

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS
BOX N - AUSTIN, TEXAS 78713-7328 (512) 490-4402

MEMORANDUM

DATE July 3, 1992

TO: Those Who Receive R&R Amendments (List Attached)

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
Pages ii and iv	Pages ii and iv
Pages V-9 through V-34	Pages V-9 through V-19
	Pages XII-1 through XII-13

The amendments approved at the June 11, 1992 meeting of the U. T. Board of Regents as well as editorial amendments have been incorporated on the revised pages.

AD/lp

Enclosures

Distribution List for Official Copies of
Regents' Rules and Regulations

Board of Regents	9
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State Auditor - U. T. Austin Representative	1
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Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Executive and Research Assistant to the Chancellor	
Acting Vice Chancellor for Asset Management	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions	16
Associate Deputy Chancellor, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	44

NOTE: See July 6, 1988 letter (copy attached) from Coordinating Board which requests that only those amendments related to 1) academic workload and 2) faculty development leaves be sent to that office.

May 11, 1992

Addresses of State Officials Who Receive Copies
of the Regents' Rules and Regulations

Governor's Budget and Planning Office
711 Sam Houston Building
Austin, Texas 78711
INTERAGENCY MAIL

Mr. James P. Oliver
Director, Legislative Budget Board
Second Floor, Room 207A, Capitol
Austin, Texas 78711
INTERAGENCY MAIL

State Auditor's Office
The University of Texas at Austin
Main Building 2108
11400
FACULTY MAIL

Ms. Sally Reynolds
Director
Legislative Reference Library
Room 207-B, Capitol Building
Austin, Texas 78711
INTERAGENCY MAIL

Publications Clearing House
Room 307, Archives Building
Texas State Library
Austin, Texas 78711
INTERAGENCY MAIL

Dr. Kenneth H. Ashworth
Commissioner, Texas Higher
Education Coordinating Board
7745 Chevy Chase Drive, Building 5
Austin, Texas 78752
INTERAGENCY MAIL

(NOTE: Send only when there are
amendments related to 1) academic
workload or 2) faculty development
leaves.)

Mr. W. C. Lancaster
Associate Deputy Chancellor
The Texas A&M University System
College Station, Texas 77843-1117

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

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through June 11, 1992,
and Editorial Amendments through July 1992
have been issued with this cover sheet)

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- 2.32 With the exception of professional medical personnel and bona fide executive, administrative, and professional positions, all employees required or permitted to work in excess of forty hours per week shall be compensated for such overtime either:
- 2.321 By receiving compensatory time off at the rate of one and one-half (1½) hours off for each hour of overtime, subject to the accrual limitation of 480 hours in the case of personnel engaged in public safety or emergency response activities; or 240 hours for other categories of employees. Such compensatory time off shall be granted at a mutually convenient date anytime during the twelve month period following the end of the workweek in which such compensatory time is accrued, or during a shorter time period as specified by the component institution; or
- 2.322 In cases where granting compensatory time is impracticable, by receiving pay equivalent to one and one-half times the regular rate of pay.
- 2.33 Compensatory time for those employees excepted from this provision shall be determined by the chief administrative officer of the institution involved.
- 2.34 Institutions paying overtime shall maintain a monthly record of overtime paid indicating the number of employees so compensated and the total amount paid.

Sec. 3. Employee Training, Education, and Development.

- 3.1 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 institutions, including the System, must develop a more comprehensive Training Program as an integral part of a successful personnel program. The System Personnel Director, as

delegated by the Executive Vice Chancellor for Business Affairs, is responsible for promulgating the necessary policies and procedures for implementation of the State Employees Training Act, consistent with the guidelines already approved by the Governor of the State of Texas and the Regents' Rules and Regulations.

- 3.2 Through implementation of the State Employees Training Act, the System will provide programs that will greatly benefit most employees. In addition, the use of various types of training programs will also encourage the initiative of young, talented employees and stimulate and motivate less productive employees. Organized training programs will, moreover, help identify those employees who are willing to exercise their initiative and prove their performance and also find the areas where employees are resisting change and improved procedures and programs.

- 3.3 The following general objectives of the overall training effort will lead to the System's gaining more efficiency and economy in its overall personnel program:
 - 3.31 Developing well trained staffs, both professional and supportive;
 - 3.32 Assisting all employees toward achieving their highest potential usefulness;
 - 3.33 Motivating employees and stimulating a sense of participation and involvement;
 - 3.34 Insuring that the System receives a fair return on its investment in training and education.

- 3.4 The program elements for this general training program are:
 - 3.41 Identifying staff members who need staff development in order to determine the exact kind and scope of program needed;
 - 3.42 Training individuals for current assignments and developing them for future assignments, as a means of improving the quality and quantity of work done;

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- 3.43 Developing all supervisors to enable them to assume and discharge their primary responsibility for the maximum utilization of personnel, the training of their staff members, and the maintenance of sound employee relations;
 - 3.44 Advising and assisting employees with respect to continuing education, and means by which they can improve their usefulness;
 - 3.45 Evaluating all training and education activities to determine whether they have effectively met the needs of the system.
- 3.5 With these objectives and general program elements as a background, four specific training programs are established. The administration and implementation of the following training programs at each component is to be primarily the task and responsibility of the institutional personnel officer, with approval of the chief administrative officer. The System Personnel Director shall have the responsibility of coordinating all training programs through review and approval of training policies promulgated by the component institution.
- 3.6 College or University Degree Program.
- 3.61 Definition: This program will provide graduate or undergraduate level training leading to a degree. Basically, it provides for full-time student enrollment and is to be for selected, qualified employees of the System. This program will be provided by the System on the basis of need of the System and to the extent funds are available.
 - 3.62 Objectives: To provide a college or university education for qualified System employees specifically required in their area of employment.
 - 3.63 Program Elements: This training is essentially of only one type: to provide full-time student enrollment in a graduate or undergraduate program leading to a degree.

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- 3.64 Administration: Eligibility Requirements.
- 3.641 Selected employees must have necessary academic qualifications to meet all entrance requirements of the college or university where training is provided.
 - 3.642 Degree training must be directly related to an existing job or job series used by the System.
 - 3.643 Selected employees must be scheduled for appointment to a job requiring the degree training on completion of schooling.
 - 3.644 Selected employees must have been successfully evaluated as to competence and aptitude for training granted and recommended through the chief administrative officer and approved by the System Personnel Director.
 - 3.645 Selected employees on educational stipend shall be considered as employees on official leave of absence while in student status. Vacation, sick leave, group insurances, and other benefits will be governed under appropriate rules regarding such official leaves of absence.
- 3.65 Administration: Obligations. Employees who receive financial assistance under this program from the System, in completion of either undergraduate or advanced degrees, will be obligated to fulfill the following terms and conditions:
- 3.651 An agreement to be bound by the rules and regulations contained herein and such other policies, rules, and procedures as may be promulgated by the System Personnel Director applicable to the college degree training program.

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- 3.652 An agreement to return to the System as an employee upon graduation and attainment of the degree and to remain in the employment of the System for a period of time subsequent to graduation that is proportionate either to the period of time the employee has received financial assistance to attend college or university or to the amount of financial assistance received.
- 3.653 An agreement to execute, as required by the System Personnel Director, a formal obligatory document between the System and the recipient of assistance under this program, to repay in a lump sum or such alternate arrangement as the System Personnel Director may prescribe, the amount of money expended by the System for the cost of such college education if the individual for any reason, except circumstances beyond the individual's control, fails to complete the training or otherwise defaults in any provision of the agreement between the System and the individual.

3.7 In-Service Training and Education Program.

- 3.71 Definition: This training and education is job-oriented training that is provided essentially within the System. It may include on-the-job training, training in preparation for job assignment, and continuing training programs that are basically job oriented. This program is for selected individual staff members and will be provided on the basis of need and to the extent funds are available.

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- 3.72 Objectives: To equip an individual to perform a particular task within a particular situation and/or to equip the employee to deal with new technological and legal developments, to develop additional work capabilities, or increase the employee's level of competence.
- 3.73 Program Elements: In-service training and education programs are divided into the following three principal categories:
 - 3.731 Orientation serves the purpose of acquainting the employee to a new job situation. It does not include the development of skills for that particular job situation.
 - 3.732 Basic Training for a Specific Task includes pre-employment and recruit type training involving job knowledge and/or the development of skills required for a specific task. It also includes training in supervisory and managerial skills.
 - 3.733 Advanced In-Service Training includes the development of a higher level of skill, an increase in job knowledge, and instruction in new concepts and changing aspects of job responsibility.
- 3.74 Administration: Eligibility Requirements. It is a basic responsibility of the System to provide training as the individual situation may require. It is recognized that the need for some of these programs will vary according to skills required and the availability of pre-employment training. Manpower needs and the availability of skilled applicants may also be a determining factor. With this general background as reference, employees will be identified, selected, trained, and evaluated according to the needs of the System.

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- 3.75 Administration: Obligations. The employee has an obligation to successfully complete the training program and should recognize that the System will use this type of training as a continuation of the selection process.
- 3.8 Out-of-Agency Staff Development Program.
- 3.81 Definition: This program is to provide training through workshops, seminars, institutes, training sessions, extension courses, college or university courses (with or without academic credit), and other special programs or activities offered either within or outside the state. Such programs must be of concentrated, precise content and designed to improve the individual's professional or technical knowledge in the performance of the individual's present or prospective duties and responsibilities. This program is for selected individual staff members and will be provided on the basis of need of the System and to the extent funds are available.
- 3.82 Objectives: To improve and enhance the individual's professional and technical knowledge and ability in the performance of the individual's present or prospective duties and responsibilities.
- 3.83 Program Elements: This program is generally the type that meets the following criteria: relatively short term; specific in content; and presented outside the employing agency.
- 3.84 Administration: Eligibility Requirements.
- 3.841 Out-of-Agency Staff Development education and training authorized by the System will be conducted primarily for the benefit of the System.
- 3.842 The training and education must be related to the employee's current or prospective duty assignment during the period of his or her participation.

- 3.843 Such training and education must be approved by the chief administrative officer or his or her delegate on recommendation of the head of the employing department or unit.
- 3.85 Administration: Obligations. Employees receiving Out-of-Agency Staff Development authorized by the System will be obligated to fulfill such terms and conditions as the chief administrative officer may prescribe, compatible with the nature and extent of the training or education.
- 3.9 Internship Training Program.
- 3.91 Definition: Internship training is intended to provide the type of learning experience that can be obtained only through actual work experience. Internship programs will normally be of a longer duration than training mentioned under the heading of Out-of-Agency Staff Development and In-Service Training and Education. This training will be provided to those individuals selected under the standards listed below in Subsection 3.95, Eligibility Requirements. This training will be provided on the basis of need of the System and to the extent funds are available.
- 3.92 Objectives: This type of training and education has a broader objective than other types of training in that it serves not only the System but also the State of Texas in the following ways:
- 3.921 It allows the System and/or the State of Texas to screen potential employees while simultaneously enjoying an advantageous recruiting position.
- 3.922 It facilitates the infusion of new people and new ideas into the information interchange which is continually taking place between state government and the System.

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- 3.923 It will allow the System and/or the state to gain trained personnel who can carry a heavier work load in a relatively short period of time.
- 3.924 Internship programs produce a work product, although this is not the justification for any internship program.
- 3.93 Program Elements: Type I Internships are those that are within the System for non-employees of the state.
- 3.931 Type I Internships are held with the System by persons who are not employed by the state or the System.
- 3.932 Such internships relate to the educational program of the person serving the internship, which suggests that there will be a constant interchange and evaluation between both the System and the sponsor of the person's educational program.
- 3.933 These internships should be initiated only to the extent that the System can provide a meaningful working role and learning experience.
- 3.934 Type I Internships are not designed primarily to produce a work product. (Example: The employee of a private data processing equipment firm observing and being trained in the Data Processing Department of a component institution which serves as the training ground.)
- 3.94 Program Elements: Type II Internship Programs are for the State of Texas and/or System employees.
- 3.941 Type II(a) Internships provide for the State of Texas to be the trainee represented by a person in the employ of a state agency

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other than the System. [Example: An employee of another state agency (State Auditor's office) serving as an intern trainee with the System.]

- 3.942 Type II(b) Internships provide for the State of Texas to be the trainee represented by a person in the employ of the System. A Type II(b) Internship may be served either within the System or with another state agency. Employees on Type II(b) Internship status should be considered as employees of the System as they would if they were physically present on the job. (Example: An employee of a System component serving as an intern trainee at another System component or with another state agency, i.e., an accountant from a component business office serving as a trainee in the business office of another component or in the State Auditor's office.)
- 3.943 The primary objective sought by both of the Type II Internship programs is for the trainees to gain skills from the training agency and to promote the ability of persons to work with broader situations and more competently in the multi-levels of administration of the state or the System.
- 3.944 A "No Proselyting" agreement should be secured in both of the Type II Internship programs.
- 3.95 Administration: Eligibility Requirements.
- 3.951 Internship education and training authorized by the System will be conducted primarily for the benefit of the System.

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- 3.952 Internship training and education must be approved by the chief administrative officer or his or her delegate on recommendation of the head of the employing department or unit.
- 3.96 Administration: Obligations.
 - 3.961 Type I - No obligatory arrangement is required.
 - 3.962 Type II - The following standards should be observed:
 - 3.9621 The need for these programs will vary according to skills required and the availability of pre-employment training within the State of Texas and/or the System.
 - 3.9622 The employee has an obligation to successfully complete the training program and should recognize that the State of Texas and the System will use this type of training as a continuation of the selection process.
 - 3.9623 Employees receiving internship training authorized by the System will be obligated to fulfill such terms and conditions as the System Personnel Director may prescribe, compatible with the nature and extent of the training or education.

Sec. 4. Other Regulations Concerning Personnel are Reported in Part One, Chapter III of the Rules and Regulations of the Board of Regents.

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CHAPTER XII

INTELLECTUAL PROPERTY

Sec. 1. Philosophy and Objectives.--While the discovery of patentable processes or inventions and the creation of other intellectual property is not the primary objective of the System, for any such discoveries or creations, it is the objective of the Board to provide an intellectual property policy that will encourage the development of inventions and other intellectual creations for the best interest of the public, the creator, and the research sponsor, if any, and that will permit the timely protection and disclosure of such intellectual property whether by development and commercialization after securing available protection for the creation, by publication, or both. The policy is further intended to protect the respective interests of all concerned by ensuring that the benefits of such property accrue to the public, to the inventor, to the System and to sponsors of specific research in varying degrees of protection, monetary return and recognition, as circumstances justify or require. Each component institution may develop in its Handbook of Operating Procedures additional policies and rules covering the subject matter of this Section not inconsistent with this Section or other policies or procedures adopted by the Board.

Sec. 2. General Policy.

2.1 The intellectual property policy shall apply to all persons employed by the U. T. System and the component institutions of the System, to anyone using System facilities under the supervision of System personnel, to candidates for masters and doctoral degrees, and to postdoctoral and predoctoral fellows.

2.2 Except for intellectual property included in Subsections 2.3 and 2.4, this policy shall apply to and the Board may assert ownership in intellectual property of all types (including, but not limited to, any invention, discovery, trade secret, technology, scientific or technological development, and computer software) regardless of whether subject to protection under patent, trademark, copyright, or other laws.

- 2.3 The Board will not assert an interest in faculty produced textbooks, scholarly writing, art works, musical compositions and dramatic and non-dramatic literary works that are related to the faculty member's professional field unless such work is commissioned by the System or a component institution of the System or is a work for hire pursuant to Subsection 2.4.
- 2.4 The Board shall have sole ownership of all intellectual property that it commissions or that is produced as a work for hire for the System or a component institution of the System. Except as may be provided otherwise in a written agreement approved by the chief administrative officer of the component institution and the Chancellor, the provisions of Subdivision 5.23 relating to division of royalties shall not apply to intellectual property owned solely by the Board pursuant to this Subsection 2.4.
- 2.5 Any person who as a result of his or her activities creates intellectual property that is subject to this Policy, other than on government or other sponsored research projects where the grant agreements provide otherwise, should have a major role in the ultimate determination of how it is to be made public, whether by publication, by development and commercialization after securing available protection for the creation, or both.
- 2.6 The System, with the cooperation of the component institution, will provide review and management services for patentable inventions as well as other intellectual property either by its own staff, through a related foundation, or by other means.
- 2.7 It is a basic policy of the System that intellectual property be developed primarily to serve the public interest. This objective usually will require development and commercialization by exclusive licensing, but the public interest may best be promoted by the granting of nonexclusive licenses for

the period of the patent. These determinations will be recommended and made in accordance with the administrative procedures hereinafter set out and with the approval of the Board.

Sec. 3. Institutional Intellectual Property Advisory Committees, Office of General Counsel, and Office of Asset Management.

- 3.1 Intellectual Property Advisory Committees.--To help administer the intellectual property policy at each component institution and to make recommendations to chief administrative officers for further referral to the System Administration and the Board (in those cases when action by the System Administration and/or the Board is required), Institutional Intellectual Property Advisory Committees may be established. Each institution at its option may use the term "Patent Advisory Committee" in lieu of "Intellectual Property Advisory Committee."
- 3.2 Office of General Counsel.--The Office of General Counsel will have responsibility for all legal matters relating to intellectual property and will assist component institutions with respect to such matters. Among other responsibilities, the Office of General Counsel will secure protection for intellectual property when appropriate and will police infringements; maintain central databases and files of patent applications, issued patents, copyrights, licenses and agreements; coordinate with component institutions in negotiating and preparing license and other agreements; review and approve as to form all agreements relating to intellectual property; and coordinate with and cooperate with the Office of Asset Management in all such matters.
- 3.3 Office of Asset Management.--The Office of Asset Management will assist component institutions in business and financial matters relating to intellectual property; coordinate with component institutions in evaluating royalty and/or equity transactions and review and approve agreements relating to equity transactions; represent System on boards of directors

of entities in which the Board holds equity and the right to a board position; serve as a repository for certificates of shares in entities in which the Board holds equity and represent the System's interest with respect thereto; and coordinate with and cooperate with the Office of General Counsel in all such matters.

Sec. 4. Classification of Discoveries by Source of Support.

- 4.1 Intellectual property that is unrelated to the individual's employment responsibility and has been developed as a result of the individual's efforts on his or her own time with no System support or use of System's facilities.
- 4.2 Intellectual property that is related to the individual's employment responsibility, or has resulted either from activities performed by the individual on System time, or with support by state funds, or from using System facilities.
- 4.3 Intellectual property that has resulted from research supported by a grant or contract with the Federal Government or an agency thereof, a nonprofit or for profit nongovernmental entity or by a private gift to the System.

Sec. 5. Property Rights and Obligations.

- 5.1 Intellectual property unrelated to the individual's employment responsibility that is developed on an individual's own time and without System support or use of System facilities (see Subsection 4.1) is the exclusive property of the creator and the System has no interest in any such property and no claim to any profits resulting therefrom. Should the creator choose to offer the creation to the System, the chief administrative officer shall recommend whether the System should support and finance a patent application or other available protective measures and manage the development and commercialization of the property. If the creator makes the offer after

obtaining a patent or other protection, the chief administrative officer shall recommend whether the System should reimburse the creator for expenses in obtaining such protection. If the chief administrative officer so recommends and the creation is accepted for management by the System, the procedures to be followed and the rights of the parties shall be those set out in subdivision 5.23.

5.2 Intellectual property either related to the individual's employment responsibility, or resulting from activities performed on System time, or with support by state funds, or from using System facilities is subject to ownership by the Board. (See Subsection 2.2.)

5.21 Before intellectual property covered by Subsection 4.2 is disclosed either to the public or for commercial purposes, and before publishing same, the creator shall submit a reasonably complete and detailed disclosure of such intellectual property to the chief administrative officer of the creator's institution for determination of the System's interest. A component institution may establish guidelines in its Handbook of Operating Procedures for submitting different categories of intellectual property to its Institutional Intellectual Property Advisory Committee and procedures to be followed by the Institutional Intellectual Property Advisory Committee in reviewing and evaluating such submissions. Such guidelines and procedures shall be consistent with this policy and shall be subject to approval as a part of the institutional Handbook. In those instances, however, where delay would jeopardize obtaining the appropriate protection for the property, the creator may request the approval of the chief administrative officer and the Office of General Counsel, to file a patent application or take other steps to obtain available protection prior to the administrative

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review provided in the following two subdivisions. If the request is granted, the creator may proceed with the filing of a patent application or other available protective measures pending the determination of the System's interest; provided, however, that the creator shall be reimbursed for reasonable expenses in filing the patent application or taking other steps to obtain protection if the decision of the System is to assert and exploit its interests. Either the Chairman of the Institutional Intellectual Property Advisory Committee or the chief administrative officer shall notify the Office of General Counsel of any such application.

5.22 If the chief administrative officer recommends that the System not assert and exploit its interest, and that recommendation is approved by the Office of General Counsel and the appropriate Executive Vice Chancellor, the creator shall be notified within one hundred eighty (180) days of the date of submission that he or she is free to obtain and exploit a patent or other intellectual property protection in his or her own right and the System shall not have any further rights, obligations or duties with respect thereto except that, in some instances the System may elect to impose certain limitations or obligations or retain income rights, dependent upon the degree of System support involved in the creation of such property.

