

I. Rife, Part Two

OFFICE OF THE BOARD OF REGENTS  
THE UNIVERSITY OF TEXAS SYSTEM  
201 WEST SEVENTH STREET, AUSTIN, TEXAS 78701-2981  
(512) 499-4402

MEMORANDUM

June 21, 2000

TO: Those Who Receive Official Copies of  
the Regents' Rules and Regulations  
FROM: Francie A. Frederick *Francie Frederick*  
SUBJECT: Regents' Rules and Regulations,  
Amendments to Part Two

*revised  
of the  
part  
two  
changes*

Amendments to the Regents' Rules and Regulations approved at the May 11, 2000 meeting of the U. T. Board of Regents have been incorporated in the enclosed revised pages.

Further detail on the rationale for the amendments and congressional style displays of the revised text are included in the Material Supporting the Agenda (MSA) for the May 11, 2000 meeting as referenced below.

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

<u>"A"</u>	<u>"B"</u>	<u>MSA Reference</u>
Cover Page	Cover Page	
Pages i and ii	Pages i and ii	
Page II-8	Page II-8	Page 6
Pages VI-1 through VI-6	Pages VI-1 through VI-6	Page 38

FAF/cf

Enclosures

Terrin - pls. see me about copying  
att'd today or  
tomorrow. Thanks.

May 3, 2000

6/20

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Regents' Rules and Regulations

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Executive Vice Chancellor for Business Affairs	
Executive Vice Chancellor for Academic Affairs	
Executive Associate to the Chancellor	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Vice Chancellor for Development and External Relations	
Vice Chancellor for Federal Relations	
Presidents of Component Institutions	15
Mr. Ralph L. Elder, The University of Texas at Austin	<u>1</u>
TOTAL	42

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

Also send intellectual property policy revisions to Coordinating Board per State Statute and post tenure review.

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

Governor's Budget and Planning Office  
711 Sam Houston Building  
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Third Floor  
Austin, Texas 78701  
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Two Commodore Plaza  
206 East 9th Street  
Suite 1900  
Austin, Texas 78701  
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Director  
Legislative Reference Library  
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Austin, Texas 78711  
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Publications Clearing House  
Room 307, Archives Building  
Texas State Library  
Austin, Texas 78711  
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Dr. Don Brown  
Commissioner, Texas Higher  
Education Coordinating Board  
7745 Chevy Chase Drive, Building 5  
Austin, Texas 78752  
INTERAGENCY MAIL

(NOTE: Send only when there are  
amendments related to (1) academic  
work load, (2) faculty development  
leaves, (3) intellectual property  
policy, or (4) post tenure review.)

Mr. Ralph L. Elder  
Professional Librarian  
The University of Texas at Austin  
SRH 2.111  
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\*\*\*\*\*

May 11, 2000

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 May 31, 2000,  
have been issued with this cover sheet.)

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- 5.5 A copy of each budget, and any subsequent amendment thereto, shall be filed by the U. T. System Budget Office with the Legislative Reference Library to be available for public inspection, and also with such other State offices as required by law.

Sec. 6. Legislative Appropriation Requests.

- 6.1 Legislative appropriation requests, biennial or otherwise, shall be prepared in conformity with the Detailed Instructions for Agencies of Higher Education as prescribed by the Legislative Budget Board and the Governor's Office of Budget and Planning.
- 6.2 Appropriation requests for all component institutions shall be prepared by the president in conformity with these instructions and approved by the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Chancellor.
- 6.3 Appropriation requests shall be submitted to the Legislative Budget Board, to the Governor's Budget and Planning Office, and to other State offices as required in the form and at the time prescribed.

CHAPTER VI

STAFF BENEFITS

(staff benefits may be subject to change by state and federal laws. Application in specific instances should be verified.)

Sec. 1. Teacher Retirement System.

Pursuant to Texas Government Code, Section 821.001 et seq., a person, unless eligible to participate and participating in the Optional Retirement Program (Section 2 below), employed by the System at least one-half time for a cumulative period of four and one-half months within one fiscal year must participate in the Teacher Retirement System of Texas.

Sec. 2. Optional Retirement Program.

- 2.1 Eligibility standards for participation in the Optional Retirement Program (O.R.P.) shall be established pursuant to Texas Government Code Section 830.001 et seq. and eligibility rules adopted by the Texas Higher Education Coordinating Board.
- 2.2 In consultation with the Office of the Executive Vice Chancellor for Business Affairs and in accordance with federal and State laws and regulations, the Director of Human Resources is authorized to issue on a periodic basis a Request for Proposals which contains the criteria a life insurance or mutual fund vendor must meet and continue to meet for selection and retention as an authorized vendor under the Optional Retirement Program. The Board of Regents shall select those companies accepted as vendors, based upon recommendation from the Director of Human Resources with the concurrence of the Executive Vice Chancellor for Business Affairs. Within a reasonable time period following selection by the Board of Regents, each vendor must execute a contract for products and services. The contract must be acceptable to The University of Texas System and must include the selection criteria contained in the Request for Proposals.

- 2.3 Each O.R.P. participant shall be permitted up to four changes of O.R.P. vendors per year, provided each change is to a company on the currently authorized vendor list. All O.R.P. vendor changes shall be in accordance with institutional policy governing such changes.
- 2.4 Transfers of O.R.P. accounts may be made only to one of the currently authorized O.R.P. vendors. The change may be made only on the first day of a month.

Sec. 3. University of Texas Governmental Retirement Arrangement.

- 3.1 The Board of Regents of The University of Texas System has established a "governmental excess benefits plan" for the Optional Retirement Program, authorized under Internal Revenue Code Section 415(m) and Texas Government Code Section 830.004 and designated as The University of Texas Governmental Retirement Arrangement (UTGRA).
- 3.2 Eligibility for participation shall be based on an employee's date of initial participation in the Optional Retirement Program and the employee's level of earnings.
- 3.3 Participation in the program and all subsequent distributions shall be in accordance with the plan documents.
- 3.4 All funds participating in UTGRA including the monthly State contribution, amounts reduced from each participant's salary, and any subsequent investment earnings are the property of the Board of Regents until such time as an authorized distribution is executed in accordance with the plan document.
- 3.5 The Board of Regents shall, at its discretion, authorize an external organization to provide trustee services and record keeping services for UTGRA.

Sec. 4. Tax Sheltered Annuities.

- 4.1 Pursuant to Article 6228a-5, Vernon's Texas Civil Statutes, an employee may purchase Tax Sheltered Annuities (T.S.A.) from a company authorized to engage in business in the State of Texas, provided the products are authorized for Internal Revenue Code Section 403(b) participation.
- 4.2 The University of Texas System Office of Human Resources, in consultation with the Office of the Executive Vice Chancellor for Business Affairs, shall maintain a listing of companies authorized to offer annuities or other investments under the Tax Sheltered Annuity Program.

Sec. 5. Employee Group Insurance and Health Benefits.

- 5.1 All group insurance, health benefit programs and cafeteria plans authorized by law for employees of the U. T. System and its component institutions shall be administered by the Chancellor on behalf of the Board.
- 5.2 The Chancellor shall provide for the planning, implementation, management, and administration of the employee group insurance and health benefit programs through such U. T. System committees and administrators as the Chancellor deems appropriate.
- 5.3 The Chancellor will submit for review and approval by the Board, recommendations on matters regarding the employee group insurance program.

Sec. 6. Workers' Compensation Insurance.

- 6.1 Pursuant to Texas Labor Code Section 503.001 et seq., a self-insured System-wide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.
- 6.2 The Office of Business and Administrative Services shall investigate injuries, with the assistance of other appropriate System and component institution offices.

- 6.3 The component institutions shall be responsible for reporting all work-related injuries to the Office of Business and Administrative Services. The Office of Business and Administrative Services shall file reports of lost time injuries and occupational diseases with the Texas Workers' Compensation Commission (T.W.C.C.).
- 6.4 The Office of Business and Administrative Services shall coordinate occupational safety and health activities.
- 6.5 The Office of General Counsel shall be responsible for a determination on appeal of T.W.C.C. decisions.
- 6.6 A percentage of annual payroll, as approved by the Executive Vice Chancellor for Business Affairs, shall be set aside to fund the Workers' Compensation Insurance Fund (W.C.I. Fund).
- 6.61 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 Office of Business and Administrative Services, for receipt into the W.C.I. Fund no later than 20 days after the end of each month.
- 6.62 The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in these Rules and Regulations.
- 6.7 The Office of Business and Administrative Services shall be responsible for processing all W.C.I. claims for medical care and compensation.
- 6.8 The Office of Business and Administrative Services shall prepare an annual report on the status of the W.C.I. Fund for the U. T. Board of Regents.

Sec. 7. Unemployment Compensation Insurance Program.

- 7.1 The System-wide Unemployment Compensation Insurance (U.C.I.) Program will provide weekly benefits as specified in Section 207.001 et seq., Texas Labor Code.

- 7.2 The Unemployment Compensation Insurance Fund (U.C.I. 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 Office of Human Resources shall administer funding by assessment on all salary sources excluding those salaries paid from State General Revenue as provided in Subsection 7.24 below.
- 7.21 The System will reimburse the State from the U.C.I. Fund for claims charge-backs paid by the State Comptroller for former employees whose salaries were paid from sources other than State General Revenue.
- 7.22 Claims charge-backs for former employees whose salaries were paid from State General Revenue shall be referred to each component institution for reimbursement of one-half of the claim paid by the State Comptroller.
- 7.23 The U.C.I. Fund shall at all times operate under principles established by the U. S. Department of Health and Human Services.
- 7.24 Assessment rates shall be calculated to provide minimum U.C.I. Fund 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 Office of Human Resources, for receipt into the U.C.I. Fund no later than 20 days after the end of the month.
- 7.25 Expenditures from the U.C.I. Fund shall be limited to direct costs in accordance with Office of Management and Budget Circular A-21.
- 7.3 The Office of Human Resources, working in coordination with appropriate System and component institution offices, shall administer the U.C.I. Program, provide assistance as necessary to component institutions, and represent System Administration in appeals to the Texas Workforce Commission (T.W.C.).
- 7.4 The Office of General Counsel shall be responsible for a determination on appeals of T.W.C. decisions.
- 7.5 The Office of Human Resources shall prepare an annual report on the status of the U.C.I. Fund for the U. T. Board of Regents.

Sec. 8. Social Security (Old Age and Survivors Insurance).

Pursuant to 42 U.S.C. Sections 410 through 418, all employees must participate in the Social Security Program, except for those employees specifically exempted from participation such as student employees in accordance with applicable agreements between the State of Texas and the Social Security Administration.

Sec. 9. Deferred Compensation Plan.

As authorized by Chapter 609, Texas Government Code, any employee may participate in the Deferred Compensation Plan.

Sec. 10. U. S. Savings Bonds.

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

Sec. 11. Availability of Benefit Descriptions.

The Director of Employee Group Insurance Programs and the Director of Human Resources, through coordination with each of the component institutions, shall insure that up-to-date accurate descriptions of the participation and eligibility requirements for all employee benefits and programs are conveniently available to all prospective and current employees at System Administration offices and at all component institutions.

5/00 minutes

agencies; or other unique constituencies, the Chairman of the Board of Regents may appoint additional representatives.

Campus constituent groups with responsibility for selection of Advisory Committee representatives are expected to consider diversity, particularly as it relates to minority and female representation. Unless there are unusual delays in faculty, staff or student representative selection which postpone initiation of the committee process, the Chairman of the Board will make his or her appointments to the Advisory Committee after campus selections in order to maximize the prospect that the total committee composition reflects diversity.

See the Item for the Record on Page 106 relating to the Advisory Committee for the Selection of a President at The University of Texas Health Science Center at San Antonio.

- 2. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Approval to Amend Chapter I, Section 7 (Committees and Other Appointments), Subsection 7.1, Subdivisions 7.15 through 7.18; Section 8 (Procedure), Subsection 8.5, Subdivision 8.52 and Subsection 8.6; and Part Two, Chapter II, Section 6 (Legislative Budget Requests)

The Board amended the Regents' Rules and Regulations as set forth below:

- a. Part One, Chapter I, Section 7 (Committees and Other Appointments), Subsection 7.1, Subdivisions 7.15 through 7.18 was amended to read as follows:

Sec. 7. Committees and Other Appointments.

...

7.15 Duties of the Business Affairs and Audit Committee.--The Business Affairs and Audit Committee shall:

- 7.151 Recommend appropriate Board action with respect to any recommendations by the Chancellor related to the appointment, promotion, and dismissal of such System Administration business affairs officers as report directly or indirectly to the Chancellor.

- 7.152 Recommend to the Board compensation for the System Administration and the rates of professional compensation.
- 7.153 Make recommendations to the Board on matters related to 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 State Auditor's Reports and Management Letters and System and institutional internal audit reports.
- 7.155 Approve the System-wide internal audit plan.
- 7.156 Transmit to the Chancellor, subject to the prior approval of the Board, such instructions as it deems necessary for the implementation of appropriate internal auditing practices.
- 7.157 Initiate System and institutional audits as deemed necessary to ensure management control within The University of Texas System. (In this regard, the System Director of Audits reports to the Chairman of the Business Affairs and Audit Committee.)
- 7.158 Make recommendations to the Board on matters relating to the fiscal management of The University of Texas System Administration and each component institution of the System.
- 7.159 Consider and recommend to the Board the operating budgets of The University of Texas System Administration and each component institution of the System.
- 7.15(10) Propose to the Board appropriations of funds and modifications of or additions to such appropriations.
- 7.15(11) Make recommendations to the Board on matters that commit the U. T. System or any component to operating expenditures in future fiscal years.
- 7.15(12) Consider and make recommendations to the Board concerning the availability of funds for, and application of funds to, capital improvement requests.
- 7.15(13) Make recommendations on matters relating to management of the lands constituting the permanent endowment of the University, including oversight of the offices of University Lands - Surface and Mineral Interests.

- 7.182 Review proposed construction projects and make decisions on the selection of architects for projects determined to be of special interest to the Board; approve plans and accept bids for construction projects.
- 7.183 Make recommendations to the Board on the award and execution of construction and equipment contracts.
- 7.184 Make recommendations to the Board with respect to the naming of University buildings and other major facilities.

b. Part One, Chapter I, Section 8, Subsection 8.5, Subdivision 8.52, relating to the procedure for addressing the Board of Regents, was amended as follows:

8.52 Except upon invitation of the Board, the Chairman of the Board, the Chancellor, or the appropriate Executive Vice Chancellor, no person shall appear before the Board or any committee thereof unless that person files with the Executive Secretary to the Board a written request explaining the purpose of such appearance at least three days before the date of such appearance and unless the Chairman of the Board, the appropriate Committee Chairman, or at least three members of the Board, shall approve the request. It is understood, however, that the president of a component institution or his or her delegate and/or the president or chair of the student or faculty governance organization(s) or his or her delegate may appear without prior notice or request before the Board or any committee whenever the matter under consideration directly affects the component institution represented by such person. Persons requesting to appear must identify the subject of their remarks, which must be directly related to a matter on the Agenda for consideration by the Board. Whenever time and other circumstances permit, the person making the request shall first consult with the president, or his or her delegate, of such institution regarding the purpose of the appearance prior to the meeting of the Board or committee. Insofar as possible, any person who appears before the Board shall provide a written statement of the substance of such person's presentation to the Board, and such written statement shall be delivered to the Executive Secretary to the Board in sufficient time for copies to be distributed to the Regents prior to the meeting.

Any person appearing before the Board or a committee shall be subject to restrictions on time, place and manner as may be prescribed by the Chairman or a majority of the Board or by the Chairman or a majority of a committee. The Chairman or a majority of the Board may prescribe sanctions against any person exceeding established time, place or manner limits; disrupting a meeting of the Board or a committee of the Board; or violating any provision of the Regents' Rules and Regulations. Sanctions may include the refusal to allow such person to speak again to the Board or committees of the Board for up to one year.

c. Part One, Chapter I, Section 8, Subsection 8.6 was amended as follows:

8.6 Report to Press on Actions of Board.--Reports on matters of public interest will be given to the press as promptly as possible during or after each meeting. These press reports shall be under the direction of the Chairman of the Board, the Chancellor or their designated representatives.

d. Part Two, Chapter II, Section 6 (Legislative Budget Requests) was amended as follows:

Sec. 6. Legislative Appropriation Requests.

6.1 Legislative appropriation requests, biennial or otherwise, shall be prepared in conformity with the Detailed Instructions for Agencies of Higher Education as prescribed by the Legislative Budget Board and the Governor's Office of Budget and Planning.

6.2 Appropriation requests for all component institutions shall be prepared by the president in conformity with these instructions and approved by the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Chancellor.

6.3 Appropriation requests shall be submitted to the Legislative Budget Board, to the Governor's Budget and Planning Office, and to other State offices as required in the form and at the time prescribed.

The nonsubstantive amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 7, Subsection 7.1, Subdivisions 7.15 through 7.18 regarding committees and other appointments, streamline and conform this Subsection to current committee processes, following delegation by the U. T. Board of Regents of certain approvals to The University of Texas System and the component institutions in 1997.

The amendments to Part One, Chapter I, Section 8, Subsection 8.5, Subdivision 8.52 of the Rules make the timing of requests to address the Board more flexible for a requestor by requiring that the request be submitted at least three days prior to the desired appearance.

The amendment to the Regents' Rules, Part One, Chapter I, Section 8, Subsection 8.6 authorizes the Office of Development and External Relations to provide press information prior to the end of a regular meeting.

Amendments to Part Two, Chapter II, Section 6 conform the text of the Regents' Rules to current practice related to Legislative Appropriation Requests (LAR) by indicating that each president will prepare the LAR with final approval by the Executive Vice Chancellors for Health Affairs, Business Affairs, and Academic Affairs, and the Chancellor prior to submission.

3. U. T. System: Approval of Goals Statement for Distance Education

Upon recommendation of the Special Committee on Telecommunications and Technology Transfer, chaired by Regent A. R. (Tony) Sanchez, Jr., the Board approved the Goals Statement for Distance Education in The University of Texas System as set forth below. This statement provides a Mission Statement and operating principles for the UT TeleCampus, identifies target market groups, and provides general and specific Distance Education goals.

DISTANCE EDUCATION IN THE UNIVERSITY OF TEXAS SYSTEM

Background

The Board of Regents of The University of Texas System remains unalterably committed to a fundamental principle: access to education for all Texans is

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minutes

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 33 - 51).--Committee Chairman Riter reported that the Business Affairs and Audit Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 101 (Catalog Change)

Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 101 in the form distributed by the Executive Secretary. It is attached following Page 110 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 may be executed by the appropriate officials of the respective institution involved.

To avoid any appearance of a possible conflict of interest, Vice-Chairman Clements was recorded as abstaining from any vote on Item 2 on Page HD - 2 of The University of Texas Southwestern Medical Center at Dallas Docket related to a gift from The Honorable William P. Clements, Jr.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VI, Sections 2 through 11 (Staff Benefits)

The Board amended the Regents' Rules and Regulations, Part Two, Chapter VI, Sections 2 through 11, relating to staff benefits, to read as set forth below:

Sec. 2. Optional Retirement Program.

2.1 Eligibility standards for participation in the Optional Retirement Program (O.R.P.) shall be established pursuant to Texas Government Code Section 830.001 et seq. and eligibility rules adopted by the Texas Higher Education Coordinating Board.

6/17/12

- 2.2 In consultation with the Office of the Executive Vice Chancellor for Business Affairs and in accordance with federal and State laws and regulations, the Director of Human Resources is authorized to issue on a periodic basis a Request for Proposals which contains the criteria a life insurance or mutual fund vendor must meet and continue to meet for selection and retention as an authorized vendor under the Optional Retirement Program. The Board of Regents shall select those companies accepted as vendors, based upon recommendation from the Director of Human Resources with the concurrence of the Executive Vice Chancellor for Business Affairs. Within a reasonable time period following selection by the Board of Regents, each vendor must execute a contract for products and services. The contract must be acceptable to The University of Texas System and must include the selection criteria contained in the Request for Proposals.
- 2.3 Each O.R.P. participant shall be permitted up to four changes of O.R.P. vendors per year, provided each change is to a company on the currently authorized vendor list. All O.R.P. vendor changes shall be in accordance with institutional policy governing such changes.
- 2.4 Transfers of O.R.P. accounts may be made only to one of the currently authorized O.R.P. vendors. The change may be made only on the first day of a month.

Sec. 3. University of Texas Governmental Retirement Arrangement.

- 3.1 The Board of Regents of The University of Texas System has established a "governmental excess benefits plan" for the Optional Retirement Program, authorized under Internal Revenue Code Section 415(m) and Texas Government Code Section 830.004 and designated as The University of Texas Governmental Retirement Arrangement (UTGRA).
- 3.2 Eligibility for participation shall be based on an employee's date of initial participation in the Optional Retirement Program and the employee's level of earnings.

- 3.3 Participation in the program and all subsequent distributions shall be in accordance with the plan documents.
- 3.4 All funds participating in UTGRA including the monthly State contribution, amounts reduced from each participant's salary, and any subsequent investment earnings are the property of the Board of Regents until such time as an authorized distribution is executed in accordance with the plan document.
- 3.5 The Board of Regents shall, at its discretion, authorize an external organization to provide trustee services and record keeping services for UTGRA.

Sec. 4. Tax Sheltered Annuities.

- 4.1 Pursuant to Article 6228a-5, Vernon's Texas Civil Statutes, an employee may purchase Tax Sheltered Annuities (T.S.A.) from a company authorized to engage in business in the State of Texas, provided the products are authorized for Internal Revenue Code Section 403(b) participation.
- 4.2 The University of Texas System Office of Human Resources, in consultation with the Office of the Executive Vice Chancellor for Business Affairs, shall maintain a listing of companies authorized to offer annuities or other investments under the Tax Sheltered Annuity Program.

Sec. 5. Employee Group Insurance and Health Benefits.

- 5.1 All group insurance, health benefit programs and cafeteria plans authorized by law for employees of the U. T. System and its component institutions shall be administered by the Chancellor on behalf of the Board.
- 5.2 The Chancellor shall provide for the planning, implementation, management, and administration of the employee

group insurance and health benefit programs through such U. T. System committees and administrators as the Chancellor deems appropriate.

- 5.3 The Chancellor will submit for review and approval by the Board, recommendations on matters regarding the *employee group insurance program*.

Sec. 6. Workers' Compensation Insurance.

- 6.1 Pursuant to Texas Labor Code Section 503.001 et seq., a self-insured System-wide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.
- 6.2 The Office of Business and Administrative Services shall investigate injuries, with the assistance of other appropriate System and component institution offices.
- 6.3 The component institutions shall be responsible for reporting all work-related injuries to the Office of Business and Administrative Services. The Office of Business and Administrative Services shall file reports of lost time injuries and occupational diseases with the Texas Workers' Compensation Commission (T.W.C.C.).
- 6.4 The Office of Business and Administrative Services shall coordinate occupational safety and health activities.
- 6.5 The Office of General Counsel shall be responsible for a determination on appeal of T.W.C.C. decisions.
- 6.6 A percentage of annual payroll, as approved by the Executive Vice Chancellor for Business Affairs, shall be set aside to fund the Workers' Compensation Insurance Fund (W.C.I. Fund).
  - 6.61 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 Office of Business and

Administrative Services, for receipt into the W.C.I. Fund no later than 20 days after the end of each month.

6.62 The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in these Rules and Regulations.

6.7 The Office of Business and Administrative Services shall be responsible for processing all W.C.I. claims for medical care and compensation.

6.8 The Office of Business and Administrative Services shall prepare an annual report on the status of the W.C.I. Fund for the U. T. Board of Regents.

Sec. 7. Unemployment Compensation Insurance Program.

7.1 The System-wide Unemployment Compensation Insurance (U.C.I.) Program will provide weekly benefits as specified in Section 207.001 et seq., Texas Labor Code.

7.2 The Unemployment Compensation Insurance Fund (U.C.I. 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 Office of Human Resources shall administer funding by assessment on all salary sources excluding those salaries paid from State General Revenue as provided in Subsection 7.24 below.

7.21 The System will reimburse the State from the U.C.I. Fund for claims charge-backs paid by the State Comptroller for former employees whose salaries were paid from sources other than State General Revenue.

7.22 Claims charge-backs for former employees whose salaries were paid from State General Revenue shall be referred to each component institution for reimbursement of one-half of the claim paid by the State Comptroller.

7.23 The U.C.I. Fund shall at all times operate under principles established by the U. S. Department of Health and Human Services.

7.24 Assessment rates shall be calculated to provide minimum U.C.I. Fund 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 Office of Human Resources, for receipt into the U.C.I. Fund no later than 20 days after the end of the month.

7.25 Expenditures from the U.C.I. Fund shall be limited to direct costs in accordance with Office of Management and Budget Circular A-21.

7.3 The Office of Human Resources, working in coordination with appropriate System and component institution offices, shall administer the U.C.I. Program, provide assistance as necessary to component institutions, and represent System Administration in appeals to the Texas Workforce Commission (T.W.C.).

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

7.5 The Office of Human Resources shall prepare an annual report on the status of the U.C.I. Fund for the U. T. Board of Regents.

Sec. 8. Social Security (Old Age and Survivors Insurance).

Pursuant to 42 U.S.C. Sections 410 through 418, all employees must participate in the Social Security Program, except for those employees specifically exempted from participation such as student employees in accordance with applicable agreements between the State of Texas and the Social Security Administration.

Sec. 9. Deferred Compensation Plan.

As authorized by Chapter 609, Texas Government Code, any employee may participate in the Deferred Compensation Plan.

Sec. 10. U. S. Savings Bonds.

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

Sec. 11. Availability of Benefit Descriptions.

The Director of Employee Group Insurance Programs and the Director of Human Resources, through coordination with each of the component institutions, shall insure that up-to-date accurate descriptions of the participation and eligibility requirements for all employee benefits and programs are conveniently available to all prospective and current employees at System Administration offices and at all component institutions.

The revisions to former Section 3 of the Regents' Rules, concerning the Tax Sheltered Annuity Program, reflect changes to State law that permit an employee to participate with any company that is authorized to do business in the State of Texas and provide products that are in compliance with Internal Revenue Code Section 403(b). These amendments to the Regents' Rules and Regulations, Part Two, Chapter VI, Sections 2 through 11, formally repeal the "Conditions to be Met by Organizations Seeking Authorization to Write Tax Sheltered Annuities or Other Investments for Employees of The University of Texas System" approved by the U. T. Board of Regents in December 1981, and amended in October 1983. These Conditions, although outdated, form the basis of the list of companies authorized to offer annuities or other investments referenced in former Subsection 3.2.

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BACKGROUND INFORMATION

The proposed amendment to the Regents' Rules and Regulations would allow the Chairman of the U. T. Board of Regents limited authority to appoint additional members to a presidential advisory committee to represent an institution's external constituency. The current language allows the Chairman to appoint one additional representative in situations where the institution has a unique mission or external constituency.

See the Item for the Record on Page ~~165~~ relating to the Advisory Committee for the Selection of a President at U. T. Health Science Center - San Antonio.

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 7 (Committee Structure), Subsection 7.1, Subdivisions 7.15 through 7.18, Section 8 (Procedure), Subsection 8.5, Subdivision 8.52 and Subsection 8.6, and Part Two, Chapter II, Section 6 (Legislative Budget Requests)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations be amended as set forth below in congressional style:

- a. Amend Part One, Chapter I, Section 7 (Committee Structure), Subsection 7.1, Subdivisions 7.15 through 7.18 as follows:

Sec. 7. Committees and Other Appointments [~~Committee Structure~~].

...

- 7.15 Duties of the Business Affairs and Audit Committee.--The Business Affairs and Audit Committee shall:
  - 7.151 ~~Recommend~~ [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 business affairs officers [~~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 Make recommendations [~~Consider and recommend~~] to the Board on 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 Auditor's Reports and Management Letters and System and institutional internal audit reports.
- 7.155 Approve the System-wide internal audit plan.
- 7.156 Transmit to the Chancellor, subject to the prior approval of the Board, such instructions as it deems necessary for the implementation of appropriate internal auditing practices.
- 7.157 Initiate System and institutional audits as deemed necessary to ensure management control within The University of Texas System. (In this regard, the System Director of Audits reports to the Chairman of the Business Affairs and Audit Committee.)
- 7.158 Make [~~Consider and make~~] recommendations to the Board on [~~all~~] matters relating to the fiscal management of The University of Texas System Administration and each component institution of the System.
- 7.159 Consider [~~Following consultation with the Academic Affairs Committee and the Health Affairs Committee, consider~~] and recommend to the Board the operating budgets of The University of Texas System Administration and each component institution of the System.
- 7.15(10) [~~Following consultation with the Academic Affairs Committee and the Health Affairs Committee, consider and recommend to the Board biennial submissions of appropriation requests to the Legislative Budget Board and to the Governor as~~

~~prepared by the System Administration and component institutions in accordance with Section 6 of Chapter II of Part Two of these Rules and Regulations.~~

- 7.15(14) Propose to the Board [all] appropriations of funds and [all] modifications of or additions to such appropriations.
- 7.15(11)(12) ~~Following consultation with the Academic Affairs Committee and the Health Affairs Committee, recommend]~~ Make recommendations to the Board on matters that [which] commit the U. T. System or any component [thereof] to operating expenditures in future fiscal years.
- 7.15(12)(13) Consider and make recommendations to the Board concerning the availability of funds for, and application of funds to, capital improvement requests.
- 7.15(13)(14) ~~Consider and make]~~ Make recommendations on [all] matters relating to management of the lands constituting the permanent endowment of the University, including oversight of the offices of University Lands - Surface and Mineral Interests.
- [7.15 (15) ~~Counsel with the Chancellor and recommend Board action with respect to any recommendations related to the appointment, promotion, and dismissal of such System officers as are responsible for managing the lands of the System or any component thereof.]~~
- 7.16 Duties of the Academic Affairs Committee.--The Academic Affairs Committee shall:
- 7.161 Report to the Board on the instructional, research, and professional service programs and activities of the general academic components [~~Consider and report to the Board on matters concerned with substantive aspects of policies and programs related to the academic philosophy and objectives of the general academic institutions; with University relations; and with general academic planning, instruction, and research].~~
- 7.162 Report [~~Recommend~~] to the Board on policies relating to soliciting and securing gifts for the University's general academic institutions.

- 7.163 Consider and report to the Board on [all] matters affecting the libraries of the general academic institutions.
- 7.164 Review proposed substantive changes in the degree program inventory and the academic administrative structure; and recommend to the Board approval or disapproval of such changes [~~Recommend to the Business Affairs and Audit Committee matters which commit the general academic institutions to operating expenditures in future years~~].
- 7.165 [~~Consider and recommend to the Business Affairs and Audit Committee the annual operating budgets of the general academic institutions, including rates of compensation.~~
- 7.166 Consider and recommend to the Business Affairs and Audit Committee biennial submissions of appropriation requests to the Legislative Budget Board and to the Governor as prepared by the System Administration and component institutions in accordance with Section 6 of Chapter II of Part Two of these Rules and Regulations.
- 7.167] Report [~~Counsel with the Executive Vice Chancellor for Academic Affairs and the Chancellor~~] and recommend to the Board approval of matters related to education [~~student affairs, fees and housing~~] in the general academic institutions.
- 7.166[8] Recommend [~~Counsel with the Executive Vice Chancellor for Academic Affairs and the Chancellor and recommend to the~~] appropriate Board action with respect to any recommendations by the Chancellor related to [~~approval of~~] the appointment, promotion, and dismissal of such institutional officers as may be appropriate in the general academic institutions.
- 7.167[9] Consider and report to the Board on matters relating to the research, training, and community service activities at the general academic institutions.
- [7.16(10) Consider and recommend to the Board the acceptance and execution of grants and contracts for research, training, and community service at the general academic institutions.]

- 7.168~~[(14)]~~ ~~Recommend [Counsel with the Chancellor and~~ recommend] appropriate Board action with respect to any recommendations by the ~~[Executive Vice]~~ Chancellor ~~[for Academic Affairs]~~ related to the appointment, promotion, and dismissal of such System Administration academic affairs officers ~~[Officers]~~ as report directly or indirectly to the ~~[Executive Vice]~~ Chancellor ~~[for Academic Affairs]~~.
- 7.169~~[(12)]~~ ~~Consider and make~~ Make recommendations ~~[to the Business Affairs and Audit Committee]~~ concerning capital improvement priorities ~~[requests as]~~ related to the approved missions of the general academic institutions.
- 7.17 Duties of the Health Affairs Committee.--The Health Affairs Committee shall:
- 7.171 Consider and report to the Board on matters concerned with substantive aspects of policies and programs related to the academic philosophy and objectives of the health-related institutions; with University relations; and with health-related academic planning, instruction~~[s]~~, and research.
- 7.172 ~~[Recommend to the Business Affairs and Audit Committee matters which commit the health-related institutions to operating expenditures in future years.~~
- 7.173 ~~Consider and recommend to the Business Affairs and Audit Committee the annual operating budgets of the health-related institutions, including rates of compensation.~~
- 7.174 ~~Consider and recommend to the Business Affairs and Audit Committee biennial submissions of appropriation requests to the Legislative Budget Board and to the Governor as prepared by the System Administration and component institutions in accordance with Section 6 of Chapter II of Part Two of these Rules and Regulations.~~
- 7.175] Report ~~[Counsel with the Executive Vice Chancellor for Health Affairs and the Chancellor]~~ and recommend to the Board approval of matters relating to education ~~[student affairs, fees and housing]~~ in the health-related institutions.

- 7.173[6] ~~Recommend [Counsel with the Executive Vice Chancellor for Health Affairs and the Chancellor and recommend to the]~~ appropriate Board action with respect to any recommendations by the Chancellor related to [approval of] the appointment, promotion, and dismissal of such institutional officers as may be appropriate in the health-related institutions.
- 7.174[7] Consider and report to the Board on matters relating to the research, training, and community service activities of the health-related institutions.
- 7.175[8] Consider and report to the Board on ~~[all]~~ matters affecting the libraries of the health-related institutions.
- ~~[7.179 Consider and recommend to the Board the acceptance and execution of grants and contracts for research, training, and community service at the health-related institutions.]~~
- 7.176[40] Report [Recommend] to the Board on policies relating to soliciting and securing gifts for the University's health-related institutions.
- 7.177[41] With respect to each Hospital, clinic and patient-care facility owned by The University of Texas System:
- 7.177[41]1 Counsel with the Executive Vice Chancellor for Health Affairs regarding [Review and make recommendations to the Board concerning] the bylaws, and rules and regulations of the medical staff;
- 7.177[41]2 Review and make recommendations to the Board concerning mechanisms and controls for the achievement and maintenance of high standards of professional practices in and at the Hospital, clinic or patient-care facility.
- 7.178[42] Recommend appropriate [Counsel with the Chancellor and recommend] Board action with respect to any recommendations by the ~~[Executive Vice]~~ Chancellor ~~[for Health Affairs]~~ related to the appointment, promotion, and dismissal of such System Administration health affairs officers [Officers] as report directly or indirectly to the ~~[Executive Vice]~~ Chancellor ~~[for Health Affairs]~~.

- 7.179~~(13)~~ ~~Consider and make~~ Make recommendations ~~[to the Business Affairs and Audit Committee]~~ concerning capital improvement priorities ~~[requests as]~~ related to the approved missions of the health-related institutions.
- 7.18 Duties of the Facilities Planning and Construction Committee.--  
The Facilities Planning and Construction Committee shall:
- 7.181 Consider matters relating to the acquisition and use of the grounds and buildings on ~~[of all]~~ campus and campus-related real property of The University of Texas System.
- 7.182 Review proposed construction projects and make decisions on ~~[Recommend to the Board]~~ the selection of [award of contracts to consulting and other] architects for projects determined to be of special interest to the Board; approve plans and accept bids for construction projects.
- 7.183 Make recommendations ~~[Recommend]~~ to the Board on the award and execution of construction and equipment contracts ~~[and approve progress reviews and beneficial occupancy of construction projects]~~.
- 7.184 ~~[Consider capital improvement requests and, with the prior approval of the Academic or Health Affairs Committee, make recommendations to the Board.~~
- ~~7.185]~~ Make recommendations to the Board with respect to the naming of University buildings~~[- streets, roads,]~~ and other major facilities ~~[including redesignation of existing facilities]~~.

- b. Amend Part One, Chapter I, Section 8, Subsection 8.5, Subdivision 8.52, relating to the procedure for addressing the Board of Regents, as follows:

8.52 Except upon invitation of the Board, the Chairman of the Board, the Chancellor, or the appropriate Executive Vice Chancellor, no person shall appear before the Board or any committee thereof unless that person files with the Executive Secretary to the Board a written request explaining the purpose of such appearance at least three ~~[six]~~ days before the date of such appearance and unless the Chairman of the Board, the appropriate Committee Chairman, or at least three members ~~[a majority]~~ of the ~~[whole]~~ Board, shall approve the request. It is understood, however, that the president of a component institution ~~[chief administrative officer]~~ or his or her

delegate and/or the president or chair of the student or faculty governance organization(s) or his or her delegate may appear without prior notice or request before the Board or any committee whenever the matter under consideration directly affects the component institution represented by such person. Persons requesting to appear must identify the subject of their remarks, which must be directly related to a matter on the Agenda for consideration by the Board. Whenever time and other circumstances permit, the person making the request shall first consult with the president [~~chief administrative officer~~], or his or her delegate, of such institution regarding the purpose of the appearance prior to the meeting of the Board or committee. Insofar as possible, any person who appears before the Board shall provide a written statement of the substance of such person's presentation to the Board, and such written statement shall be delivered to the Executive Secretary to the Board in sufficient time for copies to be distributed to the Regents prior to the meeting. Any person appearing before the Board or a committee shall be subject to restrictions on time, place and manner as may be prescribed by the Chairman or a majority of the Board or by the Chairman or a majority of a committee. The Chairman or a majority of the Board may prescribe sanctions against any person exceeding established time, place or manner limits; disrupting a meeting of the Board or a committee of the Board; or violating any provision of the Regents' Rules and Regulations. Sanctions may include the refusal to allow such person to speak again to the Board or committees of the Board for up to one year.

c. Amend Part One, Chapter I, Section 8, Subsection 8.6 as follows:

8.6 Report to Press on Actions of Board.--Reports on matters of public interest will be given to the press as promptly as possible during or after each meeting. These press reports shall be under the direction of the Chairman of the Board, the Chancellor or their designated representatives.

d. Amend Part Two, Chapter II, Section 6 (Legislative Budget Requests) as follows:

Sec. 6. Legislative Appropriation [~~Budget~~] Requests.

