advise the Board if developments during construction require additional funds or other decisions of the Board.
- 1.35 The Office of the Chancellor, or its delegate, shall inspect the completed building and recommend final acceptance and final payment.

Sec. 2. ~~New Building Construction Involving Less than \$50,000 per Project.--~~
~~New construction that involves a total expenditure of \$50,000 or less per project may be handled at the component institution. Necessary funds must have been approved through the proper procedure. In each case, the project must have been approved by the director of physical plant, the chief business officer, and the chief administrative officer of the institution involved, and the Vice Chancellor of Business Affairs.~~

REPLACED
SEE
(A)

Sec. 3. ~~Minor Repairs and Remodeling and Improvements Other than Buildings.--~~
~~Minor repairs and remodeling of the physical plant and construction of improvements other than buildings involving proposed expenditures of less than \$80,000 per project shall be made under the supervision of the director of physical plant and the chief business officer at the component institutions, with the prior approval of the chief administrative officer provided that necessary funds have been approved through proper procedure, and provided, further, that no such repairs, remodeling or construction shall be made without the prior approval of the Vice Chancellor for Business Affairs where the proposed expenditure exceeds \$50,000.~~

REPLACED
DELETED

Sec. 3. ~~Major Repairs and Remodeling and Improvements Other than Buildings.--~~

~~A.1 Any repair or remodeling project of the Physical Plant and~~

REPLACED
SEE
(B)

~~construction of improvements other than buildings involving an estimated expenditure of \$80,000 or more shall be deemed a construction project.~~

³
A.2 Unless otherwise approved by the Board, the procedures and regulations pertaining to new building construction shall apply to major repairs and remodeling projects.

4
Sec. B.
REDUCED
SEC (C)

~~Professional Services. --Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$7,500 with the approval of the Chancellor on recommendation of the chief business officer.~~

5
Sec. B.

Constitutional and Legislative Restrictions.

⁵
B.1 Section 18, Article VII, of the Texas Constitution requires approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under this section at the component institutions other than The University of Texas at Austin and at El Paso.

⁵
B.2
Deleted

~~Under the provisions of the current Appropriation Bill, prior to the allocation, expenditure or encumbrance of any funds provided under the authority of Article VII, Sections 17 and 18, of the Texas Constitution, for individual building construction projects costing in excess of Twenty-five Thousand Dollars (\$25,000), other than classroom, library and laboratory building projects. Notice of intent shall be filed with the Legislative Budget Board and the Governor's Budget Office.~~

COORD.
BOARD

(B.2)

New construction projects not otherwise authorized by law, in excess of \$100,000 and all major repair and rehabilitation projects in excess of \$100,000, must be approved by the Coordinating Board, Texas College and University System as to purpose and gross dimensions. Format for submission will be as prescribed by the Coordinating Board. Submission will be prepared by the component institution, in consultation with and assisted by the Office of Facilities Planning and Construction, if necessary, and forwarded to System Administration for review, approval and handling of submission. It is the objective to submit the necessary documents to the Coordinating Board when the project scope and estimated cost are sufficiently defined to meet the Coordinating Board's requirements for approval. Normally, submission will be made when the Board approves preliminary plans and specifications and the related cost estimate.

Sec. ⁶7. Modification of Bids.

⁶7.1 No bid shall be changed, amended, or modified by telegram or otherwise after it has been submitted or filed in response to an advertisement for bids in connection with the construction or erection of permanent improvements at any of the component institutions of the System under Article 2593, Revised Civil Statutes of Texas, 1925.

⁶7.2 The substance of this requirement shall be stated in the advertisement for such bids; provided, however, that this requirement shall not be construed to prohibit the submission of filing of more than one separate and independent bid by any bidder.

Sec. ⁷8. Institutional Building Advisory Committees.

⁷8.1 At each of the component institutions there shall be an institutional building advisory committee.

⁷8.2 The committee shall be appointed by the chief administrative officer in the same manner as other institution-wide committees are appointed.

⁷8.3 The composition of the institutional building advisory committee shall be set forth in the institutional Handbook of Operating Procedures of each component institution.

⁷8.4 The Vice Chancellor for Business Affairs, or his delegate, and the chief business officer of the institution shall be ex officio members of such committees.

REPORT AND RECOMMENDATIONS OF THE BUILDINGS AND GROUNDS COMMITTEE (Pages _____). --Committee Chairman Richards reported that the Buildings and Grounds Committee had met in open session on Thursday, June 10, 1982, to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Buildings and Grounds Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents: Amendments to Chapter VIII of Part Two of the Regents' Rules and Regulations. -- Upon recommendation of the Academic Affairs, Health Affairs, Finance and Audit and Buildings and Grounds Committees, Chapter VIII of Part Two of the Regents' Rules and Regulations was amended as follows:

a. Amended the title of Section 1 to read as follows:

Sec. 1. Major New Building Construction Exceeding the Amount of \$100,000 per Project. --

b. Amended the lead-in paragraph of Subdivision 1.33 of Subsection 1.3 of Section 1 to read as follows:

1.33 The Board will award the contracts for all work in excess of the amount of \$100,000. The contract will be signed by the contractor(s) involved and the Chairman of the Board and approved by the Board in accordance with law.

c. Amended Section 2 to read as follows:

(A) Sec. 2. Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving Less than \$100,000 per Project. -- Minor new building construction, minor repairs and remodeling of the physical plant, and construction of improvements other than buildings that involve a total expenditure of \$100,000 or less per project may be handled at the component institution. Necessary funds must have been approved through the proper procedure. In each case, the project must have been approved by the director of physical plant, the chief business officer, and the chief administrative officer of the institution involved, and must have the prior approval of the Vice Chancellor for Business Affairs and the Office of the Chancellor.

d. Deleted Section 3 and renumbered the succeeding Sections appropriately.

e. Amended Subsection 3.1 of Section 3 (previously Subsection 4.1 of Section 4) to read as follows:

(B) 3.1 Any repair or remodeling project of the Physical Plant or construction of improvements other than buildings involving an estimated expenditure that exceeds \$100,000 shall be deemed a construction project and shall be handled under the procedures set out in Section 1. A repair or remodeling project or a project that involves the construction of improvements other than buildings that does not exceed \$100,000 may

be handled at the component institution in accordance with the procedures set out in Section 2 of this Chapter.

f. Amended Section 4 (previously Section 5) to read as follows:

Sec. 4. Professional Services. --Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$10,000 with the approval of the Vice Chancellor for Business Affairs and the Office of the Chancellor on recommendation of the chief administrative officer and the chief business officer.

g. Amended Section 5 (previously Section 6) by deleting Subsection 5.2 (previously Subsection 6.2) and renumbering Subsection 5.3 (previously Subsection 6.3) as Subsection 5.2.

2. U. T. Austin - Balcones Research Center - Site Development and Utility Distribution (Project No. 102-523): Approval of Final Plans and Authorization to Advertise for Bids; Authorization for Executive Committee to Award Contracts Within Total Project Cost; and Additional Appropriation Therefor. --The Finance and Audit and Buildings and Grounds Committees recommended and the Board:

- a. Approved the final plans for that portion of the Site Development involving roads, drainage and utilities distribution at The University of Texas at Austin Balcones Research Center at an estimated total project cost of \$6,287,137
- b. Authorized the Office of Facilities Planning and Construction to advertise for bids
- c. Authorized the Executive Committee to award all contracts associated with this portion of the project within authorized total project cost
- d. Appropriated \$5,928,137 from the Available University Fund for total project funding (Previous appropriations had been \$359,000 from the same source.)

This work will be contracted and completed sequentially to interface with the building projects at the Balcones Research Center.

3. U. T. Austin - Balcones Research Center - Central Chilling Station (Project No. 102-523A): Approval of Preliminary Plans, Authorization to Prepare Final Plans and Additional Appropriation Therefor. --Mr. George Page and Mr. Ralph Linares, representing the Project Architect, Page Southerland Page, Austin, Texas, presented the preliminary plans for the Central Chilling Station at the Balcones Research Center of The University of Texas at Austin to the Buildings and Grounds Committee on Thursday, June 10.

Based on this presentation, the Buildings and Grounds Committee recommended, concurred in by the Finance and Audit Committee, and the Board:

- a. Approved the preliminary plans and specifications for the Central Chilling Station at an estimated total project cost of \$3,821,163



THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS

JESS HAY
POST OFFICE BOX 5027 225644
DALLAS, TEXAS 75222

September 23, 1981

MEMORANDUM

TO: Chairman James Powell
Regent Jon P. Newton
Regent Tom Rhodes

FROM: Jess Hay

A proposed amendment to Chapter IX (Matters Relating to Investments, Trusts and Lands) of the Regents' Rules and Regulations is enclosed for your review and our subsequent discussion.

