

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE August 28, 1990

TO: Those Who Receive R&R Amendments (list attached)
Arthur H. Dilly
FROM: _____
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 VI-6 and VI-7	Pages VI-6 and VI-7

The amendments approved at the August 9, 1990 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AHD/lp

Enclosures

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

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 9, 1990
have been issued with this cover sheet)

- 11.6 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).
- 11.61 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.
- 11.62 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.
- 11.7 The System Personnel Office shall process all W.C.I. claims for medical care and compensation.
- 11.8 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. 12. Unemployment Compensation Program.

- 12.1 The System-wide Unemployment Compensation (U. C.) Program will provide weekly benefits as specified in Article 5221b et seq., Vernon's Texas Civil Statutes.
- 12.2 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.
- 12.21 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.
- 12.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.

- 12.23 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.
- 12.24 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.
- 12.25 Expenditures from the U. C. Fund shall be limited to direct costs in accordance with Federal Management Circular 73-8, Section J.7.
- 12.3 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.).
- 12.4 The Office of General Counsel shall be responsible for a determination on appeals of T.E.C. decisions.
- 12.5 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. 13. Social Security (Old Age and Survivors Insurance).
Pursuant to 42 U.S.C. §410, all employees must participate in the Social Security Program.
- Sec. 14. Deferred Compensation Plan.
As authorized by Article 6252-3b, Vernon's Texas Civil Statutes, any employee may participate in the Deferred Compensation Plan.
- Sec. 15. Premium Sharing.
15.1 A person employed at least one-half time and who is eligible to participate in the Teacher Retirement System is eligible to receive the full amount of premium sharing specified by state law.

REPORT AND RECOMMENDATIONS OF THE PERSONNEL AND AUDIT COMMITTEE (Pages 11 - 12).--Committee Chairman Roden reported that the Personnel 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 action set forth in the Minute Order which follows was recommended by the Personnel and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

- minutes
8/9/90*
1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter VI, Section 11, Subsection 11.6 and Section 12, Subsection 12.2 Regarding the Administration and Investment of the Workers' Compensation Insurance Fund and the Unemployment Compensation Fund.--The Board amended the Regents' Rules and Regulations, Part Two, Chapter VI, Section 11, Subsection 11.6 and Section 12, Subsection 12.2 regarding the administration and investment of the Workers' Compensation Insurance Fund and the Unemployment Compensation Fund to read as set forth below:
 - 11.6 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).
 - 11.61 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.
 - 11.62 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.
 - 12.2 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.
 - 12.21 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.
 - 12.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.
 - 12.23 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.

- 12.24 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.
- 12.25 Expenditures from the U. C. Fund shall be limited to direct costs in accordance with Federal Management Circular 73-8, Section J.7.

These amendments allow the Workers' Compensation Insurance Fund and the Unemployment Compensation Fund to be invested as provided in the Institutional Funds Investment Policy as approved by the U. T. Board of Regents in October 1989.

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE June 29, 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 i	Page i
Pages II-5 and II-6	Pages II-5 and II-6
Pages III-3 and III-4	Pages III-3, III-4, and III-4a

The amendments approved at the June 14, 1990 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AHD/lp

Enclosures

September 7, 1989

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.

September 7, 1989

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
200 E. Riverside Drive, Second Level
Austin, Texas 78704~~

(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 14, 1990
have been issued with this cover sheet)

TABLE OF CONTENTS

<u>Chapter</u>		<u>Page</u>
I.	General	
Sec.	1. Gifts to The University of Texas System.....	I-1
	2. Fellowships, Scholarships, and Loan Funds....	I-4
	3. Endowment of Academic Positions.....	I-4
	4. Tuition and Other Fees.....	I-7
	5. Fiscal Year.....	I-7
	6. Policy Against Discrimination.....	I-7
	7. General Admission Policy.....	I-8
	8. Admission of Nonresident Students.....	I-8
	9. Official Seal, Colors, Flag, and Mascot.....	I-9
	10. Appropriations Act Riders.....	I-10
II.	Accounting, Auditing, Reporting, and Budgetary Control	
Sec.	1. Types of Funds.....	II-1
	2. Accounting.....	II-4
	3. Auditing.....	II-5
	4. Reporting.....	II-6
	5. Operating Budgets.....	II-7
	6. Legislative Budget Requests.....	II-8
III.	Receipt, Custody, and Disbursement of Moneys; Travel Authorization, Reimbursement, and Institutional Regulations	
Sec.	1. Receipts, Admission Tickets, and Charges.....	III-1
	2. Deposits with Institutional Business Office..	III-2
	3. Deposits with the State Treasurer.....	III-3
	4. Local Institutional Funds.....	III-3
	5. Vouchers for Expenditures.....	III-4a
	6. Cash Discounts.....	III-5
	7. Outstanding Checks.....	III-5
	8. Institutional Membership Dues.....	III-5
	9. Payrolls.....	III-6
	10. Travel Authorization, Reimbursement, and Institutional Regulations.....	III-6
	11. Insurance on Money and Securities; Fidelity Bonds.....	III-8

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 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. 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 internal auditor reports to the institutional chief administrative officer or the institutional audit committee. The 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 review the annual audit plan of the component institutions and make recommendations as appropriate.
- 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 System Comptroller.
- 4.2 Two reports, both of which shall be prepared under the direction of the chief business officer and the System Comptroller, shall be prepared annually:
- 4.21 Annual Financial Report.--As required by law, printed financial reports, in the format recommended in "College and University Business Administration, Third Edition," (1974), or its successor publication, shall be filed with the 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 System Comptroller.

- 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 System Comptroller.

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 System Comptroller.

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

- 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 System Comptroller, 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.

- 4.4 Interest on Deposits and Investments.--As permitted by statute, interest received on local institutional funds shall be credited to appropriate accounts in either general funds or trust funds in relationship to the sources of balances, provided that disposition of such earning was not specified by the grantor. Interest received from Current Restricted Funds (Trust Funds) deposits and investments shall be subject to further appropriation or transfer by the Board for any lawful purpose.

Sec. 5. Vouchers for Expenditures.

- 5.1 Properly approved and fully supported vouchers are the authorization for cash disbursements. The Chairman of the Board or his or her delegate or the chief administrative officer or his or her delegate must approve all vouchers. One of these delegates shall be the chief business officer who shall select the other delegates from his or her staff. Such approval is based upon satisfactory supporting documentation

REPORT AND RECOMMENDATIONS OF THE PERSONNEL AND AUDIT COMMITTEE (Pages -).--Committee Chairman Roden reported that the Personnel 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 Personnel and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

6/14/90

Minutes

1. U. T. Board of Regents - Regents' Rules and Regulations: Amendments to Part One, Chapter I, Section 7, Subdivision 7.15; Chapter II, Section 3, Subsection 3.3; and Section 7, Subdivision 7.32; and Part Two, Chapter II, Section 3.--In order to conform with the Texas Internal Auditing Act (Article 6252-5d, Vernon's Texas Civil Statutes) passed by the 71st Legislature, The University of Texas System Comptroller's Office has been restructured to promote the independence of the internal audit function from the accounting function.