6.1 Legislative appropriation [~~budget~~] requests, biennial or otherwise, [~~as may be required~~] shall be prepared in conformity with the Detailed Instructions for Agencies of Higher Education as prescribed by the Legislative Budget Board and the

Governor's Office of Budget and Planning [submitted to the Texas Higher Education Coordinating Board, to the Legislative Budget Board, and to the Governor's Budget and Planning Office in the form and at the time prescribed].

- 6.2 Appropriation requests for all component institutions shall be prepared by the president in conformity with these instructions and approved by the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Chancellor [These legislative budget requests shall be prepared in conformity with the same general procedures, as outlined above in Section 5, for the annual budgets in the following sequence:
- 6.21 Approval of budget request writing policies by the Board upon recommendation of the Chancellor.
  - 6.22 Preparation of a recommended budget request of expenditures by the component president in conformity with these policies.
  - 6.23 Approval of the completed budget request by the appropriate Executive Vice Chancellor, the Chancellor and the Board].
- 6.3 Appropriation requests shall be submitted to the Legislative Budget Board, to the Governor's Budget and Planning Office, and to other State offices as required in the form and at the time prescribed.

### BACKGROUND INFORMATION

The proposed nonsubstantive amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 7, Subsection 7.1, Subdivisions 7.15 through 7.18 regarding committee structure, are intended to streamline this Subsection and conform it to current committee processes, following delegation by the U. T. Board of Regents of certain approvals to the U. T. System and the component institutions in 1997. For example, the current text related to the Capital Improvement Plan has been amended to describe the roles of the Health Affairs Committee and Academic

Affairs Committee in the review of priorities related to capital improvement priorities; repetitious language is deleted; and language is limited to committee duties and responsibilities.

The proposed amendments to Part One, Chapter I, Section 8, Subsection 8.5, Subdivision 8.52 of the Rules will make the timing of requests to address the Board more flexible for a requestor by requiring that the request be submitted at least three days prior to the desired appearance. Under the current Regents' Rules, a person who wishes to address the Board of Regents or any committee thereof must file with the Executive Secretary to the Board a written request explaining the purpose of such appearance at least six days before the date of such appearance or have the approval of the Chairman of the Board or a majority of the whole Board for the appearance. As requests for appearance must relate directly to an item on a Board meeting or committee agenda, the proposed amendment allows a potential requestor more advance notice of the meeting agenda prior to the deadline for a request.

The proposed amendment to Part One, Chapter I, Section 8, Subsection 8.6 authorizes the Office of Development and External Relations to provide press information prior to the end of a regular meeting.

The proposed amendments to Part Two, Chapter II, Section 6 conform the text of the Regents' Rules to current practice related to Legislative Appropriation Requests (LAR). Requests are prepared following detailed instructions issued by the Legislative Budget Board and the Governor's Office of Budget and Planning. The proposed changes indicate each president is responsible for preparing the LAR in conformity with the detailed instructions and, upon completion, the Executive Vice Chancellors for Health Affairs, Academic Affairs, and Business Affairs and the Chancellor would review and give final approval prior to submission.

3. U. T. System: Request for Approval of Proposed Goals Statement for Distance Education

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Special Committee on Telecommunications and Technology Transfer, chaired by Regent A. R. (Tony) Sanchez, Jr., that the U. T. Board of Regents approve the Goals Statement for

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1. U. T. System: Recommendation to Approve Chancellor's Docket No. 101

RECOMMENDATION

It is recommended that Chancellor's Docket No. 101 be approved.

It is requested that the Committee confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to appropriate officials of the respective institution involved.

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter VI, Sections 2 through 10 (Staff Benefits)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part Two, Chapter VI, Sections 2 through 10, relating to staff benefits, be amended as set forth below in congressional style:

Sec. 2. Optional Retirement Program.

2.1 Eligibility standards for participation in the Optional Retirement Program (O.R.P.) shall be established pursuant [Pursuant] to Texas Government Code[;] Section 830.001 et seq. [;] and [subject to] eligibility rules adopted by the Texas Higher Education Coordinating Board [; the following employees are eligible to participate in the Optional Retirement Program (O.R.P.):

2.11 ~~Full time faculty members appointed at least four and one half months.~~

2.12 ~~Full time administrative personnel responsible for teaching and research faculty appointed for at least four and one half months.~~

- 2.13 ~~The Chancellor and individuals employed full time as Executive Vice Chancellors, Vice Chancellors, chief administrative officers, vice presidents, and professional librarians, or other full-time professional staff persons whose national mobility requirements are similar to those of faculty members and who fill positions that are the subject of nationwide searches in the academic community].~~
- 2.2 ~~[In accordance with conditions approved by the U. T. Board of Regents and in consultation with the Office of the Executive Vice Chancellor for Business Affairs, the Director of the Office of Human Resources will review and approve the companies authorized to provide annuity contracts, custodial accounts or investment contracts under the O.R.P.~~
- 2.3] In consultation with the Office of the Executive Vice Chancellor for Business Affairs and in accordance with federal and State [state] laws and regulations, the Director of the Office of Human Resources is authorized to issue on a periodic basis a Request for Proposals which contains the criteria a life insurance or mutual fund vendor must meet and continue to meet for selection and retention as an authorized vendor ["Guidelines for Administration" for evaluation of organizations authorized to provide annuity contracts, custodial accounts or investment contracts] under the Optional Retirement Program. The Board of Regents shall select those companies accepted as vendors, based upon recommendation from the Director of Human Resources with the concurrence of the Executive Vice Chancellor for Business Affairs. Within a reasonable time period following selection by the Board of Regents, each vendor must execute a contract for products and services. The contract must be acceptable to The University of Texas System and must include the selection criteria contained in the Request for Proposals.
- 2.3 [2.4] Each O.R.P. participant shall be permitted up to four [One] changes of O.R.P. vendors [companies is allowed] per year, provided each change is to a company on the currently authorized vendor list. All O.R.P. vendor changes shall be in accordance with institutional policy governing such changes. [The change may be made only on the first day of a month.]

2.4 Transfers of O.R.P. accounts may be made only to one of the currently authorized O.R.P. vendors. The change may be made only on the first day of a month.

Sec. 3. University of Texas Governmental Retirement Arrangement.

3.1 The Board of Regents of The University of Texas System has established a "governmental excess benefits plan" for the Optional Retirement Program, authorized under Internal Revenue Code Section 415(m) and Texas Government Code Section 830.004 and designated as The University of Texas Governmental Retirement Arrangement (UTGRA).

3.2 Eligibility for participation shall be based on an employee's date of initial participation in the Optional Retirement Program and the employee's level of earnings.

3.3 Participation in the program and all subsequent distributions shall be in accordance with the plan documents.

3.4 All funds participating in UTGRA including the monthly State contribution, amounts reduced from each participant's salary, and any subsequent investment earnings are the property of the Board of Regents until such time as an authorized distribution is executed in accordance with the plan document.

3.5 The Board of Regents shall, at its discretion, authorize an external organization to provide trustee services and recordkeeping services for UTGRA.

Sec. 4[3]. Tax Sheltered Annuities.

4[3].1 Pursuant to Article 6228a-5, Vernon's Texas Civil Statutes, an employee may purchase Tax Sheltered Annuities (T.S.A.) from a [through an approved] company authorized to engage in business in the State of Texas, provided the products are authorized for Internal Revenue Code Section 403(b) participation.

4[3].2 [In accordance with conditions approved by] The University of Texas System Office of Human Resources, [Board of Regents and] in consultation with the Office of the Executive Vice Chancellor for Business Affairs, shall maintain a listing of [the Director of the Office of Human Resources will review and

approve] companies authorized to offer annuities or other investments under the Tax Sheltered Annuity Program.

- [3.3 ~~In consultation with the Office of the Executive Vice Chancellor for Business Affairs and in accordance with state and federal laws and regulations, the Director of the Office of Human Resources 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. 5[4]. Employee Group Insurance and Health Benefits.

- 5[4].1 All group insurance, ~~[and]~~ health benefit programs and cafeteria plans authorized by law for employees of the U. T. System and its component institutions shall be administered by the Chancellor on behalf of the Board.
- 5[4].2 The Chancellor shall provide for the planning, implementation, management, and administration of the employee group insurance and health benefit programs through such U. T. System committees and administrators as the Chancellor deems appropriate.
- 5[4].3 The Chancellor will submit for review and approval by the Board, recommendations on matters regarding the employee group insurance program ~~[benefits, premiums, and eligibility criteria for each group insurance and health benefit program; all contracts to provide a policy or policies of insurance and related services for a group insurance or health benefit program; and all contracts to provide services related to the implementation and administration of an authorized self-insured employee group benefit program].~~

Sec. 6[5]. Workers' Compensation Insurance.

- 6[5].1 Pursuant to Texas Labor Code Section 503.001 et seq., ~~[Texas Labor Code,]~~ a self-insured System-wide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.
- 6[5].2 The Office of Business and Administrative Services shall investigate injuries ~~[Human Resources]~~, with the assistance of other appropriate System and component institution offices~~[-shall investigate injuries].~~

- 6[6].3 The component institutions shall be responsible for reporting all work-related injuries to the Office of Business and Administrative Services [~~Human Resources~~]. The Office of Business and Administrative Services [~~Human Resources~~] shall file reports of lost time injuries and occupational diseases with the Texas Workers' Compensation Commission (T<sub>2</sub>W<sub>2</sub>C<sub>2</sub>C<sub>2</sub>).
- 6[6].4 The Office of Business and Administrative Services [~~Human Resources~~] shall coordinate occupational safety and health activities.
- 6[6].5 The Office of General Counsel shall be responsible for a determination on appeal of T<sub>2</sub>W<sub>2</sub>C<sub>2</sub>C<sub>2</sub> decisions.
- 6[6].6 A percentage of annual payroll, as approved by the Executive Vice Chancellor for Business Affairs [~~U. T. Board of Regents~~], shall be set aside to fund the Workers' Compensation Insurance Fund (W.C.I. Fund).
- 6[6].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 Office of Business and Administrative Services [~~Human Resources~~], for receipt into the W.C.I. Fund no later than 20 days after the end of each month.
- 6[6].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.
- 6[6].7 The Office of Business and Administrative Services [~~Human Resources~~] shall be responsible for processing all W.C.I. claims for medical care and compensation.
- 6[6].8 The Office of Business and Administrative Services [~~Human Resources~~] shall prepare an annual report on the status of the W.C.I. Fund for the U. T. Board of Regents [~~on the status of the W.C.I. Fund~~].

Sec. 7[6]. Unemployment Compensation Insurance Program.

- 7[6].1 The System-wide Unemployment Compensation Insurance (U.C.I.) Program will provide weekly benefits as specified in Section 207.001 et seq., Texas Labor Code.

- 7[6].2 The Unemployment Compensation Insurance Fund (U.C.I. 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 Office of Human Resources shall administer funding by assessment on all salary sources excluding those salaries paid from [other than] State General Revenue [Funds] as provided in Subsection 7[6].24 below.
- 7[6].21 The System will reimburse the State [~~General Revenue Fund~~] from the U.C.I. Fund for claims charge-backs paid by the State Comptroller for former employees whose salaries were paid from sources [funds] other than State General Revenue [Funds].
- 7[6].22 Claims charge-backs for former employees whose salaries were paid from State General Revenue [Funds] shall be referred to each component institution [the State Comptroller] for reimbursement of one-half of the claim paid by the State Comptroller [payment].
- 7[6].23 The U.C.I. Fund shall at all times operate under principles established by the U. S. Department of Health and Human Services.
- 7[6].24 Assessment rates shall be calculated to provide minimum U.C.I. Fund 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 Office of Human Resources, for receipt into the U.C.I. Fund no later than 20 days after the end of the month.
- 7[6].25 Expenditures from the U.C.I. Fund shall be limited to direct costs in accordance with Office of Management and Budget Circular A-21.
- 7[6].3 The Office of Human Resources, working in coordination with appropriate System and component institution offices, shall administer the U.C.I. Program, provide assistance as necessary to component institutions, and represent [the] System Administration in appeals to the Texas Workforce [Employment] Commission (T.W[E].C.).
- 7[6].4 The Office of General Counsel shall be responsible for a determination on appeals of T.W[E].C. decisions.

7[6].5 The Office of Human Resources shall prepare an annual report on the status of the U.C.I. Fund for the U. T. Board of Regents [~~on the status of the U. C. Fund~~].

Sec. 8[7]. Social Security (Old Age and Survivors Insurance).

Pursuant to 42 U.S.C. Sections [§]410 through 418, all employees must participate in the Social Security Program, except for those employees specifically exempted from participation such as student employees in accordance with applicable agreements between the State of Texas and the Social Security Administration.

Sec. 9[8]. Deferred Compensation Plan.

As authorized by Chapter 609, Texas Government Code [~~Article 6252-3b, Vernon's Texas Civil Statutes~~], any employee may participate in the Deferred Compensation Plan.

Sec. 10[9]. U. S. Savings Bonds.

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

Sec. 11[40]. Availability of [Complete] Benefit Descriptions.

The Director of the Office of Employee Group Insurance Programs and the Director of Human Resources, through coordination with each of the component institutions, [~~Chancellor~~] shall insure that up-to-date accurate descriptions of the participation and eligibility requirements for all employee benefits and programs are conveniently available to all prospective and current employees at System Administration offices and at all component institutions.

## BACKGROUND INFORMATION

Part Two, Chapter VI of the Regents' Rules and Regulations sets forth specific authority for U. T. System staff benefits programs. These benefits are dynamic and exist within the U. T. System administrative structure and State and federal regulatory and statutory authority. As these structures experience change, the language contained in the Regents' Rules and Regulations must be periodically modified to reflect these changes.

The proposed revisions to current Section 3, concerning the Tax Sheltered Annuity Program, reflect changes to State law that permit an employee to participate with any company that is authorized to do business in the State of Texas and provide products that are in compliance with Internal Revenue Code Section 403(b). Approval of the proposed revisions will formally repeal the "Conditions to be Met by Organizations Seeking Authorization to Write Tax Sheltered Annuities or Other Investments for Employees of The University of Texas System" approved by the U. T. Board of Regents in December 1981, and amended in October 1983. These Conditions, although outdated, form the basis of the list of companies authorized to offer annuities or other investments referenced in current Subsection 3.2.

These revisions are part of an ongoing project to review and suggest needed revisions to the Regents' Rules and Regulations.

3. U. T. Board of Regents: Proposed Adoption of Resolution for the Permanent University Fund Flexible Rate Notes Interim Financing Program

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. Board of Regents adopt a Resolution for the Permanent University Fund Flexible Rate Notes Interim Financing Program substantially in the form set out on Pages 47 - 92. The proposed Resolution will amend the Permanent University Fund Variable Rate Notes Interim Financing Program approved by the U. T. Board of Regents on April 14, 1994, to:

- a. Authorize the issuance of obligations in an aggregate principal amount outstanding at any one time not to exceed \$250,000,000 to provide interim financing to pay project costs for eligible projects
- b. Authorize such obligations to be issued, sold, and delivered as flexible rate notes and prescribe the terms, features, and characteristics of such notes
- c. Approve and authorize certain officers and employees, on behalf of the Board of Regents of The University of Texas System, to sell and to deliver such notes, within the limitations and procedures specified therein

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A copy of each budget, and any subsequent amendment thereto, shall be filed by the U. T. System Budget Office with the Legislative Reference Library to be available for public inspection, and also with such other state offices as required by law.

Sec. 6. Legislative Appropriation Requests.

- 6.1 Legislative appropriation requests, biennial or otherwise, shall be prepared in conformity with the Detailed Instructions for Agencies of Higher Education as prescribed by the Legislative Budget Board and the Governor's Office of Budget and Planning.
- 6.2 Appropriation requests for all component institutions shall be prepared by the president in conformity with these instructions and approved by the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Chancellor.
- 6.3 Appropriation requests shall be submitted to the Legislative Budget Board, to the Governor's Budget and Planning Office, and to other State offices as required in the form and at the time prescribed.

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OFFICE OF THE BOARD OF REGENTS  
THE UNIVERSITY OF TEXAS SYSTEM  
201 WEST SEVENTH STREET, AUSTIN, TEXAS 78701-2981  
(512) 499-4402

MEMORANDUM

May 22, 2000

**TO:** Those Who Receive Official Copies of  
the Regents' Rules and Regulations

**FROM:** Francie A. Frederick *FAF*

**SUBJECT:** Regents' Rules and Regulations,  
Amendments to Part Two

*Mailed  
1st class  
on 5/24/00*

Enclosed are revised pages containing amendments to the Regents' Rules and Regulations approved at the February 10, 2000 meeting of the U. T. Board of Regents, as well as editorial amendments to revise the Subdivision numbering sequence, correct spelling, and update the title of the Executive Director, Estates and Trusts.

Further detail on the rationale for the amendments and congressional style displays of the revised text are included in the Material Supporting the Agenda (MSA) for the February 10, 2000 meeting as referenced below.

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

<u>"A"</u>	<u>"B"</u>	<u>MSA Reference</u>
Cover Page	Cover Page	
Pages I-1a, I-2, I-3, I-3a and I-7a	Pages I-1a, I-2, I-3, I-3a and I-7a	Pages 30 and 66
Pages VIII-1, VIII-2, VIII-3 and VIII-4	Pages VIII-1, VIII-1a, VIII-2, VIII-3 and VIII-4	Page 93
Pages IX-3, IX-4, IX-7, IX-9 and IX-10 Page XII-1	Pages IX-3, IX-4, IX-7, IX-9 and IX-10 Page XII-1	Page 30

FAF/cf  
Enclosures

May 3, 2000

Distribution List for Official Copies of  
Regents' Rules and Regulations

Board of Regents	9
Office of the Board of Regents	3
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Publications Clearing House	1
State Auditor - U. T. Austin Representative	1
Legislative Reference Library	1
System Administration	9
Chancellor	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Executive Vice Chancellor for Academic Affairs	
Executive Associate to the Chancellor	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Vice Chancellor for Development and External Relations	
Vice Chancellor for Federal Relations	
Presidents of Component Institutions	15
Mr. Ralph L. Elder, The University of Texas at Austin	<u>1</u>
TOTAL	42

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

Also send intellectual property policy revisions to Coordinating Board per State Statute and post tenure review.

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

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

Mr. John Keel  
Director, Legislative Budget Board  
John H. Reagan Building  
Third Floor  
Austin, Texas 78701  
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State Auditor's Office  
Two Commodore Plaza  
206 East 9th Street  
Suite 1900  
Austin, Texas 78701  
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Ms. Sally Reynolds  
Director  
Legislative Reference Library  
Room 207-B, Capitol Building  
Austin, Texas 78711  
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Room 307, Archives Building  
Texas State Library  
Austin, Texas 78711  
INTERAGENCY MAIL

Dr. Don Brown  
Commissioner, Texas Higher  
Education Coordinating Board  
7745 Chevy Chase Drive, Building 5  
Austin, Texas 78752  
INTERAGENCY MAIL

(NOTE: Send only when there are  
amendments related to (1) academic  
work load, (2) faculty development  
leaves, (3) intellectual property  
policy, or (4) post tenure review.)

Mr. Ralph L. Elder  
Professional Librarian  
The University of Texas at Austin  
SRH 2.111  
FACULTY MAIL  
D1100

\*\*\*\*\*

OFFICE OF THE BOARD OF REGENTS  
THE UNIVERSITY OF TEXAS SYSTEM  
201 WEST SEVENTH STREET, AUSTIN, TEXAS 78701-2981  
(512) 499-4402

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5/9

MEMORANDUM

May \_\_, 2000

**TO:** Those Who Receive Official Copies of  
the Regents' Rules and Regulations

**FROM:** Francie A. Frederick

**SUBJECT:** Regents' Rules and Regulations,  
Amendments to Part Two

Enclosed are revised pages containing amendments to the Regents' Rules and Regulations approved at the February 10, 2000 meeting of the U. T. Board of Regents, as well as editorial amendments to revise the Subdivision numbering sequence, correct spelling, and update the title of the Executive Director, Estates and Trusts.

Pls. check wording

Further detail on the rationale for the amendments and congressional style displays of the revised text are included in the Material Supporting the Agenda (MSA) for the February 10, 2000 meeting as referenced below.

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

"A"	"B"	MSA Reference
Cover Page ✓	Cover Page ✓	
Pages I-1a, I-2 <sup>x</sup> , I-3 <sup>x</sup> , I-3a and I-7a <sup>x</sup>	Pages I-1a <sup>x</sup> , I-2 <sup>x</sup> , I-3 <sup>x</sup> , I-3a and I-7a <sup>x</sup>	Pages 30 <sup>x</sup> and 66 <sup>x</sup>
Pages VIII-1 <sup>x</sup> , VIII-2 <sup>x</sup> , VIII-3 <sup>x</sup> and VIII-4 <sup>x</sup>	Pages VIII-1 <sup>x</sup> , VIII-1a <sup>x</sup> , VIII-2 <sup>x</sup> , VIII-3 <sup>x</sup> and VIII-4 <sup>x</sup>	Page 93 <sup>x</sup>
Pages IX-3 <sup>x</sup> , IX-4 <sup>x</sup> , IX-7 <sup>x</sup> , IX-9 <sup>x</sup> and IX-10 <sup>x</sup>	Pages IX-3 <sup>x</sup> , IX-4 <sup>x</sup> , IX-7 <sup>x</sup> , IX-9 <sup>x</sup> and IX-10 <sup>x</sup>	Page 30 <sup>x</sup>
Page XII-1 <sup>x</sup>	Page XII-1 <sup>x</sup>	

FAF/cf  
Enclosures

Feb. 10, 2000

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 10, 2000,  
and editorial amendments through April 2000  
have been issued with this cover sheet.)

- 1.17 Specify that requests to establish quasi-endowments are to be submitted only when it is expected that the endowment will be maintained permanently, and
- 1.18 Provide that, in the interest of financial responsibility and efficiency, it is the specific preference of the Board that all endowment gifts be eligible for commingling for investment purposes with other endowment funds.
- 1.2 Unless otherwise approved by the Board, all gifts to the System or any component institution shall be made in accordance with all relevant laws and Board policies, including but not limited to the provisions of the U. T. System Gift Acceptance Procedures, the Gift Policy Guidelines for Surface and Mineral Estates in Real Property, the Environmental Review Policy for Acquisitions of Real Property Assets, and approved institutional policies.
- 1.3 The Board delegates to the Chancellor or the president of a component institution, or a designee specified in writing, the authority to accept gifts, other than gifts of real property, that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gift Acceptance Procedures, the Gift Policy Guidelines for Surface and Mineral Estates in Real Property, the Environmental Review Policy for Acquisitions of Real Property Assets, and approved institutional policies, provided that such gifts have a value of \$500,000 or less (in cash or in-kind). Such gifts that have a value of more than \$500,000 (in cash or in-kind) must be submitted to the Board for approval via the docket.
- 1.4 The Board delegates to the Executive Vice Chancellor for Business Affairs, or a designee specified in writing, authority to accept all gifts of real property of any value that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gift Policy Guidelines for Surface and Mineral Estates in Real Property, the Environmental Review Policy for Acquisitions of Real Property Assets, and approved institutional policies.

- 1.5 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to accept all gifts of any value (either in cash or in-kind) that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gift Acceptance Procedures, the Gift Policy Guidelines for Surface and Mineral Estates in Real Property, and the Environmental Review Policy for Acquisitions of Real Property Assets, and are processed or administered by the Office of Development and External Relations.
- 1.6 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to take any and all desirable actions relating to the administration and management of gifts accepted by the Office of Development and External Relations, including without limitation the modification or termination of trusts, endowments, and quasi-endowments as may be permitted by applicable law, policies, these Rules and Regulations, and the Gift Acceptance Procedures.
- 1.7 The Board delegates to the president of a component institution, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to gifts accepted by the president or accepted by the Board via the docket or as an agenda item.
- 1.8 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to gifts processed or administered by the Office of Estates and Trusts.
- 1.9 The Board delegates to the Executive Vice Chancellor for Business Affairs, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to real property gifts processed or administered by the Real Estate Office and University Lands - West Texas Operations.
- 1.(10) The Office of Development and External Relations shall submit a report to the Board summarizing acceptance and approval by the Office of Development and External Relations of gifts and other actions

which conform to all relevant laws and Board policies, including but not limited to the Gift Acceptance Procedures, no less frequently than annually.

- 1.(11) Recommendations regarding the acceptance of gifts or other actions which do not conform to all relevant laws and Board policies, including but not limited to the Gift Acceptance Procedures, shall be made through the Chancellor to the Board via the Agenda after review by the appropriate offices of the terms of the gifts, the nature of the donated assets and/or the requested action.
- 1.(12) Gifts to Establish Endowments.--Endowments will be established with gifts which have been completed for tax purposes or with a combination of such gifts and pledges at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.
- 1.(13) Except as provided in this Subsection, the preceding Subsections, or approved institutional policies, no member of the staff of any institution has the authority to accept gifts.
- 1.(14) Neither the System nor any of its component institutions will administer a gift for the benefit of any designated individual unless the donor is exempt from federal income taxes as defined by the Commissioner of Internal Revenue.
- 1.(15) Acceptance of all gifts of real property shall be subject to the U. T. System Gift Policy Guidelines for Surface and Mineral Estates in Real Property and the Environmental Review Policy for Acquisitions of Real Property Assets.
- 1.(16) Conduct Related to Gifts.
  - 1.(16)1 The Board will not serve as executor or administrator of an estate because of the potential for conflicts of interest and the scope of the required duties.
  - 1.(16)2 U. T. System and component institution employees who agree to serve as executor or administrator of a donor's estate which

- benefits a U. T. System component institution are immediately to notify the Office of Estates and Trusts of their appointment. Upon notification, the employee will be furnished a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the estate between the employee and any office of the U. T. System or the component institutions shall be in writing.
- 1.(16)3 U. T. System and component institution employees should not knowingly act as witnesses to wills in which the U. T. System or a component institution is named as a beneficiary because their doing so may jeopardize the receipt of the bequest.
- 1.(16)4 Because of the potential for conflicts of interest, U. T. System and component institution employees who agree to serve as trustee of a trust benefiting a U. T. System component institution are immediately to notify the Office of Estates and Trusts of their appointment. Upon notification, the employee will be furnished with a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the trust between the employee and any office of the U. T. System or the component institutions shall be in writing.
- 1.(16)5 Members of the Board are frequently persons of wide-ranging business interests. Therefore, a prudent, independent decision process may result in real estate transactions with or involving firms or organizations with whom a member of the Board is affiliated. Affiliation shall be interpreted within this Section to mean an employee, officer, director, or owner of five percent or more of the voting stock of a firm or organization. Unless the Board specifically finds that the transaction is in the best interest of the U. T. System or a component institution, no member of the Board or employee of the U. T. System may participate in any transaction with the U. T. System involving interests in real estate with which such Board member or employee is affiliated other than to convey a gift or bequest to the U. T. System.

Sec. 2. Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies.

- 2.1 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.--Pursuant to an Investment Management Services Agreement, UTIMCO shall be authorized to purchase, exchange, and sell, for and on behalf of the PUF or the Board, any and all securities of any description whatever and from any source, including gifts and bequests, 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, external investment managers appointed by UTIMCO may purchase, sell, or exchange securities, pursuant to written agreement with UTIMCO.
- 2.2 Authority to Transact Through Investment Dealers.-- Sales, purchases, and exchanges by UTIMCO shall be effected through investment dealers or brokers in accordance with the applicable Investment Policy Statement.
- 2.3 Additional Authority to Sell Securities for and on Behalf of the Board.--The Executive Director, Estates and Trusts shall be authorized to sell, for and on behalf of the Board, any and all securities of any description whatever from any source, received as gifts and/or bequests, registered in the name of the Board, or in any other form of registration of such securities held for the account of the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts managed and controlled by said Board.
- 2.4 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--UTIMCO may assign and transfer any and all securities of any description whatever and from any source, including gifts and bequests, 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 UTIMCO may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

- 2.5 Authority to Receive and Collect Money or Property.
- 2.51 UTIMCO is authorized and empowered to seek, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands due, payable, or belonging, or that may become due, payable, or belonging to the PUF or the Board from any person or persons as a result of any investment transaction and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time relating to the handling, management, control, and disposition of any investment. The authority granted in this Subdivision does not include the authority to institute litigation on behalf of the Board.
- 2.52 The Vice Chancellor for Development and External Relations or the Executive Director, Estates and Trusts is authorized to seek, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands due, payable, or belonging, or that may become due or payable to the Board from any person or persons as a result of, or relating to, a gift or bequest and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time relating to the receipt, handling, management, control, and disposition of any asset acquired by gift or bequest unless and until such time as the Office of Estates and Trusts has delivered the asset to another office for management purposes as provided in these Rules and Regulations.

Sec. 5. Policy for Investment and Management of Endowment, Trust, and Other Accounts Invested Through or Separate from U. T. Investment Pools.

- 5.1 Endowment funds and funds functioning as endowments will be managed in a manner consistent with the U. T. System Gift Acceptance Procedures, prudent person investment standards, and the Uniform Management of Institutional Funds Act (Title 10, Chapter 163, Texas Property Code). These funds will be managed separately and not commingled with the Long Term Fund if the terms of the instrument by which the fund was created preclude investment through the Long Term Fund. In addition, nonmarketable securities held by an endowment fund may be recorded as separately invested. All other endowment funds and funds functioning as endowments will be invested through the Long Term Fund.
- 5.2 Trust funds and other life income accounts will be invested and administered consistent with The University of Texas System Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement, U. T. System Gift Acceptance Procedures, prudent person investment standards, and the Texas Trust Code (Title 9, Subtitle B, Texas Property Code).
- 5.3 The provisions of Sections 3.2, 3.3, and 3.4 with respect to the investment and management of the PUF, shall likewise apply to endowment and trust funds except that Subsection 3.21 shall be applied only when such funds are invested through a U. T. investment pool.
- 5.4 Other Accounts as defined in The University of Texas System Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement shall be invested and administered consistent with that policy.

- 6.5 Delegation of Authority Regarding Space Leases.-- Subject to Subdivision 6.41 of this Section and the general provisions of Part One, Chapter I, Section 9, the Board delegates to each president the authority to execute and deliver on behalf of the Board lease agreements and related documents for the purpose of leasing space for use by the institution for institutional purposes.
- 6.6 Responsibilities of the Board Under Oil and Gas Leases and Other Documents Issued by the Board for Lease.--The Board delegates to the Executive Vice Chancellor for Business Affairs authority to take any action on behalf of the Board as may be necessary or desirable with regard to the management and administration of oil and gas leases and other instruments issued by the Board for Lease of University Lands, including without limitation, promulgating forms and requiring submission of documents, records, or reports to verify gross production, and disposition and market value of the production.
- 6.7 All Real Property Interests Held in the Name of the Board.--Title to all interests in real property, including leasehold interests, held for the use or benefit of the System, a component, or otherwise shall be held in the name of the Board.
- 6.8 Planned Gifts and Bequests.--The Office of Estates and Trusts shall, in accordance with applicable Board policies, process and administer the receipt of real property received by the Board through a bequest, an interest in an account held in trust, a gift to establish or modify an endowment (other than the Permanent University Fund), a fund functioning as an endowment, or a life income or annuity fund. The Office of Estates and Trusts shall promptly notify the Real Estate Office and University Lands - West Texas Operations of gifts of surface and mineral estates in real property received, processed, and administered pursuant to this Subsection 6.8 to be managed by the Real Estate Office and University Lands - West Texas Operations, respectively. This Subsection 6.8 shall not apply to current purpose gifts of surface and mineral estates in real property (other than gifts received through a bequest or a trust) or additions to an existing endowment, a fund functioning as an endowment, or a life income or annuity fund if the addition does not change or modify the purpose of the endowment or fund.

- 6.9 Current Purpose Gifts.--The Real Estate Office and University Lands - West Texas Operations shall, in accordance with Board policies, process and administer the receipt of all gifts of surface and mineral estates in real property that are not processed and administered in accordance with Subsection 6.8 of this Section, unless the property is used as campus property by the component. The component shall manage real property used for campus purposes.
- 6.(10) Rents, Mortgages, and Other Charges.--The Board delegates to the System Real Estate Office authority to collect, and account for, all rents, mortgages, and other charges relating to real property managed by that Office.

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

Sec. 4. Assessment, Collection, and Waiver of Tuition and Fees.-- Tuition, fees, and other charges will be fixed as prescribed or as authorized by statute and will be published in the institutional catalog with a description of the criteria for any authorized exemptions and waivers.

4.1 The authority of the U. T. Board of Regents to grant exemptions and waivers from tuition, fees, and other charges in accordance with statute, is delegated to the presidents of the U. T. System component institutions.

4.2 The Board delegates to the presidents of the component institutions the authority to approve changes in the amounts of incidental fees authorized by Section 54.504, Texas Education Code, for those fees that have previously been approved by the Board. As a condition to approval of any increase in such fees, the president must find that such increase is required in order for the incidental fee to reasonably reflect the actual cost to the component institution of the materials or services to be provided.

4.3 The Board delegates to the presidents of the component institutions the authority to approve changes in laboratory fees authorized by Section 54.501(a), Texas Education Code, and changes in supplemental fees authorized by Section 54.051(l), Texas Education Code, for laboratory and supplemental fees previously approved by the Board.

Sec. 5. Fiscal Year.--The fiscal year of the System shall be September 1 through August 31.

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

CHAPTER VIII

PHYSICAL PLANT IMPROVEMENTS

Sec. 1. Institutional Committees.

- 1.1 Institutional Building Advisory Committees.--There may be an Institutional Building Advisory Committee for each component. The duties, composition, and appointment of the members of the Institutional Building Advisory Committee shall be set forth in the Handbook of Operating Procedures of each component. The Institutional Building Advisory Committee shall have no further direct responsibility after the construction contract is awarded but shall be available for consultation as the building progresses, as requested by the president of the component institution, the appropriate Executive Vice Chancellor, the Chancellor, or the project architect or engineer.
- 1.2 Ad Hoc Project Building Committee.--The chief administrative officer may appoint, according to the institutional Handbook of Operating Procedures, an Ad Hoc Project Building Committee composed of, but not limited to, representatives of the departments or divisions that will occupy the building. The chairperson of the Institutional Building Advisory Committee, or his or her delegate, shall be an ex officio member of each Ad Hoc Project Building Committee. The committee shall work with the Office of Facilities Planning and Construction to prepare a facility program in accordance with the Facilities Programming Guidelines maintained by the Office of Facilities Planning and Construction.
- 1.3 Architect Selection Advisory Committees.--Architect Selection Advisory Committees for Major Projects shall be appointed by the institutional president in consultation with the Office of Facilities Planning and Construction and the Executive Vice Chancellor for Business Affairs. Architect Selection Advisory Committees for Minor Projects shall be appointed by the Responsible Administrator.
  - 1.31 For projects identified by the Facilities Planning and Construction Committee (FPCC) to be of special interest to the Board of Regents because of proposed siting, historical or

cultural significance, proposed use, or other unique characteristics, the FPCC will select the architect. For these special interest projects, the institutional president will appoint an Architect Selection Advisory Committee which may include two members of the Board named by the Chairman. The Architect Selection Advisory Committee will interview and review the competence and qualifications of candidates and prepare an unranked list of approximately four architects to be presented through the Chancellor to the FPCC for consideration. The FPCC may select an architect from this list, may ask the Selection Advisory Committee for additional recommendations of architects responding to the Request for Qualifications (RFQ), or may select an architect responding to the RFQ but not on the list on the basis of competence and qualifications. The FPCC will conduct interviews and site visits as necessary and will select the architect based on competence, qualifications, and criteria published in the RFQ.

1.32 For all other Major Construction and Repair and Rehabilitation Projects, Architect Selection Advisory Committees are authorized to evaluate, rank, and make selection recommendations of project architects for appointment by the Chancellor.

1.4 Selection Committees for Design-Build Contractors, Construction Manager-Agents, Construction Managers-at-Risk, General Contractors, and Job Order Contractors.--Selection Committees are authorized to evaluate, rank, and select design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors on the basis of qualifications and competitive sealed proposals in response to RFQs and Requests for Proposals (RFPs). Selection Committees are also authorized to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents, as required or permitted by law. Selection Committees for Major Projects shall be

appointed by the Director of the Office of Facilities Planning and Construction in consultation with the institutional president and the Executive Vice Chancellor for Business Affairs. Selection Committees for Minor Projects shall be appointed by the Responsible Administrator.

Sec. 2. Major Construction and Repair and Rehabilitation Projects.