5.23 With respect to intellectual property in which the System asserts an interest, the Office of General Counsel in consultation with the chief administrative officer (or his/her designee) shall decide how, when, and where the intellectual property is to be protected. If the System decides to patent or seek other available protection for such intellectual property, it may proceed either

through its own efforts or those of an appropriate private firm or attorney to obtain protection and manage the intellectual property. Under appropriate circumstances, and with the consent of the Vice Chancellor and General Counsel and the approval of the Attorney General, component institutions may arrange to have services to obtain protection for intellectual property performed by a local outside attorney on a case-by-case basis. It shall be mandatory for all employees, academic and nonacademic, to assign the rights to intellectual property and patents to the Board when such creations fall within Subsection 5.2. In those instances where the System licenses rights in intellectual property to third parties, the costs of licensing and obtaining a patent or other protection for the property on behalf of the Board shall first be recaptured from any royalties received by the System, and the remainder of such royalty income (including license fees, prepaid royalties and minimum royalties) shall be divided as follows:

50% to creator

50% to System.

With the prior approval of the Board as an agenda item, a component institution may include provisions in its Handbook of Operating Procedures to adjust the allocation of royalties set forth herein, but in no event shall the creator receive more than 50% or less than 25% of such proceeds. The division of royalties from patents or other intellectual property managed by an intellectual property management concern will be controlled by the terms of the System's agreement with such concern, as approved by the Board. Any other deviation from this rule requires the prior approval of the Board.

- 5.3 Intellectual property resulting from research supported by a grant or contract with the Federal Government, or an agency thereof, with a nonprofit or for profit nongovernmental entity, or by a private gift or grant to the System shall be subject to ownership by the Board. (See Subsection 4.3.)
- 5.31 Administrative approval of application requests to, and acceptance of grants or contracts with, the Federal Government or any agency thereof, with a nonprofit or for profit nongovernmental entity, or a private donor that contain provisions that are inconsistent with this policy, or other policies and guidelines adopted by the Board from time to time imply a decision that the value to the System of receiving the grant or performing the contract outweighs the impact of any nonconforming provisions of the grant or contract on the intellectual property policies and guidelines of the System.
- 5.32 The intellectual property policies and guidelines of the System are subject to, and thus amended and superseded by, the specific terms pertaining to intellectual property rights included in federal grants and contracts, or grants and contracts with nonprofit and for profit nongovernmental entities or private donors, to the extent of any conflict.
- 5.33 In those instances where it is possible to negotiate System-wide intellectual property agreements with the federal agencies or nonprofit and for profit nongovernmental entities or private donors and thereby obtain more favorable treatment for the creator and the System, every effort will be made to do so with the cooperation and concurrence of the Office of General Counsel after consultation with the institutional chief administrative officer.

- 5.34 Employees of the System whose intellectual property creations result from a grant or contract with the Federal Government, or any agency thereof, with a nonprofit or for profit nongovernmental entity, or by private gift to the System shall make such assignment of such creations as is necessary in each case in order that the System may discharge its obligation, expressed or implied, under the particular agreement.
- 5.35 In the event that two or more persons are entitled to share royalty income pursuant to subdivision 5.23 (or equity pursuant to Section 6) and such persons cannot agree on an appropriate sharing arrangement as evidenced by a clear and unequivocal written agreement transmitted to the Office of General Counsel, that portion of the royalty income to which the creators are entitled under this Policy will be distributed to such persons in such portions as the institutional chief administrative officer or, in the event that the creators are located at two or more component institutions within the System, the Chancellor may deem appropriate under the circumstances and such decision shall be binding on the creators.
- 5.36 A decision by the System to seek patent or other available protection for intellectual property covered by subsection 5.2 shall not obligate System to pursue such protection in all national jurisdictions. The System's decision relating to the geographical scope and duration of such protection shall be final.

Sec. 6. Equity Interests.

- 6.1 In agreements with business entities relating to rights in intellectual property owned by the Board, the System may receive equity interests as partial or total compensation for the rights conveyed. In any such instance, the component institution where the

intellectual property was created may elect, at its option and with the concurrence of the Chancellor, to share an equity interest with the creator(s) in the same manner as royalties are shared pursuant to subdivision 5.23.

- 6.2 Consistent with Section 51.912, Texas Education Code, and subject to review and approval by the chief administrative officer of the component institution, the appropriate Executive Vice Chancellor, the Chancellor and the Board, employees of the System who conceive, create, discover, invent or develop intellectual property may hold an equity interest in a business entity that has an agreement with the System relating to the research, development, licensing or exploitation of that intellectual property.
- 6.3 The System may negotiate, but shall not be obligated to negotiate, an equity interest on behalf of any employee as a part of an agreement between the System and a business entity relating to intellectual property conceived, created, discovered, invented, or developed by the employee and owned by the Board.
- 6.4 Dividend income and income from the sale or disposition of equity interests held by the Board pursuant to agreements relating to intellectual property shall belong to the System and shall be distributed in accordance with the provisions of Section 10.
- 6.5 Dividend income and income from the sale or disposition of an equity interest held by a System employee pursuant to an agreement between the System and a business entity relating to rights in intellectual property conceived, created, discovered, invented or developed by such employee shall belong to the employee.

Sec. 7. Business Participation.

- 7.1 Any System employee who conceives, creates, discovers, invents or develops intellectual property shall not serve as a member of the board of directors or other governing board or as an officer or an employee (other than as a consultant) of a business entity that has an agreement with the System relating to the research, development, licensing, or exploitation of that intellectual property without prior review and approval by the chief administrative officer of the component institution, the Chancellor and the Board as an agenda item.
- 7.2 When requested and authorized by the Board, an employee may serve on behalf of the Board as a member of the board of directors or other governing board of a business entity that has an agreement with the System relating to the research, development, licensing or exploitation of intellectual property.

Sec. 8. Reporting.

- 8.1 Any employee covered by Subsections 6.2, 7.1, or 7.2 shall report in writing to the chief administrative officer of the component institution, or to such other person as may be designated by the chief administrative officer, the name of any business entity as referred to therein in which the person has an interest or for which the person serves as a director, officer or employee and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. These reports shall be accumulated in the office of the chief administrative officer or designee and then forwarded to the appropriate Executive Vice Chancellor by September 1 of each year so that the Chancellor may file a report with the Board at its October meeting. After the report has been approved by the Board, the Chancellor shall prepare the report to the Governor and the Legislature required by Section 51.912(c), Texas Education Code.

Sec. 9. Approval of and Execution of Legal Documents Relating to Rights in Intellectual Property.

- 9.1 Documents relating to rights in intellectual property shall ordinarily be approved by the Board on the institutional docket following review by the Office of General Counsel and approval by the chief administrative officer of the component institution, the appropriate Executive Vice Chancellor and the Chancellor.
- 9.2 Any document altering substantially the basic intellectual property policy of the System as set out in the preceding Sections and other policies and guidelines that may be adopted by the Board shall have the advance approval of the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, and the Board as an agenda item. Such an alteration in a sponsored research agreement shall not be considered substantial and may be approved by the Board on the institutional docket if, in the judgment of the chief administrative officer and with the concurrence of the appropriate Executive Vice Chancellor, the benefits from the level of funding for the proposed research and/or other consideration from the sponsor outweigh any potential disadvantage that may result from the policy deviation.
- 9.3 The Chancellor, the appropriate Executive Vice Chancellor, the Vice Chancellor and General Counsel or the Vice Chancellor for Asset Management may execute, on behalf of the Board, legal documents relating to the Board's rights in intellectual property, including, but not limited to, declarations, affidavits, powers of attorney, disclaimers, and other such documents relating to patent applications and patents; applications, declarations, affidavits, affidavits of use, powers of attorney, and other such documents relating to trademarks; applications for registration of and other such documents relating to copyrights; and license and assignment documents approved by the Board pursuant to Subsections 9.1 or 9.2.

Sec. 10. Income from Intellectual Property.

10.1 The portion of the net income the System retains from royalties and any other intellectual property-related income shall be used by the component institutions where the income-producing creation originated for research and other purposes approved by the Board in accordance with standard budgetary policies. At the option of a component institution, such income may be accumulated in an endowment fund administered by the Office of Asset Management with the income to be distributed to the component institution for such purposes as may be approved by the Board.

10.2 With the prior written approval of the chief administrative officer of the component institution, future royalties payable to a faculty member pursuant to Subdivision 5.23 may be assigned to the component institution by the faculty member and designated for use in research to be conducted by such faculty member.

Sec. 11. Implementation of Intellectual Property Policy.--The Office of General Counsel shall prepare and distribute to the component institutions such model agreements and recommended procedures as may be considered appropriate for the implementation of the provisions of this policy as well as other policies and guidelines adopted by the Board.

Sec. 12. Construction of Documents.--Unless otherwise required by law or the Regents' Rules and Regulations, each intellectual property agreement approved hereunder shall be construed in accordance with the Intellectual Property Policy in existence as of its approval date.

30. U. T. Health Science Center - San Antonio: Acceptance of Bequest from the Estate of Marie Schmid, San Antonio, Texas.--The Board accepted a \$2,735.22 distribution from the Estate of Marie Schmid, San Antonio, Texas, to be used for cancer research at The University of Texas Health Science Center at San Antonio.
31. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest from the Estate of Mary Sue Daniel, Houston, Texas.--Upon recommendation of the Asset Management Committee, the Board accepted a promissory note from the Estate of Mary Sue Daniel, Houston, Texas, valued at \$35,711.19 for unrestricted purposes at The University of Texas M.D. Anderson Cancer Center.
32. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest from the Estate of Helen T. Hawkins, Williamson County, Texas, and Establishment of the N. G. and Helen T. Hawkins Memorial Cancer Research Fund.--Approval was given to accept a one-fifth interest in the residue of the Estate of Helen T. Hawkins, Williamson County, Texas, with a value of approximately \$358,000 and to establish an endowment at The University of Texas M.D. Anderson Cancer Center to be named the N. G. and Helen T. Hawkins Memorial Cancer Research Fund.

Income earned from the endowment will be used to advance the knowledge regarding cancer diseases and to support research projects on such disease or diseases which will promote the treatment and/or cure of such disease.

MINUTES
6-11-92

III. INTELLECTUAL PROPERTY MATTERS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval to Amend Chapter V, Subsection 2.4 (Intellectual Property Policy) and to Renumber and Redesignate Subsection 2.4 as Chapter XII.--In order to emphasize the continuing importance of the development and management of intellectual property and to clarify certain terms and conditions of the existing policy, Subsection 2.4 (Intellectual Property Policy) of Chapter V, Part Two of the Regents' Rules and Regulations was amended to read as set forth on Pages 158 - 166 and renumbered and redesignated as Chapter XII of Part Two thereby deleting present Subsection 2.4 of Chapter V in its entirety.

CHAPTER XII

INTELLECTUAL PROPERTY

Sec. 1. Philosophy and Objectives.--While the discovery of patentable processes or inventions and the creation of other intellectual property is not the primary objective of the System, for any such discoveries or creations, it is the objective of the Board to provide an intellectual property policy that will encourage the development of inventions and other intellectual creations for the best interest of the public, the creator, and the research sponsor, if any, and that will permit the timely protection and disclosure of such intellectual property whether by development and commercialization after securing available protection for the creation, by publication, or both. The policy is further intended to protect the respective interests of all concerned by ensuring that the benefits of such property accrue to the public, to the inventor, to the System and to sponsors of specific research in varying degrees of protection, monetary return and recognition, as circumstances justify or require. Each component institution may develop in its Handbook of Operating Procedures additional policies and rules covering the subject matter of this Section not inconsistent with this Section or other policies or procedures adopted by the Board.

Sec. 2. General Policy.

- 2.1 The intellectual property policy shall apply to all persons employed by the U. T. System and the component institutions of the System, to anyone using System facilities under the supervision of System personnel, to candidates for masters and doctoral degrees, and to post-doctoral and predoctoral fellows.
- 2.2 Except for intellectual property included in Subsections 2.3 and 2.4, this policy shall apply to and the Board may assert ownership in intellectual property of all types (including, but not limited to, any invention, discovery, trade secret, technology, scientific or technological development, and computer software) regardless of whether subject to protection under patent, trademark, copyright, or other laws.
- 2.3 The Board will not assert an interest in faculty produced textbooks, scholarly writing, art works, musical compositions and dramatic and non-dramatic literary works that are related to the faculty member's professional field unless such work is commissioned by the System or a component institution of the System or is a work for hire pursuant to Subsection 2.4.
- 2.4 The Board shall have sole ownership of all intellectual property that it commissions or that is produced as a work for hire for the System or a component institution of the System. Except as may be provided otherwise in a written agreement approved by the chief administrative officer of the component institution

and the Chancellor, the provisions of Subdivision 5.23 relating to division of royalties shall not apply to intellectual property owned solely by the Board pursuant to this Subsection 2.4.

- 2.5 Any person who as a result of his or her activities creates intellectual property that is subject to this Policy, other than on government or other sponsored research projects where the grant agreements provide otherwise, should have a major role in the ultimate determination of how it is to be made public, whether by publication, by development and commercialization after securing available protection for the creation, or both.
- 2.6 The System, with the cooperation of the component institution, will provide review and management services for patentable inventions as well as other intellectual property either by its own staff, through a related foundation, or by other means.
- 2.7 It is a basic policy of the System that intellectual property be developed primarily to serve the public interest. This objective usually will require development and commercialization by exclusive licensing, but the public interest may best be promoted by the granting of nonexclusive licenses for the period of the patent. These determinations will be recommended and made in accordance with the administrative procedures hereinafter set out and with the approval of the Board.

Sec. 3. Institutional Intellectual Property Advisory Committees, Office of General Counsel, and Office of Asset Management.

- 3.1 Intellectual Property Advisory Committees.--To help administer the intellectual property policy at each component institution and to make recommendations to chief administrative officers for further referral to the System Administration and the Board (in those cases when action by the System Administration and/or the Board is required), Institutional Intellectual Property Advisory Committees may be established. Each institution at its option may use the term "Patent Advisory Committee" in lieu of "Intellectual Property Advisory Committee."
- 3.2 Office of General Counsel.--The Office of General Counsel will have responsibility for all legal matters relating to intellectual property and will assist component institutions with respect to such matters. Among other responsibilities, the Office of General Counsel will secure protection for intellectual property when appropriate and will police infringements; maintain central databases and files of patent applications, issued patents, copyrights, licenses and agreements; coordinate with component institutions in negotiating and preparing license and other

agreements; review and approve as to form all agreements relating to intellectual property; and coordinate with and cooperate with the Office of Asset Management in all such matters.

- 3.3 Office of Asset Management.--The Office of Asset Management will assist component institutions in business and financial matters relating to intellectual property; coordinate with component institutions in evaluating royalty and/or equity transactions and review and approve agreements relating to equity transactions; represent System on boards of directors of entities in which the Board holds equity and the right to a board position; serve as a repository for certificates of shares in entities in which the Board holds equity and represent the System's interest with respect thereto; and coordinate with and cooperate with the Office of General Counsel in all such matters.

Sec. 4. Classification of Discoveries by Source of Support.

- 4.1 Intellectual property that is unrelated to the individual's employment responsibility and has been developed as a result of the individual's efforts on his or her own time with no System support or use of System's facilities.
- 4.2 Intellectual property that is related to the individual's employment responsibility, or has resulted either from activities performed by the individual on System time, or with support by state funds, or from using System facilities.
- 4.3 Intellectual property that has resulted from research supported by a grant or contract with the Federal Government or an agency thereof, a nonprofit or for profit nongovernmental entity or by a private gift to the System.

Sec. 5. Property Rights and Obligations.

- 5.1 Intellectual property unrelated to the individual's employment responsibility that is developed on an individual's own time and without System support or use of System facilities (see Subsection 4.1) is the exclusive property of the creator and the System has no interest in any such property and no claim to any profits resulting therefrom. Should the creator choose to offer the creation to the System, the chief administrative officer shall recommend whether the System should support and finance a patent application or other available protective measures and manage the development and commercialization of the property. If the creator makes the offer after obtaining a patent or other protection, the chief administrative officer shall recommend whether the System should reimburse the creator for expenses in obtaining such protection. If the chief administrative officer so recommends and the creation is accepted for management by the System, the procedures to be followed and the rights of the parties shall be those set out in Subdivision 5.23.

- 5.2 Intellectual property either related to the individual's employment responsibility, or resulting from activities performed on System time, or with support by state funds, or from using System facilities is subject to ownership by the Board. (See Subsection 2.2.)
- 5.21 Before intellectual property covered by Subsection 4.2 is disclosed either to the public or for commercial purposes, and before publishing same, the creator shall submit a reasonably complete and detailed disclosure of such intellectual property to the chief administrative officer of the creator's institution for determination of the System's interest. A component institution may establish guidelines in its Handbook of Operating Procedures for submitting different categories of intellectual property to its Institutional Intellectual Property Advisory Committee and procedures to be followed by the Institutional Intellectual Property Advisory Committee in reviewing and evaluating such submissions. Such guidelines and procedures shall be consistent with this policy and shall be subject to approval as a part of the institutional Handbook. In those instances, however, where delay would jeopardize obtaining the appropriate protection for the property, the creator may request the approval of the chief administrative officer and the Office of General Counsel, to file a patent application or take other steps to obtain available protection prior to the administrative review provided in the following two subdivisions. If the request is granted, the creator may proceed with the filing of a patent application or other available protective measures pending the determination of the System's interest; provided, however, that the creator shall be reimbursed for reasonable expenses in filing the patent application or taking other steps to obtain protection if the decision of the System is to assert and exploit its interests. Either the Chairman of the Institutional Intellectual Property Advisory Committee or the chief administrative officer shall notify the Office of General Counsel of any such application.
- 5.22 If the chief administrative officer recommends that the System not assert and exploit its interest, and that recommendation is approved by the Office of General Counsel and the appropriate Executive Vice Chancellor, the creator shall be notified within one hundred eighty (180) days of the date of submission that he or she is free to obtain and exploit a patent or other intellectual property protection in his or her own right and the System shall not have any further rights, obligations or duties with respect thereto except that,

in some instances the System may elect to impose certain limitations or obligations or retain income rights, dependent upon the degree of System support involved in the creation of such property.

- 5.23 With respect to intellectual property in which the System asserts an interest, the Office of General Counsel in consultation with the chief administrative officer (or his/her designee) shall decide how, when, and where the intellectual property is to be protected. If the System decides to patent or seek other available protection for such intellectual property, it may proceed either through its own efforts or those of an appropriate private firm or attorney to obtain protection and manage the intellectual property. Under appropriate circumstances, and with the consent of the Vice Chancellor and General Counsel and the approval of the Attorney General, component institutions may arrange to have services to obtain protection for intellectual property performed by a local outside attorney on a case-by-case basis. It shall be mandatory for all employees, academic and nonacademic, to assign the rights to intellectual property and patents to the Board when such creations fall within Subsection 5.2. In those instances where the System licenses rights in intellectual property to third parties, the costs of licensing and obtaining a patent or other protection for the property on behalf of the Board shall first be recaptured from any royalties received by the System, and the remainder of such royalty income (including license fees, prepaid royalties and minimum royalties) shall be divided as follows:

50% to creator
50% to System.

With the prior approval of the Board as an agenda item, a component institution may include provisions in its Handbook of Operating Procedures to adjust the allocation of royalties set forth herein, but in no event shall the creator receive more than 50% or less than 25% of such proceeds. The division of royalties from patents or other intellectual property managed by an intellectual property management concern will be controlled by the terms of the System's agreement with such concern, as approved by the Board. Any other deviation from this rule requires the prior approval of the Board.

- 5.3 Intellectual property resulting from research supported by a grant or contract with the Federal Government, or an agency thereof, with a nonprofit or for profit nongovernmental entity, or by a private gift or grant to the System shall be subject to ownership by the Board. (See Subsection 4.3.)

- 5.31 Administrative approval of application requests to, and acceptance of grants or contracts with, the Federal Government or any agency thereof, with a nonprofit or for profit nongovernmental entity, or a private donor that contain provisions that are inconsistent with this policy, or other policies and guidelines adopted by the Board from time to time imply a decision that the value to the System of receiving the grant or performing the contract outweighs the impact of any nonconforming provisions of the grant or contract on the intellectual property policies and guidelines of the System.
- 5.32 The intellectual property policies and guidelines of the System are subject to, and thus amended and superseded by, the specific terms pertaining to intellectual property rights included in federal grants and contracts, or grants and contracts with nonprofit and for profit nongovernmental entities or private donors, to the extent of any conflict.
- 5.33 In those instances where it is possible to negotiate System-wide intellectual property agreements with the federal agencies or nonprofit and for profit nongovernmental entities or private donors and thereby obtain more favorable treatment for the creator and the System, every effort will be made to do so with the cooperation and concurrence of the Office of General Counsel after consultation with the institutional chief administrative officer.
- 5.34 Employees of the System whose intellectual property creations result from a grant or contract with the Federal Government, or any agency thereof, with a nonprofit or for profit nongovernmental entity, or by private gift to the System shall make such assignment of such creations as is necessary in each case in order that the System may discharge its obligation, expressed or implied, under the particular agreement.
- 5.35 In the event that two or more persons are entitled to share royalty income pursuant to Subdivision 5.23 (or equity pursuant to Section 6) and such persons cannot agree on an appropriate sharing arrangement as evidenced by a clear and unequivocal written agreement transmitted to the Office of General Counsel, that portion of the royalty income to which the creators are entitled under this Policy will be distributed to such persons in such portions as the institutional chief administrative officer or, in the event that the creators are located at two or more component institutions within the System, the Chancellor may deem appropriate under the circumstances and such decision shall be binding on the creators.

5.36 A decision by the System to seek patent or other available protection for intellectual property covered by Subsection 5.2 shall not obligate System to pursue such protection in all national jurisdictions. The System's decision relating to the geographical scope and duration of such protection shall be final.