After you have had an opportunity to consider the proposal, I will initiate a conference call with a view to agreeing on any requisite changes prior to submitting our recommendation to the Board at our October meeting.

Many thanks.

S/Jess Hay

Chairman
Land and Investment Committee

Enclosure

xc: Chancellor E. D. Walker
Vice Chancellor Joe E. Boyd, Jr.
Executive Secretary Arthur H. Dilly

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

Sec. 1. Authorizations re Sales, Assignments, Conveyances, Receipt of Property, and Proxies.

- 1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund of The University of Texas System (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his delegate, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute any and all documents necessary to the consummation of any purchases or exchanges. In addition, Investment Counselors appointed by the Board of Regents may purchase, sell, or exchange securities from funds designated from the PUF and the Common Trust Fund in accordance with such Counselors' contracts.
- 1.2 Authority to Assign and Transfer Securities Owned ~~held~~ by the PUF and the Board.--The Chancellor, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, the Comptroller and Associate Comptroller, and the Trust Officer~~s~~ may each assign and transfer any and all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board.
- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairman, the Chancellor, the Vice Chancellor for Business Affairs, and the Vice Chancellor for Lands Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.
- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.

- 1.5 Authority to Execute Proxies.--The Chancellor, or his delegate, the Vice Chancellor for Business Affairs ~~[and]~~ the Executive Director for Investments and Trusts, and the Investment Officer and the Director of Stock Research are each authorized to execute proxies within the approved investment policies.
- 1.6 Authority to Purchase, Sell, and Transfer Book-Entry United States Government and Government Agency Securities.--The Chancellor, or his delegate, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, or the Investment Officer of The University of Texas System may direct a member bank of the Federal Reserve System [Bank] to purchase, sell, or transfer any United States Government or Government Agency securities in book-entry form for the Permanent University Fund of The University of Texas System and for the Board of Regents of The University of Texas System ~~[for Trust and Special Funds]~~.

Sec. 2. Investment Policy for PUF.

- 2.1 Investments Authorized for Purchase.
- 2.11 Bonds of the United States, the State of Texas or counties, cities, or school districts of the State of Texas [of-said-State, or in school bonds of municipalities, or in bonds of any city of said-State] or in bonds issued under and by virtue of the Federal Farm Loan Act approved by the President of the United States, July 17, 1916, and amendments thereto.
- 2.12 Bonds or other obligations issued, insured, or guaranteed in any manner by the United States Government or any of its agencies.
- 2.13 Bonds, debentures, or obligations and preferred and common stocks issued by corporations, associations, or other institutions.
- 2.14 Convertible securities, of all kinds, issued by corporations whose common stock is eligible for purchase by the Permanent University Fund [on the approved list].
- 2.2 Standards as to Quality.
- 2.21 Corporate Stocks:
- 2.211 Stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for five (5) consecutive years or longer immediately prior to the date of purchase.
- 2.212 Except for bank and insurance shares, stock must be listed upon an exchange registered with the Securities and Exchange Commission, or its successors.
- 2.213 Common stocks ~~[and convertible securities]~~ are eligible for purchase if they are rated "B" or higher by Standard and Poor's Corporation. Stocks not rated by Standard and Poor's may be purchased if, in the opinion of the Investment Counselor or Investment Staff, they are of comparable quality to stocks rated "B" or higher by Standard and Poor's [issued by corporations which have been approved by the Board].
- 2.22 Corporate Obligations and Preferred Stocks: Corporate Bonds and Preferred Stocks must be "Baa" or higher as rated [rated "A" or better]

by Moody's Investors Service, Inc. or "BBB" by Standard and Poor's Corporation. Bonds or preferred stocks offered by private placement and not rated may be purchased if, in the opinion of the University's Investment Staff or Investment Counselor, [Counsel] they are of at least equal quality as publicly offered bonds and preferred stock eligible for purchase ["A"-quality or better]. Commercial Paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. or Standard and Poor's Corporation to be eligible for purchase.

[2.23-EHA-Mortgage-Loans:

2.231-Loan-Standards:

- 2.2311-The security for the loans shall be single-family, owner-occupied residences (including Row or Town Houses) of good design and construction, in good condition, and comparable in value to other homes in the neighborhood.
- 2.2312-Borrower must have a good credit rating and have adequate income to support the loan.
- 2.2313-Loans shall be for \$10,000 or more and shall be fully insured by the FHA to the maximum extent permitted under the law.
- 2.2314-Title and hazard insurance policies, written by companies acceptable to the Board, shall be furnished with respect to each loan purchased. Hazard insurance policies must be written by companies having a Best's rating of A-BBB or better.
- 2.2315-No loan shall be purchased from any Seller-servicer until a formal contract has been entered into with such Seller-servicer on a form approved by the Board.

2.232-Minimum Standards for Seller-servicers from which FHA Loans are Purchased:

The substance of this Section can be found in Section 2.94

- 2.2321-The Seller-servicer must be an approved FHA mortgagee and must have satisfactory credit rating and an unimpaired capital and surplus of at least \$250,000.
- 2.2322-It must have been actively engaged for at least five years in the mortgage loan business, and except for commercial bank, the mortgage loan business must be its principal business and must have a capable and experienced organization, together with the necessary equipment to furnish timely accounting on a block basis.
- 2.2323-It must be servicing at least \$25,000,000 of loans, and its clients (other than Federal National Mortgage Association) must include at least three institutional investors and must have a capability of producing not less than \$1,000,000 per year in FHA loans.

2.2324-It-must-carry-a-Mortgage-Bankers
Blanket-Bond-in-an-amount-not-less
than-\$250,000.

2.233-Implementation-of-FHA-Mortgage-Loan
Purchase-Program--The-Chancellor,-the-Vice
Chancellor-for-Business-Affairs,-and-the
Executive-Director-for-Investments-and
Trusts-are-each-authorized.

2.2331-To-recommend-the-Seller-servicers
with-which-Purchase-and-Servicing
Agreements-should-be-made,-and-after
approval-by-the-Board,-to-execute
the-Purchase-and-Servicing
Agreements-on-the-approved-forms.

2.2332-To-perform-such-acts-and-execute
such-documents-as-may-be-necessary
from-time-to-time-in-carrying-out
the-provisions-of-any-such-Purchase
and-Servicing-Agreement,-including
authority-to-accept-or-reject-loans
tendered-under-such-agreements,-to
execute-releases-of-the-liens
securing-any-loan-or-loans-when-paid
in-full,-and-to-execute-assignments
of-any-notes-and-liens-when
appropriate-to-do-so.

2.2333-To-take-any-and-all-steps-as-may-be
considered-necessary-or-advisable-to
protect-the-interest-of-the-PUF-in
event-of-default-occurring-with
respect-to-any-FHA-Insured-First
Mortgage-note-held-by-such-Fund,
Not-by-way-of-limitation,-but-by-way
of-illustration-only,-such-authority
shall-include-power-to-acquire-title
on-behalf-of-the-Board-to-the
property-securing-any-such-note,-by
Trustees-sale,-foreclosure,-or
otherwise,-to-execute-on-behalf-of
the-Board-the-necessary-deed
conveying-the-properties-so-acquired
to-the-Federal-Housing
Administration,-to-handle-any
property-so-acquired-pending
conveyance-to-the-Federal-Housing
Administration,-and-to-incur-and-pay
such-reasonable-expenses-as-may-be
necessary-in-the-acquisition-and
care-of-any-such-properties.]

2.3 Diversification

2.31 Not more than 5% of the voting stock of any one
(1) corporation shall be owned at any given time
by the PUF.

2.32 Not more than 1% of the book value of the PUF
shall be invested at any given time in securities
issued by any one (1) corporation.

2.4 Standard of Care.

2.41 Prudent Man Rule: In making or retaining each
and all investments for the PUF and in the
management, purchase, and sale of such
investments from time to time, there shall be
exercised the judgment and care under the
circumstances then prevailing that men of
ordinary prudence, discretion, and intelligence
exercise in the management of their own affairs,
not in regard to speculation, but in regard to
the permanent disposition of their funds,

considering the probable income therefrom as well as the probable safety of their capital.

2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.

2.51 ~~Exercise of or sale of stock [As a general rule, stock rights received are to be exercised. In each instance,]~~ rights is to be made at the discretion of the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts. Stock rights which arise in connection with funds under control of an investment counselor shall be handled by that counselor in its discretion.

2.52 As a general rule, fractional shares received from stock dividends, etc., are to be sold. In each instance, the decision to round out fractional shares or to sell will be made by the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts. Fractional shares which arise in connection with funds under control of an investment counselor shall be handled by that counselor in its discretion.

2.53 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Executive Director for Investments and Trusts determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or, in his absence, to the Chairman of the Land and Investment Committee.