2.1 General Requirements.

- 2.11 Subject to Subsection 1.3 and Subdivisions 2.12, 2.13, 2.14 and 2.15 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, the Chancellor, with the advice of the appropriate Executive Vice Chancellor and institutional president, is authorized to appoint architects, approve plans, and execute contracts for all new construction projects exceeding \$1,000,000 and for major repair and rehabilitation projects exceeding \$2,000,000 ("Major Projects") that have previously been approved or authorized by the Board.
- 2.12 Major Projects must be approved by the Board by being included in the approved Capital Improvement Program.
- 2.13 Funding for Major Projects must be allocated by the Board through the Capital Budget. Funding for Major Repair and Rehabilitation Projects that are not architecturally or historically significant may be appropriated by the Board through the Capital Budget. Funding for all other Major Projects is appropriated at the time of design development plan approval.
- 2.14 Costs in excess of an amount equal to the Total Project Cost approved by the Board plus ten percent or any material change in the concept or scope of the project must be approved by the Board.

- 2.2 Major Projects Procedures.
- 2.21 Following Board approval of a Major Project and the Preliminary Project Cost, the Institutional Building Advisory Committee shall make recommendations to the chief administrative officer regarding priorities for new construction consistent with the needs of the component.
- 2.22 The facility program must be approved by the Chancellor.
- 2.23 The Chancellor, on behalf of the Board, will utilize the services of a project architect, engineer, or design-build contractor for each Major Project or portion thereof as may be desirable or required by law. Requests for Qualifications (RFQs) issued to solicit responses from interested architects will include a requirement that the architect evidence agreement to adhere to the approved Campus Master Plan and a set of criteria applicable to the facility program and the needs of the institution. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.
- 2.24 After approval of the facility program, the Chancellor or delegate is authorized to give the project architect, engineer, or design-build contractor the facility program and the Campus Master Plan and to direct the preparation of schematic plans, exterior design, site plans, cost estimates, and other necessary and appropriate documents ("Schematic Plans") and design development plans, elevations, and sections, outline specifications, cost estimates, and other related work to fix the design, dimensions, materials, and scope of the project in greater detail ("Design Development Plans"). Design Development Plans are referred to as Preliminary Plans in applicable rules of the Texas Higher Education Coordinating Board. The project architect, engineer, or design-build contractor shall work with the Ad Hoc

- Project Building Committee, if any, the Office of Facilities Planning and Construction, and the Facilities Planning and Construction Committee with regard to plans, documents, and architectural design.
- 2.25 Design Development Plans for Major Project new construction and for architecturally or historically significant repair and rehabilitation projects shall be submitted to the Board for approval upon the recommendation of the Chancellor. The Executive Officers and component presidents shall be responsible for identifying to the Chancellor architecturally or historically significant major repair and rehabilitation projects. Upon approval of the Design Development Plans for Major Project new construction or an architecturally or historically significant repair and rehabilitation project, the Board will authorize expenditure of funds for the Project.
- 2.26 The Chancellor is authorized to approve Design Development Plans and authorize expenditure of funds for all other Major Project repair and renovation.
- 2.27 After approval of the Design Development Plans, the Chancellor is authorized to direct the preparation of the working drawings and specifications ("Construction Documents").
- 2.28 The Chancellor is authorized to approve the Construction Documents upon the recommendation of the component president and the appropriate Executive Vice Chancellor.

Sec. 3. Minor Construction and Repair and Rehabilitation Projects.

- 3.1 Delegation of Authority.--Subject to Subsections 3.2 and 3.3 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, each

CHAPTER XII

INTELLECTUAL PROPERTY

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

Sec. 2. General Policy.

- 2.1 The intellectual property policy shall apply to all persons employed by the U. T. System and the component institutions of the System, to anyone using System facilities under the supervision of System personnel, to undergraduates, to candidates for masters and doctoral degrees, and to postdoctoral and predoctoral fellows.
- 2.2 Except for intellectual property included in Subsections 2.3 and 2.4, this policy shall apply to and the Board may assert ownership in intellectual property of all types (including, but not limited to, any invention, discovery, trade secret, technology, scientific or technological development, and computer software) regardless of whether subject to protection under patent, trademark, copyright, or other laws.
- 2.3 The Board shall assert its interest in scholarly or educational materials, artworks, musical compositions and dramatic and nondramatic literary works

1. U. T. System: Recommendation to Approve Chancellor's Docket No. 100

RECOMMENDATION

It is recommended that Chancellor's Docket No. 100 be approved.

It is requested that the committee confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to appropriate officials of the respective institution involved.

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 1 (Gifts to The University of Texas System) and Chapter IX (Matters Relating to Investments, Trusts, and Lands), Sections 2, 5, and 6 and Recommendation to Rescind Section VIII (Gifts of Real Estate) of the U. T. System Gifts Policy Guidelines and to Adopt New Gift Policy Guidelines for Surface and Mineral Estates in Real Property

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the Vice Chancellor for Development and External Relations that the Regents' Rules and Regulations, Part Two, Chapter I, Section 1, regarding authorization to accept gifts of real property, and Chapter IX, Sections 2, 5, and 6, regarding investments, trusts, and lands, be amended as set forth below in congressional style:

- a. Amend Chapter I, Section 1 as follows and renumber present Subdivisions 1.(15)1 through 1.(15)5 accordingly:

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

...

- 1.2 Unless otherwise approved by the Board, all gifts to the System or any component institution shall be made in accordance with all relevant laws and Board policies, including but not limited

to[;] the provisions of the U. T. System Gift Acceptance Procedures, the Gift[s] Policy Guidelines for Surface and Mineral Estates in Real Property, the Environmental Review Policy for Acquisitions of Real Property Assets, and approved institutional policies.

- 1.3 The Board delegates to the Chancellor[;] or the president of a component institution [~~chief administrative officer~~], or a designee specified in writing, the authority to accept gifts, other than gifts of real property, that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gift Acceptance Procedures, the Gift[s] Policy Guidelines for Surface and Mineral Estates in Real Property, the Environmental Review Policy for Acquisitions of Real Property Assets, and approved institutional policies, provided that such gifts have a value of \$500,000 or less (in cash or in kind). Such gifts that have a value of more than \$500,000 (in cash or in kind) must be submitted to the Board for approval via the docket.
- 1.4 The Board delegates to the Executive Vice Chancellor for Business Affairs, or a designee specified in writing, authority to accept all gifts of real property of any value that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gift[s] Policy Guidelines for Surface and Mineral Estates in Real Property, the Environmental Review Policy for Acquisitions of Real Property Assets, and approved institutional policies[; ~~provided that such gifts have a value of \$500,000 or less. Such gifts that have a value of more than \$500,000 must be submitted to the Board for approval via the docket~~].
- 1.5 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to accept all gifts of any value (either in cash or in kind) that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gift Acceptance Procedures, the Gift[s] Policy Guidelines for Surface and Mineral Estates in Real Property, and the Environmental Review Policy for Acquisitions of Real Property Assets, and are processed or administered by the Office of Development and External Relations.

- 1.6 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to take any and all ~~[necessary or]~~ desirable actions relating to the administration and management of gifts accepted by the Office of Development and External Relations, including without limitation the modification or termination of trusts, endowments, and quasi-endowments as may be permitted by applicable law, policies, ~~[and]~~ these Rules and Regulations, and the Gift Acceptance Procedures.
- 1.7 The Board delegates to the president of a component institution ~~[chief administrative officer]~~, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to gifts accepted by the president ~~[chief administrative officer]~~ or accepted by the Board via the docket or as an agenda item.
- 1.8 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to gifts processed or administered by the Office of Estates and Trusts ~~[Development and External Relations]~~.
- 1.9 The Board delegates to the Executive Vice Chancellor for Business Affairs, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to real property gifts processed or administered by the Real Estate Office and University Lands - West Texas Operations.
- 1.(10) The Office of Development and External Relations shall submit a report to the Board summarizing acceptance and approval by the Office of Development and External Relations of gifts and other actions which conform to all relevant laws and Board policies, including but not limited to~~[-]~~ the Gift[s] Acceptance Procedures, ~~[Policy Guidelines]~~ no less frequently than annually.
- 1.~~(11)~~(10) Recommendations regarding the acceptance of gifts or other actions which do not conform to all relevant laws and Board policies, including but not limited to the Gift Acceptance Procedures ~~[Guidelines]~~, shall be made through the Chancellor

to the Board via the Agenda after review by the appropriate offices of the terms of the gifts, the nature of the donated assets and/or the requested action.

- 1.(12[44]) Gifts to Establish Endowments.  
[4.(11)1] Endowments will be established with gifts which have been completed for tax purposes or with a combination of such gifts and pledges at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.  
[4.(11)2] ~~Should the Board determine at any time that an endowment fund is not of sufficient size and has no foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.]~~
- 1.(13[42]) Except as provided in this Subsection, the preceding Subsections, or approved institutional policies, no member of the staff of any institution has the authority to accept gifts.
- 1.(14[43]) Neither the System nor any of its component institutions will administer a gift for the benefit of any designated individual unless the donor is exempt from federal income taxes as defined by the Commissioner of Internal Revenue.
- 1.(15[44]) Acceptance of all gifts of real property [estate] shall be subject to the U. T. System Gift[s] Policy Guidelines for Surface and Mineral Estates in Real Property and the Environmental Review Policy for Acquisitions of Real Property Assets [~~Estate. The Coordinating Board, for purposes of state funding, may review and approve as an addition to an institution's educational and general building and facilities inventory any improved real property acquired by gift or lease purchase as provided in Section 61.058(d) of the Texas Education Code~~].
- 1.(16[45]) Conduct Related to Gifts.

....

- b. Amend Chapter IX, Section 2, Subsection 2.3 and Subdivision 2.52 as shown below:

Sec. 2. Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies.

...

2.3 Additional Authority to Sell Securities for and on Behalf of the Board.--The Executive Director, [-] Estates and Trusts shall be authorized to sell, for and on behalf of the Board, any and all securities of any description whatever from any source, received as gifts and/or bequests, registered in the name of the Board, or in any other form of registration of such securities held for the account of the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts managed and controlled by said Board.

...

2.52 The Vice Chancellor for Development and External Relations or the Executive Director, [-] Estates and Trusts is authorized to seek, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands due, payable, or belonging, or that may become due or payable to the Board from any person or persons as a result of, or relating to, a gift or bequest and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time relating to the receipt, handling, management, control, and disposition of any asset acquired by gift or bequest unless and until such time as the Office of Estates and Trusts has delivered the asset to another office for management purposes as provided in these Rules and Regulations.

....

c. Amend Chapter IX, Section 5, Subsections 5.1 and 5.2 as shown below:

Sec. 5. Policy for Investment and Management of Endowment, Trust, and Other Accounts Invested Through or Separate from U. T. Investment Pools.

5.1 Endowment funds and funds functioning as endowments will be managed in a manner consistent with the U. T. System Gift[~~e~~] Acceptance Procedures [~~Policy Guidelines~~], prudent person investment standards, and the Uniform Management of Institutional Funds Act (Title 10, Chapter 163, Texas Property Code). These funds will be managed separately and not commingled with the Long Term Fund if the terms of the instrument by which the fund was created preclude investment through the Long Term Fund. In addition, nonmarketable securities held by an endowment fund may be recorded as separately invested. All other endowment funds and funds functioning as endowments will be invested through the Long Term Fund.

5.2 Trust funds and other life income accounts will be invested and administered consistent with The University of Texas System Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement, U. T. System Gift[~~e~~] Acceptance Procedures [~~Policy Guidelines~~], prudent person investment standards, and the Texas Trust Code (Title 9, Subtitle B, Texas Property Code).

....

d. Amend Chapter IX, Section 6, Subsections 6.8 and 6.9 as shown below:

Sec. 6. Matters Relating to Real Property.

...

6.8 Planned Gifts and Bequests.--The Office of Estates and Trusts shall, in accordance with applicable Board policies, process and administer the receipt of real property [~~assets~~] received by the Board through a bequest, an interest in an account held in trust, a [~~a~~] gift to establish or modify an endowment (other than the Permanent University Fund), a fund functioning as an endowment, or a life income or annuity fund. The Office of Estates and Trusts shall promptly notify the Real Estate Office and University Lands - West Texas Operations of gifts of surface

and mineral estates in real property received, processed, and administered pursuant to this Subsection 6.8 to be managed by the Real Estate Office and University Lands - West Texas Operations, respectively. This Subsection 6.8 shall not apply to current purpose gifts of surface and mineral estates in real property (other than gifts received through a bequest or a trust) or additions to an existing endowment, a fund functioning as an endowment, or a life income or annuity fund if the addition does not change or modify the purpose of the endowment or fund.

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- ✓ 6.9 Current Purpose Gifts.--The Real Estate Office and University Lands - West Texas Operations shall, in accordance with Board policies, process and administer the receipt of all gifts of surface and mineral estates in real property that are not processed and administered in accordance with Subsection 6.8 of this Section[~~The Real Estate Office and University Lands - West Texas Operations shall manage all surface and mineral estates in real property so received], unless the property is used as campus property by the component. The component shall manage real property used for campus purposes.~~

....

It is further recommended that Section VIII (Gifts of Real Estate) of the U. T. System Gifts Policy Guidelines be rescinded for the reasons detailed in the Background Information of this agenda item and the new Gift Policy Guidelines for Surface and Mineral Estates in Real Property be adopted as set out below:

Gift Policy Guidelines for Surface and Mineral Estates in Real Property

A. Introduction

These guidelines apply to all gifts of surface and mineral estates in real property regardless of type, location, or designated use of the funds to be derived therefrom. In the absence of guidelines or policies relating to such gifts designated for campus use, these policy guidelines shall apply. The Board of Regents recognizes that the full implementation of these guidelines with respect to surface and mineral estates in real property donated or bequeathed to the U. T. System or any of its component institutions may not be achievable in all cases. The Real Estate Office (REO) and University Lands - West Texas Operations (ULWTO) will evaluate gifts of surface and mineral estates in real property and apply these guidelines to the extent reasonably practicable and in the best interest of the U. T. System.

## BACKGROUND INFORMATION

The proposed amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 1 provide revisions to existing policies and the procedure that relates to the acceptance of gifts to the U. T. System or to any component institution. In addition, Subsection 1.4 is amended to delegate authority to the Executive Vice Chancellor for Business Affairs to accept gifts of real property of any value that are not processed or administered by the Office of Development and External Relations. This change will provide greater efficiency in the processing of real property gifts and provide delegation to the Executive Vice Chancellor for Business Affairs that is consistent with the delegation given to the Vice Chancellor for Development and External Relations for the acceptance of planned gifts. Subsection 1.(11)2 concerning modification of endowment funds is deleted as this authority was previously delegated to the Vice Chancellor for Development and External Relations and is contained in Subsection 1.6. New language has been added to Subsection 1.9 to delegate authority to the Executive Vice Chancellor for Business Affairs to execute IRS Forms 8283 and 8282 that relate to the acceptance of real property gifts.

The proposed editorial amendments to the Regents' Rules and Regulations, Part Two, Chapter IX, Sections 2 and 5 update the title of the Executive Director, Estates and Trusts and the title of the U. T. System Gift Acceptance Procedures.

The proposed amendments to Part Two, Chapter IX, Section 6, Subsections 6.8 and 6.9 clarify which U. T. System office or component institution maintains the responsibility for real property designated for planned gifts and bequests or current purpose gifts.

The U. T. System Trust Fund Real Estate Policy Statement was adopted by the U. T. Board of Regents in April 1988 and was amended in August 1991. The policy was subsequently incorporated into the U. T. System Gifts Policy Guidelines that was adopted by the U. T. Board of Regents in August 1995 and amended in November 1995.

At the August 1999 meeting, the U. T. Board of Regents amended the Regents' Rules and Regulations and delegated authority to the Vice Chancellor for Development and External Relations to promulgate U. T. System Gift Acceptance Procedures consistent with the Regents' Rules and Regulations. As part of this action, Section VIII (Gifts of Real Estate) of the current U. T. System Gifts Policy Guidelines would remain in effect until a new real estate gift policy was presented to the U. T. Board of Regents for approval. It is recommended that Section VIII (Gifts

of Real Estate) of the U. T. System Gifts Policy Guidelines be rescinded and the new U. T. System Gift Policy Guidelines for Surface and Mineral Estates in Real Property be adopted.

The proposed policy provides guidelines for accepting leasehold interests, campus properties, and bequests of surface and mineral estates in real property. The new policy reflects the authority of the Executive Vice Chancellor for Business Affairs to accept current purpose gifts of real property of any value not processed or administered by the Office of Development and External Relations. The proposed policy also confirms the authority of the Vice Chancellor for Development and External Relations or his/her designee to accept real property gifts of any value for endowments or other planned gifts. The proposed policy states standards for the valuation of gifts of real property and the Real Estate Office and University Lands - West Texas Operations will make an initial determination of qualification for acceptance for all gifts and bequests of real property in accordance with standards set out in the new policy.

3. U. T. System: Recommendation to Approve Fiscal Year 2001 Budget Preparation Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities and Calendar for Budget Operations

### RECOMMENDATION

With the concurrence of the U. T. System Executive Officers, the Chancellor recommends that the U. T. Board of Regents approve the Budget Preparation Policies and Limitations and Calendar for use in preparing the FY 2001 Operating Budget for the U. T. System as set out below:

#### U. T. System FY 2001 Budget Preparation Policies

General Guidelines – The regulations and directives included in the General Appropriations Act enacted by the 76th Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2001 Operating Budget, the president of each component institution should adhere to guidelines and policies as detailed below and as included in the General Appropriations Act.

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REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 29 - 57).--Committee Chairman Riter reported that the Business Affairs and Audit Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 100 (Catalog Change)

Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 100 in the form distributed by the Executive Secretary. It is attached following Page 99 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 may be executed by the appropriate officials of the respective institution involved.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter I, Section 1 (Gifts to The University of Texas System) and Chapter IX (Matters Relating to Investments, Trusts, and Lands), Sections 2, 5, and 6; Rescission of Section VIII (Gifts of Real Estate) of the U. T. System Gifts Policy Guidelines; and Adoption of New Gift Policy Guidelines for Surface and Mineral Estates in Real Property

The Board amended the Regents' Rules and Regulations, Part Two, Chapter I, Section 1, regarding authorization to accept gifts of real property, and Chapter IX, Sections 2, 5, and 6, regarding investments, trusts, and lands, as set forth below:

- a. Chapter I, Section 1 was amended to read as follows and present Subdivisions 1.(15)1 through 1.(15)5 were renumbered accordingly:

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

...

- 1.2 Unless otherwise approved by the Board, all gifts to the System or any component institution shall be made in

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accordance with all relevant laws and Board policies, including but not limited to the provisions of the U. T. System Gift Acceptance Procedures, the Gift Policy Guidelines for Surface and Mineral Estates in Real Property, the Environmental Review Policy for Acquisitions of Real Property Assets, and approved institutional policies.

- 1.3 The Board delegates to the Chancellor or the president of a component institution, or a designee specified in writing, the authority to accept gifts, other than gifts of real property, that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gift Acceptance Procedures, the Gift Policy Guidelines for Surface and Mineral Estates in Real Property, the Environmental Review Policy for Acquisitions of Real Property Assets, and approved institutional policies, provided that such gifts have a value of \$500,000 or less (in cash or in-kind). Such gifts that have a value of more than \$500,000 (in cash or in-kind) must be submitted to the Board for approval via the docket.
- 1.4 The Board delegates to the Executive Vice Chancellor for Business Affairs, or a designee specified in writing, authority to accept all gifts of real property of any value that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gift Policy Guidelines for Surface and Mineral Estates in Real Property, the Environmental Review Policy for Acquisitions of Real Property Assets, and approved institutional policies.
- 1.5 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to accept all gifts of any value (either in cash or in-kind) that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gift Acceptance Procedures, the Gift Policy Guidelines for Surface and Mineral Estates in Real Property, and the Environmental Review Policy for

Acquisitions of Real Property Assets, and are processed or administered by the Office of Development and External Relations.

- 1.6 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to take any and all desirable actions relating to the administration and management of gifts accepted by the Office of Development and External Relations, including without limitation the modification or termination of trusts, endowments, and quasi-endowments as may be permitted by applicable law, policies, these Rules and Regulations, and the Gift Acceptance Procedures.
- 1.7 The Board delegates to the president of a component institution, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to gifts accepted by the president or accepted by the Board via the docket or as an agenda item.
- 1.8 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to gifts processed or administered by the Office of Estates and Trusts.
- 1.9 The Board delegates to the Executive Vice Chancellor for Business Affairs, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to real property gifts processed or administered by the Real Estate Office and University Lands - West Texas Operations.
- 1.(10) The Office of Development and External Relations shall submit a report to the Board summarizing acceptance and approval by the Office of Development and External Relations of gifts and other actions which conform to all

relevant laws and Board policies, including but not limited to the Gift Acceptance Procedures, no less frequently than annually.

- 1.(11) Recommendations regarding the acceptance of gifts or other actions which do not conform to all relevant laws and Board policies, including but not limited to the Gift Acceptance Procedures, shall be made through the Chancellor to the Board via the Agenda after review by the appropriate offices of the terms of the gifts, the nature of the donated assets and/or the requested action.
- 1.(12) *Gifts to Establish Endowments.*--Endowments will be established with gifts which have been completed for tax purposes or with a combination of such gifts and pledges at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.
- 1.(13) Except as provided in this Subsection, the preceding Subsections, or approved institutional policies, no member of the staff of any institution has the authority to accept gifts.
- 1.(14) Neither the System nor any of its component institutions will administer a gift for the benefit of any designated individual unless the donor is exempt from federal income taxes as defined by the Commissioner of Internal Revenue.
- 1.(15) Acceptance of all gifts of real property shall be subject to the U. T. System Gift Policy Guidelines for Surface and Mineral Estates in Real Property and the Environmental Review Policy for Acquisitions of Real Property Assets.
- 1.(16) Conduct Related to Gifts.

....

b. Chapter IX, Section 2, Subsection 2.3 and Subdivision 2.52 were amended to read as shown below:



Sec. 2. Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies.

...

2.3 Additional Authority to Sell Securities for and on Behalf of the Board.--The Executive Director, Estates and Trusts shall be authorized to sell, for and on behalf of the Board, any and all securities of any description whatever from any source, received as gifts and/or bequests, registered in the name of the Board, or in any other form of registration of such securities held for the account of the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts managed and controlled by said Board.

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2.52 The Vice Chancellor for Development and External Relations or the Executive Director, Estates and Trusts is authorized to seek, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands due, payable, or belonging, or that may become due or payable to the Board from any person or persons as a result of, or relating to, a gift or bequest and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time relating to the receipt, handling, management, control, and disposition of any asset acquired by gift or bequest unless and until such time as the Office of Estates and Trusts has delivered the asset to another office for management purposes as provided in these Rules and Regulations.

....

c. Chapter IX, Section 5, Subsections 5.1 and 5.2 were amended to read as set forth below:

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Sec. 5. Policy for Investment and Management of Endowment, Trust, and Other Accounts Invested Through or Separate from U. T. Investment Pools.

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5.1 Endowment funds and funds functioning as endowments will be managed in a manner consistent with the U. T. System Gift Acceptance Procedures, prudent person investment standards, and the Uniform Management of Institutional Funds Act (Title 10, Chapter 163, Texas Property Code). These funds will be managed separately and not commingled with the Long Term Fund if the terms of the instrument by which the fund was created preclude investment through the Long Term Fund. In addition, nonmarketable securities held by an endowment fund may be recorded as separately invested. All other endowment funds and funds functioning as endowments will be invested through the Long Term Fund.

5.2 Trust funds and other life income accounts will be invested and administered consistent with The University of Texas System Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement, U. T. System Gift Acceptance Procedures, prudent person investment standards, and the Texas Trust Code (Title 9, Subtitle B, Texas Property Code).

....

d. Chapter IX, Section 6, Subsections 6.8 and 6.9 were amended to read as follows:

Sec. 6. Matters Relating to Real Property.

...

6.8 Planned Gifts and Bequests.--The Office of Estates and Trusts shall, in accordance with applicable Board policies, process and administer the receipt of real property

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received by the Board through a bequest, an interest in an account held in trust, a gift to establish or modify an endowment (other than the Permanent University Fund), a fund functioning as an endowment, or a life income or annuity fund. The Office of Estates and Trusts shall promptly notify the Real Estate Office and University Lands - West Texas Operations of gifts of surface and mineral estates in real property received, processed, and administered pursuant to this Subsection 6.8 to be managed by the Real Estate Office and University Lands - West Texas Operations, respectively. This Subsection 6.8 shall not apply to current purpose gifts of surface and mineral estates in real property (other than gifts received through a bequest or a trust) or additions to an existing endowment, a fund functioning as an endowment, or a life income or annuity fund if the addition does not change or modify the purpose of the endowment or fund.

- 6.9 **Current Purpose Gifts.**--The Real Estate Office and University Lands - West Texas Operations shall, in accordance with Board policies, process and administer the receipt of all gifts of surface and mineral estates in real property that are not processed and administered in accordance with Subsection 6.8 of this Section, unless the property is used as campus property by the component. The component shall manage real property used for campus purposes.

....

These amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 1 revise existing policies and the procedure that relates to the acceptance of gifts to the U. T. System or to a component institution.

In addition, amendments to Subsection 1.4 delegate authority to the Executive Vice Chancellor for Business Affairs to accept gifts of real property of any value that are not processed or administered by the Office of Development and External Relations. This change provides greater efficiency in the processing of real property gifts and delegation to the Executive Vice Chancellor for Business Affairs that is consistent with the delegation given to the Vice Chancellor for Development and External Relations for the acceptance of planned gifts.

Subsection 1.(11)2 concerning modification of endowment funds was deleted as this authority was previously delegated to the Vice Chancellor for Development and External Relations and is contained in Subsection 1.6.

New language has been added to Subsection 1.9 to delegate authority to the Executive Vice Chancellor for Business Affairs to execute IRS Forms 8283 and 8282 that relate to the acceptance of real property gifts.

Editorial amendments to the Regents' Rules and Regulations, Part Two, Chapter IX, Sections 2 and 5 update the title of the Executive Director, Estates and Trusts and the title of the U. T. System Gift Acceptance Procedures.

Amendments to Part Two, Chapter IX, Section 6, Subsections 6.8 and 6.9 clarify which U. T. System office or component institution maintains the responsibility for real property designated for planned gifts and bequests or current purpose gifts.

In addition, the Board rescinded Section VIII (Gifts of Real Estate) of The University of Texas System Gifts Policy Guidelines and adopted the new Gift Policy Guidelines for Surface and Mineral Estates in Real Property as set out below in its entirety:

#### Gift Policy Guidelines for Surface and Mineral Estates in Real Property

##### A. Introduction

These guidelines apply to all gifts of surface and mineral estates in real property regardless of type, location, or designated use of the funds to be derived therefrom. In the absence of guidelines or policies relating to such gifts designated for campus use, these policy guidelines shall apply. The Board of Regents recognizes that the full implementation of these guidelines with respect to surface and mineral estates in real property donated or bequeathed to the U. T. System or any of its component institutions may not be achievable in all cases. The Real Estate Office (REO) and University Lands - West Texas Operations (ULWTO) will evaluate gifts of surface and mineral estates in real property and apply these guidelines to the extent reasonably practicable and in the best interest of the U. T. System.

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These amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8, Subdivision 1.83(i), relating to appointments to positions with academic titles in which tenure cannot be awarded, provide authority for the academic component institutions to give these titles to persons primarily engaged in research and provide uniformity in the use of titles at the academic and health component institutions.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval to Amend Chapter I, Section 4 (Assessment, Collection, and Waiver of Tuition and Fees) to Add New Subsection 4.3

The Board, upon recommendation of the Academic Affairs and Health Affairs Committees, amended the Regents' Rules and Regulations, Part Two, Chapter I, Section 4, relating to assessment, collection, and waiver of tuition and fees, by adding Subsection 4.3 as set forth below:

Sec. 4. Assessment, Collection, and Waiver of Tuition and Fees.-- Tuition, fees, and other charges will be fixed as prescribed or as authorized by statute and will be published in the institutional catalog with a description of the criteria for any authorized exemptions and waivers.

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4.1 The authority of the U. T. Board of Regents to grant exemptions and waivers from tuition, fees, and other charges in accordance with statute, is delegated to the presidents of the U. T. System component institutions.

4.2 The Board delegates to the presidents of the component institutions the authority to approve changes in the amounts of incidental fees authorized by Section 54.504, Texas Education Code, for those fees that have previously been approved by the Board. As a condition to approval of any increase in such fees, the president must find that such increase is required in order for the incidental fee to reasonably reflect the actual cost to the component institution of the materials or services to be provided.

- 4.3 The Board delegates to the presidents of the component institutions the authority to approve changes in laboratory fees authorized by Section 54.501(a), Texas Education Code, and changes in supplemental fees authorized by Section 54.051(l), Texas Education Code, for laboratory and supplemental fees previously approved by the Board.

This amendment to the Regents' Rules and Regulations, Part Two, Chapter I, Section 4 is in keeping with prior actions of the U. T. Board of Regents, most recently at the November 1999 meeting, to delegate approval authority for increases to approved incidental fees. Approval of this item, coupled with Board delegation in November 1999, repealed the Board's August 1987 policy on laboratory fees and the October 1987 policy on incidental fees which required all fee increases to be submitted to the Board in February of each year.

The U. T. System Offices of Academic Affairs and Health Affairs will continue to process fee requests throughout the year with the understanding that incidental fees must be published in a catalog or catalog addendum before they are charged and that no fees may be assessed retroactively for courses for which a student has already registered.

3. U. T. Arlington: Authorization to Establish a Master of Music in Music Education Degree; Approval to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change); and Authorization of Certification that Coordinating Board Criteria for Approval Are Met

The Academic Affairs Committee recommended and the Board:

- a. Established a Master of Music in Music Education at The University of Texas at Arlington
- b. Authorized submission of the proposed degree program to the Texas Higher Education Coordinating Board for review and appropriate action
- c. Authorized the Chancellor or the Executive Vice Chancellor for Academic Affairs to certify on behalf of the U. T. Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met.

2. U. T. Board of Regents: Proposed Amendment to the Regents' Rules and Regulations, Part Two, Chapter I, Section 4 (Assessment, Collection, and Waiver of Tuition and Fees)

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### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part Two, Chapter I, Section 4, relating to assessment, collection, and waiver of tuition and fees, be amended by adding Subsection 4.3 as set forth below in congressional style:

- Sec. 4. Assessment, Collection, and Waiver of Tuition and Fees.--Tuition, fees, and other charges will be fixed as prescribed or as authorized by statute and will be published in the institutional catalog with a description of the criteria for any authorized exemptions and waivers.
- 4.1 The authority of the U. T. Board of Regents to grant exemptions and waivers from tuition, fees, and other charges in accordance with statute, is delegated to the presidents of the U. T. System component institutions.
- 4.2 The Board delegates to the presidents of the component institutions the authority to approve changes in the amounts of incidental fees authorized by Section 54.504, Texas Education Code, for those fees that have previously been approved by the Board. As a condition to approval of any increase in such fees, the president must find that such increase is required in order for the incidental fee to reasonably reflect the actual cost to the component institution of the materials or services to be provided.

- 4.3 The Board delegates to the presidents of the component institutions the authority to approve changes in laboratory fees authorized by Section 54.501(a), Texas Education Code, and changes in supplemental fees authorized by Section 54.051(l), Texas Education Code, for laboratory and supplemental fees previously approved by the Board.

This item requires the concurrence of the Health Affairs Committee.

### BACKGROUND INFORMATION

Section 65.31(g) of the Texas Education Code permits the U. T. Board of Regents, by rule, to delegate a power or duty of the Board to the presidents of the component institutions, acting as agents of the U. T. Board of Regents. The proposed amendment to the Regents' Rules and Regulations, Part Two, Chapter I, Section 4, is in keeping with prior actions of the U. T. Board of Regents, most recently at the November 1999 meeting, to delegate approval authority for increases to approved incidental fees.

Approval of this item, coupled with Board delegation in November 1999, repeals the Board's August 1987 policy on laboratory fees and October 1987 policy on incidental fees requiring all fee increases to be submitted annually in February. The U. T. System Offices of Academic Affairs and Health Affairs will process fee requests throughout the year with the understanding that incidental fees must be published in a catalog or catalog addendum before they are charged and that no fees may be assessed retroactively for courses for which a student has already registered. This authority would only apply to laboratory or supplemental fees previously approved by the U. T. Board of Regents for a component institution.

Texas law requires a \$2 minimum and \$30 maximum charge for laboratory fees, with the fee not exceeding the costs of materials and supplies provided. State law also allows a governing board to approve a charge ("supplemental fee") for individual coaching or instruction in art, architecture, drama, speech, or music. New laboratory or supplemental fees proposed by a component institution will continue to be submitted to the U. T. System for review prior to forwarding to the U. T. Board of Regents for final approval via the institutional dockets.

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REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 77 - 89).--Committee Chairman Clements reported that the Facilities Planning and Construction Committee 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 Facilities Planning and Construction Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VIII, Section 1, Subsections 1.3 (Architect Selection Advisory Committees) and 1.4 (Selection Committees for Design-Build Contractors, Construction Managers-Agents, Construction Managers-at-Risk, General Contractors, and Job Order Contractors); and Section 2, Subsections 2.1 (General Requirements) and 2.2 (Major Projects Procedures)

The Board amended the Regents' Rules and Regulations, Part Two, Chapter VIII, Sections 1 and 2, regarding architect and design-build contractor selection for major projects, to read as set forth below. Subsequent to the Board of Regents' meeting on February 10, 2000, The University of Texas System Office of General Counsel suggested editorial amendments which were incorporated in the following amendments to reflect more precisely the intent of the Board expressed at the meeting.

a. A new Subsection 1.3 was added to Section 1 as follows:

1.3 Architect Selection Advisory Committees.--Architect Selection Advisory Committees for Major Projects shall be appointed by the institutional president in consultation with the Office of Facilities Planning and Construction and the Executive Vice Chancellor for Business Affairs. Architect Selection Advisory Committees for Minor Projects shall be appointed by the Responsible Administrator.

1.31 For projects identified by the Facilities Planning and Construction Committee (FPCC) to be of special interest to the Board of Regents because of proposed siting, historical or cultural significance, proposed use, or other unique characteristics, the FPCC will select the architect. For these special interest projects, the institutional president will appoint an Architect Selection Advisory Committee which may include two

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members of the Board named by the Chairman. The Architect Selection Advisory Committee will interview and review the competence and qualifications of candidates and prepare an unranked list of approximately four architects to be presented through the Chancellor to the FPCC for consideration. The FPCC may select an architect from this list, may ask the Selection Advisory Committee for additional recommendations of architects responding to the Request for Qualifications (RFQ), or may select an architect responding to the RFQ but not on the list on the basis of competence and qualifications. The FPCC will conduct interviews and site visits as necessary and will select the architect based on competence, qualifications, and criteria published in the RFQ.

1.32 For all other Major Construction and Repair and Rehabilitation Projects, Architect Selection Advisory Committees are authorized to evaluate, rank, and make selection recommendations of project architects for appointment by the Chancellor.

b. Former Section 1, Subsection 1.3 was renumbered as Subsection 1.4 and revised to read as follows:

1.4 Selection Committees for Design-Build Contractors, Construction Manager-Agents, Construction Managers-at-Risk, General Contractors, and Job Order Contractors.—Selection Committees are authorized to evaluate, rank, and select design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors on the basis of qualifications and competitive sealed proposals in response to RFQs and Requests for Proposals (RFPs). Selection Committees are also authorized to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents, as required or permitted by law. Selection Committees for Major Projects shall be appointed by the Director of the Office of Facilities Planning and Construction in consultation with the institutional

president and the Executive Vice Chancellor for Business Affairs. Selection Committees for Minor Projects shall be appointed by the Responsible Administrator.

- c. Section 2, Subsections 2.1 and 2.2, were amended to read as set forth below:

- 2.1 General Requirements.

- 2.11 Subject to Subsection 1.3 and Subdivisions 2.12, 2.13, 2.14 and 2.15 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, the Chancellor, with the advice of the appropriate Executive Vice Chancellor and institutional president, is authorized to appoint architects, approve plans, and execute contracts for all new construction projects exceeding \$1,000,000 and for major repair and rehabilitation projects exceeding \$2,000,000 ("Major Projects") that have previously been approved or authorized by the Board.

...

- 2.2 Major Projects Procedures.

- 2.23 The Chancellor, on behalf of the Board, will utilize the services of a project architect, engineer, or design-build contractor for each Major Project or portion thereof as may be desirable or required by law. Requests for Qualifications (RFQs) issued to solicit responses from interested architects will include a requirement that the architect evidence agreement to adhere to the approved Campus Master Plan and a set of criteria applicable to the facility program and the needs of the institution. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

- 2.24 After approval of the facility program, the Chancellor or delegate is authorized to give the project architect, engineer, or design-build contractor the facility

program and the Campus Master Plan and to direct the preparation of schematic plans, exterior design, site plans, cost estimates, and other necessary and appropriate documents ("Schematic Plans") and design development plans, elevations, and sections, outline specifications, cost estimates, and other related work to fix the design, dimensions, materials, and scope of the project in greater detail ("Design Development Plans"). Design Development Plans are referred to as Preliminary Plans in applicable rules of the Texas Higher Education Coordinating Board. The project architect, engineer, or design-build contractor shall work with the Ad Hoc Project Building Committee, if any, the Office of Facilities Planning and Construction, and the Facilities Planning and Construction Committee with regard to plans, documents, and architectural design.

....

