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

MEMORANDUM

June 30, 1994

TO: Those Who Receive RRR Amendments (List Attached)
FROM: Art Dilly *AD*
SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page II-4	Page II-4
Page III-8	Page III-8
Page IV-2	Page IV-2
Page V-7	Page V-7
Pages VI-3 and VI-4	Pages VI-3 and VI-4
Pages VII-1 through VII-3 and VII-6	Pages VII-1 through VII-3 and VII-6
Pages IX-6 and IX-7	Pages IX-6 and IX-7

The amendments approved at the June 9, 1994 meeting of the U. T. Board of Regents, as well as editorial amendments, have been incorporated on the revised pages.

AD/lp

Enclosures

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

PART TWO

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through June 9, 1994,
and editorial amendments through June 1994
have been issued with this cover sheet.)

Sec. 2. Accounting.

- 2.1 The financial records of the System shall be kept as nearly as practicable in accordance with the recommendations set forth in "College and University Business Administration, Fifth Edition," (1992) and the most recent supplements published by the National Association of College and University Business Officers. Where those recommendations conflict with statutes or with regulations of the Texas Higher Education Coordinating Board, the latter shall be controlling.
- 2.2 All accounting records and procedures shall be subject to the approval of the chief business officer and the Executive Vice Chancellor for Business Affairs or his or her delegate.
- 2.3 The business office of each component institution shall be the central office for accounting control for all financial transactions of the institutions. The chief business officer shall confer with departmental and administrative officials and instruct them concerning the records of financial transactions to be kept by the departments, as indicated in the next subsection.
- 2.4 Each person directly responsible for a department or other administrative unit (hereinafter called "department head") shall keep an account of funds and property for which he or she is responsible, as detailed as necessary to supplement the business office records.
- 2.5 All expenditures must be in accordance with the approved institutional operating budget.
- 2.6 Statements of department or other administrative unit accounts shall be prepared monthly by the business office and shall be sent periodically to the department heads who will compare their records with those of the business office and report any differences promptly to the business office.
- 2.7 A person in each department or other administrative unit may be designated by the department head, with the approval of the chief business officer, to sign

Editorial Amendment
Issued June 1994

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.

Editorial Amendment
Issued June 1994

- 2.6 No bidder shall receive special consideration or be allowed to revise a bid after the time set for opening bids.
- 2.7 Any violations of these purchasing ethics shall be reported promptly by the chief business officer to the Executive Vice Chancellor for Business Affairs.

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

Sec. 4. Purchases of Supplies and Equipment.

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

- 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 chief administrative officer of the institution involved.
- 2.34 Institutions paying overtime shall maintain a monthly record of overtime paid indicating the number of employees so compensated and the total amount paid.

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

- 3.1 The Texas State Employees Training Act recognizes that the state departments and other state institutions, including the System, must develop a more comprehensive Training Program as an integral part of a successful personnel program. The System Personnel Director, as

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

Sec. 4. Employee Group Insurance and Health Benefits.

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

Sec. 5. Workers' Compensation Insurance.

- 5.1 Pursuant to 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.
- 5.2 The System Personnel Office, with the assistance of other appropriate System and component institution offices, shall investigate injuries.

Editorial Amendment
Issued June 1994

- 5.3 The System Personnel Office shall be responsible for reporting all covered injuries to the Texas Workers' Compensation Commission (TWCC).
- 5.4 The System Personnel Office shall coordinate occupational safety and health activities.
- 5.5 The Office of General Counsel shall be responsible for a determination on appeal of TWCC decisions.
- 5.6 A percentage of annual payroll, as approved by the U. T. Board of Regents, shall be set aside to fund the Workers' Compensation Insurance Fund (W.C.I. Fund).
- 5.61 Each institutional chief business officer shall be responsible for the transmission of amounts to be added to the W.C.I. Fund for all salaries paid, as instructed by the System Personnel Office, for receipt into the W.C.I. Fund no later than 15 days after the end of each month.
- 5.62 The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations.
- 5.7 The System Personnel Office shall be responsible for processing all W.C.I. claims for medical care and compensation.
- 5.8 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the W.C.I. Fund.

Sec. 6. Unemployment Compensation Program.

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

CHAPTER VII

PHYSICAL PROPERTIES

- Sec. 1. Except as otherwise specifically authorized, property of the System shall be used only for official business. Only library books and other items of similar nature of well-established use may be used for the personal benefit or pleasure of employees. The chief administrative officer of each component institution shall designate a property manager.
- Sec. 2. Inventories.
- 2.1 An actual physical inventory of property of the System shall be made each fiscal year in accordance with the State Purchasing and General Services Act, as amended (Article 601b, Vernon's Texas Civil Statutes), and in compliance with appropriate regulations issued thereunder. The chief business officer of each component institution shall issue the necessary implementing instructions.
- 2.2 Department heads are responsible for all System property in their care and for the taking of the inventory on the prescribed record forms.
- 2.3 Inventories as of August 31 include all equipment on hand as defined by the General Services Commission under the State Purchasing and General Services Act. Items that are worn out or discarded shall be deleted in accordance with the regulations of the General Services Commission.
- Sec. 3. Motor Vehicles.
- 3.1 Any motor vehicles permitted under state law to be owned and operated by the System shall be used only on official business. Each vehicle shall carry an inscription on both sides as prescribed by law.