In accordance therewith, the Board amended certain chapters of Parts One and Two of the Regents' Rules and Regulations as set forth below:

- a. Part One, Chapter I, Section 7, Subdivision 7.15 was amended to read as follows:

- 7.15 Duties of the Personnel and Audit Committee.--
The Personnel and Audit Committee shall:
 - 7.151 Counsel with the Chancellor and recommend appropriate Board action with respect to any recommendations by the Chancellor related to the appointment, promotion, and dismissal of such System Administration Officers as report directly or indirectly to the Chancellor.
 - 7.152 Recommend to the Board all compensation for the System Administration and the rates of professional compensation.
 - 7.153 Consider and recommend to the Board matters related to all employee personnel programs, fringe benefits, retirement programs, and labor relations in the System Administration and the component institutions.
 - 7.154 Obtain, review, and report to the Board on all State, System Administration, and institutional audit reports.
 - 7.155 Exercise supervision over all internal and external auditing activities related to the conduct and administration of the System and component institutions.
 - 7.156 Transmit to the Chancellor, subject to the prior approval of the Board, such instructions as it deems necessary for the enforcement of sound accounting and auditing practices.

7.157 Initiate System Administration and institutional audits as deemed necessary to ensure management control within The University of Texas System. (In this regard, the Chairman of the Personnel and Audit Committee shall have direct access to the System Director of Audits.)

b. Part One, Chapter II, Section 3, Subsection 3.3 was amended to read as follows:

3.3 Audit.

The Chancellor, as chief executive officer of the System, is responsible for insuring the implementation of appropriate audit procedures for the U. T. System and System Administration. Accordingly, the System Director of Audits reports directly to the Chancellor.

3.31 System Director of Audits.

The System Director of Audits reports to the Chancellor and has direct access to the Chairman of the Personnel and Audit Committee. The System Director of Audits is responsible for coordinating the effective auditing of the System as set out in Subdivision 3.312 of this Chapter. The System Director of Audits provides audit assistance to the Chancellor, the Executive Vice Chancellors and the Vice Chancellors in the exercise of their responsibilities.

3.311 Appointment and Tenure.

The System Director of Audits shall be appointed by the Board after nomination by the Chancellor. The System Director of Audits shall hold office without fixed term, subject to the pleasure of the Chancellor. The Chancellor's actions regarding the System Director of Audits are subject to review and approval by the Board.

3.312 Duties and Responsibilities.

The primary responsibilities of the System Director of Audits include:

3.3121 Conducting internal audits of System Administration and each component institution in accordance with 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.

- 3.3122 Conducting audits of the revenue produced from the Permanent University Fund lands.
- 3.3123 Formulating policies for the internal audit activity at each component institution.

3.32 The System audit staff is comprised of the internal auditors for System Administration and augments the audit work of the institutional internal auditor and the State Auditors at the component institutions. An annual audit plan is submitted to the Chancellor for approval. An executive summary of all audit activity by the System audit staff and the institutional internal audit staff is prepared for the Chancellor on a monthly basis.

c. Part One, Chapter II, Section 7, Subdivision 7.32 was amended to read as follows:

7.32 Comptroller.

Subject to delegation by the Vice Chancellor for Business Affairs, the Comptroller formulates and recommends procedures to be followed in the business operations of the System for:

- 7.321 Accounting, reporting, and expenditure control.
- 7.322 Procurement and purchasing.
- 7.323 Management of auxiliary service enterprises.
- 7.324 Data processing systems - including prior approval of equipment acquisitions by purchase or lease.
- 7.325 Accounting and business system development.
- 7.326 Accounting records, forms, procedures, and financial reports, including format for such reports.
- 7.327 Lease contracts for building space.
- 7.328 Approval of the business aspects and overhead rates in research and other contracts with outside agencies.

d. Part Two, Chapter II, Section 3 was amended to read as follows:

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 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. 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 internal auditor reports to the institutional chief administrative officer or the institutional audit committee. The 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 review the annual audit plan of the component institutions and make recommendations as appropriate.
- 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.

2. U. T. System: Approval of Amendments to the Policy for Filing Financial Disclosure Statements Required by Section 3 of Article 6252-9b of Vernon's Texas Civil Statutes, and Section 84 of Article V of the General Appropriations Act for 1990-91. --At the December 1985 meeting, the U. T. Board of Regents adopted a policy to implement the provisions of Section 86 of Article V of the General Appropriations Act for 1986-87 regarding the approval and availability of financial disclosure statements required by Section 3 of Article 6252-9b of Vernon's Texas Civil Statutes. This requirement is now set forth in Section 84 of Article V of the General Appropriations Act for 1990-91.

Upon recommendation of the Personnel and Audit Committee, the policy adopted at the December 1985 meeting of the U. T. Board of Regents for implementing the filing of financial disclosure statements by certain officers within The University of Texas System was amended to read as follows:

- a. **REQUIREMENT FOR FILING.** On or before the last Friday of April, the Chancellor of the U. T. System and the chief administrative officer of each component institution shall file financial disclosure statements (Statement[s]) with the

REPORT AND RECOMMENDATIONS OF THE FINANCE AND FACILITIES COMMITTEE (Pages 114 - 140).--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 MATTERS

1. U. T. System: Approval of Chancellor's Docket No. 52 (Catalog Change).--Upon recommendation of the Finance and Facilities Committee, the Board approved Chancellor's Docket No. 52 in the form distributed by the Executive Secretary. It is attached following Page 176 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.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter III, Section 4 (Local Institutional Funds).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 4 regarding 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 in official depository banks with which the Board has a depository agreement. Depository agreements may

*Draft
Minutes
June 14, 1990*

- 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 forwarded to the System Comptroller, 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.
- 4.4 Interest on Deposits and Investments.-- As permitted by statute, interest received on local institutional funds shall be credited to appropriate accounts in either general funds or trust funds in relationship to the sources of balances, provided that disposition of such earning was not specified by the grantor. Interest received from Current Restricted Funds (Trust Funds) deposits and investments shall be subject to further appropriation or transfer by the Board for any lawful purpose.

3. U. T. System: Approval of Non-Personnel Aspects of the 1990-91 Operating Budgets, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Service, Research and Development Plans and Authorization for the Chancellor To Make Editorial Corrections Therein.-- At the request of Committee Chairman Moncrief, Chancellor Mark, with the aid of slides presented a comprehensive overview of the 1990-1991 proposed Operating Budgets for The University of Texas System. A copy of Chancellor Mark's report is on file in the Office of the Board of Regents.

Following Chancellor Mark's presentation and upon recommendation of the Academic Affairs, Health Affairs, and Finance and Facilities Committees, the Board approved the non-personnel aspects of the 1990-91 Operating Budgets, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Service, Research and Development Plans for the U. T. System as listed below and authorized the Chancellor to make editorial corrections in these budgets with subsequent adjustments to be reported to the Board through the institutional dockets:

The University of Texas System Administration (including the Available University Fund)

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 - Pan American

The University of Texas - Pan American at Brownsville

The University of Texas of the Permian Basin

The University of Texas at San Antonio (including The University of Texas Institute of Texan Cultures at San Antonio)

The University of Texas at Tyler

The University of Texas Southwestern Medical Center at Dallas

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE February 28, 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":

"A"
Cover Page
Pages I-2 and I-3
Pages III-3 and III-4

"B"
Cover Page
Pages I-2 and I-3
Pages III-3 and III-4

The amendments approved at the February 8, 1990 meeting of the Board of Regents as well as editorial changes have been incorporated on the revised pages.