Previously, the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3 authorized the Selection Committees to evaluate, rank, and select qualifications and competitive sealed proposals in response to requests for qualifications (RFQs) and requests for proposals (RFPs) by design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors and to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents, as required or permitted by law. Section 2, Subsection 2.1, Subdivision 2.11 of Chapter VIII, Part Two, authorized the Chancellor to appoint architects except as otherwise specified in the Regents' Rules and Regulations. These amendments to the Regents' Rules and Regulations, Part Two, Chapter VIII, modify the selection process of architects for projects determined to be of special interest to the U. T. Board of Regents.

With this new process, the Office of Facilities Planning and Construction will present a 12-month forecast of new projects to the Facilities Planning and Construction Committee (FPCC) each quarter for review and determination of which projects are of special interest to the Board. For the projects identified as special interest, the FPCC will select the architect and the institutional president will appoint a Selection Advisory Committee that may include two members of the U. T. Board of Regents named by the Chairman. This

Selection Advisory Committee will submit an unranked short list of architects to the FPCC, through the Chancellor, for interview and selection. The FPCC may select an architect from this list or an architect who responded to the RFQ but is not on this list on the basis of competence and qualifications.

The amendments to Section 2, Subsections 2.1 and 2.2 of Chapter VIII, Part Two of the Rules are required to reflect emphasis on architectural design meeting the project program criteria and the Campus Master Plan. At each step in the design process, beginning with the RFQ, new emphasis will be placed on the requirement that the selected design agent adhere to the Campus Master Plan, the set of criteria applicable to the facility program, and the needs of the component in developing the project design.

Consistent with Subdivision 2.25, the design of all Major Project new construction and architecturally or historically significant Repair and Rehabilitation projects will continue to be reviewed by the FPCC and recommendations forwarded to the U. T. Board of Regents for final approval.

Editorial amendments to the corresponding 1994 Regental Policy entitled "Procedures to be Followed by University of Texas System Institutions to Gain Authorization of Major New Construction and Major Renovation Projects" will be made and circulated to members of the Board for review prior to general distribution.

2. U. T. System: Approval of Campus Master Plans for U. T. Austin, U. T. El Paso, U. T. Pan American, and U. T. Permian Basin

Following a presentation made to the Facilities Planning and Construction Committee (FPCC) on July 7, 1998, which outlined the status of existing campus master planning efforts at each University of Texas System component institution, the Committee members requested that each Campus Master Plan address specific elements and that a summary of this information be available at U. T. System.

At the August 12, 1999, Board of Regents' meeting, FPCC Chairman Clements reported that the Committee had reviewed the Campus Master Plan Executive Summaries for the following six components: The University of Texas at Austin, The University of Texas at El Paso, The University of Texas - Pan American, The University of Texas of the Permian Basin, The University of Texas Health Science Center at San Antonio, and The University of Texas Health Center at Tyler.

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3 (Selection Committees), Section 2, Subsection 2.1 (General Requirements) and Subsection 2.2 (Major Projects Procedures)

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RECOMMENDATION

Chairman Evans recommends that the Regents' Rules and Regulations, Part Two, Chapter VIII, Sections 1 and 2, regarding architect and design-build contractor selection for major projects be amended as set forth below in congressional style:

- a. Amend Section 1, Subsection 1.3 as set forth below:

- 1.3 Selection Committees.--Selection Committees for Major Projects shall be appointed by the institutional president in consultation with the Office of Facilities Planning and Construction and the Executive Vice Chancellor for Business Affairs. Selection Committees for Minor Projects shall be appointed by the Responsible Administrator.

1.31 For projects identified by the Facilities Planning and Construction Committee (FPCC) to be of special interest to the Board of Regents because of proposed siting, historical or cultural significance, proposed use, or other unique characteristics, the FPCC will serve as the Selection Committee. For these special interest projects, the institutional president will appoint a Selection Advisory Committee which may include two members of the Board named by the Chairman. The Selection Advisory Committee will interview and review the work of candidates to prepare an unranked list of approximately four architects or design-build contractors to be presented through the Chancellor to the FPCC for consideration. The FPCC will conduct interviews and site visits as determined necessary and will select the architect or design-build contractor.

1.32 For all other Major Construction and Repair and Rehabilitation Projects, Selection Committees are authorized to evaluate, rank, and make selection recommendations of project architects for appointment by the Chancellor.

Selection Committees are authorized to evaluate, rank, and select qualifications and competitive sealed proposals in response to requests for qualifications and requests for proposals by design-build contractors, construction managers-agents, construction managers-at-risk, general contractors, and job order contractors. Selection Committees are also authorized [and] to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents, as required or permitted by law. [Selection Committees for Major Projects shall be appointed by the Director of the Office of Facilities Planning and Construction in consultation with the institutional chief administrative officer and the Executive Vice Chancellor for Business Affairs. Selection Committees for Minor Projects shall be appointed by the Responsible Administrator.]

b. Amend Section 2, Subsections 2.1 and 2.2, as set forth below:

2.1 General Requirements.

2.11 Subject to Subsection 1.3 and Subdivisions 2.12, 2.13, 2.14 and 2.15 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, the Chancellor with the advice of the appropriate Executive Vice Chancellor [~~er Vice Chancellor~~] and institutional president [~~chief administrative officer~~] is authorized to appoint architects, approve plans, and execute contracts for all new construction projects exceeding \$1,000,000 and for major repair and rehabilitation projects exceeding \$2,000,000 ("Major Projects") that have previously been approved or authorized by the Board.

...

2.2 Major Projects Procedures.

...

2.23 The Chancellor, on behalf of the Board, will utilize the services of a project architect, engineer, or design-build contractor for each Major Project or portion thereof as may be desirable or required by law. Request for

Qualifications (RFQ) issued to solicit responses from interested architects will include a requirement that the architect evidence agreement that the architect adhere to the approved Campus Master Plan and a set of criteria applicable to the facility program and the needs of the institution. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

- 2.24 After approval of the facility program, the Chancellor or delegate is authorized to give the project architect, engineer, or design-build contractor the facility program and the Campus Master Plan and to direct the preparation of schematic plans, exterior design, ~~and~~ site plans, cost estimates, and other necessary and appropriate documents ("Schematic Plans") and design development plans, elevations, and sections, outline specifications, cost estimates, and other related work to fix the design, dimensions, materials, and scope of the project in greater detail ("Design Development Plans"). Design Development Plans are referred to as Preliminary Plans in applicable rules of the Texas Higher Education Coordinating Board. The project architect, engineer, or design-build contractor shall work with the Ad Hoc Project Building Committee, if any, ~~and~~ the Office of Facilities Planning and Construction, and the Facilities Planning and Construction Committee with regard to architectural design ~~[plans and documents]~~.

....

### BACKGROUND INFORMATION

Currently, the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3 authorize the Selection Committees to evaluate, rank, and select qualifications and competitive sealed proposals in response to requests for qualifications and requests for proposals by design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors and to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with

respondents, as required or permitted by law. Section 2, Subsection 2.1, Subdivision 2.11 of Chapter VIII, Part Two, authorizes the Chancellor to appoint architects except as otherwise specified in the Rules and Regulations. This agenda item modifies the selection process of architects and design-build contractors for projects determined to be of special interest to the U. T. Board of Regents.

With this new process the Office of Facilities Planning and Construction will present a twelve-month forecast of new projects to the Facilities Planning and Construction Committee (FPCC) each quarter for review and determination of which projects are of special interest to the Board. For the projects identified as special interest, the FPCC will serve as the Selection Committee. For these projects the institutional president will appoint a Selection Advisory Committee that may include two members of the U. T. Board of Regents named by the Chairman. The Selection Committee will submit an unranked short list of architects or design-build contractors to the FPCC, through the Chancellor, for interview and selection.

The amendments to Section 2, Subsection 2.1, Subdivision 2.11 and Section 2, Subsection 2.2, Subdivisions 2.23 and 2.24 of Chapter VIII, Part Two are required to reflect emphasis on architectural design meeting the project program criteria and the Campus Master Plan. At each step in the design process, beginning with the Request for Qualifications (RFQ), new emphasis will be placed on the requirement that the selected design agent adhere to the Campus Master Plan, and the set of criteria applicable to the facility program and the needs of the component in developing the project design.

Consistent with Subdivision 2.25, the design of all Major Project new construction and architecturally or historically significant Repair and Rehabilitation projects will continue to be reviewed by the FPCC and recommendations forwarded to the U. T. Board of Regents for final approval.

Approval of these amendments to the Regents' Rules and Regulations will require corresponding amendments to the Regental Policy entitled "Procedures to be Followed by University of Texas System Institutions to Gain Authorization of Major New Construction and Major Renovation Projects" approved by the U. T. Board of Regents in December 1994. These amendments will be made following approval of this item and circulated to members of the Board for review prior to general distribution.

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Two  
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2/12/98

CHAPTER XII

INTELLECTUAL PROPERTY

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

Sec. 2. General Policy.

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

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

2.3 The Board shall assert its interest in scholarly or educational materials, art works, musical compositions and dramatic and nondramatic literary works

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**OFFICE OF THE BOARD OF REGENTS**  
**THE UNIVERSITY OF TEXAS SYSTEM**  
201 WEST SEVENTH STREET, AUSTIN, TEXAS 78701-2981  
(512) 499-4402

**MEMORANDUM**

March 2, 2000

**TO:** Those Who Receive Official Copies of  
the Regents' Rules and Regulations

**FROM:** Francie A. Frederick *Frederick*

**SUBJECT:** Regents' Rules and Regulations,  
Amendments to Part Two

*(List attached)*

*Mailed  
3/10/00*

Enclosed are revised pages containing amendments to the Regents' Rules and Regulations approved at the November 11, 1999 meeting of the U. T. Board of Regents, as well as editorial amendments to:

- Change references to Vice Chancellor for Academic Affairs to the Executive Vice Chancellor for Academic Affairs and change text, as appropriate, concerning related responsibilities
- Adjust page breaks as necessary
- Remove the slash in the name of the Short Intermediate Term Fund
- Replace reference to "chief administrative officer" with "president" on those pages being amended for another reason.

Further detail on the rationale for the amendments and congressional style displays of the revised text are included in the Material Supporting the Agenda (MSA) for the November 11, 1999 meeting as referenced on the following page.

Regents' Rules, Part Two  
 March 2, 2000  
 Page 2

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

<u>"A"</u>	<u>"B"</u>	<u>MSA Reference</u>
Cover Page	Cover Page	
Pages i and ii	Pages i and ii	
Pages I-4, I-7a, I-9 and I-10	Pages I-4, I-7a*, I-9 and I-10	*Page 71
Pages II-1, II-5, II-6, II-7 and II-8	Pages II-1, II-5, II-6, II-7 and II-8	
Pages III-2 and III-8	Pages III-2 and III-8	
Page IV-3	Page IV-3	
Pages V-4 and V-7 through V-15	Pages V-4, V-7** and V-8**	**Page 44
Pages VIII-1, VIII-2a, VIII-4 and VIII-5	Pages VIII-1, VIII-2a, VIII-4 and VIII-5	
Page IX-2	Page IX-2	
Pages X-1 and X-2	Pages X-1 and X-2	
Pages XI-2 and XI-3	Pages XI-2 and XI-3	
Pages XII-3, XII-10 and XII-12	Pages XII-3, XII-10 and XII-12	

FAF/cf  
 Enclosures

December 3, 1999

Distribution List for Official Copies of  
Regents' Rules and Regulations

Board of Regents	9
Office of the Board of Regents	3
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Governor's Budget and Planning Office	1
Publications Clearing House	1
State Auditor - U. T. Austin Representative	1
Legislative Reference Library	1
System Administration	9
Chancellor	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Exec. Vice Chancellor for Academic Affairs	
Executive Associate to the Chancellor	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Vice Chancellor for Development and External Relations	
Vice Chancellor for Federal Relations	
<del>Chief Administrative Officers of Component Institutions</del>	<u>15</u>
Presidents	
TOTAL	42

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

Also send intellectual property policy revisions to Coordinating Board per State Statute and post tenure review.

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

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

Mr. John Keel  
Director, Legislative Budget Board  
John H. Reagan Building  
Third Floor  
Austin, Texas 78701  
INTERAGENCY MAIL

State Auditor's Office  
Two Commodore Plaza  
206 East 9th Street  
Suite 1900  
Austin, Texas 78701  
INTERAGENCY MAIL

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

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

Dr. Don Brown  
Commissioner, Texas Higher  
Education Coordinating Board  
7745 Chevy Chase Drive, Building 5  
Austin, Texas 78752  
INTERAGENCY MAIL

(NOTE: Send only when there are  
amendments related to (1) academic  
work load, (2) faculty development  
leaves, (3) intellectual property  
policy, or (4) post tenure review.)

\*\*\*\*\*

OFFICE OF THE BOARD OF REGENTS  
THE UNIVERSITY OF TEXAS SYSTEM  
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(512) 499-4402

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March 2, 2000

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**FROM:** Francie A. Frederick *Frederick*

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Enclosed are revised pages containing amendments to the Regents' Rules and Regulations approved at the November 11, 1999 meeting of the U. T. Board of Regents, as well as editorial amendments to:

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- Adjust page breaks as necessary
- Remove the slash in the name of the Short Intermediate Term Fund
- Replace reference to "chief administrative officer" with "president" on those pages being amended for another reason.

Further detail on the rationale for the amendments and congressional style displays of the revised text are included in the Material Supporting the Agenda (MSA) for the November 11, 1999 meeting as referenced on the following page.

*Should have added*

- change references to the "Director of the Office of Budget and Fiscal Policy" to "Assistant Vice Chancellor and Controller"

Regents' Rules, Part Two  
 March 2, 2000  
 Page 2

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

<u>"A"</u>	<u>"B"</u>	<u>MSA Reference</u>
Cover Page	Cover Page <del>4</del>	
Pages <del>5, 11</del>	Pages <del>ii, 3</del> <i>ii and 3</i>	<del>* Page 71</del> ?
Pages I-4, I-7a, I-9 and I-10	Pages I-4, I-7a*, I-9 and I-10	*Page 71
Pages II-1, II-5, II-6, II-7 and II-8	Pages II-1, II-5, II-6, II-7 and II-8	
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Nov. 11, 1999

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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.  
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Sec. 2. Fellowships, Scholarships, and Loan Funds.

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

Sec. 3. Academic Positions.

- 3.1 No endowment will be established or announced without prior approval by the Board or its designee(s). No initial appointment will be made to an endowed or named academic position without prior approval as a Request for Budget Change by the president of a component institution after review and approval by the appropriate Executive Vice Chancellor. Subsequent new or continuing appointments to the endowed or named academic positions may be approved as a part of the annual operating budget.

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

Sec. 4. Assessment, Collection, and Waiver of Tuition and Fees.-- Tuition, fees, and other charges will be fixed as prescribed or as authorized by statute and will be published in the institutional catalog with a description of the criteria for any authorized exemptions and waivers.

4.1 The authority of the U. T. Board of Regents to grant exemptions and waivers from tuition, fees, and other charges in accordance with statute, is delegated to the presidents of the U. T. System component institutions.

4.2 The Board delegates to the presidents of the component institutions the authority to approve changes in the amounts of incidental fees authorized by Section 54.504, Texas Education Code, for those fees that have previously been approved by the Board. As a condition to approval of any increase in such fees, the president must find that such increase is required in order for the incidental fee to reasonably reflect the actual cost to the component institution of the materials or services to be provided.

Sec. 5. Fiscal Year.--The fiscal year of the System shall be September 1 through August 31.

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

to obtain the usual degree awarded by the school, college, or degree-granting program. It is provided, however, that the nonresident enrollment at the School of Law, The University of Texas at Austin, may be equal to 15% of each class of which nonresidents are a part provided that the admission of such nonresidents is on the basis of academic merit alone.

Sec. 9. Official Seal, Colors, Flag, Logo, and Mascot.

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

9.2 The official colors for the System shall be orange and white; provided, however, that a component institution may adopt one additional color to be used in connection with athletic and other activities of the institution when approved by the Board upon recommendation of the president of the component institution, the appropriate Executive Vice Chancellor and the Chancellor.

9.3 The Texas State Flag shall be designated as the official flag of the System, and the official flag of each component institution shall be the Texas State Flag with a streamer with the official name of the component institution in white letters on an orange field, and a special occasion banner, as determined to be appropriate by the component president in consultation with the appropriate Executive Vice Chancellor. No component institution shall have or display any other flag as its official flag. Nothing in this Subsection shall be interpreted to prohibit display of other flags in a manner consistent with the Texas Flag Code, Article 6139c, Vernon's Texas Civil Statutes.

9.4 Each component institution may adopt a theme, a logo and a mascot, provided same are approved by the Board via the docket following recommendation of the president of the component institution, the appropriate Executive Vice Chancellor and the Chancellor.

Sec. 10. Appropriations Act Riders.--The System will comply with the provisions of the current General Appropriations Act insofar as applicable.

CHAPTER II

ACCOUNTING, AUDITING, REPORTING, AND BUDGETARY CONTROL

Sec. 1. Types of Funds.

1.1 Current Funds.

- 1.11 General.--General Funds are those unrestricted operating funds which are available for any purpose. Such funds are expended in accordance with the budgets and appropriations approved by the Board. General Funds balances shall not be reappropriated from one fiscal year to another unless specific approval is given by the appropriate Executive Vice Chancellor, the Chancellor and the Board.
- 1.12 Auxiliary Enterprises.--Auxiliary Enterprises Funds are those funds set aside for operating entities which exist to furnish specified services to students, faculty, or staff, and which charge fees that are directly related to the cost of the service.
- 1.13 Designated.--Designated Current Funds are those funds designated for special activities by the System. The income and expenditures are ordinarily related to a particular department. Expenditures follow the same programs as are found in the General and Restricted Current Funds. Such funds are subject to the same budgetary restrictions as General Funds although balances are automatically reappropriated at the end of each fiscal year.
- 1.14 Restricted.--Restricted Current Funds are those received from federal and local governments, state agencies, individuals,

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

Sec. 3. Auditing.

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

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

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

Sec. 4. Reporting.

- 4.1 All financial reports shall be prepared in accordance with the provisions of the statutes, official directives of the Texas Higher Education Coordinating Board, and directives of the Board, and in conformity with the manual, "College and University Business Administration, Fifth Edition," (1991) referred to in Subsection 2.1 of this Chapter. The reports shall be prepared by the chief business officer and approved by the Assistant Vice Chancellor and Controller.
- 4.2 The Annual Financial Report shall be prepared under the direction of the chief business officer and the Assistant Vice Chancellor and Controller. As required by law, printed financial reports, in the format recommended in "College and University Business Administration, Fifth Edition," (1991), or its successor publication, shall be filed with the Texas Higher Education Coordinating Board and other state offices as specified by law.

- 4.3 Monthly financial reports, in the form prescribed by the Assistant Vice Chancellor and Controller, shall be prepared by each institutional chief business officer and distributed to the institutional president and the Assistant Vice Chancellor and Controller. Copies of such monthly reports, verified under oath, shall be furnished semiannually to the Governor.

Sec. 5. Operating Budgets.

- 5.1 Operating Budgets for all the component institutions shall be approved annually by the Board within the budget estimates of income prepared by the chief business officer and the president and approved by the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Chancellor.
- 5.2 General policies for the budget preparation shall be recommended by the Chancellor to the Board and shall be followed in preparing the budgets. Instructions for details of budget preparation shall be furnished to the component presidents by System Administration.
- 5.3 The institutional president shall issue local instructions and shall furnish forms to the budget-recommending officials. Their recommendations for salaries, maintenance and operation, equipment, travel, and other pertinent items shall be reviewed by the president. The budget as finally recommended by the president shall be forwarded to the appropriate Executive Vice Chancellor and the Chancellor for further review and recommendation to the Board.
- 5.4 Rules and procedures for budget administration shall be prepared by the Chancellor, with assistance of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Academic Affairs, approved by the Board, and shall be included in the completed budgets.

- 5.5 A copy of each budget, and any subsequent amendment thereto, shall be filed by the U. T. System Budget Office with the Legislative Reference Library to be available for public inspection, and also with such other state offices as required by law.

Sec. 6. Legislative Budget Requests.

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

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

Sec. 2. Deposits with Institutional Business Office.

- 2.1 Money received by all departments from all sources shall be deposited, using an official form, in the institutional business office, unless depositing directly to a special bank account has been specifically authorized by the Assistant Vice Chancellor and Controller. The deposits shall be daily if the receipts are \$200 or more, and weekly even if the accumulation is less than \$200. Except for mail deposits authorized under Subdivisions 2.11 and 2.12, the deposit shall be made in person by a departmental representative to whom an official receipt is issued.

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 (Chapter 660, Texas Government Code), as amended; business procedure memoranda issued by the Executive Vice Chancellor for Business Affairs; approved institutional or System travel regulations; terms of grants and contracts which provide reimbursement; and restrictions placed on expenditures from the institutional source reimbursing the travel.

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

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

11.1 Insurance on Money and Securities.--As approved by the Board, the System carries a blanket System-wide policy insuring against loss of money or securities at any of the component institutions. The premium paid by each institution is separately computed and is based on the coverage applicable at each institution. At the time any loss occurs at any institution, the Executive Vice Chancellor for Business Affairs shall be notified by the appropriate chief business officer and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board. Money and securities coverage may be combined with the blanket position fidelity bond.

- 3.4 The System has no obligation to comply with the Act or the rules and regulations issued thereunder in making purchases to which the Commission's authority does not extend, or for which the System's purchasing authority is not delegated from the Commission under the Act or expressly subject to rules by the Commission but rather is a different statute. With respect to such purchases not subject to the Act or the rules and regulations issued thereunder, the policies and procedures to be used by a System component shall be approved by its chief business officer pursuant to Section 4 below.

Sec. 4. Purchasing Procedures.

- 4.1 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 appropriate review and approval for inclusion in the institutional Handbook of Operating Procedures, including review and approval of the chief business officer.
- 4.2 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. 5. Purchase from or Sale to an Officer or Employee.--Purchase from, or sale to, any officer or employee of the System or a component of any supplies, materials, services, equipment, or property must have the prior approval of the component president and the appropriate Executive Vice Chancellor or the Chancellor. Any such purchases shall be made only if the cost is less than from any other known source. This Section does not apply to sales or purchases made at public auction or sales approved by the institutional president valued at \$5,000 or less.

- 1.23 Institutional Human Resources/Personnel Officer.
  - 1.231 The chief business officer of each institution shall designate an institutional human resources/personnel officer to be responsible for the development and operation of the Classified Personnel Program.
  - 1.232 Functional direction and help on technical personnel matters shall be provided each institutional human resources/personnel officer by the Director of the Office of Human Resources.

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

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

- 3.1 The State Employees Training Act, Texas Government Code Section 656.041 et seq., recognizes that programs for the training and education of State administrators and employees materially aid effective State administration and requires each State agency to adopt rules governing such programs, subject to written approval of the Governor of the State of Texas. The Director of the Office of Human Resources, as delegated by the Executive Vice Chancellor for Business Affairs, is responsible for promulgating the necessary policies and procedures for implementation of the State Employees Training Act, consistent with the guidelines approved by the Governor.

- 3.2 The Board of Regents requires the establishment of policies which promote training programs of benefit to employees.
- 3.3 Policies implemented must be consistent with provisions of the State Employees Training Act, as follows:
  - 3.31 The U. T. System Administration and component institutions will not extend funds under these provisions without the interest of the U. T. System Administration and component institutions being given first consideration.
  - 3.32 If an employee does not perform the regular duties of the job for three or more months, a written agreement complying with the provisions of institutional policy will be executed between the employee and the U. T. System Administration or the component institution as required by State law.
  - 3.33 Should an employee fail to honor the provisions of the agreement, the U. T. System Administration or the component institution will be reimbursed for all costs associated with the training period, including any amounts of the employee's salary not accounted for as paid vacation or compensatory leave.
  - 3.34 The U. T. System Administration and component institutions will report annually to the Legislative Budget Board detailing the amount of money expended in the preceding fiscal year for training subject to the Act.

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

CHAPTER VIII

PHYSICAL PLANT IMPROVEMENTS

Sec. 1. Institutional Committees.

- 1.1 Institutional Building Advisory Committees.--There may be an Institutional Building Advisory Committee for each component. The duties, composition, and appointment of the members of the Institutional Building Advisory Committee shall be set forth in the Handbook of Operating Procedures of each component. The Institutional Building Advisory Committee shall have no further direct responsibility after the construction contract is awarded but shall be available for consultation as the building progresses, as requested by the president of the component institution, the appropriate Executive Vice Chancellor, the Chancellor, or the project architect or engineer.
- 1.2 Ad Hoc Project Building Committee.--The chief administrative officer may appoint, according to the institutional Handbook of Operating Procedures, an Ad Hoc Project Building Committee composed of, but not limited to, representatives of the departments or divisions that will occupy the building. The chairperson of the Institutional Building Advisory Committee, or his or her delegate, shall be an ex officio member of each Ad Hoc Project Building Committee. The committee shall work with the Office of Facilities Planning and Construction to prepare a facility program in accordance with the Facilities Programming Guidelines maintained by the Office of Facilities Planning and Construction.
- 1.3 Selection Committees.--Selection Committees are authorized to evaluate, rank, and select qualifications and competitive sealed proposals in response to requests for qualifications and requests for proposals by design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors and to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents,

- 2.15 Construction contracts executed and delivered on behalf of the Board for Major Projects shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel. Payment and performance bonds, when required by law for contracts, shall be on a standard form approved by the Office of General Counsel.
- 2.16 The Chancellor or delegate shall approve the construction contractor's, design-build contractor's, or construction manager's estimates, guaranteed maximum price or stipulated sum proposals; sign change orders; and provide general supervision of all Major Projects. The Chancellor with the advice of the appropriate Executive Vice Chancellor and component president is authorized to increase the approved Total Project Cost not more than ten percent. To provide funding for the increase, the Chancellor may reallocate funding between or among approved projects at a single component if funding for such projects has previously been authorized in accordance with Subdivision 2.13 or approve funding from some other source available to the component.

design, dimensions, materials, and scope of the project in greater detail ("Design Development Plans"). Design Development Plans are referred to as Preliminary Plans in applicable rules of the Texas Higher Education Coordinating Board. The project architect, engineer, or design-build contractor shall work with the Ad Hoc Project Building Committee, if any, and the Office of Facilities Planning and Construction with regard to preparation of all plans and documents.

- 2.25 Design Development Plans for Major Project new construction and for architecturally or historically significant repair and rehabilitation projects shall be submitted to the Board for approval upon the recommendation of the Chancellor. The Executive Officers and component presidents shall be responsible for identifying to the Chancellor architecturally or historically significant major repair and rehabilitation projects. Upon approval of the Design Development Plans for Major Project new construction or an architecturally or historically significant repair and rehabilitation project, the Board will authorize expenditure of funds for the Project.
- 2.26 The Chancellor is authorized to approve Design Development Plans and authorize expenditure of funds for all other Major Project repair and renovation.
- 2.27 After approval of the Design Development Plans, the Chancellor is authorized to direct the preparation of the working drawings and specifications ("Construction Documents").
- 2.28 The Chancellor is authorized to approve the Construction Documents upon the recommendation of the component president and the appropriate Executive Vice Chancellor.

Sec. 3. Minor Construction and Repair and Rehabilitation Projects.

- 3.1 Delegation of Authority.--Subject to Subsections 3.2 and 3.3 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, each

component president is authorized to appoint architects, approve plans and Construction Documents, and execute and deliver contracts, agreements, guaranteed maximum price or stipulated sum proposals, and other documents on behalf of the Board for all new construction projects of \$1,000,000 or less and for repair and rehabilitation projects of \$2,000,000 or less ("Minor Projects").

3.2 Required Review and Approval.--Minor Projects shall be subject to review as directed by the appropriate Executive Vice Chancellor. If the Minor Project is to accommodate facility program changes requiring System approval or approval of the Texas Higher Education Coordinating Board, then (i) necessary facility program approvals must be secured in advance of requests for construction approval or must be included with the construction request; (ii) funds must have been approved through standard System budgetary procedures; and (iii) the project must have been approved by the component director of physical plant, chief business officer, and president.

3.3 Professional Services.--Subject to the provisions of Part One, Chapter I, Section 9 of these Rules and Regulations, each component president is authorized to execute and deliver on behalf of the Board contracts and agreements with architects, engineers, and other professional service providers for Minor Projects previously approved in accordance with this Chapter. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

Sec. 4. Bidding, Proposals, Award of Contract, and Final Payment.

4.1 Advertisement for Bids and Proposals.--The Chancellor with respect to Major Projects or the component president with respect to Minor Projects (the "Responsible Administrator") is authorized to advertise for bids, qualifications, and proposals for construction projects. The Construction Documents must be approved by the Chancellor before the advertisement for bids, or the solicitation of competitive sealed proposals from general contractors, for Major Projects.

Rules and Regulations. This Chapter shall not apply to rights in intellectual property owned or controlled by the Board except as provided in this Subsection.

- 1.5 All assets of the Permanent University Fund, other than Permanent University Fund lands, shall be managed by UTIMCO or as otherwise directed by the Board.
- 1.6 All assets received for or held in an endowment fund (other than the Permanent University Fund), a fund functioning as an endowment, or a Charitable Remainder Trust or a Pooled Income Fund shall be managed by UTIMCO or as otherwise directed by the Board until such funds terminate.
- 1.7 All assets of Retirement of Indebtedness Funds, Bond Proceeds, Unemployment Compensation Funds, Workers' Compensation Funds, the Medical/Dental Self-Insurance Fund, the Vision Services Fund, and the Medical Liability Self-Insurance Fund ("consolidated System funds") shall be managed with respect to investment of such funds as set forth below:
  - 1.71 The Office of Business Affairs shall invest the Retirement of Indebtedness Funds, Bond Proceeds, Unemployment Compensation Funds, Workers' Compensation Funds, the Medical/Dental Self-Insurance Fund, and the Vision Services Fund in the same manner that chief business officers may invest the operating funds of each component.
  - 1.72 UTIMCO shall invest the Medical Liability Self-Insurance Fund in the Long Term Fund, Short Intermediate Term Fund, and Short Term Fund as directed by the Vice Chancellor and General Counsel.
- 1.8 Assets that are not a part of the Permanent University Fund, an endowment fund, a fund functioning as an endowment, a life income or annuity fund, or consolidated System funds shall be managed as set forth in this Subsection:
  - 1.81 Tangible personal property shall be managed by the component president.
  - 1.82 Intangible personal property consisting of securities, interests in businesses, and equity interests in technology transfer firms as set out in the Regents' Intellectual Property Policy shall be managed by UTIMCO. Other intangible personal property shall be managed by the component president.

CHAPTER X

AUXILIARY ENTERPRISES

- Sec. 1. Auxiliary Enterprises are those operated primarily for service to students and staff. Such enterprises are expected to be self-supporting. Examples of such enterprises are residence halls, dining halls, student hospitals, student unions, book stores, which are supported through sales and/or usage fees, and activities supported from fees collected as voluntary or compulsory Student Services Fees.
- Sec. 2. Annual budgets for these activities shall be prepared and submitted through regular administrative channels, and expenditures shall be within budgets approved by administrative officials and the Board. Income of Auxiliary Enterprises is not deposited with the State Treasury, however, and any balances or deficits at the end of a fiscal year may be reappropriated for the succeeding year.
- Sec. 3. With the exception of intercollegiate athletic departments, to which the general and special provisions of the Appropriations Bill do not apply, the same regulations and applicable laws shall govern as apply to the budgeting and expenditure of general funds unless otherwise specifically authorized. The Board, upon recommendation of appropriate administrative officials, approves the regulations for the management and operation of athletic departments.
- Sec. 4. Rentals and related policies and rates for dormitories and housing facilities shall be approved in advance by the component president, the appropriate Executive Vice Chancellor and the Board.
- Sec. 5. Rules and regulations for the administration of dormitories, other housing facilities, dining halls, and other eating facilities, shall be promulgated by administrative officials and the president at the institution concerned.

- Sec. 6. The money values of meals, lodging, and other services the employees are authorized to receive in lieu of additional wages or salary, are recommended to the president by the chief business officer and approved by the appropriate Executive Vice Chancellor, the Chancellor and the Board.
- Sec. 7. Statutory Provisions Currently in Effect.--Auxiliary Budgets shall comply with statutory provisions and rider provisions of the current Appropriations Act.
- Sec. 8. Student Publications.--Rules and regulations for the establishment, administration and operation of student publications shall be promulgated by administrative officials and the president at the institution concerned, provided that such rules and regulations shall not be effective until approved by the appropriate Executive Vice Chancellor for inclusion in the institutional Handbook of Operating Procedures.
- Sec. 9. Student Center and Student Union Facilities.--Rules and regulations for the establishment, administration and operation of student center or union facilities shall be promulgated by administrative officials and the president at the institution concerned, provided that such rules and regulations shall not be effective until approved by the appropriate Executive Vice Chancellor for inclusion in the institutional Handbook of Operating Procedures. Rules and regulations for the use of student center or union facilities shall be consistent with the provisions of the Regents' Rules and Regulations, Part One, Chapter VI, Section 6.
- Sec. 10. Intercollegiate Athletics Programs.--Rules and regulations governing the establishment, administration and operation of intercollegiate athletics programs shall be promulgated by administrative officials and the president at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Executive Vice Chancellor for Academic Affairs for inclusion in the institutional Handbook of Operating Procedures.
- Sec. 11. Employment of a Students' Attorney.
- 11.1 If an attorney is retained in any manner by a component institution or by a Students' Association or other agency of student government at any component institution of the System to serve as a students' attorney, said attorney shall not act as counsel of

- 2.2 System Administration and System-Wide Contracts.-- Subject to Section 1, the Board delegates to the Executive Vice Chancellor for Business Affairs authority to execute and deliver on behalf of the Board contracts or agreements with third parties affecting only System Administration or, with the concurrence of the components affected, contracts for the benefit of all or a majority of the components.
- 2.3 Contracts Between or Among Components.--The Board delegates to the component president authority to execute and deliver on behalf of the Board contracts or agreements between or among components for resources or services. Any such contract or agreement shall provide for the recovery of the cost of services and resources furnished.

Sec. 3. Legal Matters.

- 3.1 Contracts for Legal Services.--The Board delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board contracts for legal services and such other services as may be necessary or desirable in connection with the settlement or litigation of a dispute or claim after obtaining approvals as may be required by law.
- 3.2 Settlement of Disputes.--Except as provided in Subsection 3.3 of this Section, the Board delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board agreements settling any claim, dispute, or litigation subject to approval of System officials as set out below and compliance with all other legal requirements. The Vice Chancellor and General Counsel shall consult with the component president and the appropriate Executive Vice Chancellor with regard to all significant settlements that will be paid out of institutional funds. The Vice Chancellor and General Counsel shall consult with the Office of Development

and External Relations with respect to settlement of will contests and other matters relating to gifts and bequests administered by that Office.

<u>Amount</u>	<u>Additional Requirements</u>
\$150,000 or less	None
\$150,001 to \$300,000	Concurrence of the Chancellor or the appropriate Executive Vice Chancellor
\$300,001 to \$500,000	Concurrence of the Chancellor and the Chairman of the Board
More than \$500,000	Concurrence of the Board of Regents, the Executive Committee, or the appropriate standing committee of the Board

The amount of the settlement shall mean the amount claimed by U. T. System but not received pursuant to the settlement or, in the case of a claim against U. T. System, the total settlement amount to be paid by U. T. System.

- 3.3 Settlement of Claims and Disputes Relating to Construction Projects.--The Board delegates authority to execute all documents necessary or desirable to settle claims and disputes relating to construction projects to the System or component official designated in the construction contract to the extent funding for the project has been authorized in accordance with the provisions of Part Two, Chapter VIII of these Rules and Regulations.

- 2.7 It is a basic policy of the System that intellectual property be developed primarily to serve the public interest. This objective usually will require development and commercialization by exclusive licensing, but the public interest may best be promoted by the granting of nonexclusive licenses for the period of the patent. These determinations will be recommended and made in accordance with the administrative procedures hereinafter set out and with the approval of the Board.
- 2.8 Neither the facilities nor the resources of System or its component institutions may be used (i) to create, develop or commercialize intellectual properties unrelated to an individual's employment responsibilities (See Subsection 4.1); or (ii) to further develop or commercialize intellectual properties that have been released to an inventor (See Subdivision 5.22) except as the component institution's president and the appropriate Executive Vice Chancellor may approve where System retains an interest under the terms of the release.

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

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

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

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

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

- 9.1 Agreements that grant an interest in Board intellectual property may be executed and delivered in accordance with the provisions of the Regents' Rules and Regulations, Part Two, Chapter XI, following any required review by the Office of General Counsel.
- 9.2 Any document altering substantially the basic intellectual property policy of the System as set out in the preceding Sections and other policies and guidelines that may be adopted by the Board shall have the advance approval of the component president, 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 the agreement may be executed and delivered as set forth in Section 9.1 if, in the judgment of the component president and with the concurrence of the appropriate Executive Vice Chancellor, the benefits from the level of funding for the proposed research and/or other consideration from the sponsor outweigh any potential disadvantage that may result from the policy deviation.
- 9.3 The Chancellor, the appropriate Executive Vice Chancellor, the Vice Chancellor and General Counsel or the authorized representative of UTIMCO may execute, on behalf of the Board, legal documents relating to the Board's rights in intellectual property, including, but not limited to, declarations, affidavits, powers of attorney, disclaimers, and other such documents relating to patent applications and patents; applications, declarations, affidavits, affidavits of use, powers of attorney, and other such documents relating to trademarks; and other documents approved pursuant to Subsections 9.1 or 9.2. The component president or designee may execute, on behalf of the Board, institutional applications for registration or recordation of transfers of ownership and other such documents relating to copyrights.