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

Sec. 4. Insurance on Property of the System.

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

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

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

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

Sec. 6. Police and Security Officers.

- 6.1 Police and other security officers are employed at the component institutions to protect and safeguard the property of the institution.
- 6.2 Employees shall cooperate in the security program by exercising caution to safeguard the equipment and supplies in their offices.

Sec. 7. Telephones.--The director of information services, the director of physical plant, the chief business officer, or other person designated by the chief administrative officer shall be responsible for the installation of telephones and the administration of all telephone facilities. Personal toll calls shall not be charged to institutional telephones. Charges for telephones and toll calls shall be pursuant to approved institutional policy included in the Handbook of Operating Procedures.

Sec. 8. Disposal of Property of the System.

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

- 10.4 Any person claiming an interest in any property presumed abandoned and sold under the provisions of this Section shall be allowed to file a claim to such property with the Property Manager on forms and through procedures prescribed by the Property Manager; upon approval of such claim by the Property Manager, the owner may recover the proceeds of such sale after deduction of the reasonable expense of storage and sale of such property.
- 10.5 Proceeds of sales that remain unclaimed may be used by the institution for student scholarships or other institutional purposes.
- 10.6 Vehicles that are abandoned and unclaimed will be disposed of in accordance with Section 365.001 et seq. of the Texas Health and Safety Code.
- 10.7 Drugs in the possession of any component institutional police department will be disposed of in the manner prescribed by Section 483.074 of the Texas Health and Safety Code (the Texas Dangerous Drugs Act) and by Sections 481.158 and 481.159 of the Texas Health and Safety Code (the Texas Controlled Substances Act).
- 10.8 The custody and disposition of property of tenants of dormitory rooms and other residential units of a component institution shall be in accordance with Subchapter C, Title 5, Sections 54.044 and 54.045 of the Texas Property Code.

- 3.2 Reports Regarding Asset Management.
- 3.21 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board via the Docket.
- 3.22 The investment performance of the PUF, as measured by an unaffiliated organization, shall be reported to the Regents' Asset Management Committee at least annually.
- 3.23 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Asset Management Committee annually.
- 3.3 The Chancellor, the Vice Chancellor for Asset Management, or the Executive Director for Fixed Income Investments are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.
- 3.4 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 3.41 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Fixed Income Investments, or the Portfolio Managers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.

- 3.42 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at its discretion.
- 3.43 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Portfolio Managers or the Manager - Asset Strategy and Analysis determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or the Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Asset Management Committee.
- 3.5 Exchange of Bonds.--The Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Investments, and the Investment Officers are each authorized to exchange bonds owned, from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield.

Distribution List for Official Copies of
Regents' Rules and Regulations

Board of Regents	9
Office of the Board of Regents	3
Executive Associate for Economic Affairs	1
Legislative Budget Board	1
Governor's Budget and Planning Office	1
Publications Clearing House	1
State Auditor - U. T. Austin Representative	1
Legislative Reference Library	1
System Administration	9
Chancellor	
Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Executive Assistant to the Chancellor	
Vice Chancellor for Asset Management	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions	15
Chief of Staff, Office of the Chancellor, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	43

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

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

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

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

State Auditor's Office
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. Kenneth H. Ashworth
Commissioner, Texas Higher
Education Coordinating Board
7745 Chevy Chase Drive, Building 5
Austin, Texas 78752
INTERAGENCY MAIL

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

Mr. W. C. Lancaster
Chief of Staff
Office of the Chancellor
The Texas A&M University System
College Station, Texas 77843-1117

until the end of the fiscal year that includes the pilot's seventieth birthday. Upon attaining the age of sixty, the pilot must satisfactorily complete the flight physical required for his/her flight certification on a semi-annual basis. Flight physicals for all U. T. System pilots will be conducted by a certified flight surgeon employed at one of the health institutions of the U. T. System. In the event there is no certified flight surgeon on staff at one of the health institutions of the U. T. System, the flight physical will be conducted, at U. T. System expense, by a certified flight surgeon designated by one of the health institutions of the U. T. System.