~~2.6 Implementation of Policies.~~

~~2.61 Approved List. -- A list of companies whose stocks are considered suitable for purchase or retention shall, after consultation with the Staff Investment Committee, the Investment Counsel, and the Investment Advisory Committee, be submitted by the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts for approval by the Board through the Regents' Land and Investment Committee. -- This list will be reviewed annually.~~

~~2.62 Authority Regarding Purchase and Sale of Securities within the Limitations of these Rules and Regulations. -- The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts is authorized to buy, sell, or exchange, from time to time, securities issued by the companies within the approved list, provided that sales in any one calendar month of stocks owned shall not exceed 2 1/2% of the book value of the PUF. -- With the approval of the Chairman of the Land and Investment Committee, or the Chairman of the Board, the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts may sell stocks in excess of 2 1/2%, but not in excess of 5% of the value of the PUF. -- Sales of stocks in any one month in excess of 5% of the value of the PUF require prior approval of the Board.]~~

2.6[3] Exchange of Bonds. The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts is authorized

to exchange bonds owned, from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments involved) shall be carried forward as ~~the~~ the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield

2.7 [2.64] Advice of Investment Advisory Committee. The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings on all of the major matters involving the PUF.

2.8 [2.65] Reports of Purchases, Sales, and Exchanges of Investments. All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Land and Investment Committee [~~at each meeting of the Board~~].

2.9 U. S. Government Insured Mortgages F.H.A., V.A., or Any Other Mortgage Loans Fully Guaranteed by the United States Government or Any Agency Thereof.

2.91 Minimum standards set up by F.H.A or V.A. shall be adhered to, and adequate Title and Hazard insurance policies must be carried by borrower. The policy of hazard insurance must be issued by an underwriter rated "A" or better by the then current issue of "Best's Insurance Reports: Property Casualty."

2.92 Implementation of Mortgage Loan Program: the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts are each authorized to purchase insured mortgage loans and to execute such documents necessary in conducting a mortgage loan program, including the execution of assignments of any notes and liens when appropriate to do so.

2.93 The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default occurring with respect to any guaranteed loans, including the power to acquire title on behalf of the Board to the property securing any such note and to execute on behalf of the Board the necessary deed conveying the properties to the U. S. Government or department or agency thereof.

2.94 Minimum Standards for Seller-servicers from which FHA or V.A. Loans are Purchased:

2.941 The Seller-servicer must be an approved FHA or V.A. mortgagee and must have satisfactory credit rating and an unimpaired capital and surplus of at least \$1,000,000.

2.942 It must have been actively engaged for at least five years in the mortgage loan business, and except for commercial bank, the mortgage loan business must be its

principal business and must have a capable and experienced organization, together with the necessary equipment to furnish timely accounting on a block basis.

- 2.943 It must be servicing at least \$100,000,000 of loans, and its clients (other than Federal National Mortgage Assdociation) must include at least three institutional investors and must have a capability of producing not less than \$10,000,000 per year in FHA or V.A. loans.
- 2.944 It must carry a Mortgage Bankers Blanket Bond in an amount not less than \$500,000.

Sec. 3 Investment Policy for Trust and Special Funds.

~~[3.1-Investments-authorized-for-purchase:
3.1.1]~~

3.1 Investments Authorized for Purchase.--Unless otherwise limited by the terms of the instrument by which the fund was created, trust and special funds under the control of the Board shall be invested and reinvested in such securities and investments as are permitted by the Texas Trust Act as legal investments for funds held by trustees.

~~[3.1.2-Except-as-broadened-by-the-foregoing-Section 3.1.1,-the-general-statement-of-policies-outlines in-Section-2-with-respect-to-the-PUF-shall likewise-apply-to-the-investment-and-management of-any-trust-or-special-funds-under-the-control of-the-Board.]~~

3.2 The provisions of Sections 2.6, 2.7, 2.8, and 2.9, with respect to the investment and management of the PUF, shall likewise apply to trust and special funds ~~[provided-that-approval-by-the-Board-shall-be-required before-any-stock-is-purchased-which-is-not-on-the approved-list].~~

Sec. 4. Investment Policy for Common Trust Fund.--The policies for the investment and management of funds for the System Common Trust Fund shall be the same as those outlined in Section 3 with respect to trust and special funds.

Sec. 5. Staff Investment Committee.

5.1 Membership.--The Staff Investment Committee shall consist of ~~[the-Chancellor]~~ the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, the Investment Officer, and such other members as may be designated from time to time by the Chancellor or the Vice Chancellor for Business Affairs.

5.2 Duties.--The Staff Investment Committee shall cooperate and advise ~~[with]~~ the Chancellor ~~[the-Vice Chancellor-for-Business-Affairs,-or-the-Executive Director-for-Investments-and-Trusts]~~ on matters relating to the management of investments ~~[for-which he-is-responsible]~~.

Sec. 6. Investment Advisory Committee.--The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor, the Vice Chancellor for Business Affairs, and the Executive Director of Investments and Trusts with respect to matters relating to the management of investments for which said Executive

Director is responsible. The following rules shall apply to such Committee:

6.1 Membership.--Five members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.

6.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.

6.3 Term of Office.--Each member shall serve a five year term on a rotating basis, with the term of one member expiring each August 31.

6.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor.

Sec. 7. Investment Transactions.--Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with normal investment practices [~~if, in the judgment of the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts, these services will produce the maximum benefit to the System~~].

(EEO)

OFFICE OF THE CHANCELLOR

AGENDA ITEM FOR BOARD OF REGENTS' MEETING

Date of Meeting: October 8-9, 1981

To Be Considered By: _____ Committee

System Components Concerned: U.T. System

Subject: Proposed Amendments to Chapter IX, Part II, Regents' Rules and Regulations, Pertaining to Investment Policies

Recommendation: (The recommendation should be followed by a description of appropriate background information and reference to any applicable previous Minute Order.)

Recommendation

A subcommittee of the Land and Investment Committee, which was appointed at the June 11-12, 1981, Board meeting, consisting of Committee Chairman Hay, Board Chairman Powell, and Regents Rhodes and Newton, recommends changes in the investment policies of the Board of Regents and the adoption of the amendments to Chapter IX, Part II, Regents' Rules and Regulations (as set out on Pages) reflecting those changes.

Background Information

At the June 11-12, 1981, meeting of the Board of Regents, a subcommittee consisting of the Regents named above was appointed to review all current investment policies of the Board and to recommend changes at the October meeting. The changes recommended by the subcommittee as a result of that review are reflected in the proposed amendments to Chapter IX, Part II, Regents' Rules and Regulations.

Original + 1 xc to Secretary to the Board of Regents

xcs: Chancellor

- Dr. Jordan
- Dr. Mullins
- Mr. Crowson
- Mr. Hardesty
- Mr. Boyd

Supporting Documentation Attached

Copy of Chapter IX, Part II, Regents' Rules and Regulations

Date: 9/15/81
JLC:mc

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

Sec. 1. Authorizations re Sales, Assignments, Conveyances, Receipt of Property, and Proxies.

- 1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund of The University of Texas System (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his delegate, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute any and all documents necessary to the consummation of any purchases or exchanges. In addition, Investment Counselors appointed by the Board of Regents may purchase, sell, or exchange securities from funds designated from the PUF and the Common Trust Fund in accordance with such Counselors' contracts.
- 1.2 Authority to Assign and Transfer Securities [~~held~~] Owned by the PUF and the Board.--The Chancellor, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, the Comptroller and Associate Comptroller, and the Trust Officer[s] may each assign and transfer any and all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board.
- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairman, the Chancellor, the Vice Chancellor for Business Affairs, and the Vice Chancellor for Lands Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.
- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.

- 1.5 Authority to Execute Proxies.--The Chancellor, or his delegate, the Vice Chancellor for Business Affairs ~~[and]~~ the Executive Director for Investments and Trusts, and the Investment Officer and the Director of Stock Research are each authorized to execute proxies within the approved investment policies.
- 1.6 Authority to Purchase, Sell, and Transfer Book-Entry United States Government and Government Agency Securities.--The Chancellor, or his delegate, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, or the Investment Officer of The University of Texas System may direct a member bank of the Federal Reserve System [Bank] to purchase, sell, or transfer any United States Government or Government Agency securities in book-entry form for the Permanent University Fund of The University of Texas System and for the Board of Regents of The University of Texas System ~~[for Trust and Special Funds]~~.

Sec. 2. Investment Policy for PUF.