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*you are correct!*

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*Editorial*

*1/00*

Sec. 2. Fellowships, Scholarships, and Loan Funds.

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

Sec. 3. Academic Positions.

- 3.1 No endowment will be established or announced without prior approval by the Board or its designee(s). No initial appointment will be made to an endowed or named academic position without prior approval as a Request for Budget Change by the ~~chief administrative officer~~ after review and approval by the Executive Vice Chancellor ~~for Health Affairs or the Vice Chancellor for Academic Affairs, as appropriate.~~ Subsequent new or continuing appointments to the endowed or named academic positions may be approved as a part of the annual operating budget.
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11/19  
minutes

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 65 - 69).--Committee Chairman Miller thanked The University of Texas Southwestern Medical Center at Dallas for their hospitality in hosting this Board meeting and for the presentations by the four Nobel laureates earlier in the morning. He reported that the Academic Affairs Committee 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 Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

- 1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter I, Section 4 (Assessment, Collection, and Waiver of Tuition and Fees).--Upon recommendation of the Academic Affairs and Health Affairs Committees, the Board amended the Regents' Rules and Regulations, Part Two, Chapter I, Section 4, relating to tuition and other fees as set forth below:

- Sec. 4. Assessment, Collection, and Waiver of Tuition and Fees.--Tuition, fees, and other charges will be fixed as prescribed or as authorized by statute and will be published in the institutional catalog with a description of the criteria for any authorized exemptions and waivers.



Approved  
11/19/99  
[Signature]

- 4.1 The authority of the U. T. Board of Regents to grant exemptions and waivers from tuition, fees, and other charges in accordance with statute, is delegated to the presidents of the U. T. System component institutions.
    - 4.2 The Board delegates to the presidents of the component institutions the authority to approve changes in the amounts of incidental fees authorized by Section 54.504, Texas Education Code, for those fees that have previously been approved by the Board. As a condition to approval of any increase in such fees, the president must find that such increase is required in order for the incidental fee to reasonably reflect the actual cost to the component institution of the materials or services to be provided.

The amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 4 are in keeping with prior actions of the U. T. Board of Regents at the August 1998 meeting to delegate approval authority as appropriate and prudent. Prior delegation of authority to grant tuition and fee waivers had been granted to component presidents but had not been formally codified in the Regents' Rules and Regulations. These amendments formally codify past actions by the U. T. Board of Regents and accommodate current and future statutory changes related to tuition and fee waivers and exemptions.

The 76th Texas Legislature added a new Section 54.5035 to the Texas Education Code to permit, but not require, the governing board of an institution of higher education to exempt a student from the payment of a mandatory or discretionary fee if the board determines the student is not reasonably able to participate in or use the activity, service, or facility for which the fee is charged. Other sections of the Texas Education Code authorize a governing board to grant exemptions from the payment of specific tuition and fees.

The incidental fee statute, Section 54.504, Texas Education Code, authorizes the governing board of an institution of higher education to fix the rate of incidental fees to be paid to an institution under its governance and requires that the rate of an incidental fee must reasonably reflect the actual cost to the university of the materials or services for which the fee is collected. The large number of proposed changes to existing incidental fees submitted annually by component institutions to the U. T. System for review and approval by the U. T. Board of Regents resulted in the recommendation that final approval of the amount of the incidental fee, as well as the required finding that the incidental fee reasonably reflects the actual cost to the component of the materials or services involved, could be performed more efficiently at the component institution.

Section 65.31(g), Texas Education Code, permits the U. T. Board of Regents, by rule, to delegate a power or duty of the Board to the presidents of the component institutions, acting as agents of the U. T. Board of Regents. The amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 4 apply only to incidental fees previously approved by the U. T. Board of Regents for a component institution. New incidental fees proposed by a component institution will be submitted to the U. T. System for review and will be submitted to the U. T. Board of Regents for final approval via the institutional dockets.

The uses for the incidental fees collected will continue to be subject to periodic audit.

to obtain the usual degree awarded by the school, college, or degree-granting program. It is provided, however, that the nonresident enrollment at the School of Law, The University of Texas at Austin, may be equal to 15% of each class of which nonresidents are a part provided that the admission of such nonresidents is on the basis of academic merit alone.

Sec. 9. Official Seal, Colors, Flag, Logo, and Mascot.

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

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9.2 The official colors for the System shall be orange and white; provided, however, that a component institution may adopt one additional color to be used in connection with athletic and other activities of the institution when approved by the Board upon recommendation of the ~~chief administrative officer~~ of the component institution, the appropriate Executive Vice Chancellor or Vice Chancellor and the Chancellor.

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9.3 The Texas State Flag shall be designated as the official flag of the System, and the official flag of each component institution shall be the Texas State Flag with a streamer with the official name of the component institution in white letters on an orange field, and a special occasion banner, as determined to be appropriate by the component president in consultation with the appropriate Executive Vice Chancellor. No component institution shall have or display any other flag as its official flag. Nothing in this Subsection shall be interpreted to prohibit display of other flags in a manner consistent with the Texas Flag Code, Article 6139c, Vernon's Texas Civil Statutes.

9.4 Each component institution may adopt a theme, a logo and a mascot, provided same are approved by the Board via the docket following recommendation of the president of the component institution, the appropriate Executive Vice Chancellor and the Chancellor.

Sec. 10. Appropriations Act Riders.--The System will comply with the provisions of the current General Appropriations Act insofar as applicable.

9.3 The Texas State Flag shall be designated as the official flag of the System, and the official flag of each component institution shall be the Texas State Flag with a streamer with the official name of the component institution in white letters on an orange field, and a special occasion banner, as determined to be appropriate by the ~~chief administrative officer~~, in consultation with the appropriate Executive Vice Chancellor or Vice Chancellor. No component institution shall have or display any other flag as its official flag. Nothing in this Subsection shall be interpreted to prohibit display of other flags in a manner consistent with the Texas Flag Code, Article 6139c, Vernon's Texas Civil Statutes.

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9.4 Each component institution may adopt a theme, a logo and a mascot, provided same are approved by the Board via the docket following recommendation of the chief administrative officer of the component institution, the appropriate Executive Vice Chancellor or Vice Chancellor and the Chancellor.

Sec. 10. Appropriations Act Riders.--The System will comply with the provisions of the current General Appropriations Act insofar as applicable.

CHAPTER II

ACCOUNTING, AUDITING, REPORTING, AND BUDGETARY CONTROL

Sec. 1. Types of Funds.

1.1 Current Funds.

1.11 General.--General Funds are those unre-  
stricted operating funds which are available  
for any purpose. Such funds are expended in  
accordance with the budgets and appropria-  
tions approved by the Board. General Funds  
balances shall not be reappropriated from  
one fiscal year to another unless specific  
approval is given by the Executive Vice  
Chancellor [for Health Affairs, if appro-  
priate], the Chancellor and the Board.

1.12 Auxiliary Enterprises.--Auxiliary Enter-  
prises Funds are those funds set aside for  
operating entities which exist to furnish  
specified services to students, faculty, or  
staff, and which charge fees that are  
directly related to the cost of the service.

1.13 Designated.--Designated Current Funds are  
those funds designated for special activi-  
ties by the System. The income and expendi-  
tures are ordinarily related to a particular  
department. Expenditures follow the same  
programs as are found in the General and  
Restricted Current Funds. Such funds are  
subject to the same budgetary restrictions  
as General Funds although balances are auto-  
matically reappropriated at the end of each  
fiscal year.

1.14 Restricted.--Restricted Current Funds are  
those received from federal and local gov-  
ernments, state agencies, individuals,

*appropriate*

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.

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3.1 Internal auditors are responsible for reviewing, evaluating, and reporting on the institution's system of internal administrative and accounting controls and the efficiency and effectiveness of the operations when compared with established standards. The internal auditors are to have no authority or responsibility for the activities they audit. The objective of internal auditing is to assist the ~~chief administrative officer~~ in the effective discharge of his or her responsibilities by furnishing objective analyses, appraisals and recommendations concerning the activities reviewed. To accomplish these objectives, the internal auditor is authorized to have full, free and unrestricted access to all property, personnel and records. The examination of patient medical records must serve a genuine audit need; and individual patients should not be identified in any audit report. The Texas Internal Auditing Act, the Standards for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors, Inc. and "College and University Business Administration" published by the National Association of College and University Business Officers shall serve as guidelines for internal audit activities.

3.2 Each institution is expected to maintain an internal audit staff unless otherwise exempt from this requirement by the Chancellor. The institutional internal auditor reports to the institutional ~~chief administrative officer~~ <sup>pres</sup> or the institutional audit committee. The institutional internal auditor submits an annual audit plan for approval by the ~~chief administrative officer~~ <sup>pres</sup> and forwards a copy to the appropriate Executive Vice Chancellor <sup>or Vice Chancellor</sup> and the System Director of Audits. ✓

3.3 The System Director of Audits shall seek input into the System-wide audit plan from the institutional internal auditors. The implementation of the System-wide internal audit plan will be coordinated with the

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

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

Sec. 4. Reporting.

- 4.1 All financial reports shall be prepared in accordance with the provisions of the statutes, official directives of the Texas Higher Education Coordinating Board, and directives of the Board, and in conformity with the manual, "College and University Business Administration, Fifth Edition," (1991) referred to in Subsection 2.1 of this Chapter. The reports shall be prepared by the chief business officer and approved by the Director of the Office of Budget and Fiscal Policy. *Asst VC + Controller*
- 4.2 The Annual Financial Report shall be prepared under the direction of the chief business officer and the Director of the Office of Budget and Fiscal Policy. As required by law, printed financial reports, in the format recommended in "College and University Business Administration, Fifth Edition," (1991), or its successor publication, shall be filed with the Texas Higher Education Coordinating Board and other state offices as specified by law.

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Pankratz, Jana  
Wednesday, February 23, 2000 1:23 PM  
Felkel, Carol  
Corrections to Regents' Rules

As we discussed briefly at the end of our Web Task Force Committee, I noticed two places that still say the Director of Budget and Fiscal Policy. It should now read: Assistant Vice Chancellor and Controller

The two I found are as follows:

Chapter II, Sections 4.2 and 4.3  
Chapter III, Section 2.1

correct

I also performed a search on the rules and didn't find any others. Let me know if you require additional information. Thanks.

Jana Pankratz  
Administrative Coordinator / Controller's Office  
The University of Texas System Administration  
201 West 7th Street / ASH 5  
Austin, Texas 78701  
(512) 499-4558 / Fax: (512) 499-4550

FF: OK to include  
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- 4.3 Monthly financial reports, in the form prescribed by the Assistant Vice Chancellor and Controller, shall be prepared by each institutional chief business officer and distributed to the institutional president and the Assistant Vice Chancellor and Controller. Copies of such monthly reports, verified under oath, shall be furnished semiannually to the Governor.

Sec. 5. Operating Budgets.

- 5.1 Operating Budgets for all the component institutions shall be approved annually by the Board within the budget estimates of income prepared by the chief business officer and the president and approved by the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Chancellor.

- 5.2 General policies for the budget preparation shall be recommended by the Chancellor to the Board and shall be followed in preparing the budgets. Instructions for details of budget preparation shall be furnished to the ~~chief administrative officers~~ by System Administration. *component presidents*

*2/29*

- 5.3 The institutional president shall issue local instructions and shall furnish forms to the budget-recommending officials. Their recommendations for salaries, maintenance and operation, equipment, travel, and other pertinent items shall be reviewed by the president. The budget as finally recommended by the president shall be forwarded to the ~~Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs,~~ and the Chancellor for further review and recommendation to the Board. *Accepted*

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- 5.4 Rules and procedures for budget administration shall be prepared by the Chancellor, with assistance of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Academic Affairs, approved by the Board, and shall be included in the completed budgets.

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Asst VC  
and  
Controller →

4.3 Monthly financial reports, in the form prescribed by the Director of the Office of Budget and Fiscal Policy, shall be prepared by each institutional chief business officer and distributed to the chief administrative officer and the Director of the Office of Budget and Fiscal Policy. Copies of such monthly reports, verified under oath, shall be furnished semiannually to the Governor.

Sec. 5. Operating Budgets.

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

*Asst VC + Cont.*

*inst. pres.*

4.3 Monthly financial reports, in the form prescribed by the ~~Director of the Office of Budget and Fiscal Policy~~, shall be prepared by each institutional chief business officer and distributed to the ~~chief administrative officer~~ and the ~~Director of the Office of Budget and Fiscal Policy~~. Copies of such monthly reports, verified under oath, shall be furnished semiannually to the Governor.

*Asst VC + Cont.*

Sec. 5. Operating Budgets.

5.1 Operating Budgets for all the institutions shall be approved annually by the chief business officer and the chief administrative officer and approved by the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, and the Chancellor.

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5.2 General policies for the budget preparation shall be recommended by the Chancellor to the Board and shall be followed in preparing the budgets. Instructions for details of budget preparation shall be furnished to the chief administrative officers by System Administration.

5.3 The institutional ~~chief administrative officer~~ shall issue local instructions and shall furnish forms to the budget-recommending officials. Their recommendations for salaries, maintenance and operation, equipment, travel, and other pertinent items shall be reviewed by the ~~chief administrative officer~~. The budget as finally recommended by the ~~chief administrative officer~~ shall be forwarded to the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, and the Chancellor for further review and recommendation to the Board.

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5.4 Rules and procedures for budget administration shall be prepared by the Chancellor, with assistance of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor for Academic Affairs, approved by the Board, and shall be included in the completed budgets.

UT System  
June 1, 1988  
per att'd

June 1, 1988

per att'd

5.5 A copy of each budget, and any subsequent amendment thereto, shall be filed by the ~~Executive Secretary to the Board~~ with the Legislative Reference Library to be available for public inspection, and also with such other state offices as required by law.

Sec. 6. Legislative Budget Requests.

6.1 Legislative budget requests, biennial or otherwise, as may be required shall be submitted to the Texas Higher Education Coordinating Board, to the Legislative Budget Board, and to the Governor's Budget and Planning Office in the form and at the time prescribed.

6.2 These legislative budget requests shall be prepared in conformity with the same general procedures, as outlined above in Section 5, for the annual budgets in the following sequence:

6.21 Approval of budget request writing policies by the Board upon recommendation of the Chancellor.

6.22 Preparation of a recommended budget request of expenditures by the ~~chief administrative officer~~ in conformity with these policies.

6.23 Approval of the completed budget request by the Executive Vice Chancellor ~~for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs,~~ the Chancellor and the Board.

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Budgets for all the component institutions approved annually by the Board within the timates of income prepared by the chief officer and the chief administrative officer ved by the Executive Vice Chancellor for fairs, the Executive Vice Chancellor for Affairs, the Executive Vice Chancellor for Affairs, and the Chancellor.

olicies for the budget preparation shall be recommended by the Chancellor to the Board and shall be followed in preparing the budgets. Instructions for details of budget preparation shall be furnished to the chief administrative officers by System Administration.

5.3 The institutional chief administrative officer shall issue local instructions and shall furnish forms to the budget-recommending officials. Their recommendations for salaries, maintenance and operation, equipment, travel, and other pertinent items shall be reviewed by the chief administrative officer. The budget as finally recommended by the chief administrative officer shall be forwarded to the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Chancellor for further review and recommendation to the Board.

5.4 Rules and procedures for budget administration shall be prepared by the Chancellor, with assistance of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Academic Affairs, approved by the Board, and shall be included in the completed budgets.

5.5 A copy of each budget, and any subsequent amendment thereto, shall be filed by the Executive Secretary to the Board with the Legislative Reference Library to

U.I. System  
Budget  
Office

RRR  
Part Two

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

Sec. 2. Deposits with Institutional Business Office.

- 2.1 Money received by all departments from all sources shall be deposited, using an official form, in the institutional business office, unless depositing directly to a special bank account has been specifically authorized by the Director of the Office of Budget and Fiscal Policy. The deposits shall be daily if the receipts are \$200 or more, and weekly even if the accumulation is less than \$200. Except for mail deposits authorized under Subdivisions 2.11 and 2.12, the deposit shall be made in person by a departmental representative to whom an official receipt is issued.

Asst. VC +  
Controller

- 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~~ (Chapter 660, Texas Government Code), as amended; business procedure memoranda issued by the Executive Vice Chancellor for Business Affairs; approved institutional or System travel regulations; terms of grants and contracts which provide reimbursement; and restrictions placed on expenditures from the institutional source reimbursing the travel.
- ✓
- 10.3 Institutional and System Administration Travel Regulations.--Component institutions and System Administration shall issue travel regulations covering authorization for travel and reimbursement for approved travel to implement applicable provisions of state law and regulations and the provisions of this Section for the guidance of all personnel concerned. Following administrative approval by the appropriate Executive Vice Chancellor, each institutional policy will be included in the institutional Handbook of Operating Procedures.

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

- 11.1 Insurance on Money and Securities.--As approved by the Board, the System carries a blanket System-wide policy insuring against loss of money or securities at any of the component institutions. The premium paid by each institution is separately computed and is based on the coverage applicable at each institution. At the time any loss occurs at any institution, the Executive Vice Chancellor for Business Affairs shall be notified by the appropriate chief business officer and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board. Money and securities coverage may be combined with the blanket position fidelity bond.

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OK a

*W. H. [Signature]*  
appropriate

cf  
3/11

or VC a  
OK

3.4 The System has no obligation to comply with the Act or the rules and regulations issued thereunder in making purchases to which the Commission's authority does not extend, or for which the System's purchasing authority is not delegated from the Commission under the Act or expressly subject to rules by the Commission but rather is a different statute. With respect to such purchases not subject to the Act or the rules and regulations issued thereunder, the policies and procedures to be used by a System component shall be approved by its chief business officer pursuant to Section 4 below.

Sec. 4. Purchasing Procedures.

4.1 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 appropriate review and approval for inclusion in the institutional Handbook of Operating Procedures, including review and approval of the chief business officer.

4.2 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. 5. Purchase from or Sale to an Officer or Employee.--Purchase from, or sale to, any officer or employee of the System or a component of any supplies, materials, services, equipment, or property must have the prior approval of the component president and the appropriate Executive Vice Chancellor or the Chancellor. Any such purchases shall be made only if the cost is less than from any other known source. This Section does not apply to sales or purchases made at public auction or sales approved by the institutional president valued at \$5,000 or less.

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3/2/00

Approved  
EVC'S

Why do we use variety component President + Institutional President?

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renumbered  
8/12/99 (1.23)  
as previous  
1.23 + 1.24  
were  
deleted.  
this was 1.25

Institutional Human Resources/Personnel  
Officer.

- 1.251  $\frac{1}{2}$  The chief business officer of each institution shall designate an institutional human resources/personnel officer to be responsible for the development and operation of the Classified Personnel Program.
- 1.252  $\frac{1}{2}$  Functional direction and help on technical personnel matters shall be provided each institutional human resources/personnel officer by the Director of the Office of Human Resources.

FF: I will make editorial  
correction to correct  
numbering sequence +  
include w/ ENC Sharpe,  
Gonzalez, Diaz, Scott  
amendments  
this week. hopefully

of corrected  
on computer  
(+ web) 10/20/99  
need to include  
in distribution  
tho...

10/11

Everyone missed this one  
10 Aug. amendment

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

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

- 3.1 The State Employees Training Act, Texas Government Code Section 656.041 et seq., recognizes that programs for the training and education of State administrators and employees materially aid effective State administration and requires each State agency to adopt rules governing such programs, subject to written approval of the Governor of the State of Texas. The Director of the Office of Human Resources, as delegated by the Executive Vice Chancellor for Business Affairs, is responsible for promulgating the necessary policies and procedures for implementation of the State Employees Training Act, consistent with the guidelines approved by the Governor.

Editorial Amendment  
Issued January 2000

V - 7

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+ amended  
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Sections  
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okay? →  
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Cater

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11/99  
Minutes

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 44 - 64).--Committee Chairman Riter reported that the Business Affairs and Audit Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 99 (Catalog Change).-- Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 99 in the form distributed by the Executive Secretary. It is attached following Page 105 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 may be executed by the appropriate officials of the respective institution involved.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter V, Section 3 (Employee Training, Education, and Development).--The Board amended the Regents' Rules and Regulations, Part Two, Chapter V, Section 3, relating to employee training, education, and development, to read as set forth below:

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

- 3.1 The State Employees Training Act, Texas Government Code Sections 656.041 et seq., recognizes that programs for the training and education of State administrators and employees materially aid effective State administration and requires each State agency to adopt rules governing such programs, subject to written approval of the Governor of the State of Texas. The Director of the Office of Human Resources, as delegated by the Executive Vice Chancellor for Business Affairs, is responsible for promulgating the necessary policies and procedures for implementation of the State Employees Training Act, consistent with the guidelines approved by the Governor.



Approved  
11/10/99  
[Signature]

- 3.2 The Board of Regents requires the establishment of policies which promote training programs of benefit to employees.
- 3.3 Policies implemented must be consistent with provisions of the State Employees Training Act, as follows:
  - 3.31 The U. T. System Administration and component institutions will not extend funds under these provisions without the interest of the U. T. System Administration and component institutions being given first consideration.
  - 3.32 If an employee does not perform the regular duties of the job for three or more months, a written agreement complying with the provisions of institutional policy will be executed between the employee and the U. T. System Administration or the component institution as required by State law.
  - 3.33 Should an employee fail to honor the provisions of the agreement, the U. T. System Administration or the component institution will be reimbursed for all costs associated with the training period, including any amounts of the employee's salary not accounted for as paid vacation or compensatory leave.
  - 3.34 The U. T. System Administration and component institutions will report annually to the Legislative Budget Board detailing the amount of money expended in the preceding fiscal year for training subject to the Act.

In addition, former Subsections 3.3 through 3.9 of the Regents' Rules and Regulations, Part Two, Chapter V, Section 3 were deleted in their entirety.

These amendments to the Regents' Rules and Regulations, Part Two, Chapter V, Section 3 comply with provisions of Senate Bill 223 enacted by the 76th Texas Legislature which require a State agency to adopt a policy governing the training of employees that is related to the employee's job duties. The revised Human Resources policy will promote various types of training to encourage the initiative of all employees and stimulate and motivate less productive employees. Organized training programs will, moreover, help identify employees who exercise initiative and demonstrate

high levels of performance. The programs will also identify areas where employees need assistance in adapting to and adopting change and improved procedures and programs.

3. U. T. Board of Regents: Approval to Amend the Regents' Rules and Regulations, Part One, Chapter VI, Section 6, Subsection 6.6 (Solicitation).-- Authorization was given to amend the Regents' Rules and Regulations, Part One, Chapter VI, Section 6, Subsection 6.6, relating to solicitation, to read as set forth below:

6.6 Solicitation.--The term "solicitation" means the sale, lease, rental or offer for sale, lease, rental of any property, product, merchandise, publication, or service, whether for immediate or future delivery; an oral statement or the distribution or display of printed material, merchandise, or products that is designed to encourage the purchase, use, or rental of any property, product, merchandise, publication, or service; the oral or written appeal or request to support or join an organization other than a registered student, faculty, or staff organization; the receipt of or request for any gift or contribution; or the request to support or oppose or to vote for or against a candidate, issue, or proposition appearing on the ballot at any election held pursuant to state or federal law or local ordinances.

6.61 . . .

- (p) The distribution or presentation to officers and employees of the U. T. System and component institutions of material related to health benefit plans, life insurance, tax sheltered annuities, retirement plans or programs, or other benefits that are available to such officers and employees through employee benefit plans or programs offered by or approved by the U. T. System. Such material may be distributed or presented only at the Office of Human Resources of the U. T. System or component institutions, at the benefits office of a health profession practice plan of a health component institution, or at meetings scheduled for that purpose pursuant to guidelines established by the U. T. System Office of Human Resources. Those companies that are currently authorized Optional Retirement Program vendors may, at

CHAPTER VIII

PHYSICAL PLANT IMPROVEMENTS

Sec. 1. Institutional Committees.

1.1 Institutional Building Advisory Committees.--There may be an Institutional Building Advisory Committee for each component. The duties, composition, and appointment of the members of the Institutional Building Advisory Committee shall be set forth in the Handbook of Operating Procedures of each component. The Institutional Building Advisory Committee shall have no further direct responsibility after the construction contract is awarded but shall be available for consultation as the building progresses, as requested by the ~~chief administrative officer~~, the appropriate Executive Vice Chancellor ~~or Vice Chancellor~~, the Chancellor, or the project architect or engineer.

*pres of  
the comp inst.*

1.2 Ad Hoc Project Building Committee.--The chief administrative officer may appoint, according to the institutional Handbook of Operating Procedures, an Ad Hoc Project Building Committee composed of, but not limited to, representatives of the departments or divisions that will occupy the building. The chairperson of the Institutional Building Advisory Committee, or his or her delegate, shall be an ex officio member of each Ad Hoc Project Building Committee. The committee shall work with the Office of Facilities Planning and Construction to prepare a facility program in accordance with the Facilities Programming Guidelines maintained by the Office of Facilities Planning and Construction.

1.3 Selection Committees.--Selection Committees are authorized to evaluate, rank, and select qualifications and competitive sealed proposals in response to requests for qualifications and requests for proposals by design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors and to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents,

*separately  
being  
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Feb. 11, 1999

- 2.15 Construction contracts executed and delivered on behalf of the Board for Major Projects shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel. Payment and performance bonds, when required by law for contracts, shall be on a standard form approved by the Office of General Counsel.
- 2.16 The Chancellor or delegate shall approve the construction contractor's, design-build contractor's, or construction manager's estimates, guaranteed maximum price or stipulated sum proposals; sign change orders; and provide general supervision of all Major Projects. The Chancellor with the advice of the appropriate Executive Vice Chancellor ~~or Vice Chancellor~~ and ~~chief administrative officer~~ is authorized to increase the approved Total Project Cost not more than ten percent. To provide funding for the increase, the Chancellor may reallocate funding between or among approved projects at a single component if funding for such projects has previously been authorized in accordance with Subdivision 2.13 or approve funding from some other source available to the component.

Ch-P  
pre

design, dimensions, materials, and scope of the project in greater detail ("Design Development Plans"). Design Development Plans are referred to as Preliminary Plans in applicable rules of the Texas Higher Education Coordinating Board. The project architect, engineer, or design-build contractor shall work with the Ad Hoc Project Building Committee, if any, and the Office of Facilities Planning and Construction with regard to preparation of all plans and documents.

2.25 Design Development Plans for Major Project new construction and for architecturally or historically significant repair and rehabilitation projects shall be submitted to the Board for approval upon the recommendation of the Chancellor. The Executive Officers and ~~chief administrative officers~~ shall be responsible for identifying to the Chancellor architecturally or historically significant major repair and rehabilitation projects. Upon approval of the Design Development Plans for Major Project new construction or an architecturally or historically significant repair and rehabilitation project, the Board will authorize expenditure of funds for the Project.

*CMP Pres.<sup>R</sup>S*

2.26 The Chancellor is authorized to approve Design Development Plans and authorize expenditure of funds for all other Major Project repair and renovation.

2.27 After approval of the Design Development Plans, the Chancellor is authorized to direct the preparation of the working drawings and specifications ("Construction Documents").

2.28 The Chancellor is authorized to approve the Construction Documents upon the recommendation of the ~~chief administrative officer~~ and the appropriate Executive Vice Chancellor [or Vice Chancellor].

*CMP Pres.*



Sec. 3. Minor Construction and Repair and Rehabilitation Projects.

3.1 Delegation of Authority.--Subject to Subsections 3.2 and 3.3 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, each

CMP pres

~~chief administrative officer~~ is authorized to appoint architects, approve plans and Construction Documents, and execute and deliver contracts, agreements, guaranteed maximum price or stipulated sum proposals, and other documents on behalf of the Board for all new construction projects of \$1,000,000 or less and for repair and rehabilitation projects of \$2,000,000 or less ("Minor Projects").

- 3.2 Required Review and Approval.--Minor Projects shall be subject to review as directed by the appropriate Executive Vice Chancellor <sup>or Vice Chancellor</sup>. If the Minor Project is to accommodate facility program changes requiring System approval or approval of the Texas Higher Education Coordinating Board, then (i) necessary facility program approvals must be secured in advance of requests for construction approval or must be included with the construction request; (ii) funds must have been approved through standard System budgetary procedures; and (iii) the project must have been approved by the component director of physical plant, chief business officer, and ~~chief administrative officer~~.  
pres.

- 3.3 Professional Services.--Subject to the provisions of Part One, Chapter I, Section 9 of these Rules and Regulations, each ~~chief administrative officer~~ is authorized to execute and deliver on behalf of the Board contracts and agreements with architects, engineers, and other professional service providers for Minor Projects previously approved in accordance with this Chapter. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

Sec. 4. Bidding, Proposals, Award of Contract, and Final Payment.

- CMP pres. 4.1 Advertisement for Bids and Proposals.--The Chancellor with respect to Major Projects or the ~~chief administrative officer~~ with respect to Minor Projects (the "Responsible Administrator") is authorized to advertise for bids, qualifications, and proposals for construction projects. The Construction Documents must be approved by the Chancellor before the advertisement for bids, or the solicitation of competitive sealed proposals from general contractors, for Major Projects.

RRR  
Part Two

Rules and Regulations. This Chapter shall not apply to rights in intellectual property owned or controlled by the Board except as provided in this Subsection.

1.5 All assets of the Permanent University Fund, other than Permanent University Fund lands, shall be managed by UTIMCO or as otherwise directed by the Board.

1.6 All assets received for or held in an endowment fund (other than the Permanent University Fund), a fund functioning as an endowment, or a Charitable Remainder Trust or a Pooled Income Fund shall be managed by UTIMCO or as otherwise directed by the Board until such funds terminate.

1.7 All assets of Retirement of Indebtedness Funds, Bond Proceeds, Unemployment Compensation Funds, Workers' Compensation Funds, the Medical/Dental Self-Insurance Fund, the Vision Services Fund, and the Medical Liability Self-Insurance Fund ("consolidated System funds") shall be managed with respect to investment of such funds as set forth below:

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2/00 RFR  
Amendment



1.71 The Office of Business Affairs shall invest the Retirement of Indebtedness Funds, Bond Proceeds, Unemployment Compensation Funds, Workers' Compensation Funds, the Medical/Dental Self-Insurance Fund, and the Vision Services Fund in the same manner that chief business officers may invest the operating funds of each component.

1.72 UTIMCO shall invest the Medical Liability Self-Insurance Fund in the Long Term Fund, Short/Intermediate Term Fund, and Short Term Fund as directed by the Vice Chancellor and General Counsel.

FF. OK to  
(editorial) delete slash?

This per  
Wallace/TRicks  
in UTIMCO  
Feb 2000  
@ BOR mtg.

1.8 Assets that are not a part of the Permanent University Fund, an endowment fund, a fund functioning as an endowment, a life income or annuity fund, or consolidated System funds shall be managed as set forth in this Subsection:

1.81 Tangible personal property shall be managed by the ~~chief administrative officer~~. *CMP pres*

1.82 Intangible personal property consisting of securities, interests in businesses, and equity interests in technology transfer firms as set out in the Regents' Intellectual Property Policy shall be managed by UTIMCO. Other intangible personal property shall be managed by the ~~chief administrative officer~~.

*CMP pres*

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Chancellor  
was in before  
1998

CHAPTER X

AUXILIARY ENTERPRISES

- Sec. 1. Auxiliary Enterprises are those operated primarily for service to students and staff. Such enterprises are expected to be self-supporting. Examples of such enterprises are residence halls, dining halls, student hospitals, student unions, book stores, which are supported through sales and/or usage fees, and activities supported from fees collected as voluntary or compulsory Student Services Fees.
- Sec. 2. Annual budgets for these activities shall be prepared and submitted through regular administrative channels, and expenditures shall be within budgets approved by administrative officials and the Board. Income of Auxiliary Enterprises is not deposited with the State Treasury, however, and any balances or deficits at the end of a fiscal year may be reappropriated for the succeeding year.
- Sec. 3. With the exception of intercollegiate athletic departments, to which the general and special provisions of the Appropriations Bill do not apply, the same regulations and applicable laws shall govern as apply to the budgeting and expenditure of general funds unless otherwise specifically authorized. The Board, upon recommendation of appropriate administrative officials, approves the regulations for the management and operation of athletic departments.
- Sec. 4. Rentals and related policies and rates for dormitories and housing facilities shall be approved in advance by the ~~chief administrative officer~~ <sup>Comp Pres.</sup>, the appropriate Executive Vice Chancellor or Vice Chancellor, the Chancellor, and the Board. ✓
- Sec. 5. Rules and regulations for the administration of dormitories, other housing facilities, dining halls, and other eating facilities, shall be promulgated by administrative officials and the ~~chief administrative officer~~ <sup>pres</sup> at the institution concerned.

EVCHA  
deleted --

okay?

yes

*27 let's discuss continued May 9, 1996 Release of Sec. 7.*

The money values of meals, lodging, and other services the employees are authorized to receive in lieu of additional wages or salary, are recommended to the ~~chief administrative officer~~ by the chief business officer and approved by the appropriate Executive Vice Chancellor or Vice Chancellor, the Chancellor and the Board. ✓

Sec. 7. Statutory Provisions Currently in Effect.--Auxiliary Budgets shall comply with statutory provisions and rider provisions of the current Appropriations Act.

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

Sec. 9. Student Center and Student Union Facilities.--Rules and regulations for the establishment, administration and operation of student center or union facilities shall be promulgated by administrative officials and the ~~chief administrative officer~~ <sup>Pres</sup> at the institution concerned, provided that such rules and regulations shall not be effective until approved by the appropriate Executive Vice Chancellor or Vice Chancellor for inclusion in the institutional Handbook of Operating Procedures. Rules and regulations for the use of student center or union facilities shall be consistent with the provisions of the Regents' Rules and Regulations, Part One, Chapter VI, Section 6. ✓

Sec. 10. Intercollegiate Athletics Programs.--Rules and regulations governing the establishment, administration and operation of intercollegiate athletics programs shall be promulgated by administrative officials and the ~~chief administrative officer~~ <sup>Pres</sup> at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Executive Vice Chancellor for Health Affairs ~~or the Vice Chancellor for Academic Affairs~~ for inclusion in the institutional Handbook of Operating Procedures.

*FF-  
pre '98  
was  
appro. EDC  
Pls.  
check amendment*

Sec. 11. Employment of a Students' Attorney.

11.1 If an attorney is retained in any manner by a component institution or by a Students' Association or other agency of student government at any component institution of the System to serve as a students' attorney, said attorney shall not act as counsel of

- 2.2 System Administration and System-Wide Contracts.-- Subject to Section 1, the Board delegates to the Executive Vice Chancellor for Business Affairs authority to execute and deliver on behalf of the Board contracts or agreements with third parties affecting only System Administration or, with the concurrence of the components affected, contracts for the benefit of all or a majority of the components.
- 2.3 Contracts Between or Among Components.--The Board delegates to the ~~chief administrative officer~~ *emp* *pres* authority to execute and deliver on behalf of the Board contracts or agreements between or among components for resources or services. Any such contract or agreement shall provide for the recovery of the cost of services and resources furnished.

Sec. 3. Legal Matters.

- 3.1 Contracts for Legal Services.--The Board delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board contracts for legal services and such other services as may be necessary or desirable in connection with the settlement or litigation of a dispute or claim after obtaining approvals as may be required by law.
- 3.2 Settlement of Disputes.--Except as provided in Subsection 3.3 of this Section, the Board delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board agreements settling any claim, dispute, or litigation subject to approval of System officials as set out below and compliance with all other legal requirements. The Vice Chancellor and General Counsel shall consult with the ~~chief administrative officer~~ *emp* *pres* and the appropriate Executive Vice Chancellor *emp* *pres* or Vice Chancellor with regard to all significant settlements that will be paid out of institutional funds. The Vice Chancellor and General Counsel shall consult

with the Office of Development and External Relations with respect to settlement of will contests and other matters relating to gifts and bequests administered by that Office.

<u>Amount</u>	<u>Additional Requirements</u>
\$150,000 or less	None
\$150,001 to \$300,000	Concurrence of the Chancellor or the appropriate Executive Vice Chancellor <del>or Vice Chancellor</del>
\$300,001 to \$500,000	Concurrence of the Chancellor and the Chairman of the Board
More than \$500,000	Concurrence of the Board of Regents, the Executive Committee, or the appropriate standing committee of the Board

The amount of the settlement shall mean the amount claimed by U. T. System but not received pursuant to the settlement or, in the case of a claim against U. T. System, the total settlement amount to be paid by U. T. System.

- 3.3 Settlement of Claims and Disputes Relating to Construction Projects.--The Board delegates authority to execute all documents necessary or desirable to settle claims and disputes relating to construction projects to the System or component official designated in the construction contract to the extent funding for the project has been authorized in accordance with the provisions of Part Two, Chapter VIII of these Rules and Regulations.

- 2.7 It is a basic policy of the System that intellectual property be developed primarily to serve the public interest. This objective usually will require development and commercialization by exclusive licensing, but the public interest may best be promoted by the granting of nonexclusive licenses for the period of the patent. These determinations will be recommended and made in accordance with the administrative procedures hereinafter set out and with the approval of the Board.
- 2.8 Neither the facilities nor the resources of System or its component institutions may be used (i) to create, develop or commercialize intellectual properties unrelated to an individual's employment responsibilities (See Subsection 4.1); or (ii) to further develop or commercialize intellectual properties that have been released to an inventor (See Subdivision 5.22) ~~except as the component institution's chief administrative officer~~ and the appropriate Executive Vice Chancellor or Vice Chancellor may approve where System retains an interest under the terms of the release. ✓

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

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

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

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

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

9.1 Agreements that grant an interest in Board intellectual property may be executed and delivered in accordance with the provisions of the Regents' Rules and Regulations, Part Two, Chapter XI, following any required review by the Office of General Counsel.