Sec. 6. Equity Interests.

- 6.1 In agreements with business entities relating to rights in intellectual property owned by the Board, the System may receive equity interests as partial or total compensation for the rights conveyed. In any such instance, the component institution where the intellectual property was created may elect, at its option and with the concurrence of the Chancellor, to share an equity interest with the creator(s) in the same manner as royalties are shared pursuant to Subdivision 5.23.
- 6.2 Consistent with Section 51.912, Texas Education Code, and subject to review and approval by the chief administrative officer of the component institution, the appropriate Executive Vice Chancellor, the Chancellor and the Board, employees of the System who conceive, create, discover, invent or develop intellectual property may hold an equity interest in a business entity that has an agreement with the System relating to the research, development, licensing or exploitation of that intellectual property.
- 6.3 The System may negotiate, but shall not be obligated to negotiate, an equity interest on behalf of any employee as a part of an agreement between the System and a business entity relating to intellectual property conceived, created, discovered, invented, or developed by the employee and owned by the Board.
- 6.4 Dividend income and income from the sale or disposition of equity interests held by the Board pursuant to agreements relating to intellectual property shall belong to the System and shall be distributed in accordance with the provisions of Section 10.
- 6.5 Dividend income and income from the sale or disposition of an equity interest held by a System employee pursuant to an agreement between the System and a business entity relating to rights in intellectual property conceived, created, discovered, invented or developed by such employee shall belong to the employee.

Sec. 7. Business Participation.

- 7.1 Any System employee who conceives, creates, discovers, invents or develops intellectual property shall not serve as a member of the board of directors or other governing board or as an officer or an employee (other than as a

consultant) of a business entity that has an agreement with the System relating to the research, development, licensing, or exploitation of that intellectual property without prior review and approval by the chief administrative officer of the component institution, the Chancellor and the Board as an agenda item.

- 7.2 When requested and authorized by the Board, an employee may serve on behalf of the Board as a member of the board of directors or other governing board of a business entity that has an agreement with the System relating to the research, development, licensing or exploitation of intellectual property.

Sec. 8. Reporting.

- 8.1 Any employee covered by Subsections 6.2, 7.1, or 7.2 shall report in writing to the chief administrative officer of the component institution, or to such other person as may be designated by the chief administrative officer, the name of any business entity as referred to therein in which the person has an interest or for which the person serves as a director, officer or employee and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. These reports shall be accumulated in the office of the chief administrative officer or designee and then forwarded to the appropriate Executive Vice Chancellor by September 1 of each year so that the Chancellor may file a report with the Board at its October meeting. After the report has been approved by the Board, the Chancellor shall prepare the report to the Governor and the Legislature required by Section 51.912(c), Texas Education Code.

Sec. 9. Approval of and Execution of Legal Documents Relating to Rights in Intellectual Property.

- 9.1 Documents relating to rights in intellectual property shall ordinarily be approved by the Board on the institutional docket following review by the Office of General Counsel and approval by the chief administrative officer of the component institution, the appropriate Executive Vice Chancellor and the Chancellor.
- 9.2 Any document altering substantially the basic intellectual property policy of the System as set out in the preceding Sections and other policies and guidelines that may be adopted by the Board shall have the advance approval of the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, and the Board as an agenda item. Such an alteration in a sponsored research agreement shall not be considered substantial and may be approved by the Board on the institutional docket if, in the judgment of the chief administrative officer and with the concurrence of

the appropriate Executive Vice Chancellor, the benefits from the level of funding for the proposed research and/or other consideration from the sponsor outweigh any potential disadvantage that may result from the policy deviation.

- 9.3 The Chancellor, the appropriate Executive Vice Chancellor, the Vice Chancellor and General Counsel or the Vice Chancellor for Asset Management may execute, on behalf of the Board, legal documents relating to the Board's rights in intellectual property, including, but not limited to, declarations, affidavits, powers of attorney, disclaimers, and other such documents relating to patent applications and patents; applications, declarations, affidavits, affidavits of use, powers of attorney, and other such documents relating to trademarks; applications for registration of and other such documents relating to copyrights; and license and assignment documents approved by the Board pursuant to Subsections 9.1 or 9.2.

Sec. 10. Income from Intellectual Property.

- 10.1 The portion of the net income the System retains from royalties and any other intellectual property-related income shall be used by the component institutions where the income-producing creation originated for research and other purposes approved by the Board in accordance with standard budgetary policies. At the option of a component institution, such income may be accumulated in an endowment fund administered by the Office of Asset Management with the income to be distributed to the component institution for such purposes as may be approved by the Board.
- 10.2 With the prior written approval of the chief administrative officer of the component institution, future royalties payable to a faculty member pursuant to Subdivision 5.23 may be assigned to the component institution by the faculty member and designated for use in research to be conducted by such faculty member.

Sec. 11. Implementation of Intellectual Property Policy.--
The Office of General Counsel shall prepare and distribute to the component institutions such model agreements and recommended procedures as may be considered appropriate for the implementation of the provisions of this policy as well as other policies and guidelines adopted by the Board.

Sec. 12. Construction of Documents.--Unless otherwise required by law or the Regents' Rules and Regulations, each intellectual property agreement approved hereunder shall be construed in accordance with the Intellectual Property Policy in existence as of its approval date.

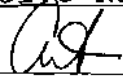
THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS
BOX N - AUSTIN, TEXAS 78713-7328 (512) 499-4402

MEMORANDUM

DATE May 14, 1992

TO: Those Who Receive R&R Amendments (List Attached)

FROM: Art Dilly 

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-4	Page II-4
Pages III-3, III-4, III-6 through III-9	Pages III-3, III-4, III-6 through III-9
Pages IV-2 and IV-3	Pages IV-2 and IV-3
Pages V-1, V-3, V-4, and V-25	Pages V-1, V-3, V-4, and V-25
Page VI-2	Page VI-2
Pages VII-2 and VII-3	Pages VII-2 and VII-3
Page VIII-6	Page VIII-6
Pages IX-1 through IX-7	Pages IX-1 through IX-7
Pages XI-1 through XI-3	Pages XI-1 through XI-3

The amendments approved at the April 8-9, 1992 meeting of the U. T. Board of Regents as well as editorial amendments have been incorporated on the revised pages.

AD/lp
Enclosures

Distribution List for Official Copies of
Regents' Rules and Regulations

Board of Regents	9
Office of Board of Regents	3
Executive Associate for Economic Affairs	1
Legislative Budget Board	1
Governor's Budget and Planning Office	1
Publications Clearing House	1
State Auditor - U. T. Austin Representative	1
Legislative Reference Library	1
System Administration	9
Chancellor	
Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Executive and Research Assistant to the Chancellor	
Acting Vice Chancellor for Asset Management	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions	16
Associate Deputy Chancellor, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	44

NOTE: See July 6, 1988 letter (copy attached) from Coordinating Board which requests that only those amendments related to 1) academic workload and 2) faculty development leaves be sent to that office.

Addresses of State Officials Who Receive Copies
of the Regents' Rules and Regulations

Governor's Budget and Planning Office
711 Sam Houston Building
Austin, Texas 78711
INTERAGENCY MAIL

Mr. James P. Oliver
Director, Legislative Budget Board
Second Floor, Room 207A, Capitol
Austin, Texas 78711
INTERAGENCY MAIL

State Auditor's Office
The University of Texas at Austin
Main Building 2108
11400
FACULTY MAIL

Ms. Sally Reynolds
Director
Legislative Reference Library
Room 207-B, Capitol Building
Austin, Texas 78711
INTERAGENCY MAIL

Publications Clearing House
Room 307, Archives Building
Texas State Library
Austin, Texas 78711
INTERAGENCY MAIL

Dr. Kenneth H. Ashworth
Commissioner, Texas Higher
Education Coordinating Board
7745 Chevy Chase Drive, Building 5
Austin, Texas 78752
INTERAGENCY MAIL

(NOTE: Send only when there are
amendments related to 1) academic
workload or 2) faculty development
leaves.)

Mr. W. C. Lancaster
Associate Deputy Chancellor
The Texas A&M University System
College Station, Texas 77843-1117

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

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through April 9, 1992,
and Editorial Amendments through May 1992
have been issued with this cover sheet)

Sec. 2. Accounting.

- 2.1 The financial records of the System shall be kept as nearly as practicable in accordance with the recommendations set forth in "College and University Business Administration, Fourth Edition," (1982) and the most recent supplements published by the National Association of College and University Business Officers. Where those recommendations conflict with statutes or with regulations of the Texas Higher Education Coordinating Board, the latter shall be controlling.
- 2.2 All accounting records and procedures shall be subject to the approval of the chief business officer and the Executive Vice Chancellor for Business Affairs or his or her delegate.
- 2.3 The business office of each component institution shall be the central office for accounting control for all financial transactions of the institutions. The chief business officer shall confer with departmental and administrative officials and instruct them concerning the records of financial transactions to be kept by the departments, as indicated in the next subsection.
- 2.4 Each person directly responsible for a department or other administrative unit (hereinafter called "department head") shall keep an account of funds and property for which he or she is responsible, as detailed as necessary to supplement the business office records.
- 2.5 All expenditures must be in accordance with the approved institutional operating budget.
- 2.6 Statements of department or other administrative unit accounts shall be prepared monthly by the business office and shall be sent periodically to the department heads who will compare their records with those of the business office and report any differences promptly to the business office.
- 2.7 A person in each department or other administrative unit may be designated by the department head, with the approval of the chief business officer, to sign

Editorial Amendment
Issued May 1992

- 2.4 Petty cash funds shall be provided only on approval of, and by arrangement of, the department with the chief business officer. Special petty cash fund bank accounts may be established only with the approval of the Director of the Office of Budget and Fiscal Policy.

Sec. 3. Deposits with the State Treasurer.

- 3.1 The statutes and the current Appropriations Act require that all cash receipts of the general academic teaching institutions be deposited in the State Treasury with the exception of those from auxiliary enterprises, noninstructional services, matriculation fees collected in lieu of student activity fees, agency and restricted funds, endowment funds, student loan funds, and Constitutional College Building Amendment Funds.
- 3.2 Institutional receipts required to be deposited in the State Treasury shall be so deposited in the manner prescribed in the statutes and the current Appropriations Act.
- 3.3 Component institutions of the System are authorized by the current Appropriations Act to establish Revolving Funds under certain prescribed procedures to facilitate the payment of nominal expenses and to pay bills within cash discount periods, as well as for regular monthly payrolls, weekly, and special payrolls. Such Revolving Funds are authorized, subject to approval of the Director of the Office of Budget and Fiscal Policy.

Sec. 4. Local Institutional Funds.

- 4.1 All local income not required to be deposited in the State Treasury must be deposited in official depository banks for safekeeping or invested as specified by law and by The University of Texas System Institutional Funds Investment Policy.
- 4.11 Funds held in demand deposits, time deposits, or certificates of deposit shall be deposited or invested only in banks with which the Board has a depository agreement. Depository agreements may be negotiated and executed by the Vice Chancellor for

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- Asset Management when such agreements are in substantially the same form as a standard depository agreement approved by the Board and are with banks meeting the then current policies of the Board.
- 4.12 Funds held in bank common trust funds or money market funds shall be invested in funds approved by the Vice Chancellor for Asset Management based on, at a minimum, the criteria specified in The University of Texas System Institutional Funds Investment Policy.
- 4.13 Requests for documentation specifying staff authorized to sign checks or initiate funds movements, or changes thereto, for all bank accounts, bank common trust funds, or money market funds shall be approved by each institutional chief administrative officer and chief business officer with copies of the changes and/or authorization sent to the Director of the Office of Budget and Fiscal Policy.
- 4.14 The Vice Chancellor for Asset Management shall invest, upon the request of the chief business officer of any component institution, local institutional funds as specified by law and by The University of Texas System Institutional Funds Investment Policy and shall negotiate and execute all agreements and instruments necessary for such investments.
- 4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Such securities shall be delivered by the depository bank to an account in the name of the Board at a third-party depository(ies), bank(s) or trust company(ies) approved and contracted with by the Vice Chancellor for Asset Management. Local Funds shall be deposited in the depository banks or invested as soon as possible but in no event later than that provided by law. Demand deposits and time deposits will be maintained in accordance with the current policies of the Board.
- 4.3 The Board and the chief administrative officers may not, by law, borrow money from any person, firm, or corporation to be repaid from Local Funds except as specifically authorized by the Legislature.

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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.
- 9.2 All payrolls shall be prepared or verified in the business office from regular budgets, appointment documents, authorizations, time cards, or other documentation, and approved by the chief business officer or a person designated by him or her.
- 9.3 If payment for regular salaried employees is for less than a month, the salary calculated shall be figured proportionately on the basis of the actual number of working hours in such month.
- 9.4 Deductions for income tax, retirement, social security, and programs authorized by the Board, such as group insurance, are made where applicable on all payrolls.
- 9.5 Dates for distribution of salary checks vary at the component institutions and will be announced by the respective business offices.

Sec. 10. Travel Authorization, Reimbursement, and Institutional Regulations.

- 10.1 Authorization for Travel.--Authorization for travel from the city or town where the officer or employee is regularly stationed will be granted by the Board or as hereinafter delegated by the Board, only in advance, as follows:
- 10.11 Requests for authorization to travel shall be transmitted through proper administrative channels to the chief administrative officer or designee for advance written approval.

- 10.12 In addition, all foreign travel (with the exception of travel to United States possessions, Mexico, and Canada) that will use funds appropriated by the Legislature (including local educational and general funds) must also be submitted to the Governor through the Executive Vice Chancellor for Business Affairs and have the advance written approval of the Governor.
- 10.13 Requests for authorization to travel by administrative officers and staff of System Administration shall be approved by the Chancellor, appropriate Executive Vice Chancellor, or appropriate Vice Chancellor or designee.
- 10.2 Travel Expense Reimbursements.
- 10.21 Travel expenses shall be reimbursed only from funds appropriated or authorized for travel and pursuant to state law and regulations and approved institutional or System travel policies and procedures. The Chancellor, the Executive Vice Chancellors, the Vice Chancellors and the chief administrative officers shall plan the travel of all employees under their authority to achieve maximum economy and efficiency and are responsible for ensuring that the expenses of transportation, meals, lodging, and incidental items are the lowest possible considering all relevant circumstances.

10.22 Allowances for meals and lodging (including per diem), transportation and related expenses shall be guided by the following as appropriate: provisions of the current Appropriations Act; the Travel Regulations Act of 1959 (Article 6823a, VTCS), as amended; business procedure memoranda issued by the Executive Vice Chancellor for Business Affairs; approved institutional or System travel regulations; terms of grants and contracts which provide reimbursement; and restrictions placed on expenditures from the institutional source reimbursing the travel.

10.3 Institutional and System Administration Travel Regulations.--Component institutions and System Administration shall issue travel regulations covering authorization for travel and reimbursement for approved travel to implement applicable provisions of state law and regulations and the provisions of this Section for the guidance of all personnel concerned. Following administrative approval by the appropriate Executive Vice Chancellor, each institutional policy will be included in the institutional Handbook of Operating Procedures.

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 the time any loss occurs at any institution, the Executive Vice Chancellor for Business Affairs shall be notified by the appropriate chief business officer and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board. Money and securities coverage may be combined with the blanket position fidelity bond.

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- 11.2 Fidelity Bonds.
- 11.21 As approved by the Board, the System shall carry a blanket position (fidelity) bond that shall cover employees of all component institutions. All employees shall be covered in the amount of not less than \$5,000 each. For total coverage in excess of \$10,000, approval of the State Auditor is necessary.
- 11.22 The Secretary of State and the State Comptroller of Public Accounts shall be each furnished with an original of the bond.
- 11.23 The premium for the bond is prorated to the component institutions on the basis of the number of employees covered for which a premium charge is made and the excess coverage thereon.
- 11.24 At the time a loss occurs, the Executive Vice Chancellor for Business Affairs shall be notified by the chief business officer and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board.
- 11.25 The blanket position fidelity bond coverage may be combined with money and securities coverage.

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2.6 No bidder shall receive special consideration or be allowed to revise a 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 Executive Vice Chancellor for Business Affairs.

Sec. 3. Contacts with the State Purchasing and General Services Commission.--All contact, whether oral or written, with the State Purchasing and General Services Commission and with vendors are handled through the official purchasing agents and the divisions, departments, or offices to whom the purchasing function has been specifically delegated, unless advance written authorization is obtained from the purchasing agent or the chief business officer for other persons to do so.

Sec. 4. Purchases of Supplies and Equipment.

4.1 The State Purchasing and General Services Act, Article 601b, Vernon's Texas Civil Statutes, shall govern the purchasing policies of the System.

4.2 The State Purchasing and General Services Act does not apply to purchases of supplies, materials, services, or equipment:

- (a) for resale;
- (b) for Auxiliary Enterprises;
- (c) for Organized Activities Relating to Instructional Departments; or
- (d) from gifts or grants, including those in support of research.

Sec. 5. Purchasing Procedures.

- 5.1 The official purchasing agent of each component institution shall promulgate procedures to facilitate and expedite the purchasing function. Such procedures shall be developed in accordance with sound business practices and applicable state law. Purchasing procedures shall be implemented only after review and approval of the chief business officer.
- 5.2 Closed or noncompetitive specifications shall not be used except in unusual instances clearly justified as being essential to efficient operating performance. Reports of all such exceptions shall be maintained by the chief business officer.

Sec. 6. Space Leases.

- 6.1 Space leases involving buildings paid from general revenue appropriations must, by law, be approved by the State Purchasing and General Services Commission and may not extend beyond a ten-year period.
- 6.2 Proposals for space leases require the advance approval of the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs, as appropriate, and of the Executive Vice Chancellor for Business Affairs. 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 set out by the above cited System Administration officials or the State Purchasing and General Services Commission.
- 6.3 A proposal shall be approved and the lease completed prior to occupancy of any space for office, storage, or other purposes. Lease documents are to be submitted to the Board through the institutional docket procedures.

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CHAPTER V

PERSONNEL

- Sec. 1. Classified Personnel.--The policy of the Board on the development and coordination of the classified personnel programs is and includes:
- 1.1 System Personnel Director.
The System Personnel Director serves as an administrative officer advising the Executive Vice Chancellor for Business Affairs.
 - 1.2 The development and coordination of the System-wide Classified Personnel Program.
 - 1.21 The Classification Plan.
 - 1.211 Coverage.--The Classified Plan of the System shall include all positions which do not entail significant instructional responsibilities or responsibilities for the administration of instructional or research organizations. The chief administrative officer (or his or her delegate) of each component institution shall determine the inclusiveness of the Classification Plan within this general definition.
 - 1.212 Type of Plan.--Uniform use shall be made of the job grading procedure method of job evaluation. Job descriptions shall be prepared according to the Procedure for Writing Job Specifications provided by the System Personnel Office.
 - 1.213 Job Titles.--Standardized job titles shall be used for similar job classes common to two or more

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- 1.232 Formal approval of the policies and rules developed by each institution was obtained from the Board at the time each program was formally adopted.
- 1.233 Changes in the policies and rules require the approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the Executive Vice Chancellor for Business Affairs.
- 1.234 Uniform policies shall be followed in providing vacation, sick leave, etc., within the limitations imposed by local operating conditions.
- 1.24 Approval of additions to and changes in the Classified Personnel Program.
 - 1.241 Formal approval of the Classification Plan and System-wide Personnel Pay Plan, including annual revision thereto, is obtained annually from the Board. Such approval shall be secured prior to the effective date of the plan.
 - 1.242 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following require only the approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the Executive Vice Chancellor for Business Affairs.
 - (a) Type A. Adjustment of a salary range in a component unit plan within the established System-wide salary range, which when approved, will not change the System-wide Personnel Pay Plan in any way.
 - (b) Type B. Adjustments to the component unit personnel pay plan, which when

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approved, will change the System-wide Personnel Pay Plan in some way.

- (1) Deletion of title
- (2) Change in title only
- (3) Change in code number only
- (4) Addition of a title to a component unit pay plan that is in the System-wide Plan and the salary range requested is within the established System-wide salary range.

- 1.243 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following must have approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the Executive Vice Chancellor for Business Affairs. In addition, such changes require ratification of the Board through the docket procedure.
- (a) The addition of a title to a component unit pay plan which is not included in the System-wide Plan.
 - (b) The addition of a title to a component unit pay plan which is included in the System-wide Plan, but the salary range being proposed is not within the established System-wide salary range.
 - (c) Adjustment of a salary range in a component unit pay plan that would change the established System-wide salary range.

delegated by the Executive Vice Chancellor for Business Affairs, is responsible for promulgating the necessary policies and procedures for implementation of the State Employees Training Act, consistent with the guidelines already approved by the Governor of the State of Texas and the Regents' Rules and Regulations.

- 3.2 Through implementation of the State Employees Training Act, the System will provide programs that will greatly benefit most employees. In addition, the use of various types of training programs will also encourage the initiative of young, talented employees and stimulate and motivate less productive employees. Organized training programs will, moreover, help identify those employees who are willing to exercise their initiative and prove their performance and also find the areas where employees are resisting change and improved procedures and programs.
- 3.3 The following general objectives of the overall training effort will lead to the System's gaining more efficiency and economy in its overall personnel program:
 - 3.31 Developing well trained staffs, both professional and supportive;
 - 3.32 Assisting all employees toward achieving their highest potential usefulness;
 - 3.33 Motivating employees and stimulating a sense of participation and involvement;
 - 3.34 Insuring that the System receives a fair return on its investment in training and education.
- 3.4 The program elements for this general training program are:
 - 3.41 Identifying staff members who need staff development in order to determine the exact kind and scope of program needed;
 - 3.42 Training individuals for current assignments and developing them for future assignments, as a means of improving the quality and quantity of work done;

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national mobility requirements are similar to those of faculty members and who fill positions that are the subject of nationwide searches in the academic community.