5. U. T. Board of Regents - Regents' Rules and Regulations, Part Two; Amendments to Chapter VII, Section 2, Subsection 2.3 (Inventories), Section 3, Subsection 3.6 (Motor Vehicles), Section 7 (Telephones), and Section 10, Subsections 10.6 and 10.7 (Disposition of Abandoned and Unclaimed Personal Property).--Upon recommendation of the Business Affairs and Audit Committee, the Board amended the Regents' Rules and Regulations, Part Two, Chapter VII, Section 2, Subsection 2.3 (Inventories), Section 3, Subsection 3.6 (Motor Vehicles), Section 7 (Telephones), and Section 10, Subsections 10.6 and 10.7 (Disposition of Abandoned and Unclaimed Personal Property) to read as set forth below:

Sec. 2. Inventories.

2.3 Inventories as of August 31 include all equipment on hand as defined by the General Services Commission under the State Purchasing and General Services Act. Items that are worn out or discarded shall be deleted in accordance with the regulations of the General Services Commission.

Sec. 3. Motor Vehicles.

3.6 Each component institution shall be cognizant of and render reports on operation of motor vehicles as required by the current Appropriations Act.

Sec. 7. Telephones.--The director of information services, the director of physical plant, the chief business officer, or other person designated by the chief administrative officer shall be responsible for the installation of telephones and the administration of all telephone facilities. Personal toll calls shall not be charged to institutional telephones. Charges for telephones and toll calls shall be pursuant to approved institutional policy included in the Handbook of Operating Procedures.

Sec. 10. Disposition of Abandoned and Unclaimed Personal Property.

- 10.6 Vehicles that are abandoned and unclaimed will be disposed of in accordance with Section 365.001 et seq. of the Texas Health and Safety Code.
- 10.7 Drugs in the possession of any component institutional police department will be disposed of in the manner prescribed by Section 483.074 of the Texas Health and Safety Code (the Texas Dangerous Drugs Act) and by Sections 481.158 and 481.159 of the Texas Health and Safety Code (the Texas Controlled Substances Act).

6. U. T. System: Amendment of the Policy Regarding Jurisdiction of Commissioned Peace Officers.--The policy regarding jurisdiction of commissioned peace officers employed by The University of Texas System, which was adopted at the August 1987 meeting, was amended to read as set forth below.

These amendments redefine the jurisdiction to include property owned, leased, or otherwise under the control of the U. T. System or one of the component institutions and include editorial changes to adjust or clarify the responsibilities of officials delegated to handle police jurisdictional matters.

POLICY STATEMENT

- (a) Commissioned peace officers employed by The University of Texas System or any of its components shall confine their activities related to the performance of the duties of peace officers to property owned, leased, or otherwise under the control of the U. T. System or one of the component institutions of the U. T. System, with the following exceptions:
- (1) The Chief of Police of each component institution within the U. T. System and the Director of Police for the U. T. System may, on a case by case basis, authorize commissioned peace officers employed by or temporarily assigned to a component institution to function outside the "restricted primary jurisdiction"* established by this Policy as peace officers on University business or in conjunction with a University sponsored event so long as the peace officers remain within their area of primary jurisdiction (county) as established by Section 51.203, Texas Education Code. It is provided, however, that the provisions of the Hot Pursuit Policy (Policy No. II-86-14, as amended) promulgated by the Director of Police for the U. T. System are not affected by this Policy.
 - (2) The Director of Police for the U. T. System may authorize commissioned peace officers of the U. T. System to function as peace officers outside their primary jurisdiction (county) to

2. U. T. System: Rescission of the Regental Policy Statement Regarding South African Investments; Amendments to the Regents' Rules and Regulations, Part Two, Chapter IX, Section 3, Subsection 3.2 (Reports Regarding Asset Management) and Subsection 3.4, Subdivision 3.43 (Policies with Respect to Stock Rights, Fractional Shares, and Proxies); and Authorization to Amend the Investment Guidelines Sections of the Permanent University Fund Investment Policy Statement, Common Trust Fund Investment Policy Statement, Medical Liability Self-Insurance Fund Investment Policy Statement, and Operating Funds Investment Policy Statement. --At the February 1986 meeting, the U. T. Board of Regents adopted a policy statement regarding investments in corporations doing business in or with South Africa and denounced the appalling and repugnant system of apartheid in South Africa. That Policy Statement, the Regents' Rules and Regulations, and certain limitations in the Permanent University Fund, the Common Trust Fund, the Medical Liability Self-Insurance Fund, and the Operating Funds investment guidelines were adopted to assist in the dismantling of the system of apartheid in South Africa.

The Policy Statement further provided for its amendment upon the implementation of genuine reforms of the apartheid system. The transition to a multi-racial democracy in South Africa, as evidenced by implementation of the interim constitution on April 26, 1994, and the election of Nelson Mandela as President on May 2, 1994, constitutes definitive reform that demolishes the legal basis of the apartheid system.