9.2 Any document altering substantially the basic intellectual property policy of the System as set out in the preceding Sections and other policies and guidelines that may be adopted by the Board shall have the advance approval of the ~~chief administrative officer~~, the appropriate Executive Vice Chancellor or 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 the agreement may be executed and delivered as set forth in Section 9.1 if, in the judgment of the ~~chief administrative officer~~ and with the concurrence of the appropriate Executive Vice Chancellor or Vice Chancellor, the benefits from the level of funding for the proposed research and/or other consideration from the sponsor outweigh any potential disadvantage that may result from the policy deviation.

9.3 The Chancellor, the appropriate Executive Vice Chancellor or Vice Chancellor, the Vice Chancellor and General Counsel or the authorized representative of UTIMCO may execute, on behalf of the Board, legal documents relating to the Board's rights in intellectual property, including, but not limited to, declarations, affidavits, powers of attorney, disclaimers, and other such documents relating to patent applications and patents; applications, declarations, affidavits, affidavits of use, powers of attorney, and other such documents relating to trademarks; and other documents approved pursuant to Subsections 9.1 or 9.2. The ~~chief administrative officer~~ or designee may execute, on behalf of the Board, institutional applications for registration or recordation of transfers of ownership and other such documents relating to copyrights.

CMP Pres

CMP Pres

CMP Pres.

✓  
✓

Part Two

OFFICE OF THE BOARD OF REGENTS  
THE UNIVERSITY OF TEXAS SYSTEM  
201 WEST SEVENTH STREET, AUSTIN, TEXAS 78701-2981  
(512) 499-4402

MEMORANDUM

October 1, 1999

TO: Those Who Receive Official Copies of  
the Regents' Rules and Regulations

FROM: Francie A. Frederick *z*

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

*Handwritten notes and initials*

Enclosed are revised pages containing amendments to the Regents' Rules and Regulations approved at the August 12, 1999 meeting of the U. T. Board of Regents, as well as editorial amendments to adjust page breaks as necessary.

Further detail on the rationale for the amendments and congressional style displays of the revised text are included in the Material Supporting the Agenda (MSA) for the August 12, 1999 meeting as referenced below.

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

<u>"A"</u>	<u>"B"</u>	<u>MSA Reference</u>
Cover Page	Cover Page	
Page I-1 and I-8	Pages I-1, I-1a and I-8	B of R-7 and AAC-2
Page III-1	Pages III-1, and III-1a	BAAC-6
Pages V-I through V-5	Pages V-I through V-5	BAAC-8
Pages VIII-2, VIII-4, VIII-5, and VIII-7	Pages VIII-2, VIII-4, VIII-5, and VIII-7	FPCC-4
Pages XII-6 and XII-11	Pages XII-6 and XII-11	B of R-17

FAF/cf  
Enclosures

0-12. 10/10/99 H. LF  
10/17

July 13, 1999

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Chancellor	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Exec Vice Chancellor for Academic Affairs	
Executive Associate to the Chancellor	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Vice Chancellor for Development and External Relations	
Vice Chancellor for Federal Relations	
Chief Administrative Officers of Component Institutions	15
Mr. Thomas G. Ricks	<u>1</u>
President and Chief Executive Officer	
UTIMCO	
TOTAL	43

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

Also send intellectual property policy revisions to Coordinating Board per State Statute and post tenure review.

Addresses of State Officials Who Receive Copies  
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711 Sam Houston Building  
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Mr. John Keel  
Director, Legislative Budget Board  
John H. Reagan Building  
Third Floor  
Austin, Texas 78701  
INTERAGENCY MAIL

State Auditor's Office  
Two Commodore Plaza  
206 East 9th Street  
Suite 1900  
Austin, Texas 78701  
INTERAGENCY MAIL

*Mr. Larry Alwin  
State Auditor  
oh.*

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

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

*Leave no  
name?  
oh.*

Dr. Don Brown  
Commissioner, Texas Higher  
Education Coordinating Board  
7745 Chevy Chase Drive, Building 5  
Austin, Texas 78752  
INTERAGENCY MAIL

(NOTE: Send only when there are  
amendments related to (1) academic  
work load, (2) faculty development  
leaves, (3) intellectual property  
policy, or (4) post tenure review.)

Mr. Albert Hawkins  
Director, Office of Budget and Planning  
Office of the Governor  
State Capitol Building  
Austin, Texas 78711  
INTERAGENCY MAIL

*Add for  
next time?*

*ns.*

\*\*\*\*\*

Mr. Thomas G. Ricks  
President and Chief Executive Officer  
The University of Texas Investment Management Co.  
CTJ Hall

July 13, 1999

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Chancellor	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Exec Vice Chancellor for Academic Affairs	
Executive Associate to the Chancellor	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Vice Chancellor for Development and External Relations	
Vice Chancellor for Federal Relations	
Chief Administrative Officers of Component Institutions	15
Mr. Thomas G. Ricks	<u>1</u>
President and Chief Executive Officer UTIMCO	
TOTAL	43

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

Also send intellectual property policy revisions to Coordinating Board per State Statute and post tenure review.

FF - do we need to send anything to CB per  
R/R change @ side slip?

yes!  
great catch.  
FF.

Thx  
10/11

sent 12/1/99,  
copy att'd.

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

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711 Sam Houston Building  
Austin, Texas 78711  
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John H. Reagan Building  
Third Floor  
Austin, Texas 78701  
INTERAGENCY MAIL

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Two Commodore Plaza  
206 East 9th Street  
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Austin, Texas 78701  
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Austin, Texas 78711  
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Dr. Don Brown  
Commissioner, Texas Higher  
Education Coordinating Board  
7745 Chevy Chase Drive, Building 5  
Austin, Texas 78752  
INTERAGENCY MAIL

(NOTE: Send only when there are  
amendments related to (1) academic  
work load, (2) faculty development  
leaves, (3) intellectual property  
policy, or (4) post tenure review.)

\*\*\*\*\*

Mr. Thomas G. Ricks  
President and Chief Executive Officer  
The University of Texas Investment Management Co.  
CTJ Hall

I. 12/12, Part 1 WW

Academic Component Institutions  
The University of Texas at Arlington  
The University of Texas at Austin  
The University of Texas at Brownsville  
The University of Texas at Dallas  
The University of Texas at El Paso  
The University of Texas - Pan American  
The University of Texas of the Permian Basin  
The University of Texas at San Antonio  
Institute of Texas Cultures  
The University of Texas at Tyler



Health Component Institutions  
The University of Texas Southwestern Medical Center at Dallas  
The University of Texas Medical Branch at Galveston  
The University of Texas Health Science Center at Houston  
The University of Texas Health Science Center at San Antonio  
The University of Texas M.D. Anderson Cancer Center  
The University of Texas Health Center at Tyler

XC: VI. CB

BOARD OF REGENTS  
of  
THE UNIVERSITY OF TEXAS SYSTEM

Francie A. Frederick, Executive Secretary  
201 West Seventh Street, Suite 820  
Austin, Texas 78701-2981  
(512) 499-4402  
Fax: (512) 499-4425

December 1, 1999

Dr. Don Brown  
Commissioner, Texas Higher  
Education Coordinating Board  
7745 Chevy Chase Drive, Building 5  
Austin, Texas 78752  
INTERAGENCY MAIL

mailed  
12/2/99  
cf

Dear Don:

At the August 1999 U. T. Board of Regents' meeting, the Regents' Rules and Regulations, Part Two, Chapter XII, Section 5, Subsection 5.2, Subdivision 5.22, regarding intellectual property, was revised. Enclosed is an official copy of revised Page XII-6. The entire Chapter is available on the Board of Regents' Web site at <http://www.utsystem.edu/bor/tocrrr.htm>.

Sincerely yours,

A handwritten signature in cursive script that reads "Francie".

Francie A. Frederick  
Executive Secretary

FAF/cf  
Enclosure

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

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

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

August 12, 1999

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 12, 1999,  
have been issued with this cover sheet.)

## CHAPTER I

## GENERAL

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

- 1.1 The authority to accept gifts to the U. T. System or to any of the component institutions is vested in the Board and delegated by the Board as specifically set out in this Section. The Board delegates to the Vice Chancellor for Development and External Relations the authority and responsibility to promulgate a set of guidelines regarding the acceptance, processing, investment, and administration of gifts. These guidelines will be known as the "U. T. System Gift Acceptance Procedures" and shall be adhered to by the component institutions and U. T. System. In promulgating the "U. T. System Gift Acceptance Procedures", the delegate shall also consider provisions to:
- 1.11 Accomplish the goal of increasing financial support for the U. T. System through the appropriate assistance of donors,
  - 1.12 Allow staff members to respond to donor initiatives quickly and with certainty,
  - 1.13 Establish administrative processes to accept and administer gifts in a prudent and efficient manner, with fiduciary responsibilities of fundamental importance,
  - 1.14 Comply with the Texas Constitution and applicable federal and state law,
  - 1.15 Comply with the provisions of the Internal Revenue Code and related regulations,
  - 1.16 Specifically incorporate provisions related to the acceptance of pledges to fund endowments as follows:
    - 1.161 At least 20% of the donors' total proposed funding must be received prior to the acceptance of an endowment, and
    - 1.162 The pledge for payment of the remaining funds shall not extend beyond five years from the date of execution of the gift agreement.

- 1.17 Specify that requests to establish quasi-endowments are to be submitted only when it is expected that the endowment will be maintained permanently, and
  - 1.18 Provide that, in the interest of financial responsibility and efficiency, it is the specific preference of the Board that all endowment gifts be eligible for commingling for investment purposes with other endowment funds.
- 
- 1.2 Unless otherwise approved by the Board, all gifts to the System or any component institution shall be made in accordance with all relevant laws and Board policies, including but not limited to, the provisions of the U. T. System Gifts Policy Guidelines and approved institutional policies.
  - 1.3 The Board delegates to the Chancellor, the chief administrative officer, or a designee specified in writing, authority to accept gifts, other than gifts of real property, that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gifts Policy Guidelines and approved institutional policies, provided that such gifts have a value of \$500,000 or less (in cash or in kind). Such gifts that have a value of more than \$500,000 (in cash or in kind) must be submitted to the Board for approval via the docket.
  - 1.4 The Board delegates to the Executive Vice Chancellor for Business Affairs, or a designee specified in writing, authority to accept gifts of real property that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gifts Policy Guidelines and approved institutional policies, provided that such gifts have a value of \$500,000 or less. Such gifts that have a value of more than \$500,000 must be submitted to the Board for approval via the docket.

Sec. 7. General Admission Policy.

The component institutions of the U. T. System will make maximum use of resources, consistent with standards of appropriate accrediting bodies and enrollment and admissions policies approved by the Board, to admit and educate as many qualified students as possible.

Sec. 8. Admission of Nonresident Students.--No nonresident of the State of Texas shall be enrolled as a new or transfer student in any school, college, or degree-granting program at any component institution of the System when all of the three following conditions occur: (1) when there is a limitation on the number of students who will be enrolled in the class of which such nonresident would be a member if he or she were enrolled; (2) when the result of enrolling such nonresident would be to increase to greater than 10% the percentage of nonresidents enrolled in the class of which such nonresident would be a member if he or she were enrolled; and (3) when at the time of the proposed enrollment of such nonresident, admission to the school, college, or degree-granting program is being denied to one or more Texas residents who have applied for admission and who reasonably demonstrate that they are probably capable of doing the quality of work that is necessary

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 Any person who paid oil and gas royalties to the Board in a total amount of \$20,000 or more during a fiscal year, being September 1 to August 31, shall make timely oil and gas royalty payments to the Board by means of electronic funds transfer during the subsequent calendar year. Any person required to pay electronically shall timely take all actions necessary to facilitate payment of oil and gas royalties by electronic funds transfer, including completing any documents required by the Comptroller of the State of Texas and the University Lands Accounting Office. Electronic funds transfers shall be made in accordance with applicable laws, including Section 404.095, Texas Government Code. This Subsection applies only to oil and gas royalties from Permanent University Fund lands to the extent authorized by Section 404.095, Texas Government Code. Reports relating to oil and gas royalty payments shall also be filed electronically as described in Subdivisions 1.41-1.43.

- 1.41 Any person required to submit payments electronically shall also timely file the required Oil and Condensate Report (Form UT-1), Gas Report (Form UT-2), and Royalty Payment Summary (Form UT-3) by means of electronic transmission in a manner compatible with the requirements, equipment, and facilities of the University Lands Accounting Office.
- 1.42 Any lessee, operator, or reporting company who was required to file monthly an average of ten (10) or more oil or gas royalty reports to the Board during the last fiscal year, shall timely file the required Forms UT-1, UT-2 and UT-3 by means of electronic transmission during the subsequent calendar year in a manner compatible with the requirements, equipment, and facilities of the University Lands Accounting Office.
- 1.43 Any person, lessee, operator, or reporting company required to file reports electronically under Subdivisions 1.41 and 1.42, shall timely take all actions necessary to facilitate the electronic filing of the Forms UT-1, UT-2 and UT-3, including completing any documents required by the University Lands Accounting Office. Electronic transmission of UT-1s, UT-2s, and UT-3s in a form and manner compatible with the requirements, equipment, and facilities of the University Lands Accounting Office shall satisfy Section 66.77(d), Texas Education Code. Any person, lessee, operator, or reporting company who electronically submits these reports shall not be routinely required to submit purchase statements or other records to the Board unless requested by the University Lands Accounting Office. Nothing in Subsection 1.4 shall limit the authority to inspect, examine, copy, or audit all records, books and accounts, including purchase statements, as provided by applicable law and rules of the Board for Lease of University Lands.

CHAPTER V

PERSONNEL

- Sec. 1. Classified Personnel.--The policy of the Board on the development and coordination of the classified personnel programs is as follows:
- 1.1 Director of the Office of Human Resources.  
The Director of the Office of Human Resources serves as an administrative officer advising the Executive Vice Chancellor for Business Affairs.
  - 1.2 Development and Coordination of the System-wide Classified Personnel Program.
    - 1.21 The Classification Plan.
      - 1.211 Coverage.--The Classified Plan of the System shall include all positions which do not entail significant instructional responsibilities or responsibilities for the administration of instructional or research organizations. The chief administrative officer (or his or her delegate) of each component institution shall determine the inclusiveness of the Classification Plan within this general definition.
      - 1.212 Type of Plan.--Uniform use shall be made of the job grading procedure method of job evaluation. Job descriptions shall be prepared according to the Procedure for Writing Job Specifications provided by the Office of Human Resources.
      - 1.213 Job Titles.--Standardized job titles shall be used for similar job classes common to two or more of the component institutions in order that a particular job title shall describe similar work to the extent possible. Classes unique to a component institution shall have suitable descriptive titles.
      - 1.214 Job Code.--A uniform job code shall be used to designate job classes.

- 1.215 Job Descriptions.--Standardized job descriptions shall be used for similar job titles common to two or more component institutions when practicable.
- 1.22 The Pay Plan.
  - 1.221 All classified positions will have a minimum and maximum defined for each salary range. The salary ranges shall be determined by annual market studies and the local economy. Merit increases will be awarded within the established salary ranges according to budget instructions and institutional policy approved for inclusion in the institutional Handbook of Operating Procedures.
  - 1.222 A System-wide Personnel Pay Plan setting forth the salary ranges for each job classification shall be utilized encompassing the salary ranges reflected in the component unit pay plans.
  - 1.223 Salary ranges for each job classification shall be dependent upon the competitive labor market environment for each institution.
  - 1.224 The System-wide Personnel Pay Plan shall be approved annually by the Board. Subsequent changes to a component institution pay plan in a given fiscal year shall be processed as follows:
    - (a) The System Office of Human Resources shall process requested amendments to a component institution pay plan based on the impact of the change upon the System-wide Personnel Pay Plan.
    - (b) The System Office of Human Resources is authorized to approve the following proposed changes to a component institution pay plan:
      - (1) The adjustment of a salary range within the established System-wide salary range, if the change will not change the System-wide Personnel Pay Plan.

- (2) Deletion of a title.
  - (3) Change of a title.
  - (4) Change of a code number.
  - (5) Addition of a title that is in the System-wide Personnel Pay Plan if the salary range requested is within the established System-wide salary range.
- (c) The following proposed changes to a component institution pay plan require the approval of the System Office of Human Resources and the Chancellor or his or her delegate:
- (1) The addition of a new title that is not included in the System-wide Personnel Pay Plan.
  - (2) The addition of a title that is included in the System-wide Personnel Pay Plan at a salary range not within the established System-wide Personnel Pay Plan range for the title.
  - (3) The adjustment of a salary range that would change the established System-wide range by setting a new System-wide minimum or maximum salary.
- (d) The System Office of Human Resources shall notify a component institution of the approval or disapproval of a requested pay plan change as soon as practicable. No requested change may be implemented until authorized in writing.

1.23 Institutional Human Resources/Personnel Officer.

1.251 The chief business officer of each institution shall designate an institutional human resources/personnel officer to be responsible for the development and operation of the Classified Personnel Program.

1.252 Functional direction and help on technical personnel matters shall be provided each institutional human resources/personnel officer by the Director of the Office of Human Resources.

Sec. 2. General Personnel.

2.1 Leave for Military Duty.

- 2.11 A leave of absence not to exceed fifteen working days in any one calendar year is granted faculty or staff members who, as members of the National Guard or Official Militia of Texas or members of any of the Reserve Components of the Armed Forces, shall be engaged in authorized training or duty, ordered or authorized by proper authority. During such periods, the employee is absent without loss of efficiency rating, vacation time or salary; and when relieved from military duty, the employee is restored to the position and status he or she previously held.
- 2.12 A leave of absence with full pay shall be provided any employee who is called to active duty with the National Guard by the Governor of Texas. Such leave shall in no way be charged against the employee's vacation or sick leave privileges.
- 2.13 The chief business officer of each institution may prescribe forms and procedures for such leaves.

as required or permitted by law. Selection Committees for Major Projects shall be appointed by the Director of the Office of Facilities Planning and Construction in consultation with the institutional chief administrative officer and the Executive Vice Chancellor for Business Affairs. Selection Committees for Minor Projects shall be appointed by the Responsible Administrator.

Sec. 2. Major Construction and Repair and Rehabilitation Projects.

2.1 General Requirements.

- 2.11 Subject to Subdivisions 2.12, 2.13, 2.14 and 2.15 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, the Chancellor with the advice of the appropriate Executive Vice Chancellor or Vice Chancellor and chief administrative officer is authorized to appoint architects, approve plans and execute contracts for all new construction projects exceeding \$1,000,000 and for major repair and rehabilitation projects exceeding \$2,000,000 ("Major Projects") that have previously been approved or authorized by the Board.
- 2.12 Major Projects must be approved by the Board by being included in the approved Capital Improvement Program.
- 2.13 Funding for Major Projects must be allocated by the Board through the Capital Budget. Funding for Major Repair and Rehabilitation Projects that are not architecturally or historically significant may be appropriated by the Board through the Capital Budget. Funding for all other Major Projects is appropriated at the time of design development plan approval.
- 2.14 Costs in excess of an amount equal to the Total Project Cost approved by the Board plus ten percent or any material change in the concept or scope of the project must be approved by the Board.

design, dimensions, materials, and scope of the project in greater detail ("Design Development Plans"). Design Development Plans are referred to as Preliminary Plans in applicable rules of the Texas Higher Education Coordinating Board. The project architect, engineer, or design-build contractor shall work with the Ad Hoc Project Building Committee, if any, and the Office of Facilities Planning and Construction with regard to preparation of all plans and documents.

- 2.25 Design Development Plans for Major Project new construction and for architecturally or historically significant repair and rehabilitation projects shall be submitted to the Board for approval upon the recommendation of the Chancellor. The Executive Officers and chief administrative officers shall be responsible for identifying to the Chancellor architecturally or historically significant major repair and rehabilitation projects. Upon approval of the Design Development Plans for Major Project new construction or an architecturally or historically significant repair and rehabilitation project, the Board will authorize expenditure of funds for the Project.
- 2.26 The Chancellor is authorized to approve Design Development Plans and authorize expenditure of funds for all other Major Project repair and renovation.
- 2.27 After approval of the Design Development Plans, the Chancellor is authorized to direct the preparation of the working drawings and specifications ("Construction Documents").
- 2.28 The Chancellor is authorized to approve the Construction Documents upon the recommendation of the chief administrative officer and the appropriate Executive Vice Chancellor or Vice Chancellor.

Sec. 3. Minor Construction and Repair and Rehabilitation Projects.

- 3.1 Delegation of Authority.--Subject to Subsections 3.2 and 3.3 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, each

chief administrative officer is authorized to appoint architects, approve plans and Construction Documents, and execute and deliver contracts, agreements, guaranteed maximum price or stipulated sum proposals, and other documents on behalf of the Board for all new construction projects of \$1,000,000 or less and for repair and rehabilitation projects of \$2,000,000 or less ("Minor Projects").

3.2 Required Review and Approval.--Minor Projects shall be subject to review as directed by the appropriate Executive Vice Chancellor or Vice Chancellor. If the Minor Project is to accommodate facility program changes requiring System approval or approval of the Texas Higher Education Coordinating Board, then (i) necessary facility program approvals must be secured in advance of requests for construction approval or must be included with the construction request; (ii) funds must have been approved through standard System budgetary procedures; and (iii) the project must have been approved by the component director of physical plant, chief business officer, and chief administrative officer.

3.3 Professional Services.--Subject to the provisions of Part One, Chapter I, Section 9 of these Rules and Regulations, each chief administrative officer is authorized to execute and deliver on behalf of the Board contracts and agreements with architects, engineers, and other professional service providers for Minor Projects previously approved in accordance with this Chapter. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

Sec. 4. Bidding, Proposals, Award of Contract, and Final Payment.

4.1 Advertisement for Bids and Proposals.--The Chancellor with respect to Major Projects or the chief administrative officer with respect to Minor Projects (the "Responsible Administrator") is authorized to advertise for bids, qualifications, and proposals for construction projects. The Construction Documents must be approved by the Chancellor before the advertisement for bids, or the solicitation of competitive sealed proposals from general contractors, for Major Projects.

Sec. 5. Constitutional and Legislative Restrictions.

- 5.1 Improvements Financed by Bonds.--Sections 17 and 18 of Article VII of the Texas Constitution (regarding the Permanent University Fund and the Higher Education Fund) require approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under those Sections at components other than The University of Texas at Austin.
- 5.2 Texas Higher Education Coordinating Board.--Unless otherwise authorized by law, new construction projects in excess of \$1,000,000 and major repair and rehabilitation projects in excess of \$2,000,000 must be approved by the Texas Higher Education Coordinating Board. Format for submission will be as prescribed by the Coordinating Board. Submission will be prepared by the component, in consultation with and assisted by the Office of Facilities Planning and Construction, if necessary, and forwarded to System Administration for review, approval, and handling of submission. It is anticipated that necessary documents will be submitted to the Coordinating Board when the project scope and estimated cost are sufficiently defined to meet the Coordinating Board's requirements for approval. Normally, submission will be made after the Chancellor and the Board have approved the Design Development Plans and the related cost estimate.

The Texas Higher Education Coordinating Board has delegated to its Commissioner approval authority for certain projects qualifying under Coordinating Board Rule 17.46. This delegation requires a certification that the project meets specified criteria. The authority to execute this certification for the Board of Regents is delegated to the Executive Vice Chancellor for Business Affairs or his delegate, the Director of the Office of Facilities Planning and Construction.

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

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

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

Sec. 7. Business Participation.

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

Sec. 8. Reporting.

- 8.1 Any employee covered by Subsections 6.2, 7.1, or 7.2 shall report in writing to the chief administrative officer of the component institution, or to such other person as may be designated by the chief administrative officer, the name of any business entity 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 forwarded to the Vice Chancellor and General Counsel by October 1 of each year for filing with the Board as required by Section 51.912, Texas Education Code and inclusion in the annual financial report sent to the State officials listed in Section 51.005, Texas Education Code.

2. U. T. Board of Regents - Regents' Rules and Regulations: Amendments to Part One, Chapter II, Section 9, Subsection 9.2, Subdivision 9.24 (Vice Chancellor for Development and External Relations, Duties and Responsibilities) and Part Two, Chapter I, Section 1, Subsection 1.1 (Gifts to The University of Texas System).--The Regents' Rules and Regulations, Parts One and Part Two, were amended as set forth below:

- a. Part One, Chapter II, Section 9, Subsection 9.2, Subdivision 9.24, relating to the duties and responsibilities of the Vice Chancellor for Development and External Relations, was amended to read as follows:

9.24 Promulgating the "U. T. System Gift Acceptance Procedures" and preparing other guidance documents relating to acceptance, processing, and administration (excluding investment management) of gifts for the U. T. System and the component institutions.

- b. Part Two, Chapter I, Section 1, Subsection 1.1, regarding gifts to The University of Texas System, was amended to read as follows:

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

- 1.1 The authority to accept gifts to the U. T. System or to any of the component institutions is vested in the Board and delegated by the Board as specifically set out in this Section. The Board delegates to the Vice Chancellor for Development and External Relations the authority and responsibility to promulgate a set of guidelines regarding the acceptance, processing, investment, and administration of gifts. These guidelines will be known as the "U. T. System Gift Acceptance Procedures" and shall be adhered to by the component institutions and U. T. System. In promulgating the "U. T. System Gift Acceptance Procedures", the delegate shall also consider provisions to:
- 1.11 Accomplish the goal of increasing financial support for the U. T. System through the appropriate assistance of donors,
- 1.12 Allow staff members to respond to donor initiatives quickly and with certainty,

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- 1.13 Establish administrative processes to accept and administer gifts in a prudent and efficient manner, with fiduciary responsibilities of fundamental importance,
- 1.14 Comply with the Texas Constitution and applicable federal and state law,
- 1.15 Comply with the provisions of the Internal Revenue Code and related regulations,
- 1.16 Specifically incorporate provisions related to the acceptance of pledges to fund endowments as follows:
  - 1.161 At least 20% of the donors' total proposed funding must be received prior to the acceptance of an endowment, and
  - 1.162 The pledge for payment of the remaining funds shall not extend beyond five years from the date of execution of the gift agreement.
- 1.17 Specify that requests to establish quasi-endowments are to be submitted only when it is expected that the endowment will be maintained permanently, and
- 1.18 Provide that, in the interest of financial responsibility and efficiency, it is the specific preference of the Board that all endowment gifts be eligible for commingling for investment purposes with other endowment funds.

In August 1995, the U. T. Board of Regents adopted the current "U. T. System Gifts Policy Guidelines", as amended in November 1995, as a part of the recommendations of The University of Texas System Process Review Committee. These guidelines have greatly increased efficiency in accepting and processing private gifts to the U. T. System Administration and component institutions.

Since these procedural guidelines need to be updated periodically and other guidance documents relating to gifts need to be prepared, these amendments to Parts One and Two of the Regents' Rules and Regulations delegate to the Vice Chancellor for Development and External Relations the authority to promulgate "U. T. System Gift Acceptance Procedures" which are consistent with the Regents' Rules and Regulations without formal action by the

U. T. Board of Regents. Proposed gifts that constitute exceptions to the Gift Acceptance Procedures will continue to be considered by the U. T. Board of Regents via the agenda process.

The current version of the "U. T. System Gifts Policy Guidelines" contains a section of special provisions applicable to gifts of real estate which will be formatted as a separate guidance policy and presented to the U. T. Board of Regents for approval.

3. U. T. Board of Regents: Amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 13 (Outside Employment).—The Regents' Rules and Regulations, Part One, Chapter III, Section 13, relating to outside employment, was amended to read as follows:

Sec. 13. Outside Employment and Nonelective Positions of Honor, Profit, or Trust.

- 13.1 Members of the faculty or staff of the System and the component institutions should not be discouraged from accepting appointments of a consultative or advisory capacity with governmental agencies, industry, or other educational institutions. The consideration to the System and the component institutions of such activity is the improvement of the individual by virtue of his or her continuing contact with nonacademic problems in the nonacademic world.
- 13.2 The primary responsibility of members of the faculty and staff of the System and the component institutions is the accomplishment of the duties and responsibilities assigned to one's position of appointment; external consulting or other outside employment that interferes with those duties and responsibilities should not be accepted. In connection with any outside employment, faculty and staff must comply with state laws governing the conduct of state employees, including ethics standards and

hearing tribunal or may reach different conclusions based upon the record of the hearing. The decision of the chief administrative officer shall be final.

5. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval to Amend Chapter XII (Intellectual Property), Section 5 (Property Rights and Obligations), Subsection 5.2, Subdivision 5.22, and Section 8, Subsection 8.1 (Reporting).—Authorization was given to amend the Regents' Rules and Regulations, Part Two, Chapter XII, regarding intellectual property, as set forth below:

a. Section 5, Subsection 5.2, Subdivision 5.22, regarding approval of release of intellectual property rights, was amended to read as follows:

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

b. Section 8, Subsection 8.1, regarding reporting, was amended as follows:

✓ 8.1 Any employee covered by Subsections 6.2, 7.1, or 7.2 shall report in writing to the chief administrative officer of the component institution, or to such other person as may be designated by the chief administrative officer, the name of any business entity 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 forwarded to the Vice

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Chancellor and General Counsel by October 1 of each year for filing with the Board as required by Section 51.912, Texas Education Code and inclusion in the annual financial report sent to the State officials listed in Section 51.005, Texas Education Code.

The Regents' Rules and Regulations, Part Two, Chapter XII, Section 5, Subsection 5.2, Subdivision 5.22 specify that release of property rights to inventors must be approved by the appropriate Executive Vice Chancellor or Vice Chancellor in addition to the component chief administrative officer and the Office of General Counsel. This amendment simplifies the processing of such intellectual property actions at The University of Texas System level, allowing release approval and notification to inventors to be handled in the Office of General Counsel without routing to the Office of Health Affairs or the Office of Academic Affairs.

Texas Education Code Section 51.912 requires inclusion of information concerning all U. T. System employees who hold equity interests or certain offices in business entities that have agreements with the U. T. System relating to intellectual property owned by the U. T. Board of Regents in the annual financial report to named State officials as required by Texas Education Code Section 51.005. Amendment of Section 8, Subsection 8.1 of Chapter XII, Part Two of the Regents' Rules and Regulations will simplify the routing of information for that report which is currently completed by the Office of General Counsel and filed with the Board pursuant to Section 51.912 and makes the Rules and Regulations consistent with current law.

6. U. T. System: Report of Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for March 1, 1999 Through May 31, 1999.--Vice Chancellor for Development and External Relations Perry reviewed the Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for The University of Texas System for the period March 1, 1999 through May 31, 1999, as set forth on Pages 20 - 24.

- 9.222 Contracts or grant proposals for sponsored research, including institutional support grants, that do not include a license for or conveyance of intellectual property owned or controlled by the Board.
- 9.223 Contracts or agreements for the purchase of replacement equipment or replacement software.
- 9.224 Contracts or agreements for the purchase of routinely purchased supplies.
- 9.225 Purchases made under a group purchasing program.
- 9.226 Purchases of new equipment or new software identified specifically in the institutional budget approved by the Board.
- 9.227 Loans of institutional funds to certified nonprofit health corporations, which loans have been approved as provided in Part Two, Chapter III, Section 4, Subsection 4.5 of these Rules and Regulations.

....

These amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 9, Subsection 9.2, Subdivision 9.22 clarify the provision relating to the requirement that the U. T. Board of Regents or the Executive Committee of the Board approve certain contracts or agreements, including purchase orders and vouchers, with a cost or value of more than \$500,000, to show that the cost or value of the contract or agreement is determined by considering the cost or monetary value to U. T. System Administration or a component institution.

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 1, Subsection 1.4 (Receipts, Admission Tickets, and Charges). --To require payment of certain oil and gas royalties to the U. T. Board of Regents by electronic funds transfer and filing of certain reports to the U. T. Board of Regents by electronic transmission, the Board amended the Regents' Rules and Regulations, Part Two, Chapter III, Section 1, Subsection 1.4, relating to receipts, admission tickets, and charges, to read as set forth on Page 98.

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

1.4 Any person who paid oil and gas royalties to the Board in a total amount of \$20,000 or more during a fiscal year, being September 1 to August 31, shall make timely oil and gas royalty payments to the Board by means of electronic funds transfer during the subsequent calendar year. Any person required to pay electronically shall timely take all actions necessary to facilitate payment of oil and gas royalties by electronic funds transfer, including completing any documents required by the Comptroller of the State of Texas and the University Lands Accounting Office. Electronic funds transfers shall be made in accordance with applicable laws, including Section 404.095, Texas Government Code. This Sub-section applies only to oil and gas royalties from Permanent University Fund lands to the extent authorized by Section 404.095, Texas Government Code. Reports relating to oil and gas royalty payments shall also be filed electronically as described in Subdivisions 1.41-1.43.

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1.41 Any person required to submit payments electronically shall also timely file the required Oil and Condensate Report (Form UT-1), Gas Report (Form UT-2), and Royalty Payment Summary (Form UT-3) by means of electronic transmission in a manner compatible with the requirements, equipment, and facilities of the University Lands Accounting Office. ✓

1.42 Any lessee, operator, or reporting company who was required to file monthly an average of ten (10) or more oil or gas royalty reports to the Board during the last fiscal year, shall timely file the required Forms UT-1, UT-2 and UT-3 by means of electronic transmission during the subsequent calendar year in a manner compatible with the requirements, equipment, and facilities of the University Lands Accounting Office.

1.43 Any person, lessee, operator, or reporting company required to file reports electronically under Subdivisions 1.41 and 1.42, shall timely take all actions necessary to facilitate the

electronic filing of the Forms UT-1, UT-2 and UT-3, including completing any documents required by the University Lands Accounting Office. Electronic transmission of UT-1s, UT-2s, and UT-3s in a form and manner compatible with the requirements, equipment, and facilities of the University Lands Accounting Office shall satisfy Section 66.77(d), Texas Education Code. Any person, lessee, operator, or reporting company who electronically submits these reports shall not be routinely required to submit purchase statements or other records to the Board unless requested by the University Lands Accounting Office. Nothing in Subsection 1.4 shall limit the authority to inspect, examine, copy, or audit all records, books and accounts, including purchase statements, as provided by applicable law and rules of the Board for Lease of University Lands.

....

By lowering the threshold for requiring the electronic transfer of oil and gas royalties, this amendment to the Regents' Rules and Regulations, Part Two, Chapter III, Section 1, Subsection 1.4 provides a higher degree of internal control over a greater percentage of oil and gas royalties paid to the Permanent University Fund.

The new Subdivisions 1.41-1.43 of the Rules segregate and expand the requirements for electronically reporting information concerning oil and gas royalties. Electronic reporting is more convenient, more efficient, and less susceptible to error. These new Subdivisions require certain reporting entities and anyone paying electronically to file all their royalty reports electronically beginning January 2000. The University Lands Accounting Office will require that anyone filing electronic reports on leases where the Board for Lease of University Lands accepts oil and gas royalties paid in-kind continue to mail in monthly purchase statements and other records, but other electronic reporters will be required to provide such statements and records only upon the written request of the University Lands Accounting Office.

4. U. T. Board of Regents: Amendments to the Regents' Rules and Regulations, Part Two, Chapter V, Section 1 (Classified Personnel).--Authorization was given to amend the Regents' Rules and Regulations, Part Two, Chapter V, Section 1, relating to Classified Personnel, to read as set forth below:

Sec. 1. Classified Personnel.--The policy of the Board on the development and coordination of the classified personnel programs is as follows:

...

1.2 Development and Coordination of the System-wide Classified Personnel Program.

1.21 The Classification Plan. ✓

...

1.22 The Pay Plan.

1.221 All classified positions will have a minimum and maximum defined for each salary range. The salary ranges shall be determined by annual market studies and the local economy. Merit increases will be awarded within the established salary ranges according to budget instructions and institutional policy approved for inclusion in the institutional Handbook of Operating Procedures.

1.222 A System-wide Personnel Pay Plan setting forth the salary ranges for each job classification shall be utilized encompassing the salary ranges reflected in the component unit pay plans.

1.223 Salary ranges for each job classification shall be dependent upon the competitive labor market environment for each institution.

1.224 The System-wide Personnel Pay Plan shall be approved annually by the Board. Subsequent changes to a component institution pay plan in a given fiscal year shall be processed as follows:

(a) The System Office of Human Resources shall process requested amendments to

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- a component institution pay plan based on the impact of the change upon the System-wide Personnel Pay Plan.
- (b) The System Office of Human Resources is authorized to approve the following proposed changes to a component institution pay plan:
    - (1) The adjustment of a salary range within the established System-wide salary range, if the change will not change the System-wide Personnel Pay Plan.
    - (2) Deletion of a title.
    - (3) Change of a title.
    - (4) Change of a code number.
    - (5) Addition of a title that is in the System-wide Personnel Pay Plan if the salary range requested is within the established System-wide salary range.
  - (c) The following proposed changes to a component institution pay plan require the approval of the System Office of Human Resources and the Chancellor or his or her delegate:
    - (1) The addition of a new title that is not included in the System-wide Personnel Pay Plan.
    - (2) The addition of a title that is included in the System-wide Personnel Pay Plan at a salary range not within the established System-wide Personnel Pay Plan range for the title.
    - (3) The adjustment of a salary range that would change the established System-wide range by setting a new System-wide minimum or maximum salary.