- 2.2 In accordance with conditions approved by the U. T. Board of Regents and in consultation with the Office of the Executive Vice Chancellor for Business Affairs, the System Personnel Director will review and approve the companies authorized to provide annuity contracts, custodial accounts or investment contracts under the O.R.P.
- 2.3 In consultation with the Office of the Executive Vice Chancellor for Business Affairs and in accordance with federal and state laws and regulations, The University of Texas System Personnel Director is authorized to issue "Guidelines for Administration" for evaluation of organizations authorized to provide annuity contracts, custodial accounts or investment contracts under the Optional Retirement Program.
- 2.4 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 University of Texas System Board of Regents and in consultation with the Office of the Executive Vice Chancellor for Business Affairs, the System Personnel Director will review and approve companies authorized to offer annuities or other investments under the Tax Sheltered Annuity Program.
- 3.3 In consultation with the Office of the Executive Vice Chancellor for Business Affairs and in accordance with state and federal laws and regulations, The University of

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- 3.2 As required by statutes, a daily report shall be prepared by the person using the vehicle on the forms approved by the State Auditor and shall be filed within ten days in a central location designated by the chief business officer.
- 3.3 The operators of System-owned vehicles must hold, at their expense, an appropriate operator's license for the type of vehicle operated.
- 3.4 System-owned vehicles are subject to the compulsory inspection required by law.
- 3.5 It shall be the obligation of the chief business officer of each of the component institutions to see that all employees who are required to drive System-owned vehicles are fully informed of their personal responsibility and liability for their negligent operation.
- 3.6 Each component institution shall be cognizant of and render reports on operation of motor vehicles as required by the current Appropriations Bill.

Sec. 4. Insurance on Property of the System.

- 4.1 The following types of insurance coverage shall be maintained on a System-wide basis:
- | | |
|--------------------------------------|--------------|
| Fire and Extended Coverage Insurance | |
| Boiler and Machinery Insurance | |
| Blanket Position (Fidelity) Bond | } may be one |
| Money and Securities Insurance | |
| Motor Vehicle Liability Insurance | |
| on State Owned Vehicles | |
- 4.2 The terms of the policies covering the risks indicated above are negotiated by the Executive Vice Chancellor for Business Affairs in accordance with procedures approved by the Chancellor and the Board.
- 4.3 When it is necessary or advisable to insure risks on a basis other than System-wide, insurance policies covering such risks shall be approved by the

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Executive Vice Chancellor for Business Affairs on an individual basis upon recommendation by the chief business officer of the component institution affected.

4.4 At the time a loss occurs applicable to either System-wide or individual insurance policies, the Executive Vice Chancellor for Business Affairs shall be notified by the chief business officer, and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board.

Sec. 5. Safe and Vault Combinations.--The combinations to all vaults and safes used by component institutions shall be filed under seal with the chief business officer.

Sec. 6. Police and Security Officers.

6.1 Police and other security officers are employed at the component institutions to protect and safeguard the property of the institution.

6.2 Employees shall cooperate in the security program by exercising caution to safeguard the equipment and supplies in their offices.

Sec. 7. Telephones.--The director of physical plant, or the chief business officer, shall be responsible for the installation of telephones and the administration of all telephone facilities. Personal toll calls shall not be charged to institutional telephones. Charges for telephones and toll calls shall be under the supervision of the persons named above.

Sec. 8. Disposal of Property of the System.

8.1 Whenever any item of equipment becomes obsolete or useless for the needs and purposes of the department concerned, a written report of such fact shall be made to the chief business officer. Upon receipt of such report, it shall be the responsibility of the chief business officer to determine whether or not

5.2 Any repair or remodeling project of the physical plant involving an estimated expenditure of between \$300,000 and \$600,000 shall be approved by the appropriate Executive Vice Chancellor for ratification by the Board in the institutional docket.

Sec. 6. Professional Services.--Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$50,000 with the approval of the Executive Vice Chancellor for Academic Affairs or Health Affairs as appropriate, the Executive Vice Chancellor for Business Affairs and the Chancellor on recommendation of the chief administrative officer and the chief business officer.

Sec. 7. Constitutional and Legislative Restrictions.

7.1 Sections 17 and 18 of Article VII of the Texas Constitution (regarding the Permanent University Fund and the Higher Education Assistance Fund) require approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under these Sections at the component institutions other than The University of Texas at Austin.

7.2 New construction projects not otherwise authorized by law, in excess of \$300,000 and all major repair and rehabilitation projects in excess of \$600,000, must be approved by the Texas Higher Education Coordinating Board. 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 Texas Higher Education Coordinating Board's requirements for approval. Normally, submission will be made when the U. T. Board approves preliminary plans and specifications and the related cost estimate.

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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 (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, and the Executive Director for Investments are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents, from funds designated from the PUF, the Common Trust Fund, the Medical Liability Self-Insurance Fund, or any funds held in trust.
- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Director of the Office of Budget and Fiscal Policy 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

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by said Board. In addition, custodian banks appointed by the Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his or her delegate, and the Vice Chancellor for Asset 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 Asset Management, the Executive Director for Endowment Management and Administration, and the Manager of Estates 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 and Consent to Modifications in Bond Indentures.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, the Executive Director for Investments, the Executive Director for Endowment Management and Administration, and the Investment Officers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

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- 1.6 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

Sec. 2. Policy for Investment and Management of the PUF.

- 2.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.
- 2.2 Advice of Investment Advisory Committee.--The Chancellor, the Vice Chancellor for Asset Management, and the Executive Director for Investments shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings and at other times as appropriate on all of the major matters involving the PUF.
- 2.3 Reports to the Regents' Asset Management Committee.
- 2.31 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Asset Management Committee.
- 2.32 The investment performance of the Fund, as measured by an unaffiliated organization, shall be reported to the Regents' Asset Management Committee at least annually.
- 2.33 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Asset Management Committee annually.
- 2.34 The Fund's investment in U. S. companies with substantive investments or operations in South Africa will be reported to the Regents' Asset

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Management Committee semiannually in combination with the status review of these firms' effective compliance with the spirit of the six key elements of the Sullivan Principles.

- 2.35 All proxy votes on the social issue of investment and corporate conduct in South Africa will be reported to the Regents' Asset Management Committee.
- 2.4 The Chancellor, the Vice Chancellor for Asset Management, or the Executive Director for Investments 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 or any other significant changes occurring with respect to any investment.
- 2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 2.51 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Investments, or the Investment Officers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.
- 2.52 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at 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 or the Executive Director for Endowment Management and Administration determines that a vote with management would not be in the shareholder's

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best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or the Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Asset Management Committee. Voting on the issue of investments and corporate conduct in South Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.

- 2.6 Exchange of Bonds.--The Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Investments, and the Investment Officers are each 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.

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

- 3.1 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 Code (Subtitle B, Title 9, Texas Property Code) as legal investments for funds held by trustees. The policies for the investment of funds for the Professional Medical Liability Self-Insurance Plan shall be those outlined in the Medical Liability Self-Insurance Fund Investment Policy Statement.

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- 3.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to trust and special funds except that Subsection 2.32 shall be applied only when appropriate comparisons and significant amounts are involved.
- 3.3 Trust funds will be managed separately and not commingled with the Common Trust Fund if the terms of the instrument by which the fund was created or documents and instructions from the donor preclude investment through the Common Trust Fund. In addition, nonmarketable securities held by a trust fund may be recorded as separately invested. All other endowment funds will be invested through the Common Trust Fund.

Sec. 4. Policy for Investment and Management of the Common Trust Fund.

- 4.1 The policies for the investment of funds for the Common Trust Fund shall be those outlined in The Common Trust Fund Investment Policy Statement.
- 4.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to the Common Trust Fund.

Sec. 5. Investment Advisory Committee.--The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor, the Vice Chancellor for Asset Management, and the Executive Director for Investments with respect to matters relating to the management of investments. The following rules shall apply to such Committee:

- 5.1 Membership.--Six 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.
- 5.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.

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5.3 Term of Office.--Each member shall serve a three-year term, with the terms of two members expiring each August 31. A member is eligible for reappointment to a consecutive three-year term, but may not be reappointed thereafter without a three-year break in service.

5.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Vice Chancellor for Asset Management.

Sec. 6. Investment Transactions.--Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with the Permanent University Fund and the Common Trust Fund Investment Policy Statements.

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CHAPTER XI

CONTRACTS AND GRANTS

- Sec. 1. Initial contracts, grants, and agreements from or with outside agencies including institutional support grants (except as provided in Subsections 1.1 and 1.2 below) shall be approved by the chief administrative officer and ratified by the Board via the institutional dockets. Subsequent institutional dockets should include only the changes in these initial contracts, grants, and agreements that involve changes in funds over \$10,000. It is not necessary to report contract extensions, amendments, modifications, changes in investigators or other changes in the institutional dockets unless they increase or decrease the total original contract by more than \$10,000.
- 1.1 Contracts or agreements with foreign governments or agencies thereof and with institutions, enterprises or individuals subject to the jurisdiction of foreign governments shall be submitted through the appropriate Executive Vice Chancellor for prior review sufficiently in advance of the proposed effective date to allow for prior approval of the Board, if required. Grants from such foreign entities will be submitted for approval via institutional docketing procedures.
- 1.2 The Executive Vice Chancellor for Business Affairs 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.

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- 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. 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, or sufficient information to document the fiscal aspects of the contract, grant, or agreement, shall be filed with the Executive Secretary to the Board as part of the docket support process.
- 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.
- 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 Director of the Office of Budget and Fiscal Policy before being submitted. Subject to approval of the Executive Vice Chancellor for Business Affairs, the Director of the Office of Budget and Fiscal Policy shall coordinate efforts between component institutions and cognizant agencies to negotiate such rates.
- 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 Director of the Office of Budget and Fiscal Policy 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.

Editorial Amendment
Issued May 1992

Sec. 8. All contracts or agreements for the furnishing of resources or services between institutions of The University of Texas System shall have the advance approval of the chief administrative officer of each institution and be ratified by the Board via the institutional dockets. The Executive Vice Chancellor for Business Affairs shall issue more detailed instructions on further approval procedures, reporting and contract form as may be necessary.

All contracts shall provide for the recovery of the full cost of services and resources furnished.

Editorial Amendment
Issued May 1992

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 14 - 17).--Committee Chairman Loeffler reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 63 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 63 in the form distributed by the Executive Secretary. It is attached following Page 80 in the official copies of the Minutes and is made a part of the record of this meeting.

It was expressly authorized that any contracts or other documents or instruments approved therein had been or shall be executed by the appropriate officials of the respective institution involved.

It was ordered that any item included in the Docket that normally is published in the institutional catalog be reflected in the next appropriate catalog published by the respective institution.

MINUTES
4-9-92

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 10, Subsection 10.1 (Travel Authorization, Reimbursement, and Institutional Regulations).--The Board amended the Regents' Rules and Regulations, Part Two, Chapter III, Section 10, Subsection 10.1 regarding travel authorization, reimbursement, and institutional regulations to read as set forth below:

Sec. 10. Travel Authorization, Reimbursement, and Institutional Regulations.

- 10.1 Authorization for Travel.--Authorization for travel from the city or town where the officer or employee is regularly stationed will be granted by the Board or as hereinafter delegated by the Board, only in advance, as follows:
 - 10.11 Requests for authorization to travel shall be transmitted through proper administrative channels to the chief administrative officer or designee for advance written approval.
 - 10.12 In addition, all foreign travel (with the exception of travel to United States possessions, Mexico, and Canada) that will use funds appropriated by the Legislature (including local educational and general funds) must also be submitted to the Governor through the Executive Vice

Chancellor for Business Affairs and have the advance written approval of the Governor.

10.13

Requests for authorization to travel by administrative officers and staff of System Administration shall be approved by the Chancellor, appropriate Executive Vice Chancellor, or appropriate Vice Chancellor or designee.

3. Permanent University Fund - University Lands: Approval to Reduce Rates for Geophysical Operations on Selected Permanent University Fund Lands.--It was reported that the Board for Lease of University Lands has announced its intention to hold a special "frontier area" oil and gas lease sale in October 1992 to include Permanent University Fund Lands located in Culberson, El Paso, Hudspeth, and Terrell Counties, Texas. There is no production on the approximately 600,000 acres of University Lands in these four counties. To encourage exploration and development in these counties, the Board for Lease of University Lands will offer to lease these lands for a ten-year term at a reduced royalty rate.

In order to encourage leasing activity on these lands, the Board, upon recommendation of the Business Affairs and Audit Committee, reduced the rates for geophysical operations on Permanent University Fund Lands located in Culberson, El Paso, Hudspeth, and Terrell Counties, Texas, to one-half of the current rate as established by the U. T. Board of Regents.

4. U. T. System: Reappointment of Anthem Group Services Corporation, Dallas, Texas, as Administrative/Fiscal Agent for Medical and Dental Self-Insured Plan and Approval of Employee Medical and Dental Insurance Rates All to be Effective September 1, 1992.--Committee Chairman Loeffler reported that, since the distribution of the Material Supporting the Agenda, supplemental material related to the proposed FY 1993 employee group medical and dental insurance program for The University of Texas System was before the Board on yellow paper.

Upon recommendation of the Business Affairs and Audit Committee, the Board:

- a. Reappointed Anthem Group Services Corporation, Dallas, Texas, as administrative/fiscal agent for the day-to-day management of the medical and dental self-insured plan for U. T. System employees effective September 1, 1992
- b. Approved group medical and dental insurance rates for FY 1993 as set out in Exhibits A and B on Page 16.

These rates reflect an overall 8% increase in health insurance rates.

ing.

- 2.1 The financial records of the System shall be kept as nearly as practicable in accordance with the recommendations set forth in "College and University Business Administration, Fourth Edition," (1982) and the most recent supplements published by the National Association of College and University Business Officers. Where those recommendations conflict with statutes or with regulations of the Texas Higher Education Coordinating Board, the latter shall be controlling.
- 2.2 All accounting records and procedures shall be subject to the approval of the chief business officer and the Vice Chancellor for Business Affairs or his or her delegate.
- 2.3 The business office of each component institution shall be the central office for accounting control for all financial transactions of the institutions. The chief business officer shall confer with departmental and administrative officials and instruct them concerning the records of financial transactions to be kept by the departments, as indicated in the next subsection.
- 2.4 Each person directly responsible for a department or other administrative unit (hereinafter called "department head") shall keep an account of funds and property for which he or she is responsible, as detailed as necessary to supplement the business office records.
- 2.5 All expenditures must be in accordance with the approved institutional operating budget.
- 2.6 Statements of department or other administrative unit accounts shall be prepared monthly by the business office and shall be sent periodically to the department heads who will compare their records with those of the business office and report any differences promptly to the business office.
- 2.7 A person in each department or other administrative unit may be designated by the department head, with the approval of the chief business officer, to sign

Petty cash funds shall be provided only on approval of, and by arrangement of, the department with the chief business officer. Special petty cash fund bank accounts may be established only with the approval of the Director of the Office of Budget and Fiscal Policy.

Sec. 3. Deposits with the State Treasurer.

- 3.1 The statutes and the current Appropriations Act require that all cash receipts of the general academic teaching institutions be deposited in the State Treasury with the exception of those from auxiliary enterprises, noninstructional services, matriculation fees collected in lieu of student activity fees, agency and restricted funds, endowment funds, student loan funds, and Constitutional College Building Amendment Funds.
- 3.2 Institutional receipts required to be deposited in the State Treasury shall be so deposited in the manner prescribed in the statutes and the current Appropriations Act.
- 3.3 Component institutions of the System are authorized by the current Appropriations Act to establish Revolving Funds under certain prescribed procedures to facilitate the payment of nominal expenses and to pay bills within cash discount periods, as well as for regular monthly payrolls, weekly, and special payrolls. Such Revolving Funds are authorized, subject to approval of the Director of the Office of Budget and Fiscal Policy.

Sec. 4. Local Institutional Funds.

- 4.1 All local income not required to be deposited in the State Treasury must be deposited in official depository banks for safekeeping or invested as specified by law and by The University of Texas System Institutional Funds Investment Policy.
 - 4.11 Funds held in demand deposits, time deposits, or certificates of deposit shall be deposited or invested only in banks with which the Board has a depository agreement. Depository agreements may be negotiated and executed by the Executive Vice Chancellor

- for Asset Management when such agreements are in substantially the same form as a standard depository agreement approved by the Board and are with banks meeting the then current policies of the Board.
- 4.12 Funds held in bank common trust funds or money market funds shall be invested in funds approved by the Executive Vice Chancellor for Asset Management based on, at a minimum, the criteria specified in The University of Texas System Institutional Funds Investment Policy.
- 4.13 Requests for documentation specifying staff authorized to sign checks or initiate funds movements, or changes thereto, for all bank accounts, bank common trust funds, or money market funds shall be approved by each institutional chief administrative officer and chief business officer with copies of the changes and/or authorization sent to the Director of the Office of Budget and Fiscal Policy.
- 4.14 The Executive Vice Chancellor for Asset Management shall invest, upon the request of the chief business officer of any component institution, local institutional funds as specified by law and by The University of Texas System Institutional Funds Investment Policy and shall negotiate and execute all agreements and instruments necessary for such investments.
- 4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Such securities shall be delivered by the depository bank to an account in the name of the Board at a third-party depository(ies), bank(s) or trust company(ies) approved and contracted with by the Executive Vice Chancellor for Asset Management. Local Funds shall be deposited in the depository banks or invested as soon as possible but in no event later than that provided by law. Demand deposits and time deposits will be maintained in accordance with the current policies of the Board.
- 4.3 The Board and the chief administrative officers may not, by law, borrow money from any person, firm, or corporation to be repaid from Local Funds except as specifically authorized by the Legislature.

10.22 Allowances for meals and lodging (including per diem), transportation and related expenses shall be guided by the following as appropriate: provisions of the current Appropriations Act; the Travel Regulations Act of 1959 (Article 6823a, VTCS), as amended; business procedure memoranda issued by the Vice Chancellor for Business Affairs; approved institutional or System travel regulations; terms of grants and contracts which provide reimbursement; and restrictions placed on expenditures from the institutional source reimbursing the travel.

10.3 Institutional and System Administration Travel Regulations.--Component institutions and System Administration shall issue travel regulations covering authorization for travel and reimbursement for approved travel to implement applicable provisions of state law and regulations and the provisions of this Section for the guidance of all personnel concerned. Following administrative approval by the appropriate Executive Vice Chancellor, each institutional policy will be included in the institutional Handbook of Operating Procedures.

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 the time any loss occurs at any institution, the Vice Chancellor for Business Affairs shall be notified by the appropriate chief business officer and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board. Money and securities coverage may be combined with the blanket position fidelity bond.

- 11.2 Fidelity Bonds.
- 11.21 As approved by the Board, the System shall carry a blanket position (fidelity) bond that shall cover employees of all component institutions. All employees shall be covered in the amount of not less than \$5,000 each. For total coverage in excess of \$10,000, approval of the State Auditor is necessary.
- 11.22 The Secretary of State and the State Comptroller of Public Accounts shall be each furnished with an original of the bond.
- 11.23 The premium for the bond is prorated to the component institutions on the basis of the number of employees covered for which a premium charge is made and the excess coverage thereon.
- 11.24 At the time a loss occurs, the Vice Chancellor for Business Affairs shall be notified by the chief business officer and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board.
- 11.25 The blanket position fidelity bond coverage may be combined with money and securities coverage.

o bidder shall receive special consideration or be allowed to revise a 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 Vice Chancellor for Business Affairs.

Sec. 3. Contacts with the State Purchasing and General Services Commission.--All contact, whether oral or written, with the State Purchasing and General Services Commission and with vendors are handled through the official purchasing agents and the divisions, departments, or offices to whom the purchasing function has been specifically delegated, unless advance written authorization is obtained from the purchasing agent or the chief business officer for other persons to do so.

Sec. 4. Purchases of Supplies and Equipment.

- 4.1 The State Purchasing and General Services Act, Article 601b, Vernon's Texas Civil Statutes, shall govern the purchasing policies of the System.
- 4.2 The State Purchasing and General Services Act does not apply to purchases of supplies, materials, services, or equipment:
- (a) for resale;
 - (b) for Auxiliary Enterprises;
 - (c) for Organized Activities Relating to Instructional Departments; or
 - (d) from gifts or grants, including those in support of research.

Sec. 5. Purchasing Procedures.

- 5.1 The official purchasing agent of each component institution shall promulgate procedures to facilitate and expedite the purchasing function. Such procedures shall be developed in accordance with sound business practices and applicable state law. Purchasing procedures shall be implemented only after review and approval of the chief business officer.
- 5.2 Closed or noncompetitive specifications shall not be used except in unusual instances clearly justified as being essential to efficient operating performance. Reports of all such exceptions shall be maintained by the chief business officer.

Sec. 6. Space Leases.

- 6.1 Space leases involving buildings paid from general revenue appropriations must, by law, be approved by the State Purchasing and General Services Commission and may not extend beyond a ten-year period.
- 6.2 Proposals for space leases require the advance approval of the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs, as appropriate, and of the Vice Chancellor for Business Affairs. 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 set out by the above cited System Administration officials or the State Purchasing and General Services Commission.
- 6.3 A proposal shall be approved and the lease completed prior to occupancy of any space for office, storage, or other purposes. Lease documents are to be submitted to the Board through the institutional docket procedures.