AHD/pc
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 February 8, 1990,
and editorial amendments through February 1990
have been issued with this cover sheet)

foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.

- 1.332 A permanent register of memorial gifts shall be maintained at each component institution to record gifts, or where the gift or donation is not specifically directed to a component, the register shall be maintained by System Administration.
- 1.4 Except as provided in other subsections of this Section, the authority to accept gifts to a component institution is delegated to the chief administrative officer when the gift is to a fund, foundation, or enterprise already approved by the Board or is a continuation of a series which has been previously approved by the Board. Each chief administrative officer, or a designee specified in writing, is empowered to accept cash gifts (except endowments) to a component institution of the System in the amount of \$25,000 or less and gifts in kind having a value of \$25,000 or less, within the policies of the Board and Legislature governing the acceptability of gifts, and to deposit such gifts to the appropriate accounts. All gifts (except those described in Subsection 1.5 below) shall be reported by the dockets of each component institution as prescribed by the Board.
- 1.5 A quarterly report of all such gifts of \$25,000 or less showing name and address of donor, amount of cash gift or value of gift in kind, purpose, and date of the gift shall be filed with the Board via the

Editorial Amendment
Issued February 1990

System Development Office within thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$2,500 or less showing only total dollars and number of gifts.

- 1.6 Except as provided in this Section and the preceding Sections, no member of the staff of any institution has the authority to accept gifts to the System or to any of its component institutions. Gifts to the component institutions of books or other objects of very small value and very obvious propriety, without conditions attached, may be accepted by individual members of the staffs provided these gifts are reported to the Board as specified in Subsections 1.4 or 1.5 as appropriate.
- 1.7 Due to the inefficiencies and high costs associated with separately tailoring investment management programs for gifts that are investment-restricted, notwithstanding any other provision of this Chapter, a gift subject to investment restrictions shall be referred to the System Director of Development who shall review the terms of the gift instrument with the Office of Asset Management and the Office of General Counsel prior to acceptance of the gift and/or prior to its recommendation for acceptance by the U. T. Board of Regents.
- 1.8 Neither the System nor any of its component institutions will accept a gift for the benefit of any designated student unless the donor is exempt from Federal Income Taxes as defined by the Commissioner of Internal Revenue.
- 1.9 The acceptance of gifts of real property is prohibited without prior express approval of the Legislature except for establishing scholarships, professorships, or other trusts for educational purposes, provided that such property will not thereafter require legislative appropriations for operation, maintenance, repair, or construction of buildings (current Appropriations Bill). Acceptance of all gifts of real estate shall be subject to the U. T. System Trust Fund Real Estate Policy Statement.

- 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 System Comptroller.

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 System Comptroller.

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 or time deposits shall be deposited 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 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 Requests for authorized signatures, or changes thereto, for bank accounts maintained in all depository banks, shall be forwarded to the System Comptroller, who, after review and approval, shall refer such requests to the Vice Chancellor for Business Affairs for notification of the banks concerned.
- 4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Local Funds shall be deposited in the depository banks as soon as possible. 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.
- 4.4 Interest on Time Deposits.--As permitted by statute, interest received from depository banks for funds on time deposit shall be credited to appropriate accounts in either general funds or trust funds in relationship to the sources of balances on time deposit, provided that disposition of such earning was not specified by the grantor. Interest received from Current Restricted Funds (Trust Funds) time deposits shall be subject to further appropriation or transfer by the Board for any lawful purpose.
- 4.5 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.

Sec. 5. Vouchers for Expenditures.

- 5.1 Properly approved and fully supported vouchers are the authorization for cash disbursements. The Chairman of the Board or his or her delegate or the chief administrative officer or his or her delegate must approve all vouchers. One of these delegates shall be the chief business officer who shall select the other delegates from his or her staff. Such approval is based upon satisfactory supporting documentation

September 7, 1989

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.

September 7, 1989

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
200 E. Riverside Drive, Second Level
Austin, Texas 78704~~

(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

foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.

1.332 A permanent register of memorial gifts shall be maintained at each component institution to record gifts, or where the gift or donation is not specifically directed to a component, the register shall be maintained by System Administration.

1.4 Except as provided in other subsections of this Section, the authority to accept gifts to a component institution is delegated to the chief administrative officer when the gift is to a fund, foundation, or enterprise already approved by the Board or is a continuation of a series which has been previously approved by the Board. Each chief administrative officer, or a designee specified in writing, is empowered to accept cash gifts (except endowments) to a component institution of the System in the amount of \$25,000 or less and gifts in kind having a value of \$25,000 or less, within the policies of the Board and Legislature governing the acceptability of gifts, and to deposit such gifts to the appropriate accounts. All gifts (except those described in Subsection 1.5 below) shall be reported by the dockets of each component institution as prescribed by the Board.

1.5 A quarterly report of all such gifts of \$25,000 or less showing name and address of donor, amount of cash gift or value of gift in kind, purpose, and date of the gift shall be filed with the Board within

↑
VIA THE SYSTEM DEVELOPMENT
OFFICE

Part ~~Two~~
Chapter I

thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$2,500 or less showing only total dollars and number of gifts.

- 1.6 Except as provided in this Section and the preceding Sections, no member of the staff of any institution has the authority to accept gifts to the System or to any of its component institutions. Gifts to the component institutions of books or other objects of very small value and very obvious propriety, without conditions attached, may be accepted by individual members of the staffs provided these gifts are reported to the Board as specified in Subsections 1.4 or 1.5 as appropriate.
- 1.7 Due to the inefficiencies and high costs associated with separately tailoring investment management programs for gifts that are investment-restricted, notwithstanding any other provision of this Chapter, a gift subject to investment restrictions shall be referred to the System Director of Development who shall review the terms of the gift instrument with the Office of Asset Management and the Office of General Counsel prior to acceptance of the gift and/or prior to its recommendation for acceptance by the U. T. Board of Regents.
- 1.8 Neither the System nor any of its component institutions will accept a gift for the benefit of any designated student unless the donor is exempt from Federal Income Taxes as defined by the Commissioner of Internal Revenue.
- 1.9 The acceptance of gifts of real property is prohibited without prior express approval of the Legislature except for establishing scholarships, professorships, or other trusts for educational purposes, provided that such property will not thereafter require legislative appropriations for operation, maintenance, repair, or construction of buildings (current Appropriations Bill). Acceptance of all gifts of real estate shall be subject to the U. T. System Trust Fund Real Estate Policy Statement.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND FACILITIES COMMITTEE (Pages 118 - 125).--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 MATTERS

1. U. T. System: Approval of Chancellor's Docket No. 50 (Catalog Change).--Upon recommendation of the Finance and Facilities Committee, the Board approved Chancellor's Docket No. 50 in the form distributed by the Executive Secretary. It is attached following Page 158 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.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter III, Section 4 (Local Institutional Funds).--Committee Chairman Moncrief reported that, since the Material Supporting the Agenda was prepared, an additional item related to proposed amendments to the Regents' Rules and Regulations, Part Two, Chapter III had been posted with the Secretary of State and distributed to the Board on yellow paper.

Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 4 (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 or time deposits shall be deposited 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 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 Requests for authorized signatures, or changes thereto, for bank accounts maintained in all depository banks, shall be forwarded to the System Comptroller, who, after review and approval, shall refer such requests to the Vice Chancellor for Business Affairs for notification of the banks concerned.
- 4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Local Funds shall be deposited in the depository banks as soon as possible. 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.
- 4.4 Interest on Time Deposits.--As permitted by statute, interest received from depository banks for funds on time deposit shall be credited to appropriate accounts in either general funds or trust funds in relationship to the sources of balances on time deposit, provided that disposition of such earning was not specified by the grantor. Interest received from Current Restricted Funds (Trust Funds) time deposits shall be subject to further appropriation or transfer by the Board for any lawful purpose.
- 4.5 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.

These amendments conform the Regents' Rules and Regulations to the Public Funds Investment Act and specify the responsibilities of the Executive Vice Chancellor for Asset Management with regard to the investment of local funds within that policy and also delegate to the Executive Vice Chancellor for Asset Management authority to execute depository agreements which are in consonance with the model previously approved by the Board.

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE January 2, 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
Pages V-22 and V-23	Pages V-22 and V-23
Pages IX-1 through IX-6	Pages IX-1 through IX-6

The amendments approved at the December 7, 1989 meeting of the 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 December 7, 1989,
and editorial amendments through December 1989
have been issued with this cover sheet)

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.

2.47 Business Participation.

2.471 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.

2.472 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.

2.48 Reporting.

2.481 Any employee covered by Section 2.462, 2.471, or 2.472 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.

2.49 Approval of Agreements Relating to Rights in Intellectual Property.

2.491 Agreements 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.

2.492 Any agreement 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.

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 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

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' 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

Editorial Amendment
Issued December 1989

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.

Editorial Amendment
Issued December 1989

- 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.

September 7, 1989

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.

September 7, 1989

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
200 E. Riverside Drive, Second Level
Austin, Texas 78704~~

(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

III. INTELLECTUAL PROPERTY MATTERS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter V, Section 2, Subsection 2.4, Subdivision 2.49 (Approval of Agreements Relating to Rights in Intellectual Property).--Committee Chairman Ratliff called on Vice Chancellor and General Counsel Farabee for background information on the proposed amendments to the Regents' Rules and Regulations, Part Two, Chapter V, Section 2 related to intellectual property rights in agreements. Vice Chancellor Farabee pointed out that the proposed amendments would allow sponsored research agreements (including research participation agreements, conditional gifts, extensions of or modifications to previously approved agreements, and consulting agreements) containing language in technical non-conformance with the Intellectual Property Policy or the Guidelines to be processed more expeditiously upon a finding that the potential benefits from the level of funding for the proposed research and/or other consideration from the sponsor outweigh potential disadvantages related to the policy deviation.

Mr. Farabee then introduced Mr. Dudley R. Dobie, Jr., Section Manager of Intellectual Property in the Office of General Counsel, who addressed certain matters relating to sponsored research agreements, corporate attitudes regarding policies of The University of Texas System concerning sponsored research, and positions taken by other major research universities with respect to similar issues. A copy of Mr. Dobie's report is on file in the Office of the Board of Regents.

Following these presentations and a brief discussion, the Regents' Rules and Regulations, Part Two, Chapter V, Section 2, Subsection 2.4, Subdivision 2.49 (Approval of Agreements Relating to Rights in Intellectual Property) were amended as set forth below to allow sponsored research agreements containing language in technical nonconformance with the Intellectual Property Policy or Guidelines to be processed more expeditiously:

Sec. 2. General Personnel.

2.49 Approval of Agreements Relating to Rights in Intellectual Property.

- 2.491 Agreements 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.

Any agreement 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.

2. U. T. Dallas: Approval of Patent and Technology License and Development Agreement with Research Applications, Inc. (RAI), Austin, Texas.--The Board, upon recommendation of the Land and Investment Committee, approved the Patent and Technology License and Development Agreement set out on Pages 39 - 57 by and between the U. T. Board of Regents, for and on behalf of The University of Texas at Dallas, and Research Applications, Inc. (RAI), Austin, Texas, for the development and licensing of a method and apparatus for producing a layer of material with laser ablation.

Research Applications, Inc. (RAI), a Texas corporation, was established to assist universities in the commercialization of technologies. Under the agreement, RAI will receive a royalty-bearing, exclusive, worldwide license under U. T. Dallas' currently existing patent and technology rights in inventions by Dr. Carl B. Collins, Professor, Department of Physics; Dr. Farzin Davanloo, Research Associate, Department of Mathematics and Natural Sciences; and Dr. Suhas S. Wagal, former Research Associate, Department of Physics.

Under the license agreement, RAI is granted the right to manufacture, use and sell the technology and to grant sublicenses to others in specific fields of use.

THE UNIVERSITY OF TEXAS SYSTEM
Office of the Board of Regents
Box N - Austin, Texas 78713-7328 (512) 499-4402

11/28/89

seen
11/25/89
mt

✓ Helen Brenda - (Meglasson)

If you concur, we will
make these editorial changes
in the Regents' Rules and Regulations
at some convenient time.

Of course - we will use
the title - & not names.

Thanks -

Art

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 **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 **Director for Endowments and Trusts**, 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

- 1.1 Executive Director of Investments, Henry M. Baer
- 1.2 Executive Director of Endowment Management & Administration
Brenda F. Meglasson

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 **Director for Endowments and Trusts**, 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 **Director for Investments**, the **Director for Endowments and Trusts**, and the Investment Officers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

1.4 Executive Director ^{for} Endowment Management & Administration
Brenda F. Meglasson

1.5 Executive Director ^{for} Endowments, ^{for} Alumnus M. Davis
Executive Director ^{for} Endowment Management & Administration
Brenda F. Meglasson

- 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 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

Executive Director of Investments, Henry M. Davis

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 **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 **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 **Director for Investments** or the **Director for Endowments and Trusts** determines that a vote with management would not be in the shareholder's

2.4 Executive Director *[Signature]* of Investments, Henry M. Davis
2.51 Executive Director *[Signature]* of Investments, Henry M. Davis
2.53 Executive Director *[Signature]* of Investments, Henry M. Davis
Executive Director of Endowment Management & Administration
Brenda F. Meglasson

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 **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.

Executive Director of Investments, Henry M. Davis

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 **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.

Executive Director of Investments, Henry M. Davis

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE November 1, 1989

TO: Those Who Receive Official Copies of the RRR (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 i and ii	Pages i and ii
Pages III-1, III-6 through III-15	Pages III-1, III-6, III-7 III-8 and III-9
Pages V-24 through V-35	Pages V-24 through V-34

The amendments approved at the October 13, 1989 meeting of the 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 13, 1989,
and editorial amendments through October 1989
have been issued with this cover sheet)