- 2.1 Investments Authorized for Purchase.
- 2.11 Bonds of the United States, the State of Texas or counties of said State, or in school bonds of municipalities, or in bonds of any city of said State, or in bonds issued under and by virtue of the Federal Farm Loan Act approved by the President of the United States, July 17, 1916, and amendments thereto.
- 2.12 Bonds or other obligations issued, insured, or guaranteed in any manner by the United States Government or any of its agencies.
- 2.13 Bonds, debentures, or obligations and preferred and common stocks issued by corporations, associations, or other institutions.
- 2.14 Convertible securities, of all kinds, issued by corporations ~~[on the approved list]~~ whose common stock is eligible for purchase by the Permanent University Fund.
- 2.2 Standards as to Quality.
- 2.21 Corporate Stocks:
- 2.211 Stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for five (5) consecutive years or longer immediately prior to the date of purchase.
- 2.212 Except for bank and insurance shares, stock must be listed upon an exchange registered with the Securities and Exchange Commission, or its successors.
- 2.213 Common stocks ~~[and convertible securities]~~ are eligible for purchase if they are ~~[issued by corporations which have been approved by the Board]~~ rated "B" or higher by Standard and Poor's Corporation. Stocks not rated by Standard and Poor's may be purchased if, in the opinion of the Investment Counselor or Investment Staff, they are of comparable quality to stocks rated "B" or higher by Standard and Poor's.
- 2.22 Corporate Obligations and Preferred Stocks: Corporate Bonds and Preferred Stocks must be "Baa" [rated "A" or better] or higher as rated by Moody's Investors Service, Inc. or "BBB" by

Standard and Poor's Corporation. Bonds or preferred stocks offered by private placement and not rated may be purchased if, in the opinion of the University's Investment [Counsel] Staff or Investment Counselor, they are of [~~"A"-quality-or better~~] at least equal quality to publicly offered bonds and preferred stock eligible for purchase. Commercial Paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. or Standard and Poor's Corporation to be eligible for purchase.

~~2.23-FHA-Mortgage-Loans:~~

~~2.231-Loan-Standards:~~

- ~~2.2311-The security-for-the-loans-shall-be single-family,-owner-occupied residences-(including-Row-or-Town Houses)-of-good-design-and construction,-in-good-condition,-and comparable-in-value-to-other-homes in-the-neighborhood.~~
- ~~2.2312-Borrower-must-have-a-good-credit rating-and-have-adequate-income-to support-the-loan.~~
- ~~2.2313-Loans-shall-be-for-\$10,000-or-more and-shall-be-fully-insured-by-the FHA-to-the-maximum-extent-permitted under-the-law.~~
- ~~2.2314-Title-and-hazard-insurance-policies, written-by-companies-acceptable-to the-Board,-shall-be-furnished-with respect-to-each-loan-purchased. Hazard-insurance-policies-must-be written-by-companies-having-a-Best's rating-of-A-BBB-or-better.~~
- ~~2.2315-No-loan-shall-be-purchased-from-any Seller-servicer-until-a-formal contract-has-been-entered-into-with such-Seller-servicer-on-a-form approved-by-the-Board.~~

~~2.232-Minimum-Standards-for-Seller-servicers-from which-FHA-Loans-are-Purchased:~~

The substance of this Section can be found in Section 2.94

- ~~2.2321-The-Seller-servicer-must-be-an approved-FHA-mortgagee-and-must-have satisfactory-credit-rating-and-an unimpaired-capital-and-surplus-of-at least-\$250,000.~~
- ~~2.2322-It-must-have-been-actively-engaged for-at-least-five-years-in-the mortgage-loan-business,-and-except for-commercial-bank,-the-mortgage loan-business-must-be-its-principal business-and-must-have-a-capable-and experienced-organization,-together with-the-necessary-equipment-to furnish-timely-accounting-on-a-block basis.~~
- ~~2.2323-It-must-be-servicing-at-least \$25,000,000-of-loans,-and-its clients-(other-than-Federal-National Mortgage-Association)-must-include at-least-three-institutional investors-and-must-have-a-capability of-producing-not-less-than \$1,000,000-per-year-in-FHA-loans.~~
- ~~2.2324-It-must-carry-a-Mortgage-Bankers Blanket-Bond-in-an-amount-not-less than-\$250,000.~~

~~2.233- Implementation of FHA Mortgage Loan Purchase Program: - The Chancellor, - the Vice Chancellor for Business Affairs, - and the Executive Director for Investments and Trusts are each authorized:~~

~~2.2331- To recommend the Seller-servicers with which Purchase and Servicing Agreements should be made, - and after approval by the Board, - to execute the Purchase and Servicing Agreements on the approved forms.~~

~~2.2332- To perform such acts and execute such documents as may be necessary from time to time in carrying out the provisions of any such Purchase and Servicing Agreement, - including authority to accept or reject loans tendered under such agreements, - to execute releases of the liens securing any loan or loans when paid in full, - and to execute assignments of any notes and liens when appropriate to do so.~~

~~2.2333- To take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default occurring with respect to any FHA-Insured First Mortgage note held by such Fund. Not by way of limitation, - but by way of illustration only, - such authority shall include power to acquire title on behalf of the Board to the property securing any such note, - by Trustees sale, - foreclosure, - or otherwise, - to execute on behalf of the Board the necessary deed conveying the properties so acquired to the Federal Housing Administration; - to handle any property so acquired pending conveyance to the Federal Housing Administration; - and to incur and pay such reasonable expenses as may be necessary in the acquisition and care of any such properties.]~~

2.3 Diversification

2.31 Not more than 5% of the voting stock of any one (1) corporation shall be owned at any given time by the PUF.

2.32 Not more than 1% of the book value of the PUF shall be invested at any given time in securities issued by any one (1) corporation.

2.4 Standard of Care.

2.41 Prudent Man Rule: In making or retaining each and all investments for the PUF and in the management, purchase, and sale of such investments from time to time, there shall be exercised the judgment and care under the circumstances then prevailing that men of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital.

2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.

- 2.51 ~~[As a general rule, stock rights received are to be exercised,--in each instance,]~~ Exercise of or sale of stock rights is to be made at the discretion of the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts.
- 2.52 As a general rule, fractional shares received from stock dividends, etc., are to be sold. In each instance, the decision to round out fractional shares or to sell will be made by the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts.
- 2.53 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Executive Director for Investments and Trusts determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or, in his absence, to the Chairman of the Land and Investment Committee.

~~[2.6-Implementation-of-Policies-~~

- ~~2.61-Approved-List,--A list of companies whose stocks are considered suitable for purchase or retention shall, after consultation with the Staff Investment Committee, the Investment Counsel, and the Investment Advisory Committee, be submitted by the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts for approval by the Board through the Regents' Land and Investment Committee,--This list will be reviewed annually,~~
- ~~2.62-Authority Regarding Purchase and Sale of Securities within the Limitations of these Rules and Regulations,--The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts is authorized to buy, sell, or exchange, from time to time, securities issued by the companies within the approved list, provided that sales in any one calendar month of stocks owned shall not exceed 2-1/2% of the book value of the PUF,--With the approval of the Chairman of the Land and Investment Committee, or the Chairman of the Board, the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts may sell stocks in excess of 2-1/2%, but not in excess of 5% of the value of the PUF,--Sales of stocks in any one month in excess of 5% of the value of the PUF require prior approval of the Board.]~~

- 2.6[3] Exchange of Bonds. The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts is authorized to exchange bonds owned, from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and

purchases may be considered as exchanges provided there has been an improvement in book yield

- 2.7 [2-64] Advice of Investment Advisory Committee. The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings on all of the major matters involving the PUF.
- 2.8 [2-65] Reports of Purchases, Sales, and Exchanges of Investments. All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Land and Investment Committee [~~at each meeting of the Board~~].
- 2.9 U. S. Government Insured Mortgages F.H.A., V.A., or Any Other Mortgage Loans Fully Guaranteed by the United States Government or Any Agency Thereof.
- 2.91 Minimum standards set up by F.H.A. shall be adhered to, and adequate Title and Hazard insurance policies must be carried by borrower. The policy of hazard insurance must be issued by an underwriter rated "A" or better by the then current issue of "Best's Insurance Reports: Property Casualty."
- 2.92 Implementation of Mortgage Loan Program: the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts are each authorized to purchase insured mortgage loans and to execute such documents necessary in conducting a mortgage loan program, including the execution of assignments of any notes and liens when appropriate to do so.
- 2.93 The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default occurring with respect to any guaranteed loans, including the power to acquire title on behalf of the Board to the property securing any such note and to execute on behalf of the Board the necessary deed conveying the properties to the U. S. Government or department or agency thereof.
- 2.94 Minimum Standards for Seller-servicers from which FHA Loans are Purchased:
- 2.941 The Seller-servicer must be an approved FHA mortgagee and must have satisfactory credit rating and an unimpaired capital and surplus of at least \$1,000,000.
- 2.942 It must have been actively engaged for at least five years in the mortgage loan business, and except for commercial bank, the mortgage loan business must be its principal business and must have a capable and experienced organization, together with the necessary equipment to furnish timely accounting on a block basis.
- 2.943 It must be servicing at least \$100,000,000 of loans, and its clients (other than Federal National Mortgage Association) must include at least three institutional investors and must have a capability of producing not less than \$10,000,000 per

year in FHA loans.
2.944 It must carry a Mortgage Bankers Blanket Bond in an amount not less than \$500,000.