CHAPTER V

PERSONNEL

- Sec. 1. Classified Personnel.--The policy of the Board on the development and coordination of the classified personnel programs is and includes:
- 1.1 System Personnel Director.
The System Personnel Director serves as an administrative officer advising the Vice Chancellor for Business Affairs.
 - 1.2 The development and coordination of the System-wide Classified Personnel Program.
 - 1.21 The Classification Plan.
 - 1.211 Coverage.--The Classified Plan of the System shall include all positions which do not entail significant instructional responsibilities or responsibilities for the administration of instructional or research organizations. The chief administrative officer (or his or her delegate) of each component institution shall determine the inclusiveness of the Classification Plan within this general definition.
 - 1.212 Type of Plan.--Uniform use shall be made of the job grading procedure method of job evaluation. Job descriptions shall be prepared according to the Procedure for Writing Job Specifications provided by the System Personnel Office.
 - 1.213 Job Titles.--Standardized job titles shall be used for similar job classes common to two or more

- 1.232 Formal approval of the policies and rules developed by each institution was obtained from the Board at the time each program was formally adopted.
- 1.233 Changes in the policies and rules require the approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the Vice Chancellor for Business Affairs.
- 1.234 Uniform policies shall be followed in providing vacation, sick leave, etc., within the limitations imposed by local operating conditions.
- 1.24 Approval of additions to and changes in the Classified Personnel Program.
- 1.241 Formal approval of the Classification Plan and System-wide Personnel Pay Plan, including annual revision thereto, is obtained annually from the Board. Such approval shall be secured prior to the effective date of the plan.
- 1.242 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following require only the approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the Vice Chancellor for Business Affairs.
- Order okay? Yes, as is*
- (a) Type A. Adjustment of a salary range in a component unit plan within the established System-wide salary range, which when approved, will not change the System-wide Personnel Pay Plan in any way.
- (b) Type B. Adjustments to the component unit personnel pay plan, which when

approved, will change the System-wide Personnel Pay Plan in some way.

- (1) Deletion of title
- (2) Change in title only
- (3) Change in code number only
- (4) Addition of a title to a component unit pay plan that is in the System-wide Plan and the salary range requested is within the established System-wide salary range.

1.243 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following must have approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the Vice Chancellor for Business Affairs. In addition, such changes require ratification of the Board through the docket procedure.

*Order
okay?
yes*

- (a) The addition of a title to a component unit pay plan which is not included in the System-wide Plan.
- (b) The addition of a title to a component unit pay plan which is included in the System-wide Plan, but the salary range being proposed is not within the established System-wide salary range.
- (c) Adjustment of a salary range in a component unit pay plan that would change the established System-wide salary range.

delegated by the Vice Chancellor for Business Affairs, is responsible for promulgating the necessary policies and procedures for implementation of the State Employees Training Act, consistent with the guidelines already approved by the Governor of the State of Texas and the Regents' Rules and Regulations.

- 3.2 Through implementation of the State Employees Training Act, the System will provide programs that will greatly benefit most employees. In addition, the use of various types of training programs will also encourage the initiative of young, talented employees and stimulate and motivate less productive employees. Organized training programs will, moreover, help identify those employees who are willing to exercise their initiative and prove their performance and also find the areas where employees are resisting change and improved procedures and programs.
- 3.3 The following general objectives of the overall training effort will lead to the System's gaining more efficiency and economy in its overall personnel program:
 - 3.31 Developing well trained staffs, both professional and supportive;
 - 3.32 Assisting all employees toward achieving their highest potential usefulness;
 - 3.33 Motivating employees and stimulating a sense of participation and involvement;
 - 3.34 Insuring that the System receives a fair return on its investment in training and education.
- 3.4 The program elements for this general training program are:
 - 3.41 Identifying staff members who need staff development in order to determine the exact kind and scope of program needed;
 - 3.42 Training individuals for current assignments and developing them for future assignments, as a means of improving the quality and quantity of work done;

national mobility requirements are similar to those of faculty members and who fill positions that are the subject of nationwide searches in the academic community.

- 2.2 In accordance with conditions approved by the U. T. Board of Regents and in consultation with the Office of the Vice Chancellor for Business Affairs, the System Personnel Director will review and approve the companies authorized to provide annuity contracts, custodial accounts or investment contracts under the O.R.P.
- 2.3 In consultation with the Office of the Vice Chancellor for Business Affairs and in accordance with federal and state laws and regulations, The University of Texas System Personnel Director is authorized to issue "Guidelines for Administration" for evaluation of organizations authorized to provide annuity contracts, custodial accounts or investment contracts under the Optional Retirement Program.
- 2.4 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 University of Texas System Board of Regents and in consultation with the Office of the Vice Chancellor for Business Affairs, the System Personnel Director will review and approve companies authorized to offer annuities or other investments under the Tax Sheltered Annuity Program.
- 3.3 In consultation with the Office of the Vice Chancellor for Business Affairs and in accordance with state and federal laws and regulations, The University of

As required by statutes, a daily report shall be prepared by the person using the vehicle on the forms approved by the State Auditor and shall be filed within ten days in a central location designated by the chief business officer.

- 3.3 The operators of System-owned vehicles must hold, at their expense, an appropriate operator's license for the type of vehicle operated.
- 3.4 System-owned vehicles are subject to the compulsory inspection required by law.
- 3.5 It shall be the obligation of the chief business officer of each of the component institutions to see that all employees who are required to drive System-owned vehicles are fully informed of their personal responsibility and liability for their negligent operation.
- 3.6 Each component institution shall be cognizant of and render reports on operation of motor vehicles as required by the current Appropriations Bill.

Sec. 4. Insurance on Property of the System.

- 4.1 The following types of insurance coverage shall be maintained on a System-wide basis:
 - Fire and Extended Coverage Insurance
 - Boiler and Machinery Insurance
 - Blanket Position (Fidelity) Bond
 - Money and Securities Insurance
 - Motor Vehicle Liability Insurancemay be one policy on State Owned Vehicles
- 4.2 The terms of the policies covering the risks indicated above are negotiated by the Vice Chancellor for Business Affairs in accordance with procedures approved by the Chancellor and the Board.
- 4.3 When it is necessary or advisable to insure risks on a basis other than System-wide, insurance policies covering such risks shall be approved by the Vice

Chancellor for Business Affairs on an individual basis upon recommendation by the chief business officer of the component institution affected.

4.4 At the time a loss occurs applicable to either System-wide or individual insurance policies, the Vice Chancellor for Business Affairs shall be notified by the chief business officer, and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board.

Sec. 5. Safe and Vault Combinations.--The combinations to all vaults and safes used by component institutions shall be filed under seal with the chief business officer.

Sec. 6. Police and Security Officers.

6.1 Police and other security officers are employed at the component institutions to protect and safeguard the property of the institution.

6.2 Employees shall cooperate in the security program by exercising caution to safeguard the equipment and supplies in their offices.

Sec. 7. Telephones.--The director of physical plant, or the chief business officer, shall be responsible for the installation of telephones and the administration of all telephone facilities. Personal toll calls shall not be charged to institutional telephones. Charges for telephones and toll calls shall be under the supervision of the persons named above.

Sec. 8. Disposal of Property of the System.

8.1 Whenever any item of equipment becomes obsolete or useless for the needs and purposes of the department concerned, a written report of such fact shall be made to the chief business officer. Upon receipt of such report, it shall be the responsibility of the chief business officer to determine whether or not

ny repair or remodeling project of the physical plant involving an estimated expenditure of between \$300,000 and \$600,000 shall be approved by the appropriate Executive Vice Chancellor for ratification by the Board in the institutional docket.

Sec. 6. Professional Services.--Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$50,000 with the approval of the appropriate Executive Vice Chancellor, the Vice Chancellor for Business Affairs and the Chancellor on recommendation of the chief administrative officer and the chief business officer.

See attached for additional edit by AD

Sec. 7. Constitutional and Legislative Restrictions.

7.1 Sections 17 and 18 of Article VII of the Texas Constitution (regarding the Permanent University Fund and the Higher Education Assistance Fund) require approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under these Sections at the component institutions other than The University of Texas at Austin.

7.2 New construction projects not otherwise authorized by law, in excess of \$300,000 and all major repair and rehabilitation projects in excess of \$600,000, must be approved by the Texas Higher Education Coordinating Board. 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 Texas Higher Education Coordinating Board's requirements for approval. Normally, submission will be made when the U. T. Board approves preliminary plans and specifications and the related cost estimate.

5.2 Any repair or remodeling project of the physical plant involving an estimated expenditure of between \$300,000 and \$600,000 shall be approved by the appropriate Executive Vice Chancellor for ratification by the Board in the institutional docket.

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** EVC for Academic Affairs or Health Affairs
as appropriate,*

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 (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents, from funds designated from the PUF, the Common Trust Fund, the Medical Liability Self-Insurance Fund, or any funds held in trust.

- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Director of the Office of Budget and Fiscal Policy 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. In addition, custodian banks appointed by the Executive Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his or her delegate, and the Executive Vice Chancellor for Asset 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 Executive Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Manager of Estates 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 and Consent to Modifications in Bond Indentures.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments, the Executive Director for Endowment Management and Administration, and the Investment Officers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

- 1.6 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

Sec. 2. Policy for Investment and Management of the PUF.

- 2.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.
- 2.2 Advice of Investment Advisory Committee.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings and at other times as appropriate on all of the major matters involving the PUF.
- 2.3 Reports to the Regents' Asset Management Committee.
- 2.31 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Asset Management Committee.
- 2.32 The investment performance of the Fund, as measured by an unaffiliated organization, shall be reported to the Regents' Asset Management Committee at least annually.
- 2.33 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Asset Management Committee annually.
- 2.34 The Fund's investment in U. S. companies with substantive investments or operations in South Africa will be reported to the Regents' Asset

Management Committee semiannually in combination with the status review of these firms' effective compliance with the spirit of the six key elements of the Sullivan Principles.

- 2.35 All proxy votes on the social issue of investment and corporate conduct in South Africa will be reported to the Regents' Asset Management Committee.

- 2.4 The Chancellor, the Executive Vice Chancellor for Asset Management, or the Executive Director for Investments 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 or any other significant changes occurring with respect to any investment.

- 2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
 - 2.51 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments, or the Investment Officers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.
 - 2.52 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at 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 or the Executive Director for Endowment Management and Administration 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 the Executive Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Asset Management Committee. Voting on the issue of investments and corporate conduct in South Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.

- 2.6 Exchange of Bonds.--The Chancellor, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments, and the Investment Officers are each 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.

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

- 3.1 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 Code (Subtitle B, Title 9, Texas Property Code) as legal investments for funds held by trustees. The policies for the investment of funds for the Professional Medical Liability Self-Insurance Plan shall be those outlined in the Medical Liability Self-Insurance Fund Investment Policy Statement.

- 3.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to trust and special funds except that Subsection 2.32 shall be applied only when appropriate comparisons and significant amounts are involved.
- 3.3 Trust funds will be managed separately and not commingled with the Common Trust Fund if the terms of the instrument by which the fund was created or documents and instructions from the donor preclude investment through the Common Trust Fund. In addition, nonmarketable securities held by a trust fund may be recorded as separately invested. All other endowment funds will be invested through the Common Trust Fund.

Sec. 4. Policy for Investment and Management of the Common Trust Fund.

- 4.1 The policies for the investment of funds for the Common Trust Fund shall be those outlined in The Common Trust Fund Investment Policy Statement.
- 4.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to the Common Trust Fund.

Sec. 5. Investment Advisory Committee.--The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments with respect to matters relating to the management of investments. The following rules shall apply to such Committee:

- 5.1 Membership.--Six 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.
- 5.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.

5.3 Term of Office.--Each member shall serve a three-year term, with the terms of two members expiring each August 31. A member is eligible for reappointment to a consecutive three-year term, but may not be reappointed thereafter without a three-year break in service.

5.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Executive Vice Chancellor for Asset Management.

Sec. 6. Investment Transactions.--Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with the Permanent University Fund and the Common Trust Fund Investment Policy Statements.

CHAPTER XI

CONTRACTS AND GRANTS

- Sec. 1. Initial contracts, grants, and agreements from or with outside agencies including institutional support grants (except as provided in Subsections 1.1 and 1.2 below) shall be approved by the chief administrative officer and ratified by the Board via the institutional dockets. Subsequent institutional dockets should include only the changes in these initial contracts, grants, and agreements that involve changes in funds over \$10,000. It is not necessary to report contract extensions, amendments, modifications, changes in investigators or other changes in the institutional dockets unless they increase or decrease the total original contract by more than \$10,000.
- 1.1 Contracts or agreements with foreign governments or agencies thereof and with institutions, enterprises or individuals subject to the jurisdiction of foreign governments shall be submitted through the appropriate Executive Vice Chancellor for prior review sufficiently in advance of the proposed effective date to allow for prior approval of the Board, if required. Grants from such foreign entities will be submitted for approval via institutional docketing procedures.
- 1.2 The Vice Chancellor for Business Affairs 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. 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, or sufficient information to document the fiscal aspects of the contract, grant, or agreement, shall be filed with the Executive Secretary to the Board as part of the docket support process.
- 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.
- 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 Director of the Office of Budget and Fiscal Policy before being submitted. Subject to approval of the Vice Chancellor for Business Affairs, the Director of the Office of Budget and Fiscal Policy shall coordinate efforts between component institutions and cognizant agencies to negotiate such rates.
- 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 Director of the Office of Budget and Fiscal Policy 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.

7

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS
BOX N - AUSTIN, TEXAS 78713-7328 (512) 499-4402

MEMORANDUM

DATE March 6, 1992

TO: Those Who Receive RRR Amendments (List Attached)

FROM: Arthur H. 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 I-7	Page I-7
	Page XI-3

The amendments approved at the February 13, 1992 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AD/lp

Enclosures

March 4, 1992

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Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Acting Executive Vice Chancellor for Asset Management	
Executive and Research Assistant to the Chancellor	
Vice Chancellor for Business Affairs	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions	16
Associate Deputy Chancellor, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	44

NOTE: See July 6, 1988 letter (copy attached) from Coordinating Board which requests that only those amendments related to 1) academic workload and 2) faculty development leaves be sent to that office.

March 4, 1992

Addresses of State Officials Who Receive Copies
of the Regents' Rules and Regulations

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711 Sam Houston Building
Austin, Texas 78711
INTERAGENCY MAIL

Mr. James P. Oliver
Director, Legislative Budget Board
Second Floor, Room 207A, Capitol
Austin, Texas 78711
INTERAGENCY MAIL

State Auditor's Office
The University of Texas at Austin
Main Building 2108
11400
FACULTY MAIL

Mr. James R. Sanders
Legislative Reference Librarian
Second Floor, Capitol
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INTERAGENCY MAIL

Dr. Kenneth H. Ashworth
Commissioner, Texas Higher
Education Coordinating Board
7745 Chevy Chase Drive, Building 5
Austin, Texas 78752
INTERAGENCY MAIL

(NOTE: Send only when there are
amendments related to 1) academic
workload or 2) faculty development
leaves.)

Mr. W. C. Lancaster
Associate Deputy Chancellor
The Texas A&M University System
College Station, Texas 77843-1117

Feb. 13, 1992

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

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through February 13, 1992,
have been issued with this cover sheet)

academic rank, irrespective of tenure status, who have been selected for teaching excellence through procedures established by the component institution. Grants for endowed visiting professorships and endowed teaching fellowships of at least \$50,000 already under contractual agreement for the future, bequests included in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed teaching fellowships and endowed visiting professorships are excepted in this regulation. Grants for endowed lectureships of at least \$20,000 already under contractual agreement for the future, bequests in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed lectureships are excepted from the minimum amount restriction in this regulation.

3.43 Individual component institutions are not required to utilize all categories of endowed academic positions and may, with advance administrative approval and inclusion in the institutional Handbook of Operating Procedures, limit institutional endowment activity to those position categories which best fit the component goals and mission.

- Sec. 4. Tuition and Other Fees.--Tuition fees and other charges will be fixed as prescribed or as authorized by statute and will be set out in the institutional catalogue.
- Sec. 5. Fiscal Year.--The fiscal year of the System shall be September 1 through August 31.
- Sec. 6. Policy Against Discrimination.--To the extent provided by applicable law, no person shall be excluded from participation in, denied the benefits of, or be subject to discrimination under, any program or activity sponsored or conducted by the System or any of its component institutions, on the basis of race, color, national origin, religion, sex, age, veteran status, or disability.

Feb. 13, 1992

Sec. 8. All contracts or agreements for the furnishing of resources or services between institutions of The University of Texas System shall have the advance approval of the chief administrative officer of each institution and be ratified by the Board via the institutional dockets. The Vice Chancellor for Business Affairs shall issue more detailed instructions on further approval procedures, reporting and contract form as may be necessary.

All contracts shall provide for the recovery of the full cost of services and resources furnished.

Minutes
2-13-92

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval to Amend Chapter I, Section 6 (Policy Against Discrimination).--Upon recommendation of the Academic Affairs, Health Affairs, and Business Affairs and Audit Committees, approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter I, Section 6 regarding the policy against discrimination to read as set forth below:

Sec. 6. Policy Against Discrimination.--To the extent provided by applicable law, no person shall be excluded from participation in, denied the benefits of, or be subject to discrimination under, any program or activity sponsored or conducted by the System or any of its component institutions, on the basis of race, color, national origin, religion, sex, age, veteran status, or disability.

This amendment reflects the new terminology found within the Americans with Disabilities Act (ADA) of 1990, which became applicable to state and local governments on January 26, 1992. The ADA prohibits discrimination against individuals with disabilities and requires accommodations to disabilities in employment, public services, transportation and telecommunications.

Minutes
2-13-92

4. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter XI (Contracts and Grants).--In accordance with the passage of House Bill 39 by the 72nd Texas Legislature, Second Called Session, which calls for the governing board to adopt specific rules for the approval of written contracts or agreements between institutions within the same system, the Board amended the Regents' Rules and Regulations, Part Two, Chapter XI regarding contracts and grants by adding a new Section 8 to address contracts and agreements between institutions of The University of Texas System to read as set forth below:

Sec. 8. All contracts or agreements for the furnishing of resources or services between institutions of The University of Texas System shall have the advance approval of the chief administrative officer of each institution and be ratified by the Board via the institutional dockets. The Vice Chancellor for Business Affairs shall issue more detailed instructions on further approval procedures, reporting and contract form as may be necessary.

All contracts shall provide for the recovery of the full cost of services and resources furnished.

It was noted that the Vice Chancellor for Business Affairs will issue an amendment to Business Procedures Memorandum (BPM) Number 47 on interagency contracts to provide more detailed instructions and specify a standard form for such agreements.

The BPM will maintain the streamlined approval process for standard interagency contracts and the requirement for appropriate administrative approval prior to execution if the proposed contract is nonstandard or involves policy or program changes.

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Executive Vice Chancellor for Asset Management	
Executive and Research Assistant to the Chancellor	
Vice Chancellor for Business Affairs	
Vice Chancellor and General Counsel	
Acting Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions *	16
Vice Chancellor for Budgets & Human Resources, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	44

* Effective January 1, 1992, Dr. Pena will no longer receive copy as Dr. Juliet Garcia becomes President of U. T. Brownsville.

NOTE: See July 6, 1988 letter (copy attached) from Coordinating Board which requests that only those amendments related to 1) academic workload and 2) faculty development leaves be sent to that office.

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7745 Chevy Chase Drive, Building 5
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(NOTE: Send only when there are
amendments related to 1) academic
workload or 2) faculty development
leaves.)

Mr. W. C. Lancaster
Vice Chancellor for Budgets
and Human Resources
The Texas A&M University System
College Station, Texas 77843-1117

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

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through December 5, 1991,
have been issued with this cover sheet)

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 (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents, from funds designated from the PUF, the Common Trust Fund, the Medical Liability Self-Insurance Fund, or any funds held in trust.
- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Director of the Office of Budget and Fiscal Policy 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. In addition, custodian banks appointed by the Executive Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his or her delegate, and the Executive Vice Chancellor for Asset 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 Executive Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Manager of Estates 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 and Consent to Modifications in Bond Indentures.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments, the Executive Director for Endowment Management and Administration, and the Investment Officers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

IV. OTHER MATTERS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter IX, Section 1.2 (Authority to Assign and Transfer Securities Owned by the PUF and the Board).--In order to reflect a recent realignment of staff responsibilities within The University of Texas System Office of Asset Management, the Board amended the Regents' Rules and Regulations, Part Two, Chapter IX, Section 1.2, regarding the authority to assign and transfer securities owned by the Permanent University Fund and the Board, to read as set forth below:

1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Director of the Office of Budget and Fiscal Policy 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. In addition, custodian banks appointed by the Executive Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

2. Permanent University Fund: Approval to Extend Commitment of a Maximum \$10 Million Permanent University Fund Investment in the Texas Growth Fund to June 30, 1992.--At the conclusion of the meeting of the Asset Management Committee, Committee Chairman Cruikshank called on Executive Vice Chancellor for Asset Management Mike Patrick for comments regarding the Texas Growth Fund.