TABLE OF CONTENTS

<u>Chapter</u>		<u>Page</u>
I.	General	
Sec.	1. Gifts to The University of Texas System.....	I-1
	2. Fellowships, Scholarships, and Loan Funds....	I-4
	3. Endowment of Academic Positions.....	I-4
	4. Tuition and Other Fees.....	I-7
	5. Fiscal Year.....	I-7
	6. Policy Against Discrimination.....	I-7
	7. General Admission Policy.....	I-8
	8. Admission of Nonresident Students.....	I-8
	9. Official Seal, Colors, Flag, and Mascot.....	I-9
	10. Appropriations Act Riders.....	I-10
II.	Accounting, Auditing, Reporting, and Budgetary Control	
Sec.	1. Types of Funds.....	II-1
	2. Accounting.....	II-4
	3. Auditing.....	II-5
	4. Reporting.....	II-6
	5. Operating Budgets.....	II-7
	6. Legislative Budget Requests.....	II-8
III.	Receipt, Custody, and Disbursement of Moneys; Travel Authorization, Reimbursement, and Institutional Regulations	
Sec.	1. Receipts, Admission Tickets, and Charges.....	III-1
	2. Deposits with Institutional Business Office..	III-2
	3. Deposits with the State Treasurer.....	III-3
	4. Local Institutional Funds.....	III-3
	5. Vouchers for Expenditures.....	III-4
	6. Cash Discounts.....	III-5
	7. Outstanding Checks.....	III-5
	8. Institutional Membership Dues.....	III-5
	9. Payrolls.....	III-6
	10. Travel Authorization, Reimbursement, and Institutional Regulations.....	III-6
	11. Insurance on Money and Securities; Fidelity Bonds.....	III-8

<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 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. 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
	16. U. S. Savings Bonds.....	VI-8
	17. Availability of Complete Benefit Descrip- tions.....	VI-8

CHAPTER III

RECEIPT, CUSTODY, AND DISBURSEMENT OF MONEYS; TRAVEL
AUTHORIZATION, REIMBURSEMENT, AND INSTITUTIONAL REGULATIONS

Sec. 1. Receipts, Admission Tickets, and Charges.

- 1.1 No department, division, or individual staff member is authorized to receive money in the name of a component institution of the System unless authorized by the chief business officer and chief administrative officer.
- 1.2 An official receipt in the form prescribed by the chief business officer shall be issued to payors for all moneys received unless the chief business officer has specifically authorized exceptions for certain types of collections.
- 1.3 All moneys received shall be recorded and handled under appropriate internal accounting controls.
- 1.4 Admission tickets, including complimentary tickets, shall have the price of admission indicated thereon, and all such tickets shall be prenumbered, except for certain events where the section, row, and seat number are shown. Admission tickets and coupon books shall be purchased for delivery to the institutional business office and issued to the department concerned. Unused tickets or books shall be returned along with a prescribed ticket report to the business office within 30 days from the date of the event, and a list showing the names of all persons receiving complimentary tickets shall be a part of the prescribed ticket report. The chief business officer may authorize an exception to the 30-day time limit for submitting ticket reports for a specified event or series of events, provided that the exception must be in writing, and must specify both the reason for the exception and the alternate due date for those ticket reports.

Editorial Amendment
Issued October 1989

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 for a period not in excess of twenty-nine days shall be transmitted through proper administrative channels to the chief administrative officer or designee for approval.

- 10.12 Requests for authorization to travel for a period in excess of twenty-nine days (excluding holidays approved by the Board) shall be transmitted through proper administrative channels to the chief administrative officer or designee for approval. A copy of approved travel requests shall be forwarded to the appropriate Executive Vice Chancellor for review and ratification.
 - 10.13 All travel (with the exception of travel to, in, and from the several States, United States possessions, Mexico and Canada) that will use funds appropriated by the Legislature for reimbursement must have the advance written approval of the Governor.
 - 10.14 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, VTC5), 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.

Editorial Amendment
Issued October 1989

- 2.50 Income from Intellectual Property. The portion of the net income the System retains from royalties and any other intellectual property-related income shall be used first to defray the expenses, if any, of the System Intellectual Property Office and thereafter, as approved by the Board, for research purposes at the component institutions where the income providing creation originated. 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.
- 2.51 Implementation of Intellectual Property Policy. The Office of Asset Management and the Office of General Counsel through the System Intellectual Property Office 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.
- 2.52 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.

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 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;

- 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.

- 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.

Oct. 13, 1989

- 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.

- 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.

- 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.

- 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

- 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 trainee 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.

- 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.

- 31.3 Recommendation for, and appointment to, modified service shall be made only if the service of the individual will result in a significant benefit to the System or a particular component institution.
- 31.4 Appointment to modified service shall be without tenure, for not more than one academic year and shall not exceed one-half time. The notice provisions of Section 6.7 of this Chapter shall not apply to nonrenewal of such appointments. If the System or a component institution determines that it is to the benefit of the System or the institution, it may offer reappointment to modified service.
- 31.5 The duties, work load, salary rate or compensation of an individual on modified service shall be in accordance with policies and procedures of The University of Texas System or the component institution.
- 31.6 Upon recommendation of the appropriate Executive Vice Chancellor, the Chancellor and, when appropriate, the chief administrative officer of the affected component institution, the Board of Regents may, by unanimous vote of the members present, make exceptions to this Section in special cases when the Board finds that the services of a particular individual will be of unique benefit to the System or a component institution.

*Minutes of 2.
10/13/84*

U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter III, Section 10 (Travel Authorization, Reimbursement, and Institutional Regulations) and Authorization for the Executive Secretary to the Board to Make Appropriate Editorial Changes Therein.--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 10 (Travel Authorization, Reimbursement, and Institutional Regulations) as set forth below:

- a. Present Section 10 (Absence from Usual and Regular Duties, Authorization for Absence, Including Travel, and Travel Expense Reimbursement) was deleted in its entirety.

- b. A new Section 10 was added to read as follows:

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 for a period not in excess of twenty-nine days shall be transmitted through proper administrative channels to the chief administrative officer or designee for approval.
 - 10.12 Requests for authorization to travel for a period in excess of twenty-nine days (excluding holidays approved by the Board) shall be transmitted through proper administrative channels to the chief administrative officer or designee for approval. A copy of approved travel requests shall be forwarded to the appropriate Executive Vice Chancellor for review and ratification.
 - 10.13 All travel (with the exception of travel to, in, and from the several States, United States possessions, Mexico and Canada) that will use funds appropriated by the Legislature for reimbursement must have the advance written approval of the Governor.
 - 10.14 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 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.

Further, approval was granted for the Executive Secretary to the Board of Regents, in consultation with the Office of General Counsel, to make such editorial changes in the remainder of Chapter III of the Regents' Rules and Regulations as are necessary to conform to the foregoing amendments.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND FACILITIES COMMITTEE (Pages 76 - 89).--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 MATTERS

1. U. T. System: Approval of Chancellor's Docket No. 48 (Catalog Change).--Upon recommendation of the Finance and Facilities Committee, the Board approved Chancellor's Docket No. 48 in the form distributed by the Executive Secretary. It is attached following Page 197 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.

- Minutes of 10/15/89*
2. ✓ U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval to Delete Section 3 of Chapter V (Certain Provisions in Current Appropriations Act).--In response to deletion of a long-standing rider provision in the General Appropriations Act and promulgation of a formal policy of The University of Texas System concerning use of alcohol, approval was given to delete Section 3, Chapter V, Part Two of the Regents' Rules and Regulations (Certain Provisions in Current Appropriations Act) and to renumber subsequent sections of Chapter V as appropriate.
 3. U. T. System: Adoption of Institutional Funds Investment Policy.--The 71st Legislature, Regular Session, 1989, approved Senate Bill 1342 which amended Section 2, Authorized Investments, of the Public Funds Investment Act of 1987 by broadening eligible investments to include commercial paper, bankers acceptances and money market mutual funds, among others. Section 5 of the Public Funds Investment Act of 1987 requires that all investments be made in accordance with written policies approved by the U. T. Board of Regents.