Sec. 3 Investment Policy for Trust and Special Funds.

~~[3.1 Investments authorized for purchase:
3.11]~~

3.1 Investments Authorized for Purchase.--Unless otherwise limited by the terms of the instrument by which the fund was created, trust and special funds under the control of the Board shall be invested and reinvested in such securities and investments as are permitted by the Texas Trust Act as legal investments for funds held by trustees.

~~[3.12 Except as broadened by the foregoing Section 3.11, the general statement of policies outlined in Section 2 with respect to the PUF shall likewise apply to the investment and management of any trust or special funds under the control of the Board.]~~

3.2 The provisions of Sections 2.6, 2.7, 2.8, and 2.9, with respect to the investment and management of the PUF, shall likewise apply to trust and special funds ~~[provided that approval by the Board shall be required before any stock is purchased which is not on the approved list].~~

Sec. 4. Investment Policy for Common Trust Fund.--The policies for the investment and management of funds for the System Common Trust Fund shall be the same as those outlined in Section 3 with respect to trust and special funds.

Sec. 5. Staff Investment Committee.

5.1 Membership.--The Staff Investment Committee shall consist of ~~[the Chancellor]~~ the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, the Investment Officer, and such other members as may be designated from time to time by the Chancellor or the Vice Chancellor for Business Affairs.

5.2 Duties.--The Staff Investment Committee shall cooperate and advise ~~[with]~~ the Chancellor ~~[the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts]~~ on matters relating to the management of investments ~~[for which he is responsible]~~.

Sec. 6. Investment Advisory Committee.--The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor, the Vice Chancellor for Business Affairs, and the Executive Director of Investments and Trusts with respect to matters relating to the management of investments for which said Executive Director is responsible. The following rules shall apply to such Committee:

6.1 Membership.--Five members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.

6.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.

6.3 Term of Office.--Each member shall serve a five year term on a rotating basis, with the term of one member expiring each August 31.

6.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor.

Sec. 7. Investment Transactions.--Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with normal investment practices [~~if, in the judgment of the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts, these services will produce the maximum benefit to the System~~].

OFFICE OF THE BOARD OF REGENTS

MEMORANDUM

DATE September 10, 1981

TO: Chairman James L. Powell

FROM: Arthur H. Dilly *AHD*

SUBJECT: Regents' Rules and Regulations, Part Two - Amendment

Please update your copy of the Regents' Rules and Regulations, Part Two by destroying the cover page and Page I-4a and substituting in lieu thereof the enclosed cover page and Page I-4a.

The amendment approved at the August 13-14, 1981 meeting of the Board of Regents has been incorporated on revised Page I-4a.

AHD:mg

Enclosures (one copy of each page)

RULES AND REGULATIONS
OF THE
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM
FOR THE GOVERNMENT OF
THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

As Revised by the Board of Regents on December 1, 1978
(with Amendments to August 14, 1981)

- 4.45 Endowed Fellowships. The endowed fellowship will be established with a minimum of \$50,000 or the equivalent in annual contributions arranged according to agreements recommended by the Chancellor and approved by the Board of Regents. Income from the endowment may be used to supplement the salary of the occupant of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status, and will also be available for other professional support of the occupant.
- 4.46 Endowed Teaching Fellowships. The endowed teaching fellowship will be established with a minimum of \$50,000. Income from the endowment may be used to supplement the salary of the recipient of the fellowship for one academic year. The recipient may be a person of any academic rank, irrespective of tenure status, who has been selected for his or her teaching excellence through procedures established by the component institution. This one-year salary supplement shall be in addition to any mandated or merit salary increase.

OFFICE OF THE BOARD OF REGENTS

MEMORANDUM

DATE March 4, 1981

TO: Chairman James L. Powell

FROM: Betty Anne Thedford

SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

Please update your copy of the Regents' Rules and Regulations, Part Two by destroying the pages listed in Column "A" and substituting in lieu thereof the pages listed in Column "B":

<u>"A"</u>	<u>"B"</u>
<u>Cover Page and 'Pagination' Sheet</u> Pages I-3 and I-4	<u>Cover Page and 'Pagination' Sheet</u> Pages I-3, I-4 and I-4a

The amendments approved at the February 12-13, 1981 meeting of the Board of Regents have been incorporated on the revised pages.

T:mg

Enclosures (one copy of each page)

RULES AND REGULATIONS
OF THE
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM
FOR THE GOVERNMENT OF
THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

As Revised by the Board of Regents on December 1, 1978
(with Amendments to February 13, 1981)

Pagination is by chapter. All pages are in chronological order.

Listed below are pages that have been added:

IX-2a	(added 6-1-79)
V-11a	(added 2-29-80)
I-4a	(added 2-13-81)

- 3.2 In the case of scholarships and fellowships, the appropriate committee, or designated individual, receives applications, makes the necessary inquiries, and determines the award. The committee advises the institutional head of the award and he, in turn, approves and forwards the notice of award to the business office. Payments on scholarships and fellowships are made through the business office of the component institution.
- 3.3 In the case of loan funds, the appropriate committee or designated person receives applications for loans, makes the necessary inquiries, and approves or declines the original loan as well as all renewals and extensions. The chairman notifies the business office of the granting of loans, and all records including notes, cash, accounts and collections are thereafter handled by that office. The principal of loan funds is kept intact insofar as possible. The chairman of the awarding committee may be requested by the business office to assist in collection of past due interest or principal.

Sec. 4. Endowment of Academic Positions.

- 4.1 No endowment will be established or announced without prior approval of the Board, and no initial appointment of an individual will be made to an endowed academic position without prior approval by the Board via the Agenda. Subsequent successive appointments of the same individual to the same position may be approved via the Chancellor's Docket.
- 4.2 No negotiations or commitments implying the establishment of the endowment of an academic position will be undertaken by any faculty member or officer of the component institution until the proposal has been formally approved by the chief administrative officer.
- 4.3 Recommendations to the Board concerning acceptance of gifts for endowment of academic positions will be made through the Chancellor in the dockets of the several institutions or System Administration or in special reports by the Chancellor to the Board. Before the final action of the Board, such recommendations will be referred to the Land and Investment Committee as to fiscal arrangements and to the Academic and Developmental Affairs Committee as to policy.
- 4.4 The five categories of endowed and named academic positions are: Chairs, Professorships, Visiting Professorships, Lectureships, and Fellowships, and requirements for same are:
 - 4.41 Endowed Chairs. The endowed chair will be established with a minimum of \$500,000 or the equivalent

in annual contributions arranged according to agreements recommended by the Chancellor and approved by the Board. Grants of \$400,000 already under contractual agreement for the future, bequests included in wills made prior to January 25, 1975, and other prior bona fide arrangements for \$400,000 endowment chairs are excepted in this regulation. The component institution will pay from its funds such amounts as are necessary to set the salary of the occupant at a level commensurate with his or her record, experience, and position in the faculty. The endowment will be used both for salary supplementation and for other professional support of the holder of the chair, including assistance in the holder's research.

- 4.42 **Endowed Professorships.** The endowed professorship will be established with a minimum of \$100,000 or the equivalent in annual contributions arranged according to agreements recommended by the Chancellor and approved by the Board. Income from endowment will be used chiefly to supplement the salary of the occupant of the professorship but will be available for other professional support, including assistance in the occupant's research.
- 4.43 **Endowed Visiting Professorships.** The endowment of the visiting professorship specifies that such positions must be funded with a minimum endowment of \$50,000. Such appointments will be given to distinguished scholars who are in temporary residence at the component while participating in planned academic programs.
- 4.44 **Endowed Lectureships.** The endowed lectureship will be established with a minimum of \$20,000 and within a range of \$20,000 and \$100,000, with the provision that all such lectureships for which bona fide arrangements are in negotiation are excluded from this regulation. The lectureship will be considered a temporary appointment, usually given to a visiting scholar during temporary residence at the institution where the lectureship is established. Other emoluments for such visiting lectureships may be provided the visiting scholar through regular budgetary procedures, but no visiting lecturer will be remunerated from two or more lectureship endowments.

- 4.45 Endowed Fellowships. The endowed fellowship will be established with a minimum of \$50,000 or the equivalent in annual contributions arranged according to agreements recommended by the Chancellor and approved by the Board of Regents. Income from the endowment may be used to supplement the salary of the occupant of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status, and will also be available for other professional support of the occupant.