For this reason, the Board, upon recommendation of the Asset Management Committee, took the following actions to lift economic sanctions against South Africa:

- a. Rescinded the February 1986 U. T. Board of Regents' Policy Statement regarding investments in corporations doing business in or with South Africa
- b. In consonance with the above action, amended the Regents' Rules and Regulations, Part Two, Chapter IX, Section 3, Subsection 3.2 and Subsection 3.4, Subdivision 3.43 to read as set forth below:

3.2 Reports Regarding Asset Management.

- 3.21 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board via the Docket.
- 3.22 The investment performance of the PUF, as measured by an unaffiliated organization, shall be reported to the Regents' Asset Management Committee at least annually.
- 3.23 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Asset Management Committee annually.

- 3.3 The Chancellor, the Vice Chancellor for Asset Management, or the Executive Director for Fixed Income Investments are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.
- 3.4 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 3.41 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Fixed Income Investments, or the Portfolio Managers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.
- 3.42 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at its discretion.
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- c. Deleted from the Investment Guidelines sections of the Permanent University Fund Investment Policy Statement, the Common Trust Fund Investment Policy Statement, the Medical Liability Self-Insurance Fund Investment Policy Statement, and the Operating Funds Investment Policy Statement the directive under "investment restrictions" which reads "No investments may be made in securities of the South African government, its government agencies, or firms headquartered in South Africa."

These investment policy statements, as amended through June 9, 1994, are set forth in their entirety on Pages 195 - 216.

NOTE: Within the Material Supporting the Agenda for the June 1994 meeting, there was no request to amend the Investment Guidelines section of The University of Texas System Operating Funds Investment Policy Statement. However, this policy statement is herewith included in the Minutes to reflect the deletion of Item 2 under the "investment restrictions" related to South African investments.

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

BOARD OF REGENTS
RECEIVED

JUN 03 1994
U.T. SYSTEM

May 27, 1994

TO: Mrs. Francie Frederick
FROM: Margaret Glover *MG*
SUBJECT: Statutory Citations in the Regents'
Rules and Regulations

*ok'd - will pick
up these edits
as editorial
amendments
to RR -
6/6
my*

Per your note to Mr. Dilly dated April 8, 1994, regarding "1993 Legislative Changes to Statutory Cites," we have conducted a search of the Regents' Rules and Regulations, Parts One and Two related to some statutory citations.

At your convenience, please review the attached pages from Parts One and Two of the Regents' Rules and so note whether the highlighted statutory references need to be amended or if they stay "as is."

If any of these references need to be edited, we can pick up as editorial amendments in the RRR.

Many thanks.

attachments

*Margaret
also
✓ III - 9 (Part One)
and 2
2. VHS and 41-4 (Part Two)
attached (at end)
77
6/1/94*

Sec. 2. Accounting.

- 2.1 The financial records of the System shall be kept as nearly as practicable in accordance with the recommendations set forth in "College and University Business Administration, Fourth Edition," (1982) and the most recent supplements published by the National Association of College and University Business Officers. Where those recommendations conflict with statutes or with regulations of the Texas Higher Education Coordinating Board, the latter shall be controlling.
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- 2.7 A person in each department or other administrative unit may be designated by the department head, with the approval of the chief business officer, to sign

Editorial Amendment
Issued May 1992

HP
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correct - 77
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if correct
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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.

- 2.6 No bidder shall receive special consideration or be allowed to revise a bid after the time set for opening bids.
- 2.7 Any violations of these purchasing ethics shall be reported promptly by the chief business officer to the Executive Vice Chancellor for Business Affairs.

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

Sec. 4. Purchases of Supplies and Equipment.

ok
as
4.1 ✓ The State Purchasing and General Services Act, Article 601b, Vernon's Texas Civil Statutes, shall govern the purchasing policies of the System. 7

ok
CSC
4.2 ✓ The State Purchasing and General Services Act does not apply to purchases of supplies, materials, services, or equipment:
(a) for resale;
(b) for Auxiliary Enterprises;
(c) for Organized Activities Relating to Instructional Departments; or
(d) from gifts or grants, including those in support of research.

- 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 chief administrative officer of the institution involved.
- 2.34 Institutions paying overtime shall maintain a monthly record of overtime paid indicating the number of employees so compensated and the total amount paid.

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

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

*Chapter 656a.041
Texas Government
Code*

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

- 2.2 In accordance with conditions approved by the U. T. Board of Regents and in consultation with the Office of the Executive Vice Chancellor for Business Affairs, the System Personnel Director will review and approve the companies authorized to provide annuity contracts, custodial accounts or investment contracts under the O.R.P.
- 2.3 In consultation with the Office of the Executive Vice Chancellor for Business Affairs and in accordance with federal and state laws and regulations, The University of Texas System Personnel Director is authorized to issue "Guidelines for Administration" for evaluation of organizations authorized to provide annuity contracts, custodial accounts or investment contracts under the Optional Retirement Program.
- 2.4 One change of O.R.P. companies is allowed per year. The change may be made only on the first day of a month.

Sec. 3. Tax Sheltered Annuities.