In order to incorporate S. B. 1342 into Regental policy and to comply with Section 5, the Board adopted the Institutional Funds Investment Policy for The University of Texas System as set out on Pages 77 - 82.

CHAPTER III

RECEIPT, CUSTODY, AND DISBURSEMENT OF MONEYS; ABSENCE
FROM USUAL AND REGULAR DUTIES INCLUDING TRAVEL

OK?
M6 - I believe I
would delete &
substitute heading
in new sec 10

Sec. 1. Receipts, Admission Tickets, and Charges.

- 1.1 No department, division, or individual staff member is authorized to receive money in the name of a component institution of the System unless authorized by the chief business officer and chief administrative officer.
- 1.2 An official receipt in the form prescribed by the chief business officer shall be issued to payors for all moneys received unless the chief business officer has specifically authorized exceptions for certain types of collections.
- 1.3 All moneys received shall be recorded and handled under appropriate internal accounting controls.
- 1.4 Admission tickets, including complimentary tickets, shall have the price of admission indicated thereon, and all such tickets shall be prenumbered, except for certain events where the section, row, and seat number are shown. Admission tickets and coupon books shall be purchased for delivery to the institutional business office and issued to the department concerned. Unused tickets or books shall be returned along with a prescribed ticket report to the business office within 30 days from the date of the event, and a list showing the names of all persons receiving complimentary tickets shall be a part of the prescribed ticket report. The chief business officer may authorize an exception to the 30-day time limit for submitting ticket reports for a specified event or series of events, provided that the exception must be in writing, and must specify both the reason for the exception and the alternate due date for those ticket reports.

September 7, 1989

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.

September 7, 1989

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
200 E. Riverside Drive, Second Level
Austin, Texas 78704~~

(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

I RRR - Part Two

*6/23
mailed
JP*

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS

BOX N - AUSTIN, TEXAS 78713-7328 (512) 499-4402

MEMORANDUM

DATE June 23, 1989

TO: _____

FROM: Arthur H. Dilly *(Signature)*

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

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 VIII-3	Page VIII-3

The amendment approved at the June 8, 1989 meeting of the U. T. Board of Regents has been incorporated on the revised page.

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 June 8, 1989,
have been issued with this cover sheet)

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.

1.32 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.

1.33 In accordance with law, the Board will approve and award the contracts for all work in excess of the amount of \$300,000. The contract will be signed by the contractor(s) involved and an authorized representative of the Board.

1.331 In the event the lowest bidder is found to be not responsible, or other facts and circumstances necessitate award of contract to other than the lowest bidder, the bidder(s) submitting proposal(s) lower than the bidder to whom award is proposed shall be notified of the Board's proposed decision for award.

1.332 If the lowest bidder fails to timely file notice of protest, the Board's proposed award will be final.

1.333 If the lowest bidder timely files notice of protest, the Board will hear the protest or will delegate to the Chancellor the authority to appoint a Hearing Officer who shall promptly convene and conduct a hearing and subsequently prepare and submit

June 9, 1989

Distribution List of 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, Component Institutions (Includes PAU at Brownsville and Edinburg)	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.

June 9, 1989

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
200 E. Riverside Drive, Second Level
Austin, Texas 78704~~

(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

Dr. Miguel A. Nevarez
President
Pan American University
1201 West University Drive
Edinburg, Texas 78539-2999

Dr. Homer Pena
President
Pan American University
at Brownsville
1614 Ridgely Road
Brownsville, Texas 78520-4991

REPORT AND RECOMMENDATIONS OF THE FINANCE AND FACILITIES COMMITTEE (Pages ____ - ____).--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:

1. U. T. System: Approval of Chancellor's Docket No. 46 (Catalog Change).--Upon recommendation of the Finance and Facilities Committee, the Board approved Chancellor's Docket No. 46 in the form distributed by the Executive Secretary. It is attached following Page ____ 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.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendment to Chapter VIII, Section 1.33 (Signature Authority for Construction Contracts in Excess of \$300,000).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1.33 (Signature Authority for Construction Contracts in Excess of \$300,000) to read as set forth below:

1.33 In accordance with law, the Board will approve and award the contracts for all work in excess of the amount of \$300,000. The contract will be signed by the contractor(s) involved and an authorized representative of the Board.

6/21
LP Jone
If this is the only FRR amendment from 6/8 meeting, then go on & amend FRR so we can distribute -- no editorial amendments.
check original of 6/8 Minutes to ensure this is the only one --
6/21
did a Code find on each committee & no others.
JP 6/20

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE February 28, 1989

TO: _____
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 IX-1 and IX-2	Pages IX-1 and IX-2

The amendments approved at the February 9, 1989 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AHD/lp

Enclosures

DISTRIBUTION OF MINUTES

State Officials (6)	
Director, Governor's Budget & Planning Office (Certified - Official)	1
Director, Legislative Budget Board (Certified - Official)	1
Commissioner, Texas Higher Education Coordinating Board (Official)	1
State Auditor's Office (Austin Campus - Official)	1
Legislative Reference Librarian (Certified - Official)	1
Publications Clearing House (Texas State Library)(Official)	1
Regents (9)	9
Executive Associate for Economic Affairs (Kozmetsky)	1
Office of the Chancellor (15)	
Chancellor (Mark) (Official)	1
Executive Vice Chancellor for Academic Affairs (Duncan)	1
Executive Vice Chancellor for Health Affairs (Mullins)	1
Executive Vice Chancellor for Asset Management (Patrick)	2
(no name on second copy)	
Executive and Research Assistant to the Chancellor (Jack Boyd)	1
Vice Chancellor for Governmental Relations (Hill)	1
Director for Development (Youngdale)	1
Director of Public Information (Roddy)	1
Vice Chancellor for Business Affairs (Burck)	1
Vice Chancellor and General Counsel (Farabee)	1
Budget Director (Graydon)	1
Comptroller (Grady)	1
Director of Facilities Planning and Construction (Kristoferson)	1
System Personnel Director (Hempel)	1
Chief Administrative Officers (29)	
U. T. Arlington (Nedderman)	2
U. T. Austin (Cunningham)	7
U. T. Dallas (Rutford)	2
U. T. El Paso (Natalicio)	2
U. T. Permian Basin (Leach)	1
U. T. San Antonio (Wagener)	2
U. T. Tyler (Hamm)	1
U. T. Institute of Texan Cultures (McGiffert)	1
U. T. Southwestern Medical Center - Dallas (Wildenthal)	2
U. T. Medical Branch - Galveston (James)	2
U. T. Health Science Center - Houston (Ribble)	2
U. T. Health Science Center - San Antonio (Howe)	2
U. T. M.D. Anderson Cancer Center (LeMaistre)	2
U. T. Health Center - Tyler (Hurst)	1
Office of the Board of Regents (5)	
Official Permanent Copy (Red Binding - Official)	1
Official Work Copy (Green Binding - Official)	1
Index Copy (Spiral Bind at Top - Official)	1
Clipping Copy (Unbound - Official)	1
Extra Copy (Regular Binding - Official)	1
	Total
	65

*All copies "unofficial" unless otherwise specified.