File No. B

OFFICE OF THE BOARD OF REGENTS

MEMORANDUM

DATE January 5, 1981

TO: Chairman Dan C. Williams

FROM: Betty Anne Thedford

SUBJECT: Regents' Rules and Regulations, Part Two - Amendment

Please update your copy of the Regents' Rules and Regulations, Part Two by destroying the cover page and Page III-8 and substituting in lieu thereof the enclosed cover page and Page III-8.

The amendment approved at the December 11-12, 1980 meeting of the Board of Regents has been incorporated on revised Page III-8.

T:mg

Enclosures (one copy of each page)

RULES AND REGULATIONS
OF THE
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OF
THE UNIVERSITY OF TEXAS SYSTEM
FOR THE GOVERNMENT OF
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PART TWO

As Revised by the Board of Regents on December 1, 1978
(with Amendments to December 12, 1980)

such reimbursement within the limitations established by the current appropriations act.

10.4313 In addition to employees, these provisions apply to reimbursement of travel expenses for prospective employees as provided in the statutes.

10.432 Reimbursement for Dues or Membership Fees.-- Reimbursement will not be allowed for dues or membership fees incurred in joining or attending any type of organization or association unless the membership is in the name of the State of Texas and/or the System or a component institution thereof. Such dues or membership fees will not normally be included for reimbursement on a travel claim, but will be separately approved and paid. (See Section 8.)

10.44 Special Exceptions to Foregoing Travel Provisions.-- The foregoing provisions apply to all employees and all funds but employees may elect to take advantage of the specific exceptions authorized below:

10.441 Contracts.--Travel allowances under research or other contracts, which are 100 percent reimbursable, will follow the terms of the contract, and in the absence of specifications the travel rules and regulations covering payments from gifts, grants, and designated funds will apply.

10.442 Gifts, Grants, Designated and Auxiliary Enterprise Funds.--Reimbursement of travel expenses paid from Gifts, Grants, Designated and Auxiliary Enterprise Funds will be as follows:

- (a) For grants from or derived from Federal or State agencies, travel allowances shall be paid as specified in the foregoing provisions.
- (b) For other gifts, grants, designated, or auxiliary enterprise funds, travel allowances may be for actual expenses for meals and lodging not to exceed \$70 per day. The transportation allowances will be as specified in the foregoing provisions.

The provisions of both (a) and (b) above are subject to the terms, provisions and conditions of the particular gifts, grants, or funds involved. Further exceptions to these provisions may be in accordance with specific authorization by the Board with certain designated funds. Likewise, when anticipated living costs are unusually low for those engaged in travel, the person authorizing

OFFICE OF THE BOARD OF REGENTS

MEMORANDUM

DATE July 21, 1980

TO: Chairman Dan C. Williams

FROM: Betty Anne Thedford

SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

Please update your copy of the Regents' Rules and Regulations, Part Two by destroying the pages listed in Column "A" and substituting in lieu thereof the pages listed in Column "B":

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page iii	Page iii
Page III-4	Page III-4
Pages X-2 through X-14	Pages X-2 and X-3

The amendments approved at the July 1980 meeting of the Board of Regents have been incorporated on the revised pages.

T:lm1
Enclosures (one copy of each page)

RULES AND REGULATIONS

OF THE

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

FOR THE GOVERNMENT OF

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PART TWO

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administrative officer or his delegate must approve all vouchers. One of these delegates shall be the chief business officer who shall select the other delegates from his staff. Such approval is based upon satisfactory supporting documentation evidencing that goods or services were properly ordered, that the vendor has submitted invoice and certification, and that the goods or services have been received by the institution and are acceptable to the requisitioning department.

- 5.2 Appropriate internal accounting controls shall be exercised over the vouchering and disbursement procedures.
 - 5.21 To the extent that centralized receiving facilities are available, delivery of all purchased supplies, materials, and equipment should be received at a centralized location under the direction of the chief business officer.
 - 5.22 Vouchers should be prepared centrally in the business offices of those component institutions having centralized receiving operations.
- 5.3 Vouchers are to be coded in the business offices within the approved expenditure codes, and if payable by warrant drawn by the State Treasurer, with the proper expenditure classifications furnished by the State Comptroller, as well as complying with other current requirements of the State Comptroller and the State Board of Control.

Sec. 6. Cash Discounts. --The accounting procedures should be designed to assure realization of advantageous cash discounts allowed by vendors.

Sec. 7. Outstanding Checks. --Outstanding checks shall be carried on the official accounting records for one year from the end of the month of issuance.

Sec. 8. Institutional Membership Dues. --General funds of the System may be used to pay membership fees only in educational, scientific, or other associations, in which the System, or a component institution thereof, is an institutional member, with memberships approved by the chief administrative officers. Such other approvals as may be required by law shall also be secured.

Sec. 9. Payrolls.

- 9.1 There are three general types of payrolls, those for (1) regular monthly salaried employees; (2) weekly salaried employees; and (3) hourly salaried employees.

Sec. 8 Student Publications. --Rules and regulations for the establishment, administration and operation of student publications shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Chancellor for inclusion in the institutional Handbook of Operating Procedures.

Sec. 9 Student Union Facilities. --Rules and regulations for the establishment, administration and operation of student union facilities shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Chancellor for inclusion in the institutional Handbook of Operating Procedures.

Sec. 10 Intercollegiate Athletics Programs. --Rules and regulations governing the establishment, administration and operation of intercollegiate athletics programs shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Chancellor for inclusion in the institutional Handbook of Operating Procedures.

Sec. 11. Employment of a Students' Attorney.

- 11.1** If an attorney is retained in any manner by a component institution or by a Students' Association or other agency of student government at any component institution of the System to serve as a students' attorney, said attorney shall not act as counsel of record nor represent any student, faculty member, or staff member, or any group or combination of students, faculty members, or staff members, or System Administration or any component institution of the System:
 - 11.11** In any matter that requires an administrative decision to be made by any officer, committee, board, or agency of a component institution of the System, the System, or the Board.
 - 11.12** At any stage of any criminal proceeding in any federal, state, county, or local court.
 - 11.13** At any stage of any civil proceeding in any federal, state, county, or local court where such proceeding is directly or indirectly against or antagonistic to the interest of the System or any component institution thereof, or against or antagonistic to the interests

of any person who is sued in his official capacity as an officer of the System or any component institution thereof.

- 11.2 Any contract or agreement for legal services entered into by a Students' Association or other agency of student government or other agency of a component institution with an attorney whose remuneration will be paid from funds under the control and management of the Board, including funds from student fees whether mandatory or optional, is expressly subject to the applicable provisions of the Regents' Rules and Regulations, including, but not limited to, the foregoing provisions of this Section 11 and the following:

Section 8.7 of Chapter I of Part One;
Section 1.1 of Chapter III of Part One;
Section 1.3 of Chapter III of Part One;
Section 11 of Chapter III of Part One;
Section 5.15 of Chapter VI of Part One; and
Section 5.21 of Chapter VI of Part One.

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas of the Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler



The University of Texas Health Science Center at Dallas
The University of Texas Medical Branch at Galveston
The University of Texas Health Science Center at Houston
The University of Texas System Cancer Center
The University of Texas Health Science Center at San Antonio
The University of Texas Health Center at Tyler
The University of Texas Institute of Texan Cultures at San Antonio

THE UNIVERSITY OF TEXAS SYSTEM

601 COLORADO STREET AUSTIN, TEXAS 78701

June 11, 1980

Office of the Chancellor

Miss Thedford,

The attached suggested Regents' Rules and Regulations change appears to be strictly editorial. Thus, I am sending it to you for information and correction as you deem appropriate.

A handwritten signature in black ink, appearing to read "JPD".

James P. Duncan

JPD:llmc

Attachment

That Section 10.11, Chapter III, Part One on Communications, Appeals and Hearings, be amended as follows:

10.11 Proposals should originate and follow routines as prescribed elsewhere in the Regents' Rules and Regulations or in the institutional Handbook of Operating Procedures [~~supplements~~].

RATIONALE: This revision merely makes the Rules consistent by no longer referring to the Handbook of Operating Procedures as a supplement.

OFFICE OF THE BOARD OF REGENTS

MEMORANDUM

DATE April 21, 1980

TO: Chairman Dan C. Williams
FROM: Betty Anne Thedford
SUBJECT: Regents' Rules and Regulations, Part One - Amendment

Please update your copy of the Regents' Rules and Regulations, Part One by destroying the cover page and Page VI-15 and substituting in lieu thereof the enclosed cover page and Page VI-15.

The amendment approved at the April meeting of the Board of Regents has been incorporated on revised Page VI-15.