- (d) The System Office of Human Resources shall notify a component institution of the approval or disapproval of a requested pay plan change as soon as practicable. No requested change may be implemented until authorized in writing. ✓

In addition, the Regents' Rules and Regulations, Part Two, Chapter V, Section 1, Subsection 1.2, Subdivisions 1.23 and 1.24 were deleted and Subdivision 1.25 was renumbered as Subdivision 1.23.

The System-wide Personnel Pay Plan (Pay Plan) is the compilation of all component institution and System Administration classified personnel pay plans. Each August, the Pay Plan for the following fiscal year is presented to the U. T. Board of Regents for approval via the docket. Prior to the amendment, requested changes to a component pay plan or the System Administration Pay Plan that required Regental approval included the addition of a new classified title; the use of a classified title already included in the pay plan at a salary range not within the System-wide salary range maximum or minimum; and the adjustment of the salary range for a current classified title to a level that would require adjustment to the System-wide salary range minimum or maximum.

The amendments to Subdivision 1.22, relating to approval of pay plans, will continue to provide sufficient oversight of component institution plans and administration of the System-wide Personnel Pay Plan by the Chancellor or his or her delegate. The approved change will streamline The University of Texas System business procedures and increase the efficiency of administrative procedures by:

- a. Changing the requirement to produce detailed docket items from four times a year to once per year
- b. Permitting the U. T. System Office of Human Resources to process component pay plan modification requests, obtain authorization from the Chancellor or his or her delegate, and provide a final response to the institution within days versus months as often required under current procedures
- c. Streamlining the currently utilized process for pay plan amendments to effect a simple, effective operational system.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 133 - 139).--Committee Chairman Miller thanked The University of Texas Medical Branch at Galveston for the hospitality extended to the Board during their time in Galveston and noted particular appreciation since he was "Born on the Island." He reported that the Academic Affairs Committee 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 Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter I, Section 7 (General Admission Policy).--Upon recommendation of the Academic Affairs Committee and the Health Affairs Committee, the Board amended the Regents' Rules and Regulations, Part Two, Chapter I, Section 7, regarding the general admission policy, to read as set forth below:

Sec. 7. General Admission Policy.

The component institutions of the U. T. System will make maximum use of resources, consistent with standards of appropriate accrediting bodies and enrollment and admissions policies approved by the Board, to admit and educate as many qualified students as possible. ✓

These amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 7, regarding the general admission policy, delete outdated language restricting the use of appropriated funds for recruitment of students within The University of Texas System which was added in 1969 as required by a rider now absent from the General Appropriations Act. Also deleted is language detailing the intent of the recruitment restriction that was added to the Regents' Rules and Regulations in 1972 to provide clarification for the statutory requirement. The first sentence of Section 7 was retained with nonsubstantive revisions to delete repetitive language and make this general policy statement consistent with the review of multiple individual criteria now utilized in the admissions process. Criteria for admission at each institution are submitted to the U. T. Board of Regents for approval via the institutional docket.

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Committee Chairman Miller noted that a technical amendment to Section 7 as presented in the Material Supporting the Agenda would be made to retain the word "qualified" to describe students and thanked those who urged the word be retained.

2. U. T. System: Adoption of Academic Program Approval Standards at the General Academic Institutions. --Upon recommendation of the Academic Affairs Committee, the Board adopted standards for approval of new academic programs at The University of Texas System general academic institutions as set forth in the following policy which describes the principles and standards that are used for program proposal review by the Academic Affairs Committee and the staff of the Office of Academic Affairs in support of the work of the Committee.

#### Academic Program Approval Standards

The standards used for review and approval of academic program proposals are derived from three overarching principles that guide decisions about program goals, design, and implementation at the U. T. System general academic institutions. These principles are:

1. *New university degree and certificate programs should be consistent with the higher education goals and mission of the State of Texas, The University of Texas System, and the offering institution.* This principle has implications not only for which programs should be offered by U. T. institutions, but also for how they are designed and delivered so as to be responsive to the needs of students, parents, the business, and public sectors.
2. *U. T. degree and certificate programs should be of excellent quality.* Program design, resources, and implementation plan, judged critically in view of the stated goals for a particular program, should compare favorably with state, national, and international standards and competing programs. In general, they should exceed minimum standards of the Texas Higher Education Coordinating Board or appropriate accrediting bodies.
3. *Academic programs at U. T. universities should represent good investments and efficient use of public and private resources.* Program choice, design, and implementation plans should reflect wise use of institutional and inter-institutional or shared resources.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 149 - 169).--Committee Chairman Clements reported that the Facilities Planning and Construction Committee 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 Facilities Planning and Construction Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VIII, Section 2, Subsection 2.1, Subdivision 2.11 (Major Construction and Repair and Rehabilitation Projects); Section 3, Subsection 3.1 (Minor Construction and Repair and Rehabilitation Projects); and Section 5, Sections 5.1 and 5.2 (Constitutional and Legislative Restrictions).--Upon recommendation of the Facilities Planning and Construction Committee, the Regents' Rules and Regulations, Part Two, Chapter VIII, relating to physical plant improvements, were amended as follows:

a. Section 2, Subsection 2.1, Subdivision 2.11, relating to major construction and repair and rehabilitation projects, was amended to read as follows:

2.11 Subject to Subdivisions 2.12, 2.13, 2.14 and 2.15 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, the Chancellor with the advice of the appropriate Executive Vice Chancellor or Vice Chancellor and chief administrative officer is authorized to appoint architects, approve plans and execute contracts for all new construction projects exceeding \$1,000,000 and for major repair and rehabilitation projects exceeding \$2,000,000 ("Major Projects") that have previously been approved or authorized by the Board. ✓

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b. Section 3, Subsection 3.1, relating to minor construction and repair and rehabilitation projects, was amended to read as set forth below:

3.1 Delegation of Authority.--Subject to Subsections 3.2 and 3.3 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, each chief administrative officer is authorized to appoint architects, approve plans and Construction Documents, and execute and deliver contracts, agreements, guaranteed maximum price or stipulated sum proposals, and other documents on behalf of the Board for all new construction projects of \$1,000,000 or less and for repair and rehabilitation projects of \$2,000,000 or less ("Minor Projects").

c. Section 5, Sections 5.1 and 5.2, relating to constitutional and legislative restrictions, was amended to read as follows:

5.1 Improvements Financed by Bonds.--Sections 17 and 18 of Article VII of the Texas Constitution (regarding the Permanent University Fund and the Higher Education Fund) require approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under those Sections at components other than The University of Texas at Austin.

5.2 Texas Higher Education Coordinating Board.--Unless otherwise authorized by law, new construction projects in excess of \$1,000,000 and major repair and rehabilitation projects in excess of \$2,000,000 must be approved by the Texas Higher Education Coordinating Board. Format for submission will be as prescribed by the Coordinating Board. Submission will be prepared by the component, in consultation with and assisted by the Office of Facilities Planning and Construction, if necessary, and forwarded to System

Administration for review, approval, and handling of submission. It is anticipated that necessary documents will be submitted to the Coordinating Board when the project scope and estimated cost are sufficiently defined to meet the Coordinating Board's requirements for approval. Normally, submission will be made after the Chancellor and the Board have approved the Design Development Plans and the related cost estimate.

The Texas Higher Education Coordinating Board has delegated to its Commissioner approval authority for certain projects qualifying under Coordinating Board Rule 17.46. This delegation requires a certification that the project meets specified criteria. The authority to execute this certification for the Board of Regents is delegated to the Executive Vice Chancellor for Business Affairs or his delegate, the Director of the Office of Facilities Planning and Construction.

These amendments to the Regents' Rules and Regulations, Part Two, Chapter VIII, more accurately align these Sections with the action of the 76th Texas Legislature which raised the Texas Higher Education Coordinating Board approval level for new construction and major repair and rehabilitation projects. These amendments also delegate more authority to The University of Texas System component institutions to manage smaller construction projects and delegate authority to the Executive Vice Chancellor for Business Affairs or his delegate, the Director of the Office of Facilities Planning and Construction, to certify that a project meets specified Coordinating Board criteria.

OFFICE OF THE BOARD OF REGENTS  
THE UNIVERSITY OF TEXAS SYSTEM  
201 WEST SEVENTH STREET, AUSTIN, TEXAS 78701-2981  
(512) 499-4402

MEMORANDUM

July 9, 1999

**TO:** Those Who Receive Official Copies of  
the Regents' Rules and Regulations

**FROM:** Francie A. Frederick *Francie*

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

Amendments to the Regents' Rules and Regulations approved at the May 13, 1999 meeting of the U. T. Board of Regents and editorial amendments to adjust page breaks have been incorporated in the enclosed revised pages.

Further detail on the rationale for the amendments and congressional style displays of the revised text are included in the Material Supporting the Agenda (MSA) for the May 13, 1999 meeting as referenced below.

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

<u>"A"</u>	<u>"B"</u>	<u>MSA Reference</u>
Cover Page	Cover Page	
I-1, I-2, I-3, and I-3a	I-1, I-2, I-3, and I-3a	BAAC - 4
III-4a and III-5	III-4a, III-4b, and III-5	HAC - 2
VIII-2 and VIII-3	VIII-2, VIII-2a, and VIII-3	FPCC - 5
IX-8 and IX-9	IX-8, IX-9, and IX-10	BAAC - 4

FAF/cf

Enclosures

June 24, 1999

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Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Vice Chancellor for Academic Affairs	
Executive Associate to the Chancellor	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Vice Chancellor for Development and External Relations	
Chief Administrative Officers of Component Institutions	15
Mr. Thomas G. Ricks	<u>1</u>
President and Chief Executive Officer UTIMCO	
TOTAL	

*M. Franz*

~~42~~  
43

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

Also send intellectual property policy revisions to Coordinating Board per State Statute and post tenure review.

Addresses of State Officials Who Receive Copies  
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711 Sam Houston Building  
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Dr. Don Brown  
Commissioner, Texas Higher  
Education Coordinating Board  
7745 Chevy Chase Drive, Building 5  
Austin, Texas 78752  
INTERAGENCY MAIL

(NOTE: Send only when there are  
amendments related to (1) academic  
work load, (2) faculty development  
leaves, (3) intellectual property  
policy, or (4) post tenure review.)

\*\*\*\*\*

Mr. Thomas G. Ricks  
President and Chief Executive Officer  
The University of Texas Investment Management Co.  
CTJ Hall

May 13, 1999

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 May 13, 1999,  
and editorial amendments through June 1999  
have been issued with this cover sheet.)

CHAPTER I

GENERAL

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

- 1.1 The authority to accept gifts to the System or to any of the components is vested in the Board and delegated by the Board as specifically set out in this Section.
- 1.2 Unless otherwise approved by the Board, all gifts to the System or any component institution shall be made in accordance with all relevant laws and Board policies, including but not limited to, the provisions of the U. T. System Gifts Policy Guidelines and approved institutional policies.
- 1.3 The Board delegates to the Chancellor, the chief administrative officer, or a designee specified in writing, authority to accept gifts, other than gifts of real property, that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gifts Policy Guidelines and approved institutional policies, provided that such gifts have a value of \$500,000 or less (in cash or in kind). Such gifts that have a value of more than \$500,000 (in cash or in kind) must be submitted to the Board for approval via the docket.
- 1.4 The Board delegates to the Executive Vice Chancellor for Business Affairs, or a designee specified in writing, authority to accept gifts of real property that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gifts Policy Guidelines and approved institutional policies, provided that such gifts have a value of \$500,000 or less. Such gifts that have a value of more than \$500,000 must be submitted to the Board for approval via the docket.

- 1.5 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to accept all gifts of any value (either in cash or in kind) that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gifts Policy Guidelines, and are processed or administered by the Office of Development and External Relations.
- 1.6 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to take any and all necessary or desirable actions relating to the administration and management of gifts accepted by the Office of Development and External Relations, including without limitation the modification or termination of trusts, endowments, and quasi-endowments as may be permitted by applicable law, policies and these Rules and Regulations.
- 1.7 The Board delegates to the chief administrative officer, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to gifts accepted by the chief administrative officer or accepted by the Board as an agenda item.
- 1.8 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to gifts processed or administered by the Office of Development and External Relations.
- 1.9 The Office of Development and External Relations shall submit a report to the Board summarizing acceptance and approval by the Office of Development and External Relations of gifts and other actions which conform to all relevant laws and Board policies, including but not limited to, the Gifts Policy Guidelines no less frequently than annually.
- 1.(10) Recommendations regarding the acceptance of gifts or other actions which do not conform to all relevant laws and Board policies, including but not limited to the Guidelines, shall be made through the Chancellor to the Board via the Agenda after review by the appropriate offices of the terms of the gifts, the nature of the donated assets and/or the requested action.

- 1.(11) Gifts to Establish Endowments.
  - 1.(11)1 Endowments will be established with gifts which have been completed for tax purposes or with a combination of such gifts and pledges at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.
  - 1.(11)2 Should the Board determine at any time that an endowment fund is not of sufficient size and has no foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.
- 1.(12) Except as provided in this Subsection, the preceding Subsections, or approved institutional policies, no member of the staff of any institution has the authority to accept gifts.
- 1.(13) Neither the System nor any of its component institutions will administer a gift for the benefit of any designated individual unless the donor is exempt from federal income taxes as defined by the Commissioner of Internal Revenue.
- 1.(14) Acceptance of all gifts of real estate shall be subject to the U. T. System Gifts Policy Guidelines and the Environmental Review Policy for Acquisitions of Real Estate. The Coordinating Board, for purposes of state funding, may review and approve as an addition to an institution's educational and general building and facilities inventory any improved real property acquired by gift or lease-purchase as provided in Section 61.058(d) of the Texas Education Code.
- 1.(15) Conduct Related to Gifts.
  - 1.(15)1 The Board will not serve as executor or administrator of an estate because of the potential for conflicts of interest and the scope of the required duties.
  - 1.(15)2 U. T. System and component institution employees who agree to serve as executor or administrator of a donor's estate which

- benefits a U. T. System component institution are immediately to notify the Office of Estates and Trusts of their appointment. Upon notification, the employee will be furnished a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the estate between the employee and any office of the U. T. System or the component institutions shall be in writing.
- 1.(15)3 U. T. System and component institution employees should not knowingly act as witnesses to wills in which the U. T. System or a component institution is named as a beneficiary because their doing so may jeopardize the receipt of the bequest.
- 1.(15)4 Because of the potential for conflicts of interest, U. T. System and component institution employees who agree to serve as trustee of a trust benefiting a U. T. System component institution are immediately to notify the Office of Estates and Trusts of their appointment. Upon notification, the employee will be furnished with a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the trust between the employee and any office of the U. T. System or the component institutions shall be in writing.
- 1.(15)5 Members of the Board are frequently persons of wide-ranging business interests. Therefore, a prudent, independent decision process may result in real estate transactions with or involving firms or organizations with whom a member of the Board is affiliated. Affiliation shall be interpreted within this Section to mean an employee, officer, director, or owner of five percent or more of the voting stock of a firm or organization. Unless the Board specifically finds that the transaction is in the best interest of the U. T. System or a component institution, no member of the Board or employee of the U. T. System may participate in any transaction with the U. T. System involving interests in real estate with which such Board member or employee is affiliated other than to convey a gift or bequest to the U. T. System.

- 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 Business Affairs. 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.
- 4.5 Subject to Subdivisions 4.51 and 4.52 of this Subsection and the general provisions of Part One, Chapter I, Section 9 and, except as otherwise specified in these Rules and Regulations, the Board delegates to the Chancellor and to the Executive Vice Chancellor for Health Affairs the authority to act on behalf of the Board to approve loans of institutional funds, which are not otherwise restricted, to a certified nonprofit health corporation and to execute contracts, agreements, and other documents or instruments related to such loans. As used in this Subsection, the term "certified nonprofit health corporation" means a nonprofit health corporation that has been authorized by the Board and certified under Section 5.01(a) of the Medical Practice Act (Article 4495b, Texas Civil Statutes), as amended from time to time.
- 4.51 The delegate shall comply with guidelines issued by the Office of General Counsel.

- 4.52 The delegate shall consult with the institutional chief administrative officer prior to approving and executing any agreement or instrument relating to a loan.

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 evidencing that goods or services were properly ordered, that the vendor has submitted invoice and certification, and that the goods or services have been received by the institution and are acceptable to the requisitioning department.
- 5.2 Appropriate internal accounting controls shall be exercised over the vouchering and disbursement procedures.
  - 5.21 To the extent that centralized receiving facilities are available, delivery of all purchased supplies, materials, and equipment should be received at a centralized location under the direction of the chief business officer.
  - 5.22 Vouchers should be prepared centrally in the business offices of those component institutions having centralized receiving operations.
- 5.3 Vouchers are to be coded in the business offices within the approved expenditure codes, and if payable by warrant drawn by the State Treasurer, with the proper expenditure classifications furnished by the State Comptroller, as well as complying with other current requirements of the State Comptroller and the General Services Commission.

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

- Sec. 7. Outstanding Checks.--Outstanding checks shall be carried on the official accounting records for one year from the end of the month of issuance.
- Sec. 8. Institutional Membership Dues.--General Funds of the System may be used to pay membership fees only in educational, scientific, or other associations, in which the System, or a component institution thereof, is an institutional member, with memberships approved by the chief administrative officers. Such other approvals as may be required by law shall also be secured.

as required or permitted by law. Selection Committees for Major Projects shall be appointed by the Director of the Office of Facilities Planning and Construction in consultation with the institutional chief administrative officer and the Executive Vice Chancellor for Business Affairs. Selection Committees for Minor Projects shall be appointed by the Responsible Administrator.

Sec. 2. Major Construction and Repair and Rehabilitation Projects.

2.1 General Requirements.

- 2.11 Subject to Subdivisions 2.12, 2.13, 2.14 and 2.15 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, the Chancellor with the advice of the appropriate Executive Vice Chancellor or Vice Chancellor and chief administrative officer is authorized to appoint architects, approve plans and execute contracts for all new construction projects exceeding \$300,000 and for major repair and renovation projects exceeding \$600,000 ("Major Projects") that have previously been approved or authorized by the Board.
- 2.12 Major Projects must be approved by the Board by being included in the approved Capital Improvement Program.
- 2.13 Funding for Major Projects must be allocated by the Board through the Capital Budget. Funding for Major Repair and Rehabilitation Projects that are not architecturally or historically significant may be appropriated by the Board through the Capital Budget. Funding for all other Major Projects is appropriated at the time of design development plan approval.
- 2.14 Costs in excess of an amount equal to the Total Project Cost approved by the Board plus ten percent or any material change in the concept or scope of the project must be approved by the Board.

- 2.15 Construction contracts executed and delivered on behalf of the Board for Major Projects shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel. Payment and performance bonds, when required by law for contracts, shall be on a standard form approved by the Office of General Counsel.
- 2.16 The Chancellor or delegate shall approve the construction contractor's, design-build contractor's, or construction manager's estimates, guaranteed maximum price or stipulated sum proposals; sign change orders; and provide general supervision of all Major Projects. The Chancellor with the advice of the appropriate Executive Vice Chancellor or Vice Chancellor and chief administrative officer is authorized to increase the approved Total Project Cost not more than ten percent. To provide funding for the increase, the Chancellor may reallocate funding between or among approved projects at a single component if funding for such projects has previously been authorized in accordance with Subdivision 2.13 or approve funding from some other source available to the component.

- 2.2 Major Projects Procedures.
- 2.21 Following Board approval of a Major Project and the Preliminary Project Cost, the Institutional Building Advisory Committee shall make recommendations to the chief administrative officer regarding priorities for new construction consistent with the needs of the component.
- 2.22 The facility program must be approved by the Chancellor.
- 2.23 The Chancellor, on behalf of the Board, will utilize the services of a project architect, engineer, or design-build contractor for each Major Project or portion thereof as may be desirable or required by law. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.
- 2.24 After approval of the facility program, the Chancellor or delegate is authorized to give the project architect, engineer, or design-build contractor the facility program and direct the preparation of schematic plans, exterior design and site plans, cost estimates, and other necessary and appropriate documents ("Schematic Plans") and design development plans, elevations, and sections, outline specifications, cost estimates, and other related work to fix the

- 6.3 Management of Permanent University Fund Lands.-- Permanent University Fund lands shall be administered and managed by the West Texas Operations Office.
- 6.4 Delegation of Authority.--Subject to Subdivisions 6.41, 6.42, and 6.43 of this Subsection and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, the Board delegates to the Executive Vice Chancellor for Business Affairs or a designee specified in writing the authority to execute and deliver on behalf of the Board contracts, agreements, and other documents or instruments regarding or conveying interests in, real property owned or controlled by the Board, including Permanent University Fund lands; real property acquired by purchase, gift, or bequest; and real property used for institutional purposes. The authority granted in this Subsection shall include all instruments necessary and convenient relating to the management, control, sale, acquisition, lease, and disposition of any real property, including mineral interests, owned or controlled by the Board, and licenses, permits for activities on such lands, and instruments relating to mortgages.
- 6.41 The delegate shall comply with all guidelines issued by the Office of General Counsel.
- 6.42 The delegate shall consult with the institutional chief business officer prior to approving and executing any agreement or instrument relating to lands used or to be used for institutional purposes.
- 6.43 The authority granted by this Subsection 6.4 to execute and deliver binding contracts, agreements, and other documents or instruments relating to the acquisition of real property applies only if the real property is within a campus master plan approved by the Board or if the matter is an easement or other similar agreement necessary to implement projects approved by the Board in the Capital Improvement Program and the Capital Budget.

- 6.5 Delegation of Authority Regarding Space Leases.-- Subject to Subdivision 6.41 of this Section and the general provisions of Part One, Chapter I, Section 9, the Board delegates to each chief administrative officer the authority to execute and deliver on behalf of the Board lease agreements and related documents for the purpose of leasing space for use by the institution for institutional purposes.
- 6.6 Responsibilities of the Board Under Oil and Gas Leases and Other Documents Issued by the Board for Lease.--The Board delegates to the Executive Vice Chancellor for Business Affairs authority to take any action on behalf of the Board as may be necessary or desirable with regard to the management and administration of oil and gas leases and other instruments issued by the Board for Lease of University Lands, including without limitation, promulgating forms and requiring submission of documents, records, or reports to verify gross production, and disposition and market value of the production.
- 6.7 All Real Property Interests Held in the Name of the Board.--Title to all interests in real property, including leasehold interests, held for the use or benefit of the System, a component, or otherwise shall be held in the name of the Board.
- 6.8 Planned Gifts and Bequests.--The Office of Estates and Trusts shall, in accordance with applicable Board policies, process and administer the receipt of real property assets received by the Board through a bequest, an interest in an account held in trust, or gift to establish or modify an endowment (other than the Permanent University Fund), a fund functioning as an endowment or a life income or annuity fund. The Office of Estates and Trusts shall promptly notify the Real Estate Office of real property received, processed, and administered pursuant to this Subsection 6.8 to be managed by the Real Estate Office. This Subsection 6.8 shall not apply to current purpose gifts of real property (other than gifts received through a bequest or a trust) or additions to an existing endowment, a fund functioning as an endowment, or a life income or annuity fund if the addition does not change or modify the endowment or fund.

- 6.9 Current Purpose Gifts.--The Real Estate Office shall, in accordance with Board policies, process and administer the receipt of all gifts of real property that are not processed and administered in accordance with Subsection 6.8 of this Section. The Real Estate Office shall manage all real property so received, unless the property is used as campus property by the component. The component shall manage real property used for campus purposes.
- 6.(10) Rents, Mortgages, and Other Charges.--The Board delegates to the System Real Estate Office authority to collect, and account for, all rents, mortgages, and other charges relating to real property managed by that Office.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 67 - 102).--Committee Chairman Clements reported that the Facilities Planning and Construction Committee 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 Facilities Planning and Construction Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VIII, Section 2, Subsection 2.1, Subdivision 2.13 (Major Construction and Repair and Rehabilitation Projects).--Upon recommendation of the Facilities Planning and Construction Committee, the Board amended the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 2, Subsection 2.1, Subdivision 2.13, regarding funding for major projects under the general requirements for the major construction and repair and rehabilitation projects, to read as set forth below:

Sec. 2. Major Construction and Repair and Rehabilitation Projects.

- ...
- 2.13 Funding for Major Projects must be allocated by the Board through the Capital Budget. Funding for Major Repair and Rehabilitation Projects that are not architecturally or historically significant may be appropriated by the Board through the Capital Budget. Funding for all other Major Projects is appropriated at the time of design development plan approval.
- ...

These amendments to the Regents' Rules and Regulations provide for appropriation of funds through the Capital Budget for major repair and rehabilitation projects that are not architecturally or historically significant and allow these types of projects to be presented to the Chancellor for approval of design development plans and authorization of expenditure of funds.

**REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 30 - 54).**—Committee Chairman Riter reported that the Business Affairs and Audit Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 97 (Catalog Change).—Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 97 in the form distributed by the Executive Secretary. It is attached following Page 105 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 included in the next appropriate catalog published by the respective institution.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter I, Section 1 (Gifts to The University of Texas System) and Chapter IX, Section 6 (Matters Relating to Real Property).—The Board amended the Regents' Rules and Regulations, Part Two, Chapter I, Section 1, regarding authorization to accept gifts, and Chapter IX, Section 6, regarding matters relating to real property, as set forth below:
  - a. A new Subsection 1.4 was added to Chapter I, Section 1, and Subsections 1.3 and 1.5 were amended to read as set forth on Page 31.

CHAPTER I

GENERAL

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

...

1.3 The Board delegates to the Chancellor, the chief administrative officer, or a designee specified in writing, authority to accept gifts, other than gifts of real property, that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gifts Policy Guidelines and approved institutional policies, provided that such gifts have a value of \$500,000 or less (in cash or in kind). Such gifts that have a value of more than \$500,000 (in cash or in kind) must be submitted to the Board for approval via the docket.

1.4 The Board delegates to the Executive Vice Chancellor for Business Affairs, or a designee specified in writing, authority to accept gifts of real property that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gifts Policy Guidelines and approved institutional policies, provided that such gifts have a value of \$500,000 or less. Such gifts that have a value of more than \$500,000 must be submitted to the Board for approval via the docket.

1.5 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to accept all gifts of any value (either in cash or in kind) that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gifts Policy Guidelines, and are processed or administered by the Office of Development and External Relations.

....

b. Present Subsections 1.5 through 1.(14) of Chapter I, Section 1, were renumbered as Subsections 1.6 through 1.(15).

c. Chapter IX, Section 6, Subsections 6.4 and 6.8 through 6.(10), regarding matters relating to real property, were amended to read as set forth below:

6.4 Delegation of Authority.--Subject to Subdivisions 6.41, 6.42, and 6.43 of this Subsection and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, the Board delegates to the Executive Vice Chancellor for Business Affairs or a designee specified in writing the authority to execute and deliver on behalf of the Board contracts, agreements, and other documents or instruments regarding or conveying interests in, real property owned or controlled by the Board, including Permanent University Fund lands; real property acquired by purchase, gift, or bequest; and real property used for institutional purposes. The authority granted in this Subsection shall include all instruments necessary and convenient relating to the management, control, sale, acquisition, lease, and disposition of any real property, including mineral interests, owned or controlled by the Board, and licenses, permits for activities on such lands, and instruments relating to mortgages.

6.41 The delegate shall comply with all guidelines issued by the Office of General Counsel.

6.42 The delegate shall consult with the institutional chief business officer prior to approving and executing any agreement or instrument relating to lands used or to be used for institutional purposes.

6.43 The authority granted by this Subsection 6.4 to execute and deliver binding contracts, agreements, and other documents or instruments relating to the acquisition of real property applies only if the real property is within a

campus master plan approved by the Board or if the matter is an easement or other similar agreement necessary to implement projects approved by the Board in the Capital Improvement Program and the Capital Budget.

- ...
- 6.8 **Planned Gifts and Bequests.**--The Office of Estates and Trusts shall, in accordance with applicable Board policies, process and administer the receipt of real property assets received by the Board through a bequest, an interest in an account held in trust, or gift to establish or modify an endowment (other than the Permanent University Fund), a fund functioning as an endowment or a life income or annuity fund. The Office of Estates and Trusts shall promptly notify the Real Estate Office of real property received, processed, and administered pursuant to this Subsection 6.8 to be managed by the Real Estate Office. This Subsection 6.8 shall not apply to current purpose gifts of real property (other than gifts received through a bequest or a trust) or additions to an existing endowment, a fund functioning as an endowment, or a life income or annuity fund if the addition does not change or modify the endowment or fund.
- 6.9 **Current Purpose Gifts.**--The Real Estate Office shall, in accordance with Board policies, process and administer the receipt of all gifts of real property that are not processed and administered in accordance with Subsection 6.8 of this Section. The Real Estate Office shall manage all real property so received, unless the property is used as campus property by the component. The component shall manage real property used for campus purposes.
- 6.(10) **Rents, Mortgages, and Other Charges.**--The Board delegates to the System Real Estate Office authority to collect, and account for, all rents, mortgages, and other charges relating to real property managed by that Office.

The amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 1, Subsections 1.3 through 1.5 delegate authority to the Executive Vice Chancellor for Business Affairs to accept all gifts of real property designated for current purpose that have a value of \$500,000 or less and will enable The University of Texas System to handle gifts of real property with greater efficiency.

The Regents' Rules and Regulations delegate authority for the acceptance of current purpose real property gifts to the Chancellor or to the Chief Business Officer of each component. The amendments to the Regents' Rules and Regulations, Part Two, Chapter IX, Section 6, Subsection 6.4 delegate authority to the Executive Vice Chancellor for Business Affairs to act on behalf of the U. T. Board of Regents to acquire real property if acquisition of the real property is contemplated by a master plan approved by the U. T. Board of Regents, provided that the cost or value of the real property is \$500,000 or less. These amendments will enable the U. T. System to handle with greater efficiency real property acquisitions contemplated by an approved master plan.

The amendments to Subsection 6.4 further implement actions taken by the U. T. Board of Regents at its May 1996 meeting at which it was agreed in principle that the authority to execute a variety of contracts and agreements would be delegated to U. T. System Administration or component officials within specific guidelines, conditions, and restrictions. The authority to execute contracts and agreements was broadly implemented by actions taken by the U. T. Board of Regents at a special called meeting on August 29, 1996. Implementation of delegated authority will continue to be monitored periodically through routine reviews and audits.

The amendments to the Regents' Rules and Regulations, Part Two, Chapter IX, Section 6, Subsections 6.8 through 6.10 move the responsibility for processing and administration of the receipt of current purpose gifts of real property (other than gifts received through a bequest or a trust) from the chief administrative officer of the beneficiary institution to the U. T. System Real Estate Office. These provisions also clarify that the U. T. System Real Estate Office is responsible for the management of gift properties, except real property used for campus purposes, which is to be managed by the component.

3. U. T. Board of Regents: Authorization to Accept a Gift of Approximately Eight Acres of Land in Brownsville, Cameron County, Texas, and Authorization for the Executive Vice Chancellor for Business Affairs or Executive Director of Real Estate to Execute All Documents Related Thereto.—Upon recommendation of the Business Affairs and Audit Committee, the Board accepted a gift of approximately eight acres of land located adjacent to the Texas Southmost College campus in Brownsville, Cameron County, Texas, from Southmost Union Junior College District.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 64 - 66).--Committee Chairman Loeffler reported that the Health Affairs Committee 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 approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations: Amendments to Part One, Chapter I, Section 9 (Documents Executed on Behalf of the Board) and Part Two, Chapter III, Section 4 (Local Institutional Funds).--Upon recommendation of the Health Affairs Committee, the Board amended the Regents' Rules and Regulations, as set forth below:
  - a. Part One, Chapter I, Section 9, Subsection 9.2, Subdivision 9.22, relating to dollar limitations on delegated authority, was amended to add a new Item 9.227 as follows:

9.227 Loans of institutional funds to certified nonprofit health corporations, which loans have been approved as provided in Part Two, Chapter III, Section 4, Subsection 4.5 of these Rules and Regulations.
  - b. Part Two, Chapter III, Section 4, relating to local institutional funds, was amended to add a new Subsection 4.5 to authorize the Chancellor and the Executive Vice Chancellor for Health Affairs to approve loans of institutional funds to certified nonprofit health corporations and to execute and deliver on behalf of the U. T. Board of Regents contracts, agreements, and other documents or instruments relating to such loans, as set forth below:

4.5 Subject to Subdivisions 4.51 and 4.52 of this Subsection and the general provisions of Part One, Chapter I, Section 9 and, except as otherwise specified in these Rules and Regulations, the Board delegates to the Chancellor and to the Executive Vice Chancellor for Health Affairs the authority to act on behalf of the Board to approve loans of institutional funds, which are not otherwise restricted, to a certified nonprofit health corporation and to execute contracts, agreements, and other documents or instruments related to such loans. As used in this Subsection, the term "certified nonprofit health corporation" means a nonprofit health corporation that has been authorized

by the Board and certified under Section 5.01(a) of the Medical Practice Act (Article 4495b, Texas Civil Statutes), as amended from time to time.

- 4.51 The delegate shall comply with guidelines issued by the Office of General Counsel.
- 4.52 The delegate shall consult with the institutional chief administrative officer prior to approving and executing any agreement or instrument relating to a loan.

**These amendments to the Regents' Rules and Regulations delegate authority to the Chancellor and the Executive Vice Chancellor for Health Affairs to act on behalf of the U. T. Board of Regents to approve loans of institutional funds, not otherwise restricted, to certified nonprofit health corporations that have been authorized by the U. T. Board of Regents and to execute contracts, agreements, and other documents or instruments related to those loans. Loans may be in any amount approved by the Chancellor and the Executive Vice Chancellor for Health Affairs.**

**All loans are to be made in accordance with guidelines established from time to time by the Office of General Counsel. The Office of General Counsel has advised that such loans fall under the principles announced by the Texas Attorney General in Attorney General Opinion No. JM-1030, which require that the expenditure of institutional funds be for a public purpose, that the institution receive adequate consideration in return, and that the institution retain sufficient control over the use of the funds to ensure that the public purpose is achieved.**

**Nonprofit health corporations are certified under Section 5.01(a) of the Medical Practice Act. On April 14, 1994, the U. T. Board of Regents authorized each health component of The University of Texas System to establish a certified nonprofit health corporation and stipulated certain requirements for the establishment of those corporations. Each corporation is a single member corporation; and the single member is the chief administrative officer of the health component. The model articles of incorporation and bylaws approved by the U. T. Board of Regents identify the purpose of the nonprofit health corporations as providing health care to the public, as well as support for health care education, scholarships and loans to students, grants to the component institution for research and development of education programs, and opportunities for clinical experience in connection with medical education.**



February 24, 1999

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

Also send intellectual property policy revisions to Coordinating Board per State Statute.

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Commissioner, Texas Higher  
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7745 Chevy Chase Drive, Building 5  
Austin, Texas 78752  
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(NOTE: Send only when there are  
amendments related to (1) academic  
work load, (2) faculty development  
leaves, or intellectual property  
policy.)

\*\*\*\*\*

Mr. Thomas G. Ricks  
President and Chief Executive Officer  
The University of Texas Investment Management Co.  
CTJ Hall

Feb. 11, 1999

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 11, 1999,  
and editorial amendments through February 1999  
have been issued with this cover sheet.)

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	6. Matters Relating to Real Property.....	IX-7a

- 3.4 The System has no obligation to comply with the Act or the rules and regulations issued thereunder in making purchases to which the Commission's authority does not extend, or for which the System's purchasing authority is not delegated from the Commission under the Act or expressly subject to rules by the Commission but rather is a different statute. With respect to such purchases not subject to the Act or the rules and regulations issued thereunder, the policies and procedures to be used by a System component shall be approved by its chief business officer pursuant to Section 4 below.

Sec. 4. Purchasing Procedures.

- 4.1 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 appropriate review and approval for inclusion in the institutional Handbook of Operating Procedures, including review and approval of the chief business officer.
- 4.2 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. 5. Purchase from or Sale to an Officer or Employee.--Purchase from, or sale to, any officer or employee of the System or a component of any supplies, materials, services, equipment, or property must have the prior approval of the chief administrative officer and the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, or the Chancellor, as appropriate. Any such purchases shall be made only if the cost is less than from any other known source. This Section does not apply to sales or purchases made at public auction or sales approved by the institutional chief administrative officer valued at \$5,000 or less.

## CHAPTER VIII

## PHYSICAL PLANT IMPROVEMENTS

Sec. 1. Institutional Committees.

- 1.1 Institutional Building Advisory Committees.--There may be an Institutional Building Advisory Committee for each component. The duties, composition, and appointment of the members of the Institutional Building Advisory Committee shall be set forth in the Handbook of Operating Procedures of each component. The Institutional Building Advisory Committee shall have no further direct responsibility after the construction contract is awarded but shall be available for consultation as the building progresses, as requested by the chief administrative officer, the appropriate Executive Vice Chancellor or Vice Chancellor, the Chancellor, or the project architect or engineer.
- 1.2 Ad Hoc Project Building Committee.--The chief administrative officer may appoint, according to the institutional Handbook of Operating Procedures, an Ad Hoc Project Building Committee composed of, but not limited to, representatives of the departments or divisions that will occupy the building. The chairperson of the Institutional Building Advisory Committee, or his or her delegate, shall be an ex officio member of each Ad Hoc Project Building Committee. The committee shall work with the Office of Facilities Planning and Construction to prepare a facility program in accordance with the Facilities Programming Guidelines maintained by the Office of Facilities Planning and Construction.
- 1.3 Selection Committees.--Selection Committees are authorized to evaluate, rank, and select qualifications and competitive sealed proposals in response to requests for qualifications and requests for proposals by design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors and to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents,

as required or permitted by law. Selection Committees for Major Projects shall be appointed by the Director of the Office of Facilities Planning and Construction in consultation with the institutional chief administrative officer and the Executive Vice Chancellor for Business Affairs. Selection Committees for Minor Projects shall be appointed by the Responsible Administrator.