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

Reissued as of June 1, 1988
(with Amendments to February 9, 1989)

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 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 Director for Endowments and Trusts, 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

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 Director for Endowments and Trusts, 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 Director for Investments, the Director for Endowments and Trusts, and the Investment Officers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

M6 *Amperman*

- 35. U. T. M.D. Anderson Cancer Center: Estate of Ellen F. Knisely, Roanoke, Virginia - Report of Receipt of Final Distribution; Acceptance of Transfer of Funds; and Establishment of the Ellen F. Knisely Chair in Colon Cancer Research.--It was reported that the final distribution from the Estate of Ellen F. Knisely, Roanoke, Virginia, had been received for a total bequest of approximately \$988,635.

The Board accepted an \$11,365 transfer of funds representing interim earnings to be combined with the Estate bequest for a total of \$1,000,000 and established the Ellen F. Knisely Chair in Colon Cancer Research at The University of Texas M.D. Anderson Cancer Center.

- 36. U. T. M.D. Anderson Cancer Center: Acceptance of Gift from Mr. LeRoy Melcher, Sr., Houston, Texas, and Transfer of Funds for Construction of the LeRoy Melcher, Jr. Memorial Fountain.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$750,000 gift from Mr. LeRoy Melcher, Sr., Houston, Texas, and a \$126,000 transfer of previously reported gifts from current restricted funds for a total of \$876,000 to fund construction of the LeRoy Melcher, Jr. Memorial Fountain at the main entrance to the U. T. M.D. Anderson Hospital at The University of Texas M.D. Anderson Cancer Center.

See Page 86 related to the construction of this Fountain.

- 37. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest From the Estate of John R. Willis, Hidalgo, Texas.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$100,000 bequest from the Estate of John R. Willis, Hidalgo, Texas, to The University of Texas M.D. Anderson Cancer Center "for the benefit of the M.D. Anderson Hospital in any manner it deems appropriate" as specified in the Will of the deceased.

III. OTHER MATTERS

U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter IX, Section 1.2 (Authority to Assign and Transfer Securities Owned by the PUF and the Board) and Section 1.4 (Authority to Receive and Collect Money and/or Property).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter IX, Sections 1.2 and 1.4 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 Director for Endowments and Trusts, 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

2/9/89

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.

- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Executive Vice Chancellor for Asset Management, the Director for Endowments and Trusts, 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.

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS

BOX N AUSTIN, TEXAS 78713-7328 (512) 499-4402

MEMORANDUM

DATE January 6, 1989

TO: _____
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":

"A"
Cover Page
Pages VI-3 and VI-4

"B"
Cover Page
Pages VI-3 and VI-4

The amendments approved at the December 8, 1988 meeting of the U. T. Board of Regents 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

Reissued as of June 1, 1988
(with Amendments to December 8, 1988)

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. Group Hospitalization and Medical Benefit Plan.

- 4.1 A person employed at least one-half time for at least four and one-half months may elect optional group hospitalization and medical insurance coverage under a System-wide contract approved by the U. T. Board of Regents.
- 4.2 Employees who do not enroll within 60 days of eligibility may do so only in the annual enrollment period during the month of September.
- 4.3 The anniversary date of the contract is September 1 of each year.
- 4.4 An employee enrolled for group hospitalization and medical coverage is automatically enrolled for group dental coverage.
- 4.5 To ensure that all carriers have an opportunity to bid, The University of Texas System shall advertise its intent to solicit bids on its employee Group Insurance Program. Specifications encompassing at least the basic coverage standards shall be submitted to any authorized carrier responding to the advertisement; expressing an interest in bidding on the Group Insurance Program; or requesting the specifications.

Sec. 5. Group Dental Insurance.

- 5.1 An employee covered by group hospitalization and medical insurance is also covered by group dental insurance under a System-wide contract approved by the U. T. Board of Regents.
- 5.2 Dependents' dental coverage is available but may be discontinued only if dependents' group hospitalization and medical coverage is discontinued.

- 5.3 Reinstatement of discontinued dependents' dental coverage shall require evidence of insurability.
- 5.4 Effective September 1, 1983, and thereafter, Subsections 5.1 through 5.3 shall also apply to employees and dependents covered as health maintenance organization participants.

Sec. 6. Health Maintenance Organizations.

- 6.1 The Vice Chancellor for Business Affairs, with the concurrence of the Executive Vice Chancellor for Health Affairs and the Executive Vice Chancellor for Academic Affairs, will review and analyze bid specification responses submitted by qualified organizations and recommend health maintenance organizations to the U. T. Board of Regents for award of contracts to provide HMO services. Recommendations will include consideration of requirements of federal and state law concerning the HMO option.
- 6.2 A person eligible to enroll in the group hospitalization and medical benefit plan may, as an option, elect to enroll in a health maintenance organization under a contract approved by the U. T. Board of Regents.
- 6.3 Employees who do not enroll within 60 days of eligibility may do so only in the annual enrollment period during the month of September.
- 6.4 The anniversary date of the contract is September 1 of each year.
- 6.5 An employee enrolled in a health maintenance organization is automatically enrolled for group dental coverage.

Sec. 7. Group Term Life Insurance.

- 7.1 A person employed at least one-half time is eligible to purchase group term life insurance and dependents' group term life insurance under a System-wide "One Year Term" plan approved by the U. T. Board of Regents.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND AUDIT COMMITTEE (Pages 20 - 21).--Committee Chairman Roden reported that the Finance 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 Finance 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. 43 (Catalog Change).--Upon recommendation of the Finance and Audit Committee, the Board approved Chancellor's Docket No. 43 in the form distributed by the Executive Secretary with the exception of Item 30 on Page HD-43 which was withdrawn. It is attached following Page 134 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 Hay abstained from voting on items within the Docket related to Exxon Corporation due to a possible conflict of interest.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VI, Sections 4 (Group Hospitalization and Medical Benefit Plan) and 6 (Health Maintenance Organizations) and Repeal of Procedures for Inclusion of Health Maintenance Organizations.--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter VI, Sections 4 (Group Hospitalization and Medical Benefit Plan) and 6 (Health Maintenance Organizations) to read as set forth below:

Sec. 4. Group Hospitalization and Medical Benefit Plan.

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

*Minutes
12/10/88*

- 4.5 To ensure that all carriers have an opportunity to bid, The University of Texas System shall advertise its intent to solicit bids on its employee Group Insurance Program. Specifications encompassing at least the basic coverage standards shall be submitted to any authorized carrier responding to the advertisement; expressing an interest in bidding on the Group Insurance Program; or requesting the specifications.

Sec. 6. Health Maintenance Organizations.

- 6.1 The Vice Chancellor for Business Affairs, with the concurrence of the Executive Vice Chancellor for Health Affairs and the Executive Vice Chancellor for Academic Affairs, will review and analyze bid specification responses submitted by qualified organizations and recommend health maintenance organizations to the U. T. Board of Regents for award of contracts to provide HMO services. Recommendations will include consideration of requirements of federal and state law concerning the HMO option.
- 6.2 A person eligible to enroll in the group hospitalization and medical benefit plan may, as an option, elect to enroll in a health maintenance organization under a contract approved by the U. T. Board of Regents.
- 6.3 Employees who do not enroll within 60 days of eligibility may do so only in the annual enrollment period during the month of September.
- 6.4 The anniversary date of the contract is September 1 of each year.
- 6.5 An employee enrolled in a health maintenance organization is automatically enrolled for group dental coverage.