- 3.1 ^{ok} Pursuant to Article 6228a-5, Vernon's Texas Civil Statutes, an employee may purchase Tax Sheltered Annuities (T.S.A.) through an approved company. A-52/11/11
- 3.2 ^{as per Pam on 6/29} In accordance with conditions approved by The University of Texas System Board of Regents and in consultation with the Office of the Executive Vice Chancellor for Business Affairs, the System Personnel Director will review and approve companies authorized to offer annuities or other investments under the Tax Sheltered Annuity Program.
- 3.3 In consultation with the Office of the Executive Vice Chancellor for Business Affairs and in accordance with state and federal laws and regulations, The University of

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

Sec. 4. Employee Group Insurance and Health Benefits.

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

Sec. 5. Workers' Compensation Insurance.

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

*Texas
Labor
Code,
Sec 503.001
et seq.*

- 5.3 The System Personnel Office shall be responsible for reporting all covered injuries to the Texas Workers' Compensation Commission (TWCC).
- 5.4 The System Personnel Office shall coordinate occupational safety and health activities.
- 5.5 The Office of General Counsel shall be responsible for a determination on appeal of TWCC decisions.
- 5.6 A percentage of annual payroll, as approved by the U. T. Board of Regents, shall be set aside to fund the Workers' Compensation Insurance Fund (W.C.I. Fund).
 - 5.61 Each institutional chief business officer shall be responsible for the transmission of amounts to be added to the W.C.I. Fund for all salaries paid, as instructed by the System Personnel Office, for receipt into the W.C.I. Fund no later than 15 days after the end of each month.
 - 5.62 The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations.
- 5.7 The System Personnel Office shall be responsible for processing all W.C.I. claims for medical care and compensation.
- 5.8 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the W.C.I. Fund.

Sec. 6. Unemployment Compensation Program.

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

Sectn' 207.001

*Labn
Code*

- 6.4 The Office of General Counsel shall be responsible for a determination on appeals of T.E.C. decisions.
- 6.5 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the U. C. Fund.

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

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

Sec. 8. Deferred Compensation Plan.

As authorized by Article 6252-3b, Vernon's Texas Civil Statutes, any employee may participate in the Deferred Compensation Plan. 7

ok as is

Sec. 9. U. S. Savings Bonds.

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

Sec. 10. Availability of Complete Benefit Descriptions.

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

CHAPTER VII

PHYSICAL PROPERTIES

Sec. 1. Except as otherwise specifically authorized, property of the System shall be used only for official business. Only library books and other items of similar nature of well-established use may be used for the personal benefit or pleasure of employees. The chief administrative officer of each component institution shall designate a property manager.

Sec. 2. Inventories.

2.1 An actual physical inventory of property of the System shall be made each fiscal year in accordance with the State Purchasing and General Services Act, as amended (Article 601b, Vernon's Texas Civil Statutes), and in compliance with appropriate regulations issued thereunder. The chief business officer of each component institution shall issue the necessary implementing instructions. *ok as is*

2.2 Department heads are responsible for all System property in their care and for the taking of the inventory on the prescribed record forms. *ok*

2.3 Inventories as of August 31 include all equipment on hand as defined by the ~~State Purchasing and General Services~~ Commission under the State Purchasing and General Services Act. Items that are worn out or discarded shall be deleted in accordance with the regulations of the ~~State Purchasing and General Services~~ Commission. *ok ok*

Sec. 3. Motor Vehicles. *ok*

3.1 Any motor vehicles permitted under state law to be owned and operated by the System shall be used only on official business. Each vehicle shall carry an inscription on both sides as prescribed by law.

- 10.4 Any person claiming an interest in any property presumed abandoned and sold under the provisions of this Section shall be allowed to file a claim to such property with the Property Manager on forms and through procedures prescribed by the Property Manager; upon approval of such claim by the Property Manager, the owner may recover the proceeds of such sale after deduction of the reasonable expense of storage and sale of such property.
- 10.5 Proceeds of sales that remain unclaimed may be used by the institution for student scholarships or other institutional purposes.
- 10.6 Vehicles that are abandoned and unclaimed will be disposed of in accordance with Article 4477-9a of Vernon's Texas Civil Statutes.
- 10.7 Drugs in the possession of any component institutional police department will be disposed of in the manner prescribed by Article 4476-14, Section 8, of the Texas Dangerous Drugs Act and by Article 4476-15, Section 5.08, of the Texas Controlled Substances Act.
- 10.8 The custody and disposition of property of tenants of dormitory rooms and other residential units of a component institution shall be in accordance with Subchapter C, Title 5, Sections 54.044 and 54.045 of the Texas Property Code.