Executive Vice Chancellor Patrick reported that the Texas Growth Fund was established on November 8, 1988, by amendment to the Texas Constitution to achieve long-term growth of investment capital and income by purchasing securities of businesses creating, retaining, or expanding employment opportunity and economic growth in the State of Texas. He stated that, at its December 1990 meeting, the U. T. Board of Regents agreed to invest up to \$10 million of the Permanent University Fund in the Texas Growth Fund subject to satisfaction of the following conditions:

- a. Review and approval of final terms and documentation by the Office of Asset Management

T. P. ...

11/14/91
11/14/91

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS
BOX N - AUSTIN, TEXAS 78713-7328 (512) 499-4402

MEMORANDUM

DATE November 14, 1991

TO: Those Who Receive R&R Amendments (List Attached)
FROM: Arthur H. 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
Pages III-3 and III-4	Pages III-3 and III-4
Pages VI-3 and VI-4	Pages VI-3 and VI-4

The amendments approved at the October 11, 1991 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AD/lp

Enclosures

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

PART TWO

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- 2.4 Petty cash funds shall be provided only on approval of, and by arrangement of, the department with the chief business officer. Special petty cash fund bank accounts may be established only with the approval of the Director of the Office of Budget and Fiscal Policy.

Sec. 3. Deposits with the State Treasurer.

- 3.1 The statutes and the current Appropriations Act require that all cash receipts of the general academic teaching institutions be deposited in the State Treasury with the exception of those from auxiliary enterprises, noninstructional services, matriculation fees collected in lieu of student activity fees, agency and restricted funds, endowment funds, student loan funds, and Constitutional College Building Amendment Funds.
- 3.2 Institutional receipts required to be deposited in the State Treasury shall be so deposited in the manner prescribed in the statutes and the current Appropriations Act.
- 3.3 Component institutions of the System are authorized by the current Appropriations Act to establish Revolving Funds under certain prescribed procedures to facilitate the payment of nominal expenses and to pay bills within cash discount periods, as well as for regular monthly payrolls, weekly, and special payrolls. Such Revolving Funds are authorized, subject to approval of the Director of the Office of Budget and Fiscal Policy.

Sec. 4. Local Institutional Funds.

- 4.1 All local income not required to be deposited in the State Treasury must be deposited in official depository banks for safekeeping or invested as specified by law and by The University of Texas System Institutional Funds Investment Policy.
 - 4.11 Funds held in demand deposits, time deposits, or certificates of deposit shall be deposited or invested only in banks with which the Board has a depository agreement. Depository agreements may be negotiated and executed by the Executive Vice Chancellor

- for Asset Management when such agreements are in substantially the same form as a standard depository agreement approved by the Board and are with banks meeting the then current policies of the Board.
- 4.12 Funds held in bank common trust funds or money market funds shall be invested in funds approved by the Executive Vice Chancellor for Asset Management based on, at a minimum, the criteria specified in The University of Texas System Institutional Funds Investment Policy.
- 4.13 Requests for documentation specifying staff authorized to sign checks or initiate funds movements, or changes thereto, for all bank accounts, bank common trust funds, or money market funds shall be approved by each institutional chief administrative officer and chief business officer with copies of the changes and/or authorization sent to the Director of the Office of Budget and Fiscal Policy.
- 4.14 The Executive Vice Chancellor for Asset Management shall invest, upon the request of the chief business officer of any component institution, local institutional funds as specified by law and by The University of Texas System Institutional Funds Investment Policy and shall negotiate and execute all agreements and instruments necessary for such investments.
- 4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Such securities shall be delivered by the depository bank to an account in the name of the Board at a third-party depository(ies), bank(s) or trust company(ies) approved and contracted with by the Executive Vice Chancellor for Asset Management. Local Funds shall be deposited in the depository banks or invested as soon as possible but in no event later than that provided by law. Demand deposits and time deposits will be maintained in accordance with the current policies of the Board.
- 4.3 The Board and the chief administrative officers may not, by law, borrow money from any person, firm, or corporation to be repaid from Local Funds except as specifically authorized by the Legislature.

Texas System Personnel Director is authorized to issue "Guidelines for Administration" for evaluation of organizations seeking to write tax sheltered annuities or other investments for employees of The University of Texas System.

Sec. 4. Employee Group Insurance and Health Benefits.

- 4.1 All group insurance and health benefit programs authorized by law for employees of the U. T. System and its component institutions shall be administered by the Chancellor on behalf of the Board.
- 4.2 The Chancellor shall provide for the planning, implementation, management, and administration of the employee group insurance and health benefit programs through such U. T. System committees and administrators as the Chancellor deems appropriate.
- 4.3 The Chancellor will submit for review and approval by the Board recommendations regarding benefits, premiums, and eligibility criteria for each group insurance and health benefit program; all contracts to provide a policy or policies of insurance and related services for a group insurance or health benefit program; and all contracts to provide services related to the implementation and administration of an authorized self-insured employee group benefit program.

Sec. 5. Workers' Compensation Insurance.

- 5.1 Pursuant to Article 8309d of Vernon's Texas Civil Statutes, a self-insured System-wide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.
- 5.2 The System Personnel Office, with the assistance of other appropriate System and component institution offices, shall investigate injuries.

- 5.3 The System Personnel Office shall be responsible for reporting all covered injuries to the Texas Workers' Compensation Commission (TWCC).
- 5.4 The System Personnel Office shall coordinate occupational safety and health activities.
- 5.5 The Office of General Counsel shall be responsible for a determination on appeal of TWCC decisions.
- 5.6 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).
 - 5.61 Each institutional chief business officer shall be responsible for the transmission of amounts to be added to the W.C.I. Fund for all salaries paid, as instructed by the System Personnel Office, for receipt into the W.C.I. Fund no later than 15 days after the end of each month.
 - 5.62 The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations.
- 5.7 The System Personnel Office shall be responsible for processing all W.C.I. claims for medical care and compensation.
- 5.8 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. 6. Unemployment Compensation Program.

- 6.1 The System-wide Unemployment Compensation (U. C.) Program will provide weekly benefits as specified in Article 5221b et seq., Vernon's Texas Civil Statutes.

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TOTAL	44

NOTE: See July 6, 1988 letter (copy attached) from Coordinating Board which requests that only those amendments related to 1) academic workload and 2) faculty development leaves be sent to that office.

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leaves.)

Mr. W. C. Lancaster
Vice Chancellor for Budgets
and Human Resources
The Texas A&M University System
College Station, Texas 77843-1117

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 17 - 47).--Committee Chairman Loeffler reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 60 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 60 in the form distributed by the Executive Secretary. It is attached following Page 182 in the official copies of the Minutes and is made a part of the record of this meeting.

It was expressly authorized that any contracts or other documents or instruments approved therein had been or shall be executed by the appropriate officials of the respective institution involved.

It was ordered that any item included in the Docket that normally is published in the institutional catalog be reflected in the next appropriate catalog published by the respective institution.

- 1991
minutes
2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 4, Subsection 4.1 (Local Institutional Funds).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 4, Subsection 4.1, regarding the selection of official depository banks by execution of a standard depository agreement for the investment of local institutional funds, to read as set forth below:

Sec. 4. Local Institutional Funds.

4.1 All local income not required to be deposited in the State Treasury must be deposited in official depository banks for safekeeping or invested as specified by law and by The University of Texas System Institutional Funds Investment Policy.

4.11 Funds held in demand deposits, time deposits, or certificates of deposit shall be deposited or invested only in banks with which the Board has a depository agreement. Depository agreements may be negotiated and executed by the Executive Vice Chancellor for Asset Management when such agreements are in substantially the same form as a standard depository agreement approved by the Board and are with banks meeting the then current policies of the Board.

See Page 34 related to the revised standard bank depository agreement.

10/9/1
Minutes

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter VI, Section 5 (Workers' Compensation Insurance).--In order to conform to the current workers' compensation statutes, the Board amended the Regents' Rules and Regulations, Part Two, Chapter VI, Section 5 (Workers' Compensation Insurance) to read as follows:

Sec. 5. Workers' Compensation Insurance.

- 5.1 Pursuant to Article 8309d of Vernon's Texas Civil Statutes, a self-insured System-wide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.
- 5.2 The System Personnel Office, with the assistance of other appropriate System and component institution offices, shall investigate injuries.
- 5.3 The System Personnel Office shall be responsible for reporting all covered injuries to the Texas Workers' Compensation Commission (TWCC).
- 5.4 The System Personnel Office shall coordinate occupational safety and health activities.
- 5.5 The Office of General Counsel shall be responsible for a determination on appeal of TWCC decisions.
- 5.6 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).
- 5.61 Each institutional chief business officer shall be responsible for the transmission of amounts to be added to the W.C.I. Fund for all salaries paid, as instructed by the System Personnel Office, for receipt into the W.C.I. Fund no later than 15 days after the end of each month.
- 5.62 The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations.
- 5.7 The System Personnel Office shall be responsible for processing all W.C.I. claims for medical care and compensation.
- 5.8 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.

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS
BOX N - AUSTIN, TEXAS 78713-7328 (512) 499-4402

MEMORANDUM

DATE September 9, 1991

TO: Those Who Receive R&R Amendments (List Attached)

FROM: Arthur H. Dilly

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
Page IV-4	Page IV-4
Page VI-3 through VI-8	Page VI-3 through VI-6

The amendments approved at the August 8, 1991 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AHD:pc

Enclosures

June 17, 1991

Distribution List for Official Copies of
Regents' Rules and Regulations

Board of Regents	9
Office of Board of Regents	3
Executive Associate for Economic Affairs	1
Legislative Budget Board	1
Governor's Budget and Planning Office	1
Publications Clearing House	1
State Auditor - U. T. Austin Representative	1
Legislative Reference Librarian	1
System Administration	9
Chancellor	
Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Asset Management	
Executive and Research Assistant to the Chancellor	
Vice Chancellor for Business Affairs	
Vice Chancellor and General Counsel	
Acting Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions	16
Vice Chancellor for Budgets & Human Resources, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	44

NOTE: See July 6, 1988 letter (copy attached) from Coordinating Board which requests that only those amendments related to 1) academic workload and 2) faculty development leaves be sent to that office.

June 17, 1991

Addresses of State Officials Who Receive Copies
of the Regents' Rules and Regulations

Governor's Budget and Planning Office
711 Sam Houston Building
Austin, Texas 78711

Mr. James P. Oliver, Director
Legislative Budget Board
Second Floor, Capitol
Austin, Texas 78711

State Auditor's Office
The University of Texas at Austin
Main Building 311
Austin, Texas 78712

Mr. James R. Sanders
Legislative Reference Librarian
Second Floor, Capitol
Austin, Texas 78711

Publications Clearing House
Room 307, Texas State Library
Austin, Texas 78711

Dr. Kenneth H. Ashworth
Commissioner, Texas Higher
Education Coordinating Board
7745 Chevy Chase Drive, Building 5
Austin, Texas 78752

(NOTE: Send only when there are
amendments related to 1) academic
workload or 2) faculty development
leaves.)

Mr. W. C. Lancaster
Vice Chancellor for Budgets
and Human Resources
The Texas A&M University System
College Station, Texas 77843-1117

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

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through August 8, 1991,
have been issued with this cover sheet)

<u>Chapter</u>		<u>Page</u>
IV.	Purchasing	
Sec.	1. Authority to Obligate Institutional Funds....	IV-1
	2. Purchasing Ethics.....	IV-1
	3. Contacts with the State Purchasing and General Services Commission.....	IV-2
	4. Purchases of Supplies and Equipment.....	IV-2
	5. Purchasing Procedures.....	IV-3
	6. Space Leases.....	IV-3
	7. Purchases by or from Employees.....	IV-4
V.	Personnel	
Sec.	1. Classified Personnel.....	V-1
	2. General Personnel.....	V-5
	2.1 Leave for Military Duty.....	V-5
	2.2 Medical Disability Leave.....	V-6
	2.3 Overtime.....	V-8
	2.4 Intellectual Property Policy.....	V-9
	3. Employee Training, Education, and Develop- ment.....	V-24
	4. Other Regulations Concerning Personnel.....	V-34
VI.	Staff Benefits	
Sec.	1. Teacher Retirement System.....	VI-1
	2. Optional Retirement Program.....	VI-1
	3. Tax Sheltered Annuities.....	VI-2
	4. Employee Group Insurance and Health Benefits.	VI-3
	5. Workers' Compensation Insurance.....	VI-3
	6. Unemployment Compensation Program.....	VI-4
	7. Social Security (Old Age and Survivors Insurance).....	VI-6
	8. Deferred Compensation Plan.....	VI-6
	9. U. S. Savings Bonds.....	VI-6
	10. Availability of Complete Benefit Descrip- tions.....	VI-6

Sec. 7. Purchases by or 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 and the appropriate Executive Vice Chancellor or the Chancellor. Purchases of equipment or property of the System by any officer or employee may be made only after authorization by the component chief administrative officer and the appropriate Executive Vice Chancellor or the Chancellor. Details of such transactions shall be reported in the component Docket or Minutes of the Board. Approval and reporting are not required for purchases made at public auction.

Texas System Personnel Director is authorized to issue "Guidelines for Administration" for evaluation of organizations seeking to write tax sheltered annuities or other investments for employees of The University of Texas System.

Sec. 4. Employee Group Insurance and Health Benefits.

- 4.1 All group insurance and health benefit programs authorized by law for employees of the U. T. System and its component institutions shall be administered by the Chancellor on behalf of the Board.
- 4.2 The Chancellor shall provide for the planning, implementation, management, and administration of the employee group insurance and health benefit programs through such U. T. System committees and administrators as the Chancellor deems appropriate.
- 4.3 The Chancellor will submit for review and approval by the Board recommendations regarding benefits, premiums, and eligibility criteria for each group insurance and health benefit program; all contracts to provide a policy or policies of insurance and related services for a group insurance or health benefit program; and all contracts to provide services related to the implementation and administration of an authorized self-insured employee group benefit program.

Sec. 5. Workers' Compensation Insurance.

- 5.1 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.
- 5.2 The System Personnel Office, with the assistance of other appropriate System and component institution offices, shall investigate injuries and publish and enforce safety regulations.

- 5.3 The System Personnel Office shall be responsible for reporting all covered injuries to the Industrial Accident Board (I.A.B.).
- 5.4 The System Personnel Office shall coordinate occupational safety and health activities and enforce occupational safety and health standards.
- 5.5 The Office of General Counsel shall be responsible for a determination on appeal of I.A.B. decisions.
- 5.6 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).
- 5.61 Each institutional chief business officer shall be responsible for the transmission of amounts to be added to the W.C.I. Fund for all salaries paid, as instructed by the System Personnel Office, for receipt into the W.C.I. Fund no later than 15 days after the end of each month.
- 5.62 The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations.
- 5.7 The System Personnel Office shall process all W.C.I. claims for medical care and compensation.
- 5.8 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. 6. Unemployment Compensation Program.

- 6.1 The System-wide Unemployment Compensation (U. C.) Program will provide weekly benefits as specified in Article 5221b et seq., Vernon's Texas Civil Statutes.

- 6.2 The Unemployment Compensation Fund (U. C. Fund) is established by the U. T. Board of Regents to be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations. The System Personnel Office shall administer funding by assessment on all salary sources other than State General Revenue Funds as provided in Section 12.24 below.
- 6.21 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.
- 6.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.
- 6.23 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.
- 6.24 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. Each institutional chief business officer shall be responsible for the transmission of such assessed amounts, as instructed by the System Personnel Office, for receipt into the U. C. Fund no later than 15 days after the end of each month.
- 6.25 Expenditures from the U. C. Fund shall be limited to direct costs in accordance with Federal Management Circular 73-8, Section J.7.
- 6.3 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.).

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

6.5 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. 7. Social Security (Old Age and Survivors Insurance).

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

Sec. 8. Deferred Compensation Plan.

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

Sec. 9. 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. 10. Availability of Complete Benefit Descriptions.

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.

- 4.3 No employee shall accept employment or engage in any business or professional activity which the employee might reasonably expect would require or induce the employee to disclose confidential information acquired by reason of his or her official position.
- 4.4 No employee shall disclose confidential information gained by reason of his or her official position or otherwise use such information for his or her personal gain or benefit.
- 4.5 No employee shall transact any business in his or her official capacity with any business entity of which the employee is an officer, agent, or member, or in which the employee owns a substantial interest.
- 4.6 No employee shall make personal investments which could reasonably be expected to create a substantial conflict between the employee's private interest and the public interest.
- 4.7 No employee shall accept other employment or compensation which could reasonably be expected to impair the employee's independence of judgment in the performance of the employee's public duties.
- 4.8 No employee shall receive any compensation for services as an employee from any source other than the State of Texas, except as may be otherwise provided by law.

- Minutes*
8/8/91
3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Authorization to Amend Chapter IV, Section 7 (Purchases by or from Employees).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter IV, Section 7 (Purchases by or from Employees) to read as set forth below:

Sec. 7. Purchases by or 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 and the appropriate Executive Vice Chancellor or the Chancellor. Purchases of equipment or property of the System by any officer or employee may be made only after authorization by the component chief administrative officer and the appropriate Executive Vice Chancellor or the Chancellor. Details of such transactions shall be reported in the component Docket or Minutes of the Board. Approval and reporting are not required for purchases made at public auction.

Minutes
8/19/91

4. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter VI (Staff Benefits).--In order to establish an internal administrative structure to administer The University of Texas System employee group insurance and health benefit programs, the Board amended the Regents' Rules and Regulations, Part Two, Chapter VI, relating to staff benefits, as set out below:

- a. Deleted present Sections 4 through 10 and 15 in their entirety
- b. Added a new Section 4 to read as follows:

Sec. 4. Employee Group Insurance and Health Benefits.

- 4.1 All group insurance and health benefit programs authorized by law for employees of the U. T. System and its component institutions shall be administered by the Chancellor on behalf of the Board.
- 4.2 The Chancellor shall provide for the planning, implementation, management, and administration of the employee group insurance and health benefit programs through such U. T. System committees and administrators as the Chancellor deems appropriate.
- 4.3 The Chancellor will submit for review and approval by the Board recommendations regarding benefits, premiums, and eligibility criteria for each group insurance and health benefit program; all contracts to provide a policy or policies of insurance and related services for a group insurance or health benefit program; and all contracts to provide services related to the implementation and administration of an authorized self-insured employee group benefit program.

- c. Renumbered the remaining sections of Chapter VI accordingly.

11/16-13

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS
BOX N - AUSTIN, TEXAS 78713-7328 (512) 499-4402

MEMORANDUM

DATE _____

TO: Chancellor Regent (see Enclosures List Attached)

FROM: Arthur H. Dilly

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 I-5	Page I-5
Page III-4	Page III-4
Pages IX-3, IX-4, and IX-5	Pages IX-3, IX-4, and IX-5

The amendments approved at the June 6, 1991 meeting of the U. T. Board of Regents as well as editorial amendments have been incorporated on the revised pages.

AHD:pc

Enclosures

June 17, 1991

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State Auditor - U. T. Austin Representative	1
Legislative Reference Librarian	1
System Administration	9
Chancellor	
Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Asset Management	
Executive and Research Assistant to the Chancellor	
Vice Chancellor for Business Affairs	
Vice Chancellor and General Counsel	
Acting Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions	16
Vice Chancellor for Budgets & Human Resources, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	44

NOTE: See July 6, 1988 letter (copy attached) from Coordinating Board which requests that only those amendments related to 1) academic workload and 2) faculty development leaves be sent to that office.

June 17, 1991

Addresses of State Officials Who Receive Copies
of the Regents' Rules and Regulations

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711 Sam Houston Building
Austin, Texas 78711

Mr. James P. Oliver, Director
Legislative Budget Board
Second Floor, Capitol
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State Auditor's Office
The University of Texas at Austin
Main Building 311
Austin, Texas 78712

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Legislative Reference Librarian
Second Floor, Capitol
Austin, Texas 78711

Publications Clearing House
Room 307, Texas State Library
Austin, Texas 78711

Dr. Kenneth H. Ashworth
Commissioner, Texas Higher
Education Coordinating Board
7745 Chevy Chase Drive, Building 5
Austin, Texas 78752

(NOTE: Send only when there are
amendments related to 1) academic
workload or 2) faculty development
leaves.)

Mr. W. C. Lancaster
Vice Chancellor for Budgets
and Human Resources
The Texas A&M University System
College Station, Texas 77843-1117

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

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through June 6, 1991,
and Editorial Amendments through June 1991
have been issued with this cover sheet)

- 3.2 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.
- 3.3 Recommendations to the Board concerning acceptance of gifts for endowment of academic positions will be made through the Chancellor to the Board. Before the final action of the Board, such recommendations will be referred to the Asset Management Committee as to fiscal arrangements and to the Academic or Health Affairs Committee as to policy.
- 3.4 The six categories of endowed and named academic positions and the minimum funding levels to establish the positions are: Distinguished University Chairs (\$2,000,000), Distinguished Chairs (\$1,000,000), Chairs (\$500,000), Distinguished Professorships (\$250,000), Professorships (\$100,000), and Fellowships (\$50,000). All agreements related to endowed academic positions made prior to April 14, 1988, will remain in effect unless a specific request for change is made by the donor and the institution and approved by the Board.
- 3.41 Distinguished University Chairs, Distinguished Chairs, Chairs, Distinguished Professorships, and Professorships will be established with the minimum funding levels authorized by the Board of Regents or the equivalent in annual contributions arranged according to agreements recommended by the appropriate Executive Vice Chancellor and the Chancellor and approved by the Board. The component institution will pay from its funds such amounts as are necessary to set the salary of the holder at a level commensurate with his or her record, experience, and position in the faculty. The endowment income will be used both for salary supplementation and for other professional support of the holder of

- such agreements are in substantially the same form as a standard depository agreement approved by the Board and are with banks meeting the then current policies of the Board.
- 4.12 Funds held in bank common trust funds or money market funds shall be invested in funds approved by the Executive Vice Chancellor for Asset Management based on, at a minimum, the criteria specified in The University of Texas System Institutional Funds Investment Policy.
- 4.13 Requests for documentation specifying staff authorized to sign checks or initiate funds movements, or changes thereto, for all bank accounts, bank common trust funds, or money market funds shall be approved by each institutional chief administrative officer and chief business officer with copies of the changes and/or authorization sent to the Director of the Office of Budget and Fiscal Policy.
- 4.14 The Executive Vice Chancellor for Asset Management shall invest, upon the request of the chief business officer of any component institution, local institutional funds as specified by law and by The University of Texas System Institutional Funds Investment Policy and shall negotiate and execute all agreements and instruments necessary for such investments.
- 4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Such securities shall be delivered by the depository bank to an account in the name of the Board at a third-party depository(ies), bank(s) or trust company(ies) approved and contracted with by the Executive Vice Chancellor for Asset Management. Local Funds shall be deposited in the depository banks or invested as soon as possible but in no event later than that provided by law. Demand deposits and time deposits will be maintained in accordance with the current policies of the Board.
- 4.3 The Board and the chief administrative officers may not, by law, borrow money from any person, firm, or corporation to be repaid from Local Funds except as specifically authorized by the Legislature.