These amendments clarify procedures to bid the employee group insurance plan and institute similar competitive bid procedures for the selection of health maintenance organizations, an option required by federal law.

Further, the Board repealed the current Procedures for Inclusion of Health Maintenance Organizations since the amendments to Section 6 (Health Maintenance Organizations) obviated the need for a separate U. T. Board of Regents' policy.

October 25, 1988

Distribution List of 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, Component Institutions	14
Vice Chancellor for Budgets & Human Resources, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	43

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.

October 25, 1988

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
200 E. Riverside Drive, Second Level
Austin, Texas 78704

(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

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE October 28, 1988

TO: Those on Distribution List Attached

FROM: Arthur H. Dilly *AHD*

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

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page II-4	Page II-4
Page IV-3	Page IV-3
Page VI-3	Page VI-3
Page IX-1	Page IX-1

The amendments approved at the October 7, 1988 meeting of the U. T. Board of Regents as well as editorial changes have been incorporated on the revised pages.

AHD/lp

Enclosures

October 25, 1988

Distribution List of 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, Component Institutions	14
Vice Chancellor for Budgets & Human Resources, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	43

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.

October 25, 1988

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
200 E. Riverside Drive, Second Level
Austin, Texas 78704

(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



TEXAS HIGHER EDUCATION
COORDINATING BOARD

BOARD OF REGENTS
RECEIVED
JUL 11 1988
U T SYSTEM

P.O. Box 12788 • Austin, Texas 78711

July 6, 1988

H M Daugherty, Jr
CHAIRMAN
Cipriano F. Guerra, Jr
VICE CHAIRMAN
Carolyn Bacon
George Bramblett, Jr
Frank Cahoon
Sam Carroll, III
Ray Clymer
Eleanor N. Conrad
Laura Guerra, M.D.
Lee Hoge Jemal
Jess Ben Latham, III
Greg Mitchell
Kathryn Priddy
Ragnia J. Rogers
Larry Temple
Jack T. Trotter
Philip G. Warner
M. Harvey Weil

Kenneth H. Ashworth
COMMISSIONER
512 482 6400

Mr. Arthur H. Dilly
Executive Secretary
The University of Texas System
Board of Regents
Box N
Austin, Texas 78713-7328

Arthur H. Dilly
at least

Dear Art:

I appreciated your note accompanying the "reissue" of UT System's Rules and Regulations, which has prompted us to make a quick review of the statutes. With the exception of two, requiring that we keep policies on academic workload (TEC 51.402) and faculty development leave (TEC 51.108b), we are unable to find a statutory mandate for retaining rules and regulations which govern the System.

In the future we would prefer receiving copies of changes in only those two policies for our retention. Therefore, you may discontinue providing a full set of your rules and regs for our staff and send the copies intended for the LBB and the Governor's Budget Office directly to them.

Sometimes it takes only the questioning of a procedure to bring to mind more efficient and better methods for obtaining the desired result. Thanks for bringing this to our attention.

Cordially,

Kenneth H. Ashworth

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

Reissued as of June 1, 1988
(with Amendments to October 7, 1988,
and Editorial Amendments to October 1988)

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 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 October 1988

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.

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. Group Hospitalization and Medical Benefit Plan.

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

Sec. 5. Group Dental Insurance.

- 5.1 An employee covered by group hospitalization and medical insurance is also covered by group dental insurance under a System-wide contract approved by the U. T. Board of Regents.
- 5.2 Dependents' dental coverage is available but may be discontinued only if dependents' group hospitalization and medical coverage is discontinued.
- 5.3 Reinstatement of discontinued dependents' dental coverage shall require evidence of insurability.
- 5.4 Effective September 1, 1983, and thereafter, Subsections 5.1 through 5.3 shall also apply to employees and dependents covered as health maintenance organization participants.

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 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 Director for Endowments and Trusts, the Comptroller and Associate Comptroller, and the Trust Officer may each assign and transfer any and all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in

Re: Editorial correction to Regents' Rules

OFFICE OF GENERAL COUNSEL
THE UNIVERSITY OF TEXAS SYSTEM

BOARD OF REGENTS
RECEIVED

MEMORANDUM

SEP 15 1988

Mr. Dilly

U T SYSTEM

REFERRED TO

- | | |
|--|--|
| <input checked="" type="checkbox"/> PER OUR CONVERSATION | <input type="checkbox"/> PLEASE RETURN |
| <input type="checkbox"/> FOR YOUR INFORMATION | <input type="checkbox"/> PER YOUR REQUEST |
| <input type="checkbox"/> FOR YOUR APPROVAL | <input checked="" type="checkbox"/> FOR HANDLING |
| <input type="checkbox"/> FOR YOUR SIGNATURE | <input type="checkbox"/> FOR DISTRIBUTION |
| <input type="checkbox"/> FOR YOUR COMMENTS | <input type="checkbox"/> NO NEED TO RETURN |
| <input type="checkbox"/> FOR DISCUSSION | <input type="checkbox"/> FOR YOUR FILE |

REMARKS: *I recommend an editorial correction as indicated on the attached excerpt.*

The NACUBO handbook is now being published in loose-leaf form, with supplements added as necessary.

If you have any questions, please call me at 4502.

SIGNATURE *James W.* DATE *9/15/88*

Regents' Rules

Part Two, Chapter II

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, Third Edition," (1974) 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 shall be subject to the approval of the Vice Chancellor for Finance and Administration. *delete and substitute: ... Fourth Edition, (1982) and the*

2.3 The business office shall be the central all financial transactions chief business officer and administrative concerning the records kept by the department section. *most recent supplements ...*

2.4 Each person directly or other administrative (department head) shall be responsible 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

REPORT AND RECOMMENDATIONS OF THE FINANCE AND AUDIT COMMITTEE (Pages ____ - ____).--Committee Chairman Roden reported that the Finance 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 Finance 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. 42 (Catalog Change).--Upon recommendation of the Finance and Audit Committee, the Board approved Chancellor's Docket No. 42 in the form distributed by the Executive Secretary. It is attached following Page ____ 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.

Regents Hay and Ratliff abstained from voting on items within the Docket related to Exxon Corporation due to a possible conflict of interest. Regent Ratliff also abstained from matters related to Southwest Texas Electric Cooperative for the same reason.

- 
2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter IV, Section 6 (Space Leases).--In order to conform with Article 601b, Section 6.111, Vernon's Texas Civil Statutes, approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter IV, Section 6 (Space Leases) to read as set forth below:

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.

10/7/88

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.

3
✓

JA
U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendment to Chapter VI, Section 4, Subsection 4.1 (Group Hospitalization and Medical Benefit Plan).--The Board amended the Regents' Rules and Regulations, Part Two, Chapter VI, Section 4, Subsection 4.1, concerning the definition of "employee" for purposes of eligibility for group hospitalization and medical benefits plans, to read as set out below:

4.1 A person employed at least one-half time for at least four and one-half months may elect optional group hospitalization and medical insurance coverage under a System-wide contract approved by the U. T. Board of Regents.

This amendment conforms the Regents' Rules and Regulations to the definition of "employee" as used in the Texas Administrative Code and is in accordance with the requirements of Article 3.50-3 of the Texas Insurance Code.

IV. OTHER MATTERS

U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendment to Chapter IX, Section 1, Subsection 1.1.--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter IX, Section 1, Subsection 1.1 to read as set out below:

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 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.