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Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Executive Assistant to the Chancellor	
Vice Chancellor for Asset Management	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions	15
Chief of Staff, Office of the Chancellor, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	43

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

June 23, 1993

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Director, Legislative Budget Board
Second Floor, Room 207A, Capitol
Austin, Texas 78711
INTERAGENCY MAIL

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

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

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

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

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

Mr. W. C. Lancaster
Chief of Staff
Office of the Chancellor
The Texas A&M University System
College Station, Texas 77843-1117

RULES AND REGULATIONS

OF THE

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

FOR THE GOVERNMENT OF

THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through February 10, 1994,
and editorial amendments through March 1994
have been issued with this cover sheet.)

- 2.2 Family and Medical Leave.
- 2.21 Any employee, whether faculty, classified, or administrative, may request and receive a leave of absence without pay for up to twelve weeks per year for family and medical reasons specified by the Family and Medical Leave Act of 1993 and accompanying regulations governing the Act, as set forth in approved institutional and System policies. Eligibility criteria are defined in the Act.
- 2.22 Upon expiration of the twelve weeks of leave taken pursuant to the Family and Medical Leave Act, an employee may be eligible for a leave of absence without pay pursuant to Part One, Chapter III, Section 16 of the Regents' Rules and Regulations.
- 2.3 Overtime.
- 2.31 The schedule of activities shall be so organized that non-exempt employees are not required to work in excess of forty hours within an established work week except when required by operating necessities. Any overtime services must be justified in writing and have the advance approval of the chief administrative officer, the chief business officer or designee.

- 6.2 The Unemployment Compensation Fund (U. C. Fund) is established by the U. T. Board of Regents to be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations. The System Personnel Office shall administer funding by assessment on all salary sources other than State General Revenue Funds as provided in Section 6.24 below.
- 6.21 The System will reimburse the State General Revenue Fund from the U. C. Fund for claims charge-backs paid by the State Comptroller for former employees paid from other funds.
- 6.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.
- 6.23 The U. C. Fund shall at all times operate under principles agreed upon by the System and the U. S. Department of Health and Human Services.
- 6.24 Assessment rates shall be calculated to maintain the U. C. Fund balance within a range of \$1,215,000 to \$1,755,000 and to provide minimum balance fluctuations and maximum rate stability. Each institutional chief business officer shall be responsible for the transmission of such assessed amounts, as instructed by the System Personnel Office, for receipt into the U. C. Fund no later than 15 days after the end of each month.
- 6.25 Expenditures from the U. C. Fund shall be limited to direct costs in accordance with Federal Management Circular 73-8, Section J.7.
- 6.3 The System Personnel Office, working in coordination with appropriate System and component institution offices, shall administer the U. C. Program and represent the System and component institutions in appeals to the Texas Employment Commission (T.E.C.).

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 93 - 101).--Committee Chairman Loeffler reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 74 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 74 in the form distributed by the Executive Secretary. It is attached following Page 175 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

Regent Lebermann abstained from voting on items within the Docket related to Valero Energy due to a possible conflict of interest.

Regent Smiley abstained from voting on Items 2 and 3 on Pages A 83-86 of The University of Texas at Austin Docket.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter V, Section 2, Subsection 2.3, Subdivision 2.31 (Overtime).--The Board amended the Regents' Rules and Regulations, Part Two, Chapter V, Section 2, Subsection 2.3, Subdivision 2.31 related to overtime to read as set forth below:

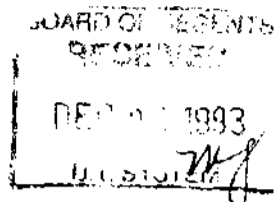
2.3 Overtime.

2.31

The schedule of activities shall be so organized that non-exempt employees are not required to work in excess of forty hours within an established work week except when required by operating necessities. Any overtime services must be justified in writing and have the advance approval of the chief administrative officer, the chief business officer or designee.

Minutes
2/10/94

PERSONNEL OFFICE
The University of Texas System



December 30, 1993

Rhonda Lands
Administrative Assistant II
499-4588

MEMORANDUM

TO: Miss Margaret Glover
FROM: Rhonda Lands
SUBJECT: EDITORIAL AMENDMENT TO THE REGENTS' RULES AND REGULATIONS

Attached is a copy of the page in the Regents' Rules and Regulations we discussed on the phone this morning. Part Two, Chapter ~~6~~^{II}, Section 6, Subsection 6.2 contains an error in that it refers to "Section 12.24 below" when, in fact, there isn't a Section 12.24. The Section referred to is 6.24.

Thank you for your help in correcting this error. Please let me know if you need anything else.