Sec. 2. Major Construction and Repair and Rehabilitation Projects.

2.1 General Requirements.

- 2.11 Subject to Subdivisions 2.12, 2.13, 2.14 and 2.15 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, the Chancellor with the advice of the appropriate Executive Vice Chancellor or Vice Chancellor and chief administrative officer is authorized to appoint architects, approve plans and execute contracts for all new construction projects exceeding \$300,000 and for major repair and renovation projects exceeding \$600,000 ("Major Projects") that have previously been approved or authorized by the Board.
- 2.12 Major Projects must be approved by the Board by being included in the approved Capital Improvement Program.
- 2.13 Funding for Major Projects must be allocated and appropriated by the Board through the Capital Budget.
- 2.14 Costs in excess of an amount equal to the Total Project Cost approved by the Board plus ten percent or any material change in the concept or scope of the project must be approved by the Board.
- 2.15 Construction contracts executed and delivered on behalf of the Board for Major Projects shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel. Payment and performance bonds, when required by law for contracts, shall be on a standard form approved by the Office of General Counsel.
- 2.16 The Chancellor or delegate shall approve the construction contractor's, design-build contractor's, or construction manager's

estimates, guaranteed maximum price or stipulated sum proposals; sign change orders; and provide general supervision of all Major Projects. The Chancellor with the advice of the appropriate Executive Vice Chancellor or Vice Chancellor and chief administrative officer is authorized to increase the approved Total Project Cost not more than ten percent. To provide funding for the increase, the Chancellor may reallocate funding between or among approved projects at a single component if funding for such projects has previously been authorized in accordance with Subdivision 2.13 or approve funding from some other source available to the component.

2.2 Major Projects Procedures.

- 2.21 Following Board approval of a Major Project and the Preliminary Project Cost, the Institutional Building Advisory Committee shall make recommendations to the chief administrative officer regarding priorities for new construction consistent with the needs of the component.
- 2.22 The facility program must be approved by the Chancellor.
- 2.23 The Chancellor, on behalf of the Board, will utilize the services of a project architect, engineer, or design-build contractor for each Major Project or portion thereof as may be desirable or required by law. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.
- 2.24 After approval of the facility program, the Chancellor or delegate is authorized to give the project architect, engineer, or design-build contractor the facility program and direct the preparation of schematic plans, exterior design and site plans, cost estimates, and other necessary and appropriate documents ("Schematic Plans") and design development plans, elevations, and sections, outline specifications, cost estimates, and other related work to fix the

design, dimensions, materials, and scope of the project in greater detail ("Design Development Plans"). Design Development Plans are referred to as Preliminary Plans in applicable rules of the Texas Higher Education Coordinating Board. The project architect, engineer, or design-build contractor shall work with the Ad Hoc Project Building Committee, if any, and the Office of Facilities Planning and Construction with regard to preparation of all plans and documents.

- 2.25 Design Development Plans for Major Project new construction and for architecturally or historically significant repair and rehabilitation projects shall be submitted to the Board for approval upon the recommendation of the Chancellor. The Executive Officers and chief administrative officers shall be responsible for identifying to the Chancellor architecturally or historically significant major repair and rehabilitation projects. Upon approval of the Design Development Plans for Major Project new construction or an architecturally or historically significant repair and rehabilitation project, the Board will authorize expenditure of funds for the Project.
- 2.26 The Chancellor is authorized to approve Design Development Plans and authorize expenditure of funds for all other Major Project repair and renovation.
- 2.27 After approval of the Design Development Plans, the Chancellor is authorized to direct the preparation of the working drawings and specifications ("Construction Documents").
- 2.28 The Chancellor is authorized to approve the Construction Documents upon the recommendation of the chief administrative officer and the appropriate Executive Vice Chancellor or Vice Chancellor.

Sec. 3. Minor Construction and Repair and Rehabilitation Projects.

- 3.1 Delegation of Authority.--Subject to Subsections 3.2 and 3.3 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, each chief administrative officer is authorized to appoint

architects, approve plans and Construction Documents, and execute and deliver contracts, agreements, guaranteed maximum price or stipulated sum proposals, and other documents on behalf of the Board for all new construction projects of \$300,000 or less and for repair and rehabilitation projects of \$600,000 or less ("Minor Projects").

3.2 Required Review and Approval.--Minor Projects shall be subject to review as directed by the appropriate Executive Vice Chancellor or Vice Chancellor. If the Minor Project is to accommodate facility program changes requiring System approval or approval of the Texas Higher Education Coordinating Board, then (i) necessary facility program approvals must be secured in advance of requests for construction approval or must be included with the construction request; (ii) funds must have been approved through standard System budgetary procedures; and (iii) the project must have been approved by the component director of physical plant, chief business officer, and chief administrative officer.

3.3 Professional Services.--Subject to the provisions of Part One, Chapter I, Section 9 of these Rules and Regulations, each chief administrative officer is authorized to execute and deliver on behalf of the Board contracts and agreements with architects, engineers, and other professional service providers for Minor Projects previously approved in accordance with this Chapter. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

Sec. 4. Bidding, Proposals, Award of Contract, and Final Payment.

4.1 Advertisement for Bids and Proposals.--The Chancellor with respect to Major Projects or the chief administrative officer with respect to Minor Projects (the "Responsible Administrator") is authorized to advertise for bids, qualifications, and proposals for construction projects. The Construction Documents must be approved by the Chancellor before the advertisement for bids, or the solicitation of competitive sealed proposals from general contractors, for Major Projects.

- 4.2 Modification of Bids.--No bid may be changed, amended, or modified after the time for bid filing set out in the advertisement for bids. The substance of this requirement shall be stated in the advertisement for bids provided, however, that this requirement shall not be construed to prohibit the submission or filing of more than one separate and independent bid by any bidder or the modification and negotiation of proposals as permitted by law.
- 4.3 Proposed Decision for Award.--The Responsible Administrator or delegate shall receive and open bids and, with the project architect or engineer, if any, and others, shall tabulate and study such bids. After tabulation and study of the bids, the Responsible Administrator shall make a proposed decision for award. The proposed decision for award based on competitive sealed proposals in response to a request for proposals shall be made by the Selection Committee.
- 4.4 Notice of Proposed Decision for Award by Bid.--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 proposed decision for award. If the lowest bidder fails to timely file notice of protest, the proposed decision for award will be final.
- 4.5 Notice of Protest.--If the lowest bidder timely files notice of protest, the Responsible Administrator will hear the protest or will appoint a Hearing Officer who shall promptly convene and conduct a hearing and subsequently prepare and submit a report of his or her findings to the Responsible Administrator. The Responsible Administrator shall make a final decision based upon the records of the hearing before the Hearing Officer.
- 4.6 Award of Contract.--All contracts associated with construction projects shall be awarded by the Responsible Administrator. The contract must be signed by the contractor(s) and the Responsible Administrator.
- 4.7 Final Payment.--The Responsible Administrator or delegate shall inspect the completed building and is authorized to approve final payment.

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter VIII, Sections 1 Through 4 (Physical Plant Improvements).—

## RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor for Academic Affairs that the Regents' Rules and Regulations, Part Two, Chapter VIII, Sections 1 through 4, regarding physical plant improvements, be amended as set forth below in congressional style:

### CHAPTER VIII

#### PHYSICAL PLANT IMPROVEMENTS

Sec. 1. Institutional Committees.

...

- 1.3 Selection Committees.—Selection Committees are authorized to evaluate, rank, and select qualifications and competitive sealed proposals in response to requests for qualifications and requests for proposals by design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors and to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents, as required or permitted by law. Selection Committees for Major Projects shall be appointed by the Director of the Office of Facilities Planning and Construction in consultation with the institutional chief administrative officer and the Executive Vice Chancellor for Business Affairs. Selection Committees for Minor Projects shall be appointed by the Responsible Administrator.

*Amended  
2/17/99  
G*

Sec. 2. Major Construction and Repair and Rehabilitation Projects.

2.1 General Requirements.

...

2.16 The Chancellor or delegate shall approve the construction contractor's, design-build contractor's, or construction manager's estimates, guaranteed maximum price or stipulated sum proposals; sign change orders; [r] and provide general supervision of all Major Projects. The Chancellor with the advice of the appropriate Executive Vice Chancellor or Vice Chancellor and chief administrative officer is authorized to increase the approved Total Project Cost not more than ten percent. To provide funding for the increase, the Chancellor may reallocate funding between or among approved projects at a single component if funding for such projects has previously been authorized in accordance with Subdivision 2.13 or approve funding from some other source available to the component.



2.2 Major Projects Procedures.

...

2.23 The Chancellor, on behalf of the Board, will utilize the services of a project architect, [or] engineer, or design-build contractor for each Major Project or portion thereof as may be desirable or required by law. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.



2.24 After approval of the facility program, the Chancellor or delegate is authorized to give the project architect, [or] engineer, or design-build contractor the facility program and direct the preparation of schematic plans, exterior design and site plans, cost estimates, and other necessary and appropriate documents ("Schematic Plans") [r] and design development plans, elevations, and



sections, outline specifications, cost estimates, and other related work to fix the design, dimensions, materials, and scope of the project in greater detail ("Design Development Plans"). Design Development Plans are referred to as Preliminary Plans in applicable rules of the Texas Higher Education Coordinating Board. The project architect, [or] engineer, or design-build contractor shall work with the Ad Hoc Project Building Committee, if any, and the Office of Facilities Planning and Construction with regard to preparation of all plans and documents.

...

Sec. 3. Minor Construction and Repair and Rehabilitation Projects.

3.1 Delegation of Authority.--Subject to Subsections 3.2 and 3.3 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, each chief administrative officer is authorized to appoint architects, approve plans and Construction Documents, and execute and deliver contracts, agreements, guaranteed maximum price or stipulated sum proposals, and other documents on behalf of the Board for all new construction projects of \$300,000 or less and for repair and rehabilitation projects of \$600,000 or less ("Minor Projects").

...

Sec. 4. Bidding, Proposals, Award of Contract, and Final Payment.

4.1 Advertisement for Bids and Proposals.--The Chancellor with respect to Major Projects or the chief administrative officer with respect to Minor Projects (the "Responsible Administrator") is authorized to advertise for bids, qualifications, and proposals for construction projects. The Construction Documents must be approved by the Chancellor before the advertisement for bids, or the solicitation of competitive sealed proposals from general contractors, for Major Projects.

- 4.2 Modification of Bids.--No bid may be changed, amended, or modified after the time for bid filing set out in the advertisement for bids. *The substance of this requirement shall be stated in the advertisement for bids[;] provided, however, that this requirement shall not be construed to prohibit the submission or filing of more than one separate and independent bid by any bidder or the modification and negotiation of proposals as permitted by law.*
- 4.3 Proposed Decision for Award.--The Responsible Administrator or delegate shall receive and open bids[;] and, with the project architect or engineer, if any, and others, shall tabulate and study such bids. After tabulation and study of the bids, the Responsible Administrator shall make a proposed decision for award. The proposed decision for award based on competitive sealed proposals in response to a request for proposals shall be made by the Selection Committee.
- 4.4 Notice of Proposed Decision for Award by Bid.--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 proposed decision for award. If the lowest bidder fails to timely file notice of protest, the proposed decision for award will be final.

.....

#### BACKGROUND INFORMATION

The proposed amendments to the Regents' Rules and Regulations, Part Two, Chapter VIII, Sections 1 through 4, relating to Physical Plant Improvements, clarify the authority of the Chancellor to approve proposals from construction managers and design-build contractors and clarify the procedures for advertising and award of construction contracts procured through competitive sealed proposals.

These amendments contain substantive and editorial corrections and are proposed to conform U. T. System procedures for construction contracting with the mandatory requirements of Senate Bill 583, 75th Legislature, codified as Sections 44.031 and 51.776 through 51.784 of the Texas Education Code.

The proposed amendments have been recommended by the U. T. System Process Review Committee chaired by Regent Lowell H. Lebermann, Jr.

2. U. T. Arlington - Bookstore: Request for Authorization to (a) Enter into Ground Lease Agreement with Follett College Stores Corporation, Elmhurst, Illinois, (b) Amend the FY 1998-2003 Capital Improvement Program to Include Project, (c) Approve Project Architectural Design, and (d) Execute All Documents Related Thereto.--

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, and President Witt that authorization be granted by the U. T. Board of Regents, on behalf of U. T. Arlington, to:

- a. Enter into a Ground Lease Agreement with Follett College Stores Corporation, Elmhurst, Illinois, for the construction and operation of a campus bookstore
- b. Amend the FY 1998-2003 Capital Improvement Program to include a project entitled Bookstore for U. T. Arlington
- c. Approve the proposed architectural design of the project
- d. Authorize the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to execute all documents, instruments, and other agreements and to take all such actions deemed necessary or desirable to carry out the purpose and intent of the foregoing recommendations.

**Glover, Margaret**

**From:** Frederick, Francie  
**Sent:** Wednesday, January 06, 1999 4:15 PM  
**To:** Mayne, Florence  
**Cc:** Glover, Margaret  
**Subject:** RE: Regents' Rules

it certainly appears so. Thanks.

Margaret-can we just handle with an editorial correction?

**From:** Mayne, Florence  
**Sent:** Wednesday, January 06, 1999 11:21 AM  
**To:** Frederick, Francie  
**Subject:** Regents' Rules

In filing the updates to the Regents' Rules, I noted what may be a typo, carried forward from the prior version, as well--in Part 2, Ch. IV, Section 3.4 on page IV-3, there is a reference in the last line of Section 3.4 to policies and procedures in "Section 5 below." Section 5 deals with purchases from or sales to employees. Section 4 deals with purchasing procedures and I wonder if the reference in Section 3.4 to Section 5 was instead meant to reference Section 4?

*Yes*

*yes, I will include an editorial amendment with 2/99 RRR amendments. Pls. see attached + return all*

*for my tuben file.*

*✓ m/1/12*

*CF - When you distribute 2/1/99 RRR amendments, need to include this editorial change.*

*m/1/29*

*Done 2/18/99*

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 November 12, 1998,  
and editorial amendments through December 1998  
have been issued with this cover sheet.)

3.4 The System has no obligation to comply with the Act or the rules and regulations issued thereunder in making purchases to which the Commission's authority does not extend, or for which the System's purchasing authority is not delegated from the Commission under the Act or expressly subject to rules by the Commission but rather is a different statute. With respect to such purchases not subject to the Act or the rules and regulations issued thereunder, the policies and procedures to be used by a System component shall be approved by its chief business officer pursuant to Section ~~5~~<sup>A</sup> below.

*editorial amendment* →

Sec. 4. Purchasing Procedures.

4.1 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 appropriate review and approval for inclusion in the institutional Handbook of Operating Procedures, including review and approval of the chief business officer.

4.2 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. 5. Purchase from or Sale to an Officer or Employee.--Purchase from, or sale to, any officer or employee of the System or a component of any supplies, materials, services, equipment, or property must have the prior approval of the chief administrative officer and the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, or the Chancellor, as appropriate. Any such purchases shall be made only if the cost is less than from any other known source. This Section does not apply to sales or purchases made at public auction or sales approved by the institutional chief administrative officer valued at \$5,000 or less.

1/11/99

**OFFICE OF THE BOARD OF REGENTS**  
**THE UNIVERSITY OF TEXAS SYSTEM**  
201 WEST SEVENTH STREET, AUSTIN, TEXAS 78701-2981  
(512) 499-4402

**MEMORANDUM**

December 22, 1998

*Memo  
12-21-98*

**TO:** Those Who Receive Official Copies of  
the Regents' Rules and Regulations *(list attached)*

**FROM:** Francie A. Frederick *J.F.*

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

Amendments to the Regents' Rules and Regulations approved at the November 12, 1998 meeting of the U. T. Board of Regents, as well as editorial amendments, have been incorporated in the enclosed revised pages.

Further detail on the rationale for the amendments as well as a congressional style display of the revised text are included in the Material Supporting the Agenda (MSA) for the November 1998 meeting as referenced below.

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

<u>"A"</u>	<u>"B"</u>	<u>MSA Reference</u>
Cover Page	Cover Page	
Page IV-3	Page IV-3	Page BAAC-3
Page VIII-4	Page VIII-4	
Page XI-2 and XI-3	Page XI-2 and XI-3	Page B of R-3
Page XII-11	Page XII-11	Page BAAC-4

FAF/cf

Enclosures

June 9, 1998

Distribution List for Official Copies of  
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System Administration	8
Chancellor	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Vice Chancellor for Academic Affairs	
Executive Associate to the Chancellor	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Vice Chancellor for Development and External Relations	
Chief Administrative Officers of Component Institutions	15
Mr. Thomas G. Ricks	<u>1</u>
President and Chief Executive Officer UTIMCO	
TOTAL	41

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

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

Governor's Budget and Planning Office  
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Austin, Texas 78711  
INTERAGENCY MAIL

Mr. John Keel  
Director, Legislative Budget Board  
John H. Reagan Building  
Third Floor  
Austin, Texas 78701  
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State Auditor's Office  
Two Commodore Plaza  
206 East 9th Street  
Suite 1900  
Austin, Texas 78701  
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Ms. Sally Reynolds  
Director  
Legislative Reference Library  
Room 207-B, Capitol Building  
Austin, Texas 78711  
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Publications Clearing House  
Room 307, Archives Building  
Texas State Library  
Austin, Texas 78711  
INTERAGENCY MAIL

Dr. Don Brown  
Commissioner, Texas Higher  
Education Coordinating Board  
7745 Chevy Chase Drive, Building 5  
Austin, Texas 78752  
INTERAGENCY MAIL

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

\*\*\*\*\*

Mr. Thomas G. Ricks  
President and Chief Executive Officer  
The University of Texas Investment Management Co.  
CTJ Hall

Nov. 12, 1998

**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 November 12, 1998,  
and editorial amendments through December 1998  
have been issued with this cover sheet.)**

- 3.4 The System has no obligation to comply with the Act or the rules and regulations issued thereunder in making purchases to which the Commission's authority does not extend, or for which the System's purchasing authority is not delegated from the Commission under the Act or expressly subject to rules by the Commission but rather is a different statute. With respect to such purchases not subject to the Act or the rules and regulations issued thereunder, the policies and procedures to be used by a System component shall be approved by its chief business officer pursuant to Section 5 below.

Sec. 4. Purchasing Procedures.

- 4.1 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 appropriate review and approval for inclusion in the institutional Handbook of Operating Procedures, including review and approval of the chief business officer.
- 4.2 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. 5. Purchase from or Sale to an Officer or Employee.--Purchase from, or sale to, any officer or employee of the System or a component of any supplies, materials, services, equipment, or property must have the prior approval of the chief administrative officer and the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, or the Chancellor, as appropriate. Any such purchases shall be made only if the cost is less than from any other known source. This Section does not apply to sales or purchases made at public auction or sales approved by the institutional chief administrative officer valued at \$5,000 or less.

- 2.25 Design Development Plans for Major Project new construction and for architecturally or historically significant repair and rehabilitation projects shall be submitted to the Board for approval upon the recommendation of the Chancellor. The Executive Officers and chief administrative officers shall be responsible for identifying to the Chancellor architecturally or historically significant major repair and rehabilitation projects. Upon approval of the Design Development Plans for Major Project new construction or an architecturally or historically significant repair and rehabilitation project, the Board will authorize expenditure of funds for the Project.
- 2.26 The Chancellor is authorized to approve Design Development Plans and authorize expenditure of funds for all other Major Project repair and renovation.
- 2.27 After approval of the Design Development Plans, the Chancellor is authorized to direct the preparation of the working drawings and specifications ("Construction Documents").
- 2.28 The Chancellor is authorized to approve the Construction Documents upon the recommendation of the chief administrative officer and the appropriate Executive Vice Chancellor or Vice Chancellor.

**Sec. 3. Minor Construction and Repair and Rehabilitation Projects.**

- 3.1 Delegation of Authority.--Subject to Subsections 3.2 and 3.3 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, each chief administrative officer is authorized to appoint architects, approve plans and Construction Documents, and execute and deliver contracts, agreements, and other documents on behalf of the Board for all new construction projects of \$300,000 or less and for repair and rehabilitation projects of \$600,000 or less ("Minor Projects").

- 2.2 System Administration and System-Wide Contracts.-- Subject to Section 1, the Board delegates to the Executive Vice Chancellor for Business Affairs authority to execute and deliver on behalf of the Board contracts or agreements with third parties affecting only System Administration or, with the concurrence of the components affected, contracts for the benefit of all or a majority of the components.
- 2.3 Contracts Between or Among Components.--The Board delegates to the chief administrative officer authority to execute and deliver on behalf of the Board contracts or agreements between or among components for resources or services. Any such contract or agreement shall provide for the recovery of the cost of services and resources furnished.

Sec. 3. Legal Matters.

- 3.1 Contracts for Legal Services.--The Board delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board contracts for legal services and such other services as may be necessary or desirable in connection with the settlement or litigation of a dispute or claim after obtaining approvals as may be required by law.
- 3.2 Settlement of Disputes.--Except as provided in Subsection 3.3 of this Section, the Board delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board agreements settling any claim, dispute, or litigation subject to approval of System officials as set out below and compliance with all other legal requirements. The Vice Chancellor and General Counsel shall consult with the chief administrative officer and the appropriate Executive Vice Chancellor or Vice Chancellor with regard to all significant settlements that will be paid out of institutional funds. The Vice Chancellor and General Counsel shall consult

with the Office of Development and External Relations with respect to settlement of will contests and other matters relating to gifts and bequests administered by that Office.

<u>Amount</u>	<u>Additional Requirements</u>
\$150,000 or less	None
\$150,001 to \$300,000	Concurrence of the Chancellor or the appropriate Executive Vice Chancellor or Vice Chancellor
\$300,001 to \$500,000	Concurrence of the Chancellor and the Chairman of the Board
More than \$500,000	Concurrence of the Board of Regents, the Executive Committee, or the appropriate standing committee of the Board

The amount of the settlement shall mean the amount claimed by U. T. System but not received pursuant to the settlement or, in the case of a claim against U. T. System, the total settlement amount to be paid by U. T. System.

- 3.3 Settlement of Claims and Disputes Relating to Construction Projects.--The Board delegates authority to execute all documents necessary or desirable to settle claims and disputes relating to construction projects to the System or component official designated in the construction contract to the extent funding for the project has been authorized in accordance with the provisions of Part Two, Chapter VIII of these Rules and Regulations.

Sec. 7. Business Participation.

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

Sec. 8. Reporting.

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

Draft  
Minutes  
11/2/98

On behalf of the faculty and staff of the institution, President Mendelsohn welcomed the members of the Board and other guests to Houston.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON AUGUST 12-13, 1998.--Upon motion of Regent Riter, seconded by Vice-Chairman Loeffler, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on August 12-13, 1998, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLV, Pages 1883 - 2379.

#### SPECIAL ITEMS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendment to Chapter XI, Section 3, Subsection 3.2 (Settlement of Disputes).--In order to clarify current practices related to approvals for the settlement of claims, disputes, or litigation, authorization was given to amend the Regents' Rules and Regulations, Part Two, Chapter XI, Section 3, Subsection 3.2, regarding settlement of disputes, to read as set forth below:

3.2 Settlement of Disputes.--Except as provided in Subsection 3.3 of this Section, the Board delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board agreements settling any claim, dispute, or litigation subject to approval of System officials as set out below and compliance with all other legal requirements. The Vice Chancellor and General Counsel shall consult with the chief administrative officer and the appropriate Executive Vice Chancellor or Vice Chancellor with regard to all significant settlements that will be paid out of institutional funds. The Vice Chancellor and General Counsel shall consult with the Office of Development and External Relations with respect to settlement of will contests and other matters relating to gifts and bequests administered by that Office.

OK  
12/1/98

<u>Amount</u>	<u>Additional Requirements</u>
\$150,000 or less	None
\$150,001 to \$300,000	Concurrence of the Chancellor or the appropriate Executive Vice Chancellor or Vice Chancellor
\$300,001 to \$500,000	Concurrence of the Chancellor and the Chairman of the Board
More than \$500,000	Concurrence of the Board of Regents, the Executive Committee, or the appropriate standing committee of the Board

The amount of the settlement shall mean the amount claimed by U. T. System but not received pursuant to the settlement or, in the case of a claim against U. T. System, the total settlement amount to be paid by U. T. System.

2. U. T. System: Report of Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for June 1, 1998 Through August 31, 1998.--Vice Chancellor for Development and External Relations Perry reviewed the Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for The University of Texas System for the period June 1, 1998 through August 31, 1998, as set forth on Pages 18 - 22.

Vice Chancellor Perry reported that 111 items conforming to Board policy were approved including the acceptance of \$15,563,486 in gifts. Other matching contributions from previously accepted Board-held matching funds totaled \$1,304,500, transfers of endowment funds totaled \$1,000,000, and transfers of previously accepted gifts totaled \$2,500,000.

Mrs. Perry noted that this report includes only those funds which relate to endowments, estates, and other such funds which are managed by the U. T. System Office of Development and External Relations.

Draft  
Minutes  
11/12/98

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 34 - 49).--Committee Chairman Riter reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 95 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 95 in the form distributed by the Executive Secretary. It is attached following Page 94 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.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendment to Chapter IV, Section 5 (Purchase from or Sale to an Officer or Employee).--Authorization was given to amend the Regents' Rules and Regulations, Part Two, Chapter IV, Section 5, regarding the purchase from or sale to an officer or employee, to read as set forth below:

Sec. 5. Purchase from or Sale to an Officer or Employee.--Purchase from, or sale to, any officer or employee of the System or a component of any supplies, materials, services, equipment, or property must have the prior approval of the chief administrative officer and the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, or the Chancellor, as appropriate. Any such purchases shall be made only if the cost is less than

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12/1/98

from any other known source. This Section does not apply to sales or purchases made at public auction or sales approved by the institutional chief administrative officer valued at \$5,000 or less.

With this amendment to the Regents' Rules and Regulations, employees will be able to purchase surplus items, such as outdated computer equipment for home use, directly from the University if the item is valued at \$5,000 or less and the chief administrative officer grants approval.

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval to Amend Chapter XII, Section 7, Subsection 7.1 (Business Participation).--The Board, upon recommendation of the Business Affairs and Audit Committee, amended the Regents' Rules and Regulations, Part Two, Chapter XII, Section 7, Subsection 7.1, regarding business participation, to read as follows:

## CHAPTER XII

### INTELLECTUAL PROPERTY

. . . .

#### Sec. 7. Business Participation.

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

. . . .

Section 51.912 of the Texas Education Code provides a legal mechanism for addressing potential conflicts of interest that may arise when a university employee

involved in the development or creation of licensed intellectual property acquires stock in or serves as a board member, officer, or key employee of a company. In exchange for permission to be involved with a company in this way, the employee and the institution of higher education must successfully manage the potential conflict of interest to reduce or eliminate the likelihood that actual conflicts will arise.

Rather than require the U. T. Board of Regents to review each plan to manage the potential conflict of interest as an agenda item, a procedure will be instituted that (1) defines conflicts of interest in this context, (2) provides information to employees and administrators about managing potential conflicts, (3) prescribes required actions in the event of a failure to manage a conflict, (4) requires a written certification from the employee to the institution's administration and from the administration to the appropriate U. T. System Administration officials outlining the steps each will take to mitigate risk, and (5) describes the approval process for the plans to manage conflicts of interest. Upon the recommendation of the Executive Vice Chancellor for Health Affairs or the Vice Chancellor for Academic Affairs, each plan to manage conflicts of interest will be submitted to the U. T. Board of Regents for approval via the institutional docket.

4. U. T. System: Approval to Delegate Authority of Certain Personnel Actions to the U. T. System Administration or Chief Administrative Officer and to Amend the Requirements for Reporting in the Budget Section of the U. T. System Administration and Component Dockets Effective Immediately. --At the May 1996 meeting and upon the recommendation of The University of Texas System Process Review Committee, chaired by Regent Lowell H. Lebermann, Jr., the Board agreed to delegate to U. T. System Administration or component officials the approval of a significant number of routine contractual and agreement matters which historically had required Regental approval via the Docket process. That delegation did not include budgetary matters involving tenured faculty and selected administrative personnel.

The Business Affairs and Audit Committee is now of the opinion that the additional step of docket approval of these individual appointments, salary adjustments, and changes of status does not contribute added value to the current approval process which includes the component

- 2.25 Design Development Plans for Major Project new construction and for architecturally or historically significant repair and rehabilitation projects shall be submitted to the Board for approval upon the recommendation of the Chancellor. The Executive Officers and chief administrative officers shall be responsible for identifying to the Chancellor architecturally or historically significant major repair and rehabilitation projects. Upon approval of the Design Development Plans for Major Project new construction or an architecturally or historically significant repair and rehabilitation project, the Board will authorize expenditure of funds for the Project.
- 2.26 The Chancellor is authorized to approve Design Development Plans and authorize expenditure of funds for all other Major Project repair and renovation.
- 2.27 After approval of the Design Development Plans, the Chancellor is authorized to direct the preparation of the working drawings and specifications ("Construction Documents").
- 2.28 The Chancellor is authorized to approve the Construction Documents upon the recommendation of the chief administrative officer and the appropriate Executive Vice Chancellor or Vice Chancellor.

Sec. 3. Minor Construction and Repair and Rehabilitation Projects.

- 3.1 Delegation of Authority.--Subject to Subsections 3.2 *and* 3.3, ~~and 3.4~~ of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, each chief administrative officer is authorized to appoint architects, approve plans and Construction Documents, and execute and deliver contracts, agreements, and other documents on behalf of the Board for all new construction projects of \$300,000 or less and for repair and rehabilitation projects of \$600,000 or less ("Minor Projects").

no longer  
a Sec. 3.4

12/1/98

- 3.2 Required Review and Approval.--Minor Projects shall be subject to review as directed by the appropriate Executive Vice Chancellor or Vice Chancellor. If the Minor Project is to accommodate facility program changes requiring System approval or approval of the Texas Higher Education Coordinating Board, then (i) necessary facility program approvals must be secured in advance of requests for construction approval or must be included with the construction request; (ii) funds must have been approved through standard System budgetary procedures; and (iii) the project must have been approved by the component director of physical plant, chief business officer, and chief administrative officer.
- 3.3 Professional Services.--Subject to the provisions of Part One, Chapter I, Section 9 of these Rules and Regulations, each chief administrative officer is authorized to execute and deliver on behalf of the Board contracts and agreements with architects, engineers, and other professional service providers for Minor Projects previously approved in accordance with this Chapter. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

Sec. 4. Bidding, Award of Contract, and Final Payment.

- 4.1 Advertisement for Bids.--The Chancellor with respect to Major Projects or the chief administrative officer with respect to Minor Projects (the "Responsible Administrator") is authorized to advertise for bids for construction projects. The Construction Documents must be approved by the Chancellor before the advertisement for bids for Major Projects.
- 4.2 Modification of Bids.--No bid may be changed, amended, or modified after the time for bid filing set out in the advertisement for bids. The substance of this requirement shall be stated in the advertisement for bids; provided, however, that this requirement shall not be construed to prohibit the submission or filing of more than one separate and independent bid by any bidder.

*20111111*

**OFFICE OF THE BOARD OF REGENTS**  
**THE UNIVERSITY OF TEXAS SYSTEM**  
201 WEST SEVENTH STREET, AUSTIN, TEXAS 78701-2981  
(512) 499-4402

**MEMORANDUM**

September 18, 1998

*Approved  
9/21/98  
CF*

**TO:** Those Who Receive Official Copies of  
the Regents' Rules and Regulations (List Attached)

**FROM:** Francie A. Frederick *J.F.*

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

Amendments to the Regents' Rules and Regulations approved at the August 13, 1998 meeting of the U. T. Board of Regents have been incorporated in the enclosed revised pages.

Further detail on the rationale for the amendments as well as a congressional style display of the revised text are included in the Material Supporting the Agenda (MSA) for the August 1998 meeting as referenced below.

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

<u>"A"</u>	<u>"B"</u>	<u>MSA Reference</u>
Cover Page Page III-1	Cover Page Page III-1	Page BAAC-4

FAF/cf

Enclosures

June 9, 1998

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Chancellor	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Vice Chancellor for Academic Affairs	
Executive Associate to the Chancellor	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Vice Chancellor for Development and External Relations	
Chief Administrative Officers of Component Institutions	15
Mr. Thomas G. Ricks	<u>1</u>
President and Chief Executive Officer	
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TOTAL	41

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

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Director, Legislative Budget Board  
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206 East 9th Street  
Suite 1900  
Austin, Texas 78701  
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Ms. Sally Reynolds  
Director  
Legislative Reference Library  
Room 207-B, Capitol Building  
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Texas State Library  
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Dr. Don Brown  
Commissioner, Texas Higher  
Education Coordinating Board  
7745 Chevy Chase Drive, Building 5  
Austin, Texas 78752  
INTERAGENCY MAIL

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

\*\*\*\*\*

Mr. Thomas G. Ricks  
President and Chief Executive Officer  
The University of Texas Investment Management Co.  
CTJ Hall

August 13, 1998

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 13, 1998,  
have been issued with this cover sheet.)

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 Any person who paid oil and gas royalties to the Board in a total amount of \$60,000 or more during a fiscal year, being September 1 to August 31, shall make timely oil and gas royalty payments to the Board by means of electronic funds transfer during the subsequent calendar year. Any person required to submit payments electronically shall also file the required Royalty Payment Summary (Form UT-3) by means of electronic transmission if requested by the University Lands Accounting Office in a manner compatible with the equipment and facilities of the University Lands Accounting Office. The payor shall timely take all actions necessary to facilitate payment of oil and gas royalties by electronic funds transfer if requested by the University Lands Accounting Office and electronic filing of the Form UT-3, including completing any documents required by the Comptroller of the State of Texas and the University Lands Accounting Office. Electronic funds transfers shall be made in accordance with applicable laws, including Section 404.095, Texas Government Code. This Subsection applies only to oil and gas royalties from Permanent University Fund lands to the extent authorized by Section 404.095, Texas Government Code.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 24 - 58).--In the absence of Committee Chairman Riter who was excused, Regent Oxford reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 94 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 94 in the form distributed by the Executive Secretary. It is attached following Page 111 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.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 1, Subsection 1.4 (Receipts, Admission Tickets, and Charges).--Authorization was given to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 1, Subsection 1.4, relating to receipts, admission tickets, and charges, to read as set forth on Page 25 to require payment of certain oil and gas royalties to the U. T. Board of Regents by electronic funds transfer.

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

- ...
- ✓ 1.4 Any person who paid oil and gas royalties to the Board in a total amount of \$60,000 or more during a fiscal year, being September 1 to August 31, shall make timely oil and gas royalty payments to the Board by means of electronic funds transfer during the subsequent calendar year. Any person required to submit payments electronically shall also file the required Royalty Payment Summary (Form UT-3) by means of electronic transmission if requested by the University Lands Accounting Office in a manner compatible with the equipment and facilities of the University Lands Accounting Office. The payor shall timely take all actions necessary to facilitate payment of oil and gas royalties by electronic funds transfer if requested by the University Lands Accounting Office and electronic filing of the Form UT-3, including completing any documents required by the Comptroller of the State of Texas and the University Lands Accounting Office. Electronic funds transfers shall be made in accordance with applicable laws, including Section 404.095, Texas Government Code. This Subsection applies only to oil and gas royalties from Permanent University Fund lands to the extent authorized by Section 404.095, Texas Government Code.

OK  
9/2/92

...

These amendments to the Regents' Rules and Regulations will provide a higher degree of internal control over a greater percentage of oil and gas royalties paid to the Permanent University Fund and will ensure payments made by means of electronic transfer are received and available in a more timely manner. The University of Texas System University Lands Accounting Office intends

to request that all payors subject to this Regents' Rule also electronically file the required Royalty Payment Summary (UT-3) when it can be assured that filing over the internet can be accomplished in a secure manner.

3. U. T. Board of Regents: Adoption of Resolution Authorizing the Execution and Delivery of a Dealer Agreement Relating to the Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series A and Series B; Appointment of Merrill Lynch, Pierce, Fenner & Smith Incorporated, New York, New York, as Dealer; and Authorization for Officers of U. T. System to Complete All Transactions.--The Board, upon recommendation of the Business Affairs and Audit Committee:
- a. Adopted a Resolution authorizing the execution and delivery of a Dealer Agreement relating to the Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series A and Series B, as set out on Pages 28 - 29
  - b. Appointed Merrill Lynch, Pierce, Fenner & Smith Incorporated, New York, New York, as Dealer for these Commercial Paper Notes per the Tax Exempt Commercial Paper Dealer Agreement set out on Pages 30 - 34
  - c. Authorized appropriate officers and employees of the U. T. System to take any and all actions necessary to carry out the intentions of the U. T. Board of Regents to complete the transactions as provided in the Resolution.

The Revenue Financing System Commercial Paper Notes, Series A, were authorized by the First Supplemental Resolution to the Master Resolution adopted by the U. T. Board of Regents on April 12, 1990, and amended on October 8, 1993, and February 9, 1995. The Series B Notes were authorized by the Fifth Supplemental Resolution to the Master Resolution adopted by the U. T. Board of Regents on November 14, 1996. At the inception of the commercial paper program, which includes Series A and Series B Notes, Goldman, Sachs & Co. was selected as the commercial paper dealer and continues to serve as the