T:lm1
Enclosures (one copy of each page)

RULES AND REGULATIONS

OF THE

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

FOR THE GOVERNMENT OF

THE UNIVERSITY OF TEXAS SYSTEM

PART ONE

**As Revised and Amended by the Board of Regents, February 9, 1979
(with Amendments to April 11, 1980)**

of the booth is wholly or partly for the distribution or dissemination of words or material that is obscene, vulgar, or libelous, or that advocates the deliberate violation of any federal, state, or local law. For the purpose of this provision, the word "booth" includes furniture, enclosure, and any other structure temporarily installed for distributing petitions, handbills, or literature, or for displaying signs, or for raising funds or soliciting tangible items.

- 6.2 The use of student center or student union facilities on the campus of each component institution shall be subject to reasonable and nondiscriminatory regulations as may be promulgated by that center's governing board and approved by the Dean of Students and the institutional head.
- 6.3 Extracurricular student, faculty or staff activities involving the use of System-owned buildings and grounds shall be conducted in accordance with local, state and national law and in accordance with the applicable System and institutional regulations. Such activities shall not disrupt or disturb the academic and institutional program and shall not result in damage to or defacement of property.
- 6.4 Identification Required.
- (a) Pursuant to the authority conferred upon the Board of the System by Chapter 80, Acts of the 60th Legislature, Regular Session, 1967 (Section 51.209, Texas Education Code), and in order to protect the safety and welfare of students and employees of the component institutions of the System, and to protect the property of the System, it is hereby declared that it shall be unlawful for any person on any property either owned or controlled by the System or any component institution to refuse to identify himself to an institutional representative in response to a request. For the purpose of this subsection, a person identifies himself by: (1) giving his name and complete address; and (2) by stating truthfully whether or not he is a student at the institution and whether or not he is an employee of the institution.
- (b) For the purpose of Subsection (a), an "institutional representative" is:
- (1) any member of the Board of the System or the Secretary to the Board;
 - (2) any administrative officer of the System, including the Chancellor, the Executive Assistant to the Chancellor, the Assistant Chancellor for Planning, the Executive Director for Development, the Vice Chancellor for Academic Affairs, the Vice Chancellor

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11

OFFICE OF THE BOARD OR REGENTS

MEMORANDUM

DATE March 20, 1980

TO: Chairman Dan C. Williams

FROM: Betty Anne Thedford

SUBJECT: Regents' Rules and Regulations, Part Two - Amendments and Editorial Changes

Please update your copy of the Regents' Rules and Regulations, Part Two by destroying the pages listed in Column "A" and substituting in lieu thereof the pages listed in Column "B":

<u>"A"</u>	<u>"B"</u>
Cover Page and 'Pagination' Sheet	Cover Page and 'Pagination' Sheet
Page ii	Page ii
Pages V-8, V-9, V-10 and V-11	Pages V-8, V-9, V-10, V-11
Page IX-1	and V-11a
	Page IX-1

The amendments and editorial changes approved at the February meeting of the Board of Regents have been incorporated on the revised pages.

T:lm1
Enclosures (one copy of each page)

RULES AND REGULATIONS
OF THE
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM
FOR THE GOVERNMENT OF
THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

As Revised by the Board of Regents on December 1, 1978
(with Amendments to February 29, 1980)

Pagination is by chapter. All pages are in chronological order.

Listed below are pages that have been added:

IX-2a

V-11a

	<u>Page</u>
IV. Purchasing	
1. Authority to Obligate Institutional Funds	IV-1
2. Purchasing Ethics	IV-1
3. Contacts with the State Board of Control	IV-2
4. Purchases of Supplies and Equipment	IV-2
5. Purchasing Procedures	IV-2
6. Space Leases	IV-2
7. Purchases from Employees	IV-3
V. Personnel	
1. Classified Personnel	V-1
2. General Personnel	V-4
2.1 Leave for Military Duty	V-4
2.2 Maternity Leave	V-4
2.3 Overtime	V-5
2.4 Patent Policy	V-5
3. Certain Provisions in Current Appropriation Act	V-11a
3.1 Use of Alcoholic Beverages	V-11a
3.2 Advocating Overthrow of the Government	V-11a
4. Employee Training, Education, and Development	V-11a
5. Other Regulations Concerning Personnel	V-18
VI. Staff Benefits	
1. Teacher Retirement System	VI-1
2. Optional Retirement Program	VI-4
3. Tax Deferred Annuities	VI-6
4. Group Hospitalization and Medical Benefit Plan	VI-6
5. Group Term Life Insurance	VI-7
6. Supplemental Cash Value Paid-Up at Age 65 Life Insurance Plan	VI-9
7. Group Long Term Disability Income Insurance	VI-11
8. Group Accident Insurance	VI-13
9. Workers' Compensation Insurance	VI-13
10. Unemployment Compensation Program	VI-16
11. Social Security (Old Age and Survivors Insurance)	VI-20
12. Deferred Compensation Plan	VI-21
13. Premium Sharing	VI-21
14. U.S. Savings Bonds	VI-21
VII. Physical Properties	
1. General Statement	VII-1
2. Inventories	VII-1
3. Motor Vehicles	VII-1
4. Insurance on Property of the System	VII-2

2. 452 Patentable ideas resulting from research performed on System time, with support by State funds, or using System facilities. (See 2. 442.)
2. 4521 The inventor may choose to publish the details of his research and not to patent.
2. 4522 Before or after publishing, if the inventor decides to patent ideas resulting from research done on System time, with support by State funds, or using System facilities, he shall submit such ideas to the Institutional Patent Committee for determination of the System's interest. In those instances, however, where delay would jeopardize obtaining the patent, the inventor may, with the approval of the Chairman of the Institutional Patent Committee and the chief administrative officer, file the patent application prior to the Committee and administrative review provided in the following two subsections. If the request is granted, the inventor may proceed with the filing of his patent application pending the determination of the System's interest as provided therein; provided, however, that the inventor shall be reimbursed for his expenses in filing the patent application if the decision of the System is to assert and exploit its interests. The Chairman of the Institutional Patent Committee shall notify the System Patent Office of any such application.
2. 4523 If the Institutional Patent Committee recommends that the System not assert and exploit its interest, and that recommendation is approved by the System Patent Officer and the Chancellor, the inventor shall be notified within ninety (90) days of the date of submission that he is free to obtain and exploit a patent in his own right and the System shall not have any further rights, obligations or duties thereto. (In some instances, the Committee may elect to impose certain limitations or obligations, dependent upon the degree of System support.)
2. 4524 If the System decides to patent and assert and exploit its interest, it shall proceed

either through its own efforts or those of of a patent agent to obtain and manage the patent. It shall be mandatory for all employees, academic and nonacademic, to assign inventions and patents to the System when the patentable inventions fall within Section 2.452. The division of royalties or other income, patenting and licensing costs first being recaptured, shall be as follows:

0-\$ 5,000/75% to Inventor
25% to System
5,000- 10,000/50% to Inventor
50% to System
above- 10,000/25% to Inventor
75% to System

The division of royalties and other income from patents managed by a patent agent will be controlled by the System's agreement with such agent, as approved by the Board. Any other deviation from this rule requires the prior approval of the Board.

- 2.453 Patentable ideas resulting from research supported by a grant or contract with the Federal Government, or an agency thereof, or with a nonprofit foundation or by a private gift to the System. (See 2.443.)
- 2.4531 Administrative approval of application requests to, and acceptance of grants or contracts with, the Federal Government, or any agency thereof, or with a nonprofit foundation or a private donor, implies a definite decision that the value to the System of receiving the grant or performing the contract outweighs the impact of any resulting change in the basic patent policy of the System.
- 2.4532 The patent policy of the System is subject to, and thus amended and superseded by, the specific terms pertaining to patent rights included in Federal grants and contracts, or grants and contracts with nonprofit foundations or private donors, to the extent of any conflict.
- 2.4533 In those instances where it is possible to negotiate System-wide patent agreements with the Federal agencies or

nonprofit foundations or private donors and thereby obtain more favorable treatment for the inventor and the System, every effort will be made to do so after consultation with the Institutional Patent Committee and the chief administrative officer.