Attachment

OK - Will include in next batch of editorial amendments to R.R.
mg 12/30

August 8, 1991

- 6.2 The Unemployment Compensation Fund (U. C. Fund) is established by the U. T. Board of Regents to be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations. The System Personnel Office shall administer funding by assessment on all salary sources other than State General Revenue Funds as provided in Section 12.24 below.
- 6.21 The System will reimburse the State General Revenue Fund from the U. C. Fund for claims charge-backs paid by the State Comptroller for former employees paid from other funds.
- 6.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.
- 6.23 The U. C. Fund shall at all times operate under principles agreed upon by the System and the U. S. Department of Health and Human Services.
- 6.24 Assessment rates shall be calculated to maintain the U. C. Fund balance within a range of \$1,215,000 to \$1,755,000 and to provide minimum balance fluctuations and maximum rate stability. Each institutional chief business officer shall be responsible for the transmission of such assessed amounts, as instructed by the System Personnel Office, for receipt into the U. C. Fund no later than 15 days after the end of each month.
- 6.25 Expenditures from the U. C. Fund shall be limited to direct costs in accordance with Federal Management Circular 73-8, Section J.7.
- 6.3 The System Personnel Office, working in coordination with appropriate System and component institution offices, shall administer the U. C. Program and represent the System and component institutions in appeals to the Texas Employment Commission (T.E.C.).

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General
Comptroller
10/29/91

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12/27
11/11/93

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

MEMORANDUM

December 20, 1993

TO: Those Who Receive RRR Amendments (List Attached)
FROM: Art Dilly *AD*
SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page i	Page i
Pages I-9 and I-10	Pages I-9 and I-10
Pages III-3 and III-4	Pages III-3 and III-4

The amendments approved at the December 2, 1993 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AD/lp

Enclosures

RULES AND REGULATIONS

OF THE

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

FOR THE GOVERNMENT OF

THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through December 2, 1993,
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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 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.
- 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 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. No component institution shall have or display as its official flag or as a flag representative or symbolic of the institution any other flag.
- 9.4 Each component institution may adopt a theme, a logo and a mascot, provided same are approved by the Board upon recommendation of the chief administrative officer 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.

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

Sec. 3. Deposits with the State Treasurer.

- 3.1 The statutes and the current Appropriations Act require that all cash receipts accruing to component institutions be deposited in the State Treasury, with the exception of those funds named in Section 51.008 of the Texas Education Code, including those funds from auxiliary enterprises, noninstructional services, agency, designated and restricted funds, endowment funds, trust funds, other gift funds, student loan funds, funds retained under Chapter 145 of the Texas Education Code, and Constitutional College Building Amendment Funds.
- 3.2 Cash receipts that are required to be deposited in the State Treasury shall be so deposited in the manner prescribed in the statutes and the current Appropriations Act.
- 3.3 Component institutions of the System are authorized by the current Appropriations Act to establish Revolving Funds under certain prescribed procedures to facilitate the payment of nominal expenses and to pay bills within cash discount periods, as well as for regular monthly payrolls, weekly, and special payrolls. Such Revolving Funds are authorized, subject to approval of the Director of the Office of Budget and Fiscal Policy.

Sec. 4. Local Institutional Funds.

- 4.1 All institutional funds not required to be deposited in the State Treasury must be deposited in official depository banks for safekeeping or invested as specified by law and by the applicable Rules and Regulations, Business Procedure Memoranda and Investment Policy Statements.
- 4.11 Funds held in demand deposits, time deposits, or non-negotiable certificates of deposit shall be deposited or invested only in banks with which the Board has a depository agreement. Depository and custody agreements may be negotiated and executed by

- the Vice Chancellor for Asset Management or the Executive Vice Chancellor for Business Affairs when such depository agreements are in substantially the same form as a standard depository agreement approved by the Board or, for other agreements, in a form approved by the Office of General Counsel and are with banks meeting the then current policies of the Board. Each chief administrative officer and chief business officer of a component institution or the Executive Vice Chancellor for Business Affairs may negotiate and execute contracts for banking services with banks which have entered into a depository agreement with the Board if the contract has been approved by the Office of General Counsel and the Office of Business Affairs.
- 4.12 Requests for documentation specifying staff authorized to sign checks or initiate funds movements, or changes thereto, for all bank accounts, bank common trust funds, or money market funds shall be approved by each institutional chief administrative officer and chief business officer with copies of the changes and/or authorization sent to the Director of the Office of Budget and Fiscal Policy.
- 4.13 Operating funds, as defined by The University of Texas System Operating Funds Investment Policy, shall be invested in compliance with that investment policy statement. Operating funds held in bank common trust funds or money market funds shall be invested in funds approved by the Vice Chancellor for Asset Management based on, at a minimum, the criteria specified in The University of Texas System Operating Funds Investment Policy. The Vice Chancellor for Asset Management shall administer pooled investment funds for the investment of operating funds as authorized by the Board. The chief business officer of any component institution may add or withdraw operating funds of the component to or from (i) demand deposits, time deposits, or non-negotiable certificates of deposit as set forth in Subsection 4.11 of this Section, (ii) any common trust fund or money market fund approved by the Vice Chancellor for Asset Management or (iii) any investment pool

June 23, 1993

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Director for Development	
Chief Administrative Officers of Component Institutions	15
Chief of Staff, Office of the Chancellor, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	43