- 1.6 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

Sec. 2. Policy for Investment and Management of the PUF.

- 2.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.
- 2.2 Advice of Investment Advisory Committee.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings and at other times as appropriate on all of the major matters involving the PUF.
- 2.3 Reports to the Regents' Asset Management Committee.
- 2.31 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Asset Management Committee.
- 2.32 The investment performance of the Fund, as measured by an unaffiliated organization, shall be reported to the Regents' Asset Management Committee at least annually.
- 2.33 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Asset Management Committee annually.
- 2.34 The Fund's investment in U. S. companies with substantive investments or operations in South Africa will be reported to the Regents' Asset

Editorial Amendment
Issued June 1991

- Management Committee semiannually in combination with the status review of these firms' effective compliance with the spirit of the six key elements of the Sullivan Principles.
- 2.35 All proxy votes on the social issue of investment and corporate conduct in South Africa will be reported to the Regents' Asset Management Committee.
- 2.4 The Chancellor, the Executive Vice Chancellor for Asset Management, or the Executive Director for Investments 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 or any other significant changes occurring with respect to any investment.
- 2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 2.51 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments, or the Investment Officers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.
- 2.52 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at 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 or the Executive Director for Endowment Management and Administration determines that a vote with management would not be in the shareholder's

Editorial Amendment
Issued June 1991

best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or the Executive Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Asset Management Committee. Voting on the issue of investments and corporate conduct in South Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.

- 2.6 Exchange of Bonds.--The Chancellor, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments, and the Investment Officers are each 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.

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

- 3.1 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 Code (Subtitle B, Title 9, Texas Property Code) as legal investments for funds held by trustees. The policies for the investment of funds for the Professional Medical Liability Self-Insurance Plan shall be those outlined in the Medical Liability Self-Insurance Fund Investment Policy Statement.

Editorial Amendment
Issued June 1991

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.

3.3 Recommendations to the Board concerning acceptance of gifts for endowment of academic positions will be made through 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.

3.4 The six categories of endowed and named academic positions and the minimum funding levels to establish the positions are: Distinguished University Chairs (\$2,000,000), Distinguished Chairs (\$1,000,000), Chairs (\$500,000), Distinguished Professorships (\$250,000), Professorships (\$100,000), and Fellowships (\$50,000). All agreements related to endowed academic positions made prior to April 14, 1988, will remain in effect unless a specific request for change is made by the donor and the institution and approved by the Board.

3.41 Distinguished University Chairs, Distinguished Chairs, Chairs, Distinguished Professorships, and Professorships will be established with the minimum funding levels authorized by the Board of Regents or the equivalent in annual contributions arranged according to agreements recommended by the appropriate Executive Vice Chancellor and the Chancellor and approved by the Board. The component institution will pay from its funds such amounts as are necessary to set the salary of the holder at a level commensurate with his or her record, experience, and position in the faculty. The endowment income will be used both for salary supplementation and for other professional support of the holder of

Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

Sec. 2. Policy for Investment and Management of the PUF.

- 2.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.
- 2.2 Advice of Investment Advisory Committee.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings and at other times as appropriate on all of the major matters involving the PUF.
- 2.3 Reports to the Regents' **Land and Investment Committee.**
 - 2.31 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' **Land and Investment Committee.**
 - 2.32 The investment performance of the Fund, as measured by an unaffiliated organization, shall be reported to the Regents' **Land and Investment Committee** at least annually.
 - 2.33 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' **Land and Investment Committee** annually.
 - 2.34 The Fund's investment in U. S. companies with substantive investments or operations in South Africa will be reported to the Regents' **Land and**

- Investment Committee semiannually in combination with the status review of these firms' effective compliance with the spirit of the six key elements of the Sullivan Principles.
- 2.35 All proxy votes on the social issue of investment and corporate conduct in South Africa will be reported to the Regents' **Land and Investment Committee**.
- 2.4 The Chancellor, the Executive Vice Chancellor for Asset Management, or the Executive Director for Investments 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 or any other significant changes occurring with respect to any investment.
- 2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 2.51 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments, or the Investment Officers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.
- 2.52 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at 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 or the Executive Director for Endowment Management and Administration 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 the Executive Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the **Land and Investment Committee**. Voting on the issue of investments and corporate conduct in South Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.

- 2.6 Exchange of Bonds.--The Chancellor, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments, and the Investment Officers are each 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.

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

- 3.1 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 Code (Subtitle B, Title 9, Texas Property Code) as legal investments for funds held by trustees. The policies for the investment of funds for the Professional Medical Liability Self-Insurance Plan shall be those outlined in the Medical Liability Self-Insurance Fund Investment Policy Statement.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 47 - 229).--In the absence of Committee Chairman Loeffler, Regent Cruikshank reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 58 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 58 in the form distributed by the Executive Secretary. It is attached following Page 301 in the official copies of the Minutes and is made a part of the record of this meeting.

It was expressly authorized that any contracts or other documents or instruments approved therein had been or shall be executed by the appropriate officials of the respective institution involved.

It was ordered that any item included in the Docket that normally is published in the institutional catalog be reflected in the next appropriate catalog published by the respective institution.

- Draft Minutes 6/91*
2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 4, Subsection 4.13 (Local Institutional Funds).--The Board amended the Regents' Rules and Regulations, Part Two, Chapter III, Section 4, Subsection 4.13 (Local Institutional Funds) to read as set forth below:

4.13 Requests for documentation specifying staff authorized to sign checks or initiate funds movements, or changes thereto, for all bank accounts, bank common trust funds, or money market funds shall be approved by each institutional chief administrative officer and chief business officer with copies of the changes and/or authorization sent to the Director of the Office of Budget and Fiscal Policy.

3. U. T. System: Authorization for Extension of the Six-Year Capital Improvement Plan Through Fiscal Year 1996 and Approval of Additional Permanent University Fund (PUF) and Institutionally Funded Projects.--Regent Cruikshank noted that a long-range Capital Improvement Plan for The University of Texas System was first adopted by the U. T. Board of Regents in October 1985, following voter approval of an amendment to the Texas Constitution which allowed Permanent University Fund (PUF) Bond Proceeds to be used at all component institutions for construction, repair and rehabilitation, land acquisition, and the purchase of major equipment and library materials.

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS
BOX N - AUSTIN, TEXAS 78713-7328 (512) 499 4102

MEMORANDUM

DATE May 6, 1991

TO: Those Who Receive R&R Amendments (List Attached)
FROM: Arthur H. Dilly
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 ii and iv	Pages ii and iv
Pages II-5, II-6, and II-7	Pages II-5, II-6, II-6a, and II-7
Pages III-2 through III-4	Pages III-2 through III-4
Pages IV-2 and IV-4	Pages IV-2 and IV-4
Page VI-1	Page VI-1
Page VII-4	Page VII-4
Page VIII-7	Page VIII-7
Page IX-1	Page IX-1
Pages X-1 and X-2	Pages X-1 and X-2
Pages XI-1, XI-2, and XI-3	Pages XI-1 and XI-2

The amendments approved at the April 11, 1991 meeting of the U. T. Board of Regents as well as editorial amendments have been incorporated on the revised pages.

AHD/lp

Enclosures

November 9, 1990

Distribution List for Official Copies of
Regents' Rules and Regulations

Board of Regents	9
Office of Board of Regents	3
Executive Associate for Economic Affairs	1
Legislative Budget Board	1
Governor's Budget and Planning Office	1
Publications Clearing House	1
State Auditor - U. T. Austin Representative	1
Legislative Reference Librarian	1
System Administration	9
Chancellor	
Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Asset Management	
Executive and Research Assistant to the Chancellor	
Vice Chancellor for Business Affairs	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions	16
Vice Chancellor for Budgets & Human Resources, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	44

NOTE: See July 6, 1988 letter (copy attached) from Coordinating Board which requests that only those amendments related to 1) academic workload and 2) faculty development leaves be sent to that office.

November 9, 1990

Addresses of State Officials Who Receive Copies
of the Regents' Rules and Regulations

Governor's Budget and Planning Office
711 Sam Houston Building
Austin, Texas 78711

Mr. James P. Oliver, Director
Legislative Budget Board
Second Floor, Capitol
Austin, Texas 78711

State Auditor's Office
The University of Texas at Austin
Main Building 311
Austin, Texas 78712

Mr. James R. Sanders
Legislative Reference Librarian
Second Floor, Capitol
Austin, Texas 78711

Publications Clearing House
Room 307, Texas State Library
Austin, Texas 78711

~~Dr. Kenneth H. Ashworth
Commissioner, Texas Higher
Education Coordinating Board
7745 Chevy Chase Drive, Building 5
Austin, Texas 78752~~

(NOTE: Send only when there are
amendments related to 1) academic
workload or 2) faculty development
leaves.)

Mr. W. C. Lancaster
Vice Chancellor for Budgets
and Human Resources
The Texas A&M University System
College Station, Texas 77843-1117

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

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through April 11, 1991,
and Editorial Amendments through April 1991
have been issued with this cover sheet)

<u>Chapter</u>		<u>Page</u>
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	2. Purchasing Ethics.....	IV-1
	3. Contacts with the State Purchasing and General Services Commission.....	IV-2
	4. Purchases of Supplies and Equipment.....	IV-2
	5. Purchasing Procedures.....	IV-3
	6. Space Leases.....	IV-3
	7. Purchases by or from Employees.....	IV-4
V.	Personnel	
Sec.	1. Classified Personnel.....	V-1
	2. General Personnel.....	V-5
	2.1 Leave for Military Duty.....	V-5
	2.2 Medical Disability Leave.....	V-6
	2.3 Overtime.....	V-8
	2.4 Intellectual Property Policy.....	V-9
	3. Employee Training, Education, and Develop- ment.....	V-24
	4. Other Regulations Concerning Personnel.....	V-34
VI.	Staff Benefits	
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	4. Group Hospitalization and Medical Benefit Plan.....	VI-3
	5. Group Dental Insurance.....	VI-3
	6. Health Maintenance Organizations.....	VI-4
	7. Group Term Life Insurance.....	VI-4
	8. Group Cash Value Paid-Up at Age 65 Life Insurance Plan.....	VI-5
	9. Group Long-Term Disability Income Insurance..	VI-5
	10. Group Accident Insurance.....	VI-5
	11. Workers' Compensation Insurance.....	VI-5
	12. Unemployment Compensation Program.....	VI-6
	13. Social Security (Old Age and Survivors Insurance).....	VI-7
	14. Deferred Compensation Plan.....	VI-7
	15. Premium Sharing.....	VI-7
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	17. Availability of Complete Benefit Descrip- tions.....	VI-8

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X.	Auxiliary Enterprises	
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	5. Rules and Regulations for Administration of Dormitories.....	X-1
	6. Meals and Lodging for Employees.....	X-2
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	10. Intercollegiate Athletics Programs.....	X-2
	11. Employment of a Students' Attorney.....	X-2
XI.	Contracts and Grants.....	XI-1

vouchers, requisitions, etc., in the absence of the department head. These designations shall expire upon receipt of notification by the accounting office in writing from the department head or upon termination or transfer of the designee from the department.

Sec. 3. Auditing.

- 3.1 Internal auditors are responsible for reviewing, evaluating, and reporting on the institution's system of internal administrative and accounting controls and the efficiency and effectiveness of the operations when compared with established standards. The internal auditors are to have no authority or responsibility for the activities they audit. The objective of internal auditing is to assist the chief administrative officer in the effective discharge of his or her responsibilities by furnishing objective analyses, appraisals and recommendations concerning the activities reviewed. To accomplish these objectives, the internal auditor is authorized to have full, free and unrestricted access to all property, personnel and records. The examination of patient medical records must serve a genuine audit need; and individual patients should not be identified in any audit report. The Texas Internal Auditing Act, the Standards for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors, Inc. and "College and University Business Administration" published by the National Association of College and University Business Officers shall serve as guidelines for internal audit activities.
- 3.2 Each institution is expected to maintain an internal audit staff unless otherwise exempt from this requirement by the Chancellor. The institutional internal auditor reports to the institutional chief administrative officer or the institutional audit committee. The institutional internal auditor submits an annual audit plan for approval by the chief administrative officer and forwards a copy to the appropriate Executive Vice Chancellor and the System Director of Audits.
- 3.3 The System Director of Audits shall seek input into the System-wide audit plan from the institutional internal auditors. The implementation of the System-wide internal audit plan will be coordinated with the

institutional internal audit plans to insure major risks are addressed yet duplication of effort is minimized.

- 3.4 The State Auditor's Office, as part of the legislative branch of state government, is the external independent auditor of The University of Texas System. The State Auditor's Office conducts financial and performance audits and makes recommendations for improving financial and management controls within The University of Texas System. The State Auditor's Office reviews The University of Texas System's internal control structure and operations to determine the scope of the examination and reliability of the entity's financial and nonfinancial data. The internal audit function is considered a part of the internal control structure of The University of Texas System.

Sec. 4. Reporting.

- 4.1 All financial reports shall be prepared in accordance with the provisions of the statutes, official directives of the Texas Higher Education Coordinating Board, and directives of the Board, and in conformity with the manual, "College and University Business Administration, Third Edition," (1974) referred to in Subsection 2.1 of this Chapter. The reports shall be prepared by the chief business officer and approved by the Director of the Office of Budget and Fiscal Policy.
- 4.2 Two reports, both of which shall be prepared under the direction of the chief business officer and the Director of the Office of Budget and Fiscal Policy, 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 Texas Higher Education Coordinating Board 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 to the Executive Secretary to the Board, the System Budget Director, and the Director of the Office of Budget and Fiscal Policy.

Editorial Amendment
Issued April 1991

- 4.3 Monthly financial reports, in the form prescribed by the Director of the Office of Budget and Fiscal Policy, 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 Director of the Office of Budget and Fiscal Policy. 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 appropriate Executive Vice Chancellor and the Chancellor.
- 5.2 General policies for the budget preparation shall be recommended by 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 System Administration.
- 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 appropriate Executive Vice Chancellor and the Chancellor for further review and recommendation to the Board.
- 5.4 Rules and procedures for budget administration shall be prepared by the Chancellor, with assistance of the appropriate Executive Vice Chancellor, approved by the Board, and shall be included in the completed budgets.

Editorial Amendment
Issued April 1991

- 1.5 All unpaid (including complimentary, free, or discounted) charges for sales or service of auxiliary enterprises, organized activities, or service departments or similar activities shall be reported to and recorded by the chief business officer or his or her delegate under appropriate internal accounting controls. A list or other documentation showing the authorization and names of all persons receiving complimentary, free, or discounted goods or services and the values thereof shall be furnished to the business office within 30 days from the date such goods were issued or such services were rendered by any auxiliary enterprise, organized activity, or service department or similar activity.

Sec. 2. Deposits with Institutional Business Office.

- 2.1 Money received by all departments from all sources shall be deposited, using an official form, in the institutional business office, unless depositing directly to a special bank account has been specifically authorized by the Director of the Office of Budget and Fiscal Policy. The deposits shall be daily if the receipts are \$200 or more, and weekly even if the accumulation is less than \$200. Except for mail deposits authorized under Subdivisions 2.11 and 2.12, the deposit shall be made in person by a departmental representative to whom an official receipt is issued.
- 2.11 Mail deposits by on-campus departments are authorized if the amount of each deposit is less than \$100 and does not contain cash (currency).
- 2.12 Mail deposits by off-campus activities are authorized if such deposit does not contain cash (currency).
- 2.2 Departments or activities mailing deposits shall maintain adequate record of such deposits, including detailed description of negotiable instruments.
- 2.3 Cash overages or shortages shall be reported to the business office with each deposit. Cash overages shall be deposited in the business office.

Editorial Amendment
Issued April 1991

- 2.4 Petty cash funds shall be provided only on approval of, and by arrangement of, the department with the chief business officer. Special petty cash fund bank accounts may be established only with the approval of the Director of the Office of Budget and Fiscal Policy.

Sec. 3. Deposits with the State Treasurer.

- 3.1 The statutes and the current Appropriations Act require that all cash receipts of the general academic teaching institutions be deposited in the State Treasury with the exception of those from auxiliary enterprises, noninstructional services, matriculation fees collected in lieu of student activity fees, agency and restricted funds, endowment funds, student loan funds, and Constitutional College Building Amendment Funds.
- 3.2 Institutional receipts required to be deposited in the State Treasury shall be so deposited in the manner prescribed in the statutes and the current Appropriations Act.
- 3.3 Component institutions of the System are authorized by the current Appropriations Act to establish Revolving Funds under certain prescribed procedures to facilitate the payment of nominal expenses and to pay bills within cash discount periods, as well as for regular monthly payrolls, weekly, and special payrolls. Such Revolving Funds are authorized, subject to approval of the Director of the Office of Budget and Fiscal Policy.

Sec. 4. Local Institutional Funds.

- 4.1 All local income not required to be deposited in the State Treasury must be deposited in official depository banks for safekeeping or invested as specified by law and by The University of Texas System Institutional Funds Investment Policy.
- 4.11 Funds held in demand deposits, time deposits, or certificates of deposit shall be deposited or invested in official depository banks with which the Board has a depository agreement. Depository agreements may be negotiated and executed by the Executive Vice Chancellor for Asset Management when

Editorial Amendment
Issued April 1991

- such agreements are in substantially the same form as a standard depository agreement approved by the Board and are with banks meeting the then current policies of the Board.
- 4.12 Funds held in bank common trust funds or money market funds shall be invested in funds approved by the Executive Vice Chancellor for Asset Management based on, at a minimum, the criteria specified in The University of Texas System Institutional Funds Investment Policy.
- 4.13 Requests for documentation specifying staff authorized to sign checks or initiate funds movements, or changes thereto, for all bank accounts, bank common trust funds, or money market funds shall be forwarded to the Director of the Office of Budget and Fiscal Policy, who, after review and approval, shall refer such requests to the Vice Chancellor for Business Affairs for notification of the entities concerned.
- 4.14 The Executive Vice Chancellor for Asset Management shall invest, upon the request of the chief business officer of any component institution, local institutional funds as specified by law and by The University of Texas System Institutional Funds Investment Policy and shall negotiate and execute all agreements and instruments necessary for such investments.
- 4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Such securities shall be delivered by the depository bank to an account in the name of the Board at a third-party depository(ies), bank(s) or trust company(ies) approved and contracted with by the Executive Vice Chancellor for Asset Management. Local Funds shall be deposited in the depository banks or invested as soon as possible but in no event later than that provided by law. Demand deposits and time deposits will be maintained in accordance with the current policies of the Board.
- 4.3 The Board and the chief administrative officers may not, by law, borrow money from any person, firm, or corporation to be repaid from Local Funds except as specifically authorized by the Legislature.

Editorial Amendment
Issued April 1991

- 2.6 No bidder shall receive special consideration or be allowed to revise a 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 Vice Chancellor for Business Affairs.

Sec. 3. Contacts with the State Purchasing and General Services Commission.--All contact, whether oral or written, with the State Purchasing and General Services Commission and with vendors are handled through the official purchasing agents and the divisions, departments, or offices to whom the purchasing function has been specifically delegated, unless advance written authorization is obtained from the purchasing agent or the chief business officer for other persons to do so.

Sec. 4. Purchases of Supplies and Equipment.

- 4.1 The State Purchasing and General Services Act, Article 601b, Vernon's Texas Civil Statutes, shall govern the purchasing policies of the System.
- 4.2 The State Purchasing and General Services Act does not apply to purchases of supplies, materials, services, or equipment:
 - (a) for resale;
 - (b) for Auxiliary Enterprises;
 - (c) for Organized Activities Relating to Instructional Departments; or
 - (d) from gifts or grants, including those in support of research.

Sec. 7. Purchases by or 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 and the appropriate Executive Vice Chancellor. Sealed bid purchases of equipment or property by employees may be made only after authorization by the chief administrative officer and the appropriate Executive Vice Chancellor. Details of such transactions shall be reported in the Dockets or Minutes of the Board. Approval and reporting are not required for purchases made at public auction.