- 2.4534 Employees of the System whose patentable ideas result from a grant or contract with the Federal Government, or any agency thereof, or with a nonprofit foundation or by private gift to the System shall make such assignment of inventions or patents as is necessary in each case in order that the System may discharge its obligation, express or implied, under the particular agreement.
- 2.454 Patentable ideas resulting from research supported by a grant or contract with commercial concerns and industry. (See 2.444.)
 - 2.4541 The System recognizes the academic advantages which can come from close scientific cooperation between the research staffs of the System and the research staffs of industry.
 - 2.4542 The provisions of joint research arrangements with industry shall take into account (a) the extent of the industrial participant's contribution of funds and other services, including unique knowledge; (b) the import of the joint effort to the research and educational program of the System; (c) the protection of the personal achievements of the System participant or participants; and (d) most importantly, the interests of the State and its citizens who provide basic fiscal support.
 - 2.4543 Balancing the equities between these different interests may require the joint arrangement to contain provisions for (a) nonexclusive licensing; (b) granting exclusive information prior to publication or patent application; (c) royalty free nonexclusive license; (d) exclusive license for

- some limited period of time; (e) exclusive license for the life of the patent; or (f) such other provisions as will properly equate the equities involved, including the right of the System to terminate an exclusive license upon failure of the industrial participant to develop or exploit the invention in a manner which will enhance the interests of the public.
- 2.4544 All such arrangements or contracts with industrial participants shall be approved in advance by the Institutional Patent Committee and recommended and approved by the chief administrative officer, the Chancellor, and the Board.
- 2.4545 Employees of the System whose patentable ideas result from research supported by a grant or contract with commercial concerns or industry shall make such assignment of inventions or patents as is necessary in each case in order that the System may discharge its obligations, express or implied, under the particular agreement.
- 2.46 Any agreement altering the basic patent policy of the System as set out in the preceding sections shall have the advance approval of the Patent Committee, the chief administrative officer, the Chancellor, and the Board.
- 2.47 University Income from Patents.
The portion of the net income the System retains from royalty or other patent-related income shall be used first to defray the expenses of the System Patent Office, if any, and thereafter, as approved by the Board, for research purposes at the component institutions where the invention originated.
- 2.48 Implementation of Revised Patent Policy.
A Patent Procedures Manual shall be developed to provide more detail as to procedures to be followed under the various provisions of this policy.

Sec. 3. Certain Provisions in Current Appropriation Act. -- The Rules and Regulations of the Board are subject to and shall comply with the provisions appearing in the current Appropriation Act, including the following pertaining to personnel:

- 3.1 Use of Alcoholic Beverages. -- "None of the moneys appropriated under this Act shall be used for the payment of salaries to any employee who uses alcoholic beverages while on active duty. None of the funds appropriated under this Act for travel expenses may be expended for alcoholic beverages."
- 3.2 Advocating Overthrow of the Government. -- "None of the funds appropriated to the agencies and institutions of higher education enumerated in this Act shall be expended in payment of salary or other compensation of any faculty member or employee who advocates the overthrow of the Government of the United States of America, or of any State, by force, violence or any other unlawful means."

Sec. 4. Employee Training, Education, and Development.

- 4.1 The Texas State Employees Training Act of 1969, Chapter 283, Acts of the 61st Legislature, Regular Session, 1969 (Article 6252-11a, Vernon's Texas Civil Statutes), recognizes that the State departments and other State insitutions, including the System, must develop a more comprehensive Training Program as an integral part of a successful personnel program. The

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS AND LANDS

Sec. 1. Authorizations re Sales, Assignments, Conveyances, Receipt of Property and Proxies.

- 1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund of The University of Texas (hereinafter sometimes referred to as "PUF") and the Board. --The Chancellor or his delegate, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute any and all documents necessary to the consummation of any purchases or exchanges.
- 1.2 Authority to Assign and Transfer Securities held by the PUF and the Board. --The Chancellor, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, and the Trust Officers may each assign and transfer any and all securities of any description whatever, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities, and including those registered in the names of trusts or foundations managed and controlled by said Board.
- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests. --The Chairman of the Board, the Vice-Chairman, the Chancellor, the Vice Chancellor for Business Affairs, and the Vice Chancellor for Lands Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.

OFFICE OF THE BOARD OF REGENTS

MEMORANDUM

DATE June 22, 1979

TO: Chairman Dan C. Williams
FROM: Betty Anne Thedford
SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

Please update your copy of the Regents' Rules and Regulations, Part Two by destroying the pages listed in Column "A" and inserting in lieu thereof the revised pages listed in Column "B":

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page VIII-3	Page VIII-3
Pages IX-1 and IX-2	Pages IX-1, IX-2 and IX-2a

The amendments adopted at the May 31-June 1, 1979 meeting of the Board of Regents have been incorporated on the revised pages.

Also enclosed is an unnumbered page to be inserted following the title page which lists additional pages as a result of amendments.

T:lm1
Enclosures (one copy of each page)

RULES AND REGULATIONS

OF THE

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

FOR THE GOVERNMENT OF

THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

As Revised by the Board of Regents on December 1, 1978,
and as Amended through June 1, 1979

Pagination is by chapter. All pages are in chronological order.

Listed below are pages that have been added:

IX-2a

- 1.333 If the lowest bidder timely files notice of protest, the Board will hear the protest or will delegate to the Chancellor the authority to appoint a Hearing Officer who shall promptly convene and conduct a hearing and subsequently prepare and submit a report of his findings through the Chancellor to the Board. The Board shall make a final decision based upon the records of the hearing before the Hearing Officer.
- 1.334 The contract documents will be prepared by the Project Architect and approved by the Chancellor, or his delegate, and the General Counsel for the System, or his delegate, before submission to the Chairman of the Board.
- 1.335 At the time contracts are awarded, additional appropriations will be made if required.
- 1.34 The Chancellor, or his delegate, shall approve contractor's estimates, sign change orders, and provide general supervision of all new construction. He shall advise the Board if developments during construction require additional funds or other decisions of the Board.
- 1.35 The Chancellor, or his delegate, shall inspect the completed building and recommend final acceptance and final payment.

Sec. 2. New Building Construction Involving Less than \$50,000 per Project.--
 New construction that involves a total expenditure of \$50,000 or less per project may be handled at the component institution. Necessary funds must have been approved through the proper procedure. In each case, the project must have been approved by the director of physical plant, the chief business officer, and the chief administrative officer of the institution involved, and the Vice Chancellor of Business Affairs.

Sec. 3. Minor Repairs and Remodeling and Improvements Other than Buildings. --
 Minor repairs and remodeling of the physical plant and construction of improvements other than buildings involving proposed expenditures of less than \$80,000 per project shall be made under the supervision of the director of physical plant and the chief business officer at the component institutions, with the prior approval of the chief administrative officer provided that necessary funds have been approved through proper procedure, and provided, further, that no such repairs, remodeling or construction shall be made without the prior approval of the Vice Chancellor for Business Affairs where the proposed expenditure exceeds \$50,000.

Sec. 4. Major Repairs and Remodeling and Improvements Other than Buildings. --

4.1 Any repair or remodeling project of the Physical Plant and

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS AND LANDS

Sec. 1. Authorizations re Sales, Assignments, Conveyances, Receipt of Property and Proxies.

- 1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund of The University of Texas (hereinafter sometimes referred to as "PUF") and the Board. --The Chancellor or his delegate, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute any and all documents necessary to the consummation of any purchases or exchanges.
- 1.2 Authority to Assign and Transfer Securities Held by the PUF and the Board. --The Chancellor, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, the Trust Officer and the Real Estate Officer may each assign and transfer any and all securities of any description whatever, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities, and including those registered in the names of trusts or foundations managed and controlled by said Board.
- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests. --The Chairman of the Board, the Vice-Chairman, the Chancellor, the Vice Chancellor for Business Affairs, and the Vice Chancellor for Lands Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interests held or controlled by the Board as a part of the PUF or as a part of any trust or special fund, and with the Executive Director for Investments and Trusts authorized to sign such instruments relating to Trust and Special Fund lands.

- 1.4 Authority to Receive and Collect Money and/or Property.-- The Chancellor, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.
- 1.5 Authority to Execute Proxies.--The Chancellor, or his delegate, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts are each authorized to execute proxies within the approved investment policies.
- 1.6 Authority to Purchase, Sell and Transfer Book-Entry United States Government Securities.--The Chancellor, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, or the Investment Officer of The University of Texas System may direct the Federal Reserve Bank to Purchase, Sell or Transfer any United States Government Securities in Book-Entry form for the Permanent University Fund of The University of Texas System and for the Board of Regents of The University of Texas System for Trust and Special Funds.

Sec. 2. Investment Policy for PUF.

- 2.1 Investments Authorized for Purchase.
 - 2.11 Bonds of the United States, the State of Texas or counties of said State, or in school bonds of municipalities, or in bonds of any city of said State, or in bonds issued under and by virtue of the Federal Farm Loan Act approved by the President of the United States, July 17, 1916, and amendments, thereto.
 - 2.12 Bonds or other obligations issued, insured, or guaranteed in any manner by the United States Government or any of its agencies.
 - 2.13 Bonds, debentures, or obligations, and preferred and common stocks issued by corporations, associations, or other institutions.
 - 2.14 Convertible securities, of all kinds, issued by corporations on the approved list.

- 2.2 Standards as to Quality.
 - 2.21 Corporate Stocks:
 - 2.211 Stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for five (5) consecutive years or longer immediately prior to the date of purchase.
 - 2.212 Except for bank and insurance shares, stock must be listed upon an exchange registered with the Securities and Exchange Commission or its successors.
 - 2.213 Common stocks and convertible securities are eligible for purchase if they are issued by corporations which have been approved by the Board.