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 Texas Government Code, Section 821.001 et seq., 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 Texas Government Code, Section 830.001 et seq., and subject to eligibility rules adopted by the Texas Higher Education Coordinating Board, 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 personnel responsible for teaching and research faculty appointed for at least four and one-half months.
 - 2.13 The Chancellor and individuals employed full-time as Executive Vice Chancellors, Vice Chancellors, chief administrative officers, vice presidents, and professional librarians, or other full-time professional staff persons whose

Editorial Amendment
Issued April 1991

such item of equipment is needed by any other department and, if so, to transfer and assign the equipment to such department.

- 8.2 If the chief business officer shall determine that the equipment is not needed for any department and that it is not practicable to store the equipment for possible future use, he or she shall proceed to sell the item concerned.
- 8.3 For items of little value or limited use where sale on competitive bids is not practicable, the chief business officer shall have the authority to dispose of the property on the basis of negotiated bids in amounts under \$2,000.
- 8.4 Sale of property estimated to bring \$2,000 or more shall be made on a basis of competitive bids.
- 8.5 Sales in amount of \$10,000 or more shall be approved in advance by the Chancellor and ratified by the Board through the institutional docket.
- 8.6 Sales to employees are governed by the provisions of Part Two, Chapter IV, Section 7 of these Rules.

Sec. 9. Transfer of Property.--Property may be transferred from one state agency to another when it becomes surplus. Such transfers from one component institution to another, or from a component institution to another state agency shall have the advance approval of the chief business officer concerned and shall be reported to the chief administrative officer. The chief business officer or his or her delegate shall advise departments and administrative offices as to the procedure to be followed in disposing of or acquiring property by this means.

Sec. 8. Modification of Bids.

- 8.1 No bid shall be changed, amended, or modified by telegram or otherwise after the deadline for bid filing set out in the advertisement for bids in connection with the construction or erection of permanent improvements at any of the component institutions of the System under Section 51.907, Texas Education Code.
- 8.2 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.

Editorial Amendment
Issued April 1991

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 (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents, from funds designated from the PUF, the Common Trust Fund, the Medical Liability Self-Insurance Fund, or any funds held in trust.

- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, the Director of the Office of Budget and Fiscal Policy, and the Manager of Endowment Information and Operations 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

Editorial Amendment
Issued April 1991

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, book stores, which are supported through sales and/or usage fees, and activities supported from fees collected as voluntary or compulsory Student Services Fees.
- 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 Appropriations 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 appropriate Executive Vice Chancellor, 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.

Editorial Amendment
Issued April 1991

- 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 appropriate Executive Vice Chancellor, the Chancellor and the Board.
- Sec. 7. Statutory Provisions Currently in Effect.--Auxiliary Budgets shall comply with statutory provisions and rider provisions of the current Appropriations Act.
- 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 appropriate Executive Vice 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 appropriate Executive Vice 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 appropriate Executive Vice 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

Editorial Amendment
Issued April 1991

CHAPTER XI

CONTRACTS AND GRANTS

- Sec. 1. Initial contracts, grants, and agreements from or with outside agencies including institutional support grants (except as provided in Subsections 1.1 and 1.2 below) shall be approved by the chief administrative officer and ratified by the Board via the institutional dockets. Subsequent institutional dockets should include only the changes in these initial contracts, grants, and agreements that involve changes in funds over \$10,000. It is not necessary to report contract extensions, amendments, modifications, changes in investigators or other changes in the institutional dockets unless they increase or decrease the total original contract by more than \$10,000.
- 1.1 Contracts or agreements with foreign governments or agencies thereof and with institutions, enterprises or individuals subject to the jurisdiction of foreign governments shall be submitted through the appropriate Executive Vice Chancellor for prior review sufficiently in advance of the proposed effective date to allow for prior approval of the Board, if required. Grants from such foreign entities will be submitted for approval via institutional docketing procedures.
- 1.2 The Vice Chancellor for Business Affairs 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.

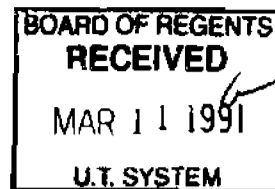
- Sec. 2. Proposals for such contracts, grants, and agreements, whether with government agencies, industry, foundations, or other private granting agencies, shall be initiated by the faculty member (or other appropriate official who will direct the work) and shall be approved by designated administrative officials, including the chief administrative officer. 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, or sufficient information to document the fiscal aspects of the contract, grant, or agreement, shall be filed with the Executive Secretary to the Board as part of the docket support process.
- 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.
- 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 Director of the Office of Budget and Fiscal Policy before being submitted. Subject to approval of the Vice Chancellor for Business Affairs, the Director of the Office of Budget and Fiscal Policy shall coordinate efforts between component institutions and cognizant agencies to negotiate such rates.
- 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 Director of the Office of Budget and Fiscal Policy 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.

Academic Component Institutions:
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 at San Antonio
The University of Texas at Tyler
The University of Texas at Brownsville
The University of Texas at Permian Basin
The University of Texas at San Marcos
The University of Texas at San Antonio
The University of Texas at Tyler



Health Component Institutions:
The University of Texas Southwestern Medical Center at Dallas
The University of Texas Medical Branch at Galveston
The University of Texas Health Science Center at Houston
The University of Texas Health Science Center at San Antonio
The University of Texas Health Science Center at Austin
The University of Texas Health Science Center at El Paso

THE UNIVERSITY OF TEXAS SYSTEM
201 WEST SEVENTH STREET AUSTIN, TEXAS 78701



March 8, 1991

Vice Chancellor
for Business Affairs
Telephone (512) 499-4560

MEMORANDUM

To: Mr. Art Dilly
From: R. D. Burck *R.D. Burck*
Subject: Changes to the Regents' Rules and Regulations

We know to do this.
3/11/91
my

Please make the following editorial changes to the Regents' Rules and Regulations. The "Director of the Office of Budget and Fiscal Policy" should replace the "the Comptroller" in the following sections.

- Part Two:
 - Chapter II
 - Section 4.1, Section 4.2, Section 4.22, Section 4.3
 - Chapter III
 - Section 2.1, Section 2.4, Section 3.3
 - Chapter IX
 - Section 1.2

If you have any questions, please call Kerry Kennedy at 4527.

kj

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS
BOX N - AUSTIN, TEXAS 78713-7328 (512) 499-4402

MEMORANDUM

DATE October 31, 1990

TO: Those Who Receive R&R Amendments (list attached)

FROM: Arthur H. Dilly

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-7	Pages VIII-1 through VIII-7
Page IX-1	Page IX-1

The amendments approved at the October 12, 1990 meeting of the U. T. Board of Regents as well as editorial changes have been incorporated on the revised pages.

AHD/lp

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

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through October 12, 1990,
and Editorial Amendments through October 1990
have been issued with this cover sheet)

<u>Chapter</u>		<u>Page</u>
VII.	Physical Properties	
Sec.	1. General Statement.....	VII-1
	2. Inventories.....	VII-1
	3. Motor Vehicles.....	VII-1
	4. Insurance on Property of the System.....	VII-2
	5. Safe and Vault Combinations.....	VII-3
	6. Police and Security Officers.....	VII-3
	7. Telephones.....	VII-3
	8. Disposal of Property of the System.....	VII-3
	9. Transfer of Property.....	VII-4
	10. Disposition of Abandoned and Unclaimed Personal Property.....	VII-5
VIII.	Physical Plant Improvements	
Sec.	1. General Policies Regarding Approval of Con- struction and Major Repair and Rehabilitation Projects.....	VIII-1
	2. Institutional Building Advisory Committees...	VIII-1
	3. Major New Building Construction and Construc- tion of Improvements Other Than Buildings Exceeding the Amount of \$300,000 Per Project.....	VIII-2
	4. Minor New Building Construction.....	VIII-5
	5. Major Repairs and Remodeling.....	VIII-5
	6. Professional Services.....	VIII-6
	7. Constitutional and Legislative Restrictions..	VIII-6
	8. Modification of Bids.....	VIII-7
IX.	Matters Relating to Investments, Trusts, and Lands	
Sec.	1. Authorizations re Sales, Assignments, Convey- ances, Receipt of Property, and Proxies.....	IX-1
	2. Policy for Investment and Management of the PUF.....	IX-3
	3. Policy for Investment and Management of Trust and Special Funds.....	IX-5
	4. Policy for Investment and Management of the Common Trust Fund.....	IX-6
	5. Investment Advisory Committee.....	IX-6
	6. Investment Transactions.....	IX-7

CHAPTER VIII

PHYSICAL PLANT IMPROVEMENTS

Sec. 1. General Policies Regarding Approval of Construction and Major Repair and Rehabilitation Projects.

- 1.1 The U. T. Board of Regents shall appoint architects, approve plans and execute contracts for all new construction projects exceeding \$300,000 and for major repair projects exceeding \$600,000 via the agenda process. Such projects shall normally have been previously recognized in the Capital Improvement Program and their funding authorized through the annual Capital Budget. New construction projects costing less than \$300,000, and adding space to the building inventory, and repair and rehabilitation projects costing between \$300,000 and \$600,000 shall be approved by the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs as appropriate, and shall be ratified by the Board via standard docket procedures. The Office of General Counsel shall approve all contracts for major construction projects and shall approve as to form contracts for minor construction projects. Payment bonds and performance bonds shall be approved as to form by the Office of General Counsel for all construction contracts greater than \$25,000.

Sec. 2. Institutional Building Advisory Committees.

- 2.1 At each of the component institutions there shall be an Institutional Building Advisory Committee.
- 2.2 The committee shall be appointed by the chief administrative officer in the same manner as other institution-wide committees are appointed.
- 2.3 The composition of the Institutional Building Advisory Committee shall be set forth in the institutional Handbook of Operating Procedures of each component institution.

Sec. 3. Major New Building Construction and Construction of Improvements Other Than Buildings Exceeding the Amount of \$300,000 Per Project.

- 3.1 After the Board approves the construction of new buildings, the procedures shall be as follows:
 - 3.11 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.
 - 3.12 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 appropriate Executive Vice Chancellor, the Chancellor, or his or her delegate, and the project architect.
 - 3.13 New projects shall be submitted to the Board for approval, including proposed funding, upon recommendation of the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, or his or her delegate.
- 3.2 Project Development.
 - 3.21 The Board will employ a project architect for each new major building project at all component institutions.
 - 3.22 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.

- 3.23 The chairperson of the Institutional Building Advisory Committee, or his or her delegate, shall be an ex officio member of each Ad Hoc Project Building Committee.
 - 3.24 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 chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, or his or her delegate.
 - 3.25 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.
 - 3.26 The final working drawings and specifications shall be submitted to the Board for approval upon the recommendation of the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, or his or her delegate.
- 3.3 Bidding and Construction Phase of Project.
- 3.31 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.
 - 3.32 The Chancellor, or his or her delegate, shall receive and open bids, with the project architect and others, tabulate and study such bids, and make recommendations to the Board.

- 3.33 The Board will approve and award the contracts for all new construction projects exceeding \$300,000 in total project cost and all major repair projects exceeding \$600,000 in total project cost. The contract will be signed by the contractor(s) involved and an authorized representative of the Board.
- 3.331 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.
- 3.332 If the lowest bidder fails to timely file notice of protest, the Board's proposed award will be final.
- 3.333 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 or her 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.
- 3.334 The contract documents will be prepared by the Project Architect and approved by the Chancellor, or his or her delegate, and the Vice Chancellor and General Counsel for the System, or his or her delegate, before submission to the Chairman of the Board.

- 3.34 The Chancellor, or his or her delegate, shall approve contractor's estimates, sign change orders, and provide general supervision of all new construction. The Chancellor shall advise the Board if developments during construction require additional funds or other decisions of the Board.
- 3.35 The Chancellor, or his or her delegate, shall inspect the completed building and recommend final acceptance and final payment.

Sec. 4. Minor New Building Construction.--Minor new building construction and construction of improvements other than buildings that involve a total expenditure of \$300,000 or less per project may be handled at the component institution. However, any project involving the addition of space to the building inventory must have advance approval by the appropriate Executive Vice Chancellor and the Chancellor and then be approved by the U. T. Board of Regents via standard docket procedures. If the proposed construction or renovation is to accommodate program changes requiring approval beyond the campus level, such program approvals must be secured in advance of requests for construction approval or must be included with the construction request. Funds must have been approved through standard U. T. System budgetary procedures and the project must have been approved by the institution's director of physical plant, chief business officer, and chief administrative officer. All contracts for minor new building construction, minor repairs, or remodeling shall be let on a standard form contract approved by the Office of Facilities Planning and Construction and the Office of General Counsel and shall be submitted to the Board of Regents through the institutional docket. Any such contract that involves the expenditure of more than \$25,000 shall be submitted to the Office of General Counsel for approval as to form prior to its execution by the institution.

Sec. 5. Major Repairs and Remodeling.

- 5.1 Any repair or remodeling project of the physical plant involving an estimated expenditure that exceeds \$600,000 shall be deemed a construction project and shall be handled under the procedures set out in Section 3.

5.2 Any repair or remodeling project of the physical plant involving an estimated expenditure of between \$300,000 and \$600,000 shall be approved by the appropriate Executive Vice Chancellor for ratification by the Board in the institutional docket.

Sec. 6. Professional Services.--Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$50,000 with the approval of the appropriate Executive Vice Chancellor, the Vice Chancellor for Business Affairs and the Chancellor on recommendation of the chief administrative officer and the chief business officer.

Sec. 7. Constitutional and Legislative Restrictions.

7.1 Sections 17 and 18 of Article VII of the Texas Constitution (regarding the Permanent University Fund and the Higher Education Assistance Fund) require approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under these Sections at the component institutions other than The University of Texas at Austin.

7.2 New construction projects not otherwise authorized by law, in excess of \$300,000 and all major repair and rehabilitation projects in excess of \$600,000, must be approved by the Texas Higher Education Coordinating Board. 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 Texas Higher Education Coordinating Board's requirements for approval. Normally, submission will be made when the U. T. Board approves preliminary plans and specifications and the related cost estimate.

Sec. 8. Modification of Bids.

- 8.1 No bid shall be changed, amended, or modified by telegram or otherwise after the deadline for bid filing set out in the advertisement for bids in connection with the construction or erection of permanent improvements at any of the component institutions of the System under Section 51.907, Texas Education Code, V.T.C.S.
- 8.2 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.

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 (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents, from funds designated from the PUF, the Common Trust Fund, the Medical Liability Self-Insurance Fund, or any funds held in trust.
- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, the Comptroller and Assistant Comptroller, and the Manager of Endowment Information and Operations 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

Editorial Amendment
Issued October 1990

August 1, 1990

Distribution List for Official Copies of
Regents' Rules and Regulations

Board of Regents & Office of Board of Regents	12
Executive Associate for Economic Affairs	1
Legislative Budget Board	1
Governor's Budget and Planning Office	1
Publications Clearing House	1
State Auditor & U. T. Austin Representative	2
Legislative Reference Librarian	1
System Administration	9
Chancellor	
Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Asset Management	
Executive and Research Assistant to the Chancellor	
Vice Chancellor for Business Affairs	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions	16
Vice Chancellor for Budgets & Human Resources, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	45

NOTE: See July 6, 1988 letter (copy attached) from Coordinating Board which requests that only those amendments related to 1) academic workload and 2) faculty development leaves be sent to that office.

August 1, 1990

Addresses of State Officials Who Receive Copies
of the Regents' Rules and Regulations

Governor's Budget and Planning Office
711 Sam Houston Building
Austin, Texas 78711

Mr. James P. Oliver, Director
Legislative Budget Board
Second Floor, Capitol
Austin, Texas 78711

Mr. Lawrence Alwin
State Auditor
406 John H. Reagan Building
Austin, Texas 78711

State Auditor's Office
The University of Texas at Austin
Main Building 311
Austin, Texas 78712

Mr. James R. Sanders
Legislative Reference Librarian
Second Floor, Capitol
Austin, Texas 78711

Publications Clearing House
Room 307, Texas State Library
Austin, Texas 78711

~~Dr. Kenneth H. Ashworth
Commissioner, Texas Higher
Education Coordinating Board
7745 Chevy Chase Drive, Building 5
Austin, Texas 78752~~

(NOTE: Send only when there are
amendments related to 1) academic
workload or 2) faculty development
leaves.)

Mr. W. C. Lancaster
Vice Chancellor for Budgets
and Human Resources
The Texas A&M University System
College Station, Texas 77843-1117

7/25/90

M6 -

Editorial RRR Change per Brenda

Part II, Chapter 9, Section 1.2

Last title in the list should be:
"Manager of Endowment Information and Operations"

This will be effective 9/1/90 - and is
the job title in the budget.

A

CHAPTER IX

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

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- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, the Comptroller and Assistant Comptroller, and the Manager of Endowment Accounting and Operations 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

Editorial Amendment
Issued December 1989

REPORT AND RECOMMENDATIONS OF THE FINANCE AND FACILITIES COMMITTEE (Pages 127 - 232).--Committee Chairman Moncrief reported that the Finance and Facilities Committee had met in open session to consider those items 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 Finance and Facilities Committee and approved in open session and without objection by the U. T. Board of Regents:

I. FINANCE MATTER

U. T. System: Approval of Chancellor's Docket No. 54 (Catalog Change).--Upon recommendation of the Finance and Facilities Committee, the Board approved Chancellor's Docket No. 54 in the form distributed by the Executive Secretary. It is attached following Page 263 in the official copies of the Minutes and is made a part of the record of this meeting.

It was expressly authorized that any contracts or other documents or instruments approved therein had been or shall be executed by the appropriate officials of the respective institution involved.

It was ordered that any item included in the Docket that normally is published in the institutional catalog be reflected in the next appropriate catalog published by the respective institution.

Regent Ratliff abstained from voting on items within the Docket related to Exxon Corporation and Southwest Texas Electric Cooperative due to a possible conflict of interest.

II. FACILITIES MATTERS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter VIII (Physical Plant Improvements).--The 71st Legislature renewed the Texas Higher Education Coordinating Board's enabling legislation through the enactment of Senate Bill 457 which changed the threshold of the Coordinating Board's authority to review and approve major repair and rehabilitation projects from \$300,000 to \$600,000.

In accordance therewith, the Board amended the Regents' Rules and Regulations, Part Two, Chapter VIII (Physical Plant Improvements) as set forth below:

a. A new Section 1 was added to read as follows:

Sec. 1. General Policies Regarding Approval of Construction and Major Repair and Rehabilitation Projects.

- 1.1 The U. T. Board of Regents shall appoint architects, approve plans and execute contracts for all new construction projects exceeding \$300,000 and for major repair

projects exceeding \$600,000 via the agenda process. Such projects shall normally have been previously recognized in the Capital Improvement Program and their funding authorized through the annual Capital Budget. New construction projects costing less than \$300,000, and adding space to the building inventory, and repair and rehabilitation projects costing between \$300,000 and \$600,000 shall be approved by the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs as appropriate, and shall be ratified by the Board via standard docket procedures. The Office of General Counsel shall approve all contracts for major construction projects and shall approve as to form contracts for minor construction projects. Payment bonds and performance bonds shall be approved as to form by the Office of General Counsel for all construction contracts greater than \$25,000.

- b. Present Section 7 was renumbered as Section 2 and amended to read as follows:

Sec. 2. Institutional Building Advisory Committees.

- 2.1 At each of the component institutions there shall be an Institutional Building Advisory Committee.
- 2.2 The committee shall be appointed by the chief administrative officer in the same manner as other institution-wide committees are appointed.
- 2.3 The composition of the Institutional Building Advisory Committee shall be set forth in the Institutional Handbook of Operating Procedures of each component institution.

- c. Present Sections 1 through 6 were renumbered as Sections 3 through 8 and amended to read as follows:

Sec. 3. Major New Building Construction and Construction of Improvements Other Than Buildings Exceeding the Amount of \$300,000 Per Project.

- 3.1 After the Board approves the construction of new buildings, the procedures shall be as follows:
- 3.11 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.

- 3.12 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 appropriate Executive Vice Chancellor, the Chancellor, or his or her delegate, and the project architect.
 - 3.13 New projects shall be submitted to the Board for approval, including proposed funding, upon recommendation of the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, or his or her delegate.
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 - 3.22 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.
 - 3.23 The chairperson of the Institutional Building Advisory Committee, or his or her delegate, shall be an ex officio member of each Ad Hoc Project Building Committee.
 - 3.24 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 chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, or his or her delegate.

3.25 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.

3.26 The final working drawings and specifications shall be submitted to the Board for approval upon the recommendation of the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, or his or her delegate.

3.3 Bidding and Construction Phase of Project.

3.31 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.

3.32 The Chancellor, or his or her delegate, shall receive and open bids, with the project architect and others, tabulate and study such bids, and make recommendations to the Board.

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Sec. 7. Constitutional and Legislative Restrictions.

- 7.1 Sections 17 and 18 of Article VII of the Texas Constitution (regarding the Permanent University Fund and the Higher Education Assistance Fund) require approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under these Sections at the component institutions other than The University of Texas at Austin.
- 7.2 New construction projects not otherwise authorized by law, in excess of \$300,000 and all major repair and rehabilitation projects in excess of \$600,000, must be approved by the Texas Higher Education Coordinating Board. 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 Texas Higher Education Coordinating Board's requirements for approval. Normally, submission will be made when the U. T. Board approves preliminary plans and specifications and the related cost estimate.

Sec. 8. Modification of Bids.

- 8.1 No bid shall be changed, amended, or modified by telegram or otherwise after the deadline for bid filing set out in the advertisement for bids in connection with the construction or erection of permanent improvements at any of the component institutions of the System under Section 51.907, Texas Education Code, V.T.C.S.
- 8.2 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.