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

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11400
FACULTY MAIL

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Director
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Room 207-B, Capitol Building
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Publications Clearing House
Room 307, Archives Building
Texas State Library
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INTERAGENCY MAIL

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

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

Mr. W. C. Lancaster
Chief of Staff
Office of the Chancellor
The Texas A&M University System
College Station, Texas 77843-1117

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 51 - 61).--Committee Chairman Holmes reported that the Academic Affairs 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 Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

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1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter I, Section 9, Subsections 9.2 and 9.4 (Official Seal, Colors, Flag, and Mascot).--Upon recommendation of the Academic Affairs and Health Affairs Committees, the Board amended the Regents' Rules and Regulations, Part Two, Chapter I, Section 9, Subsections 9.2 and 9.4 to read as set forth below:

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

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 and the Chancellor.

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

These amendments clarify the component institution option to adopt a school color in addition to orange and white and to expand upon the uses of that color and require prior approval by the U. T. Board of Regents of a logo.

2. U. T. Brownsville: Permission for Dr. Juliet V. Garcia to Serve as a Member of the Governor's Council on Workforce and Economic Competitiveness [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was granted for Dr. Juliet V. Garcia, President of The University of Texas at Brownsville, to serve as a member of the Governor's Council on Workforce and Economic Competitiveness through September 1, 1999.

Governor Richards' appointment of President Garcia to this Council is of benefit to the State of Texas, creates no conflict with her position at U. T. Brownsville, and is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 18 - 50).--Committee Chairman Loeffler reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 73 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 73 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 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 4, Subsection 4.1, Subdivision 4.11 (Local Institutional Funds).--Approval was granted to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 4, Subsection 4.1, Subdivision 4.11 to read as set forth below:

Sec. 4. Local Institutional Funds.

4.1 All institutional funds not required to be deposited in the State Treasury must be deposited in official depository banks for safekeeping or invested as specified by law and by the applicable Rules and Regulations, Business Procedure Memoranda and Investment Policy Statements.

4.11 Funds held in demand deposits, time deposits, or non-negotiable certificates of deposit shall be deposited or invested only in banks with which the Board has a depository agreement. Depository and custody agreements may be negotiated and executed by the Vice Chancellor for Asset Management or the Executive Vice Chancellor for Business Affairs when such depository agreements are in substantially the same form as a standard depository agreement approved by the Board or, for other agreements, in a form approved by the Office of General Counsel and are with banks meeting the then current policies of the Board. Each chief administrative officer and

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chief business officer of a component institution or the Executive Vice Chancellor for Business Affairs may negotiate and execute contracts for banking services with banks which have entered into a depository agreement with the Board if the contract has been approved by the Office of General Counsel and the Office of Business Affairs.

3. U. T. Board of Regents; Adoption of Resolution to Authorize the Call for Redemption Prior to Maturity of \$4,710,000 in Aggregate Principal Amount Outstanding of Board of Regents of The University of Texas System, The University of Texas M.D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972, and \$2,245,000 in Aggregate Principal Amount Outstanding of Board of Regents of The University of Texas System, The University of Texas M.D. Anderson Hospital and Tumor Institute at Houston, Hospital Revenue Bonds, Subordinate Lien Series 1976; Appointment of McCall, Parkhurst & Horton, Dallas, Texas, as Bond Counsel; and Authorization for Appropriate Officials to Complete These Transactions.--The Board, upon recommendation of the Business Affairs and Audit Committee:
- a. Adopted a resolution substantially in the form set out on Page 20 to authorize the call for redemption prior to maturity of \$4,710,000 in aggregate principal amount outstanding of the Board of Regents of The University of Texas System, The University of Texas M.D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972, and \$2,245,000 in aggregate principal amount outstanding of the Board of Regents of The University of Texas System, The University of Texas M.D. Anderson Hospital and Tumor Institute at Houston, Hospital Revenue Bonds, Subordinate Lien Series 1976
 - b. Appointed McCall, Parkhurst & Horton, Dallas, Texas, as bond counsel
 - c. Authorized the officers and employees of the Office of Business Affairs to take any and all steps necessary to carry out the intentions of the U. T. Board of Regents to complete these transactions.

On February 1, 1994, in accordance with Section 5 of the Resolution for the M.D. Anderson Endowment and Hospital Revenue Bonds, Series 1972, the bonds of this Series may be redeemed prior to their scheduled maturities for a redemption price equal to par plus accrued interest.

11/1/93

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

MEMORANDUM

October 29, 1993

TO: Those Who Receive RRR Amendments (List Attached)
FROM: Art Dilly *Art*
SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page ii	Page ii
Pages V-6 through V-19	Pages V-6 through V-17

The amendments approved at the October 8, 1993 meeting of the U. T. Board of Regents as well as editorial amendments have been incorporated on the revised pages.

AD/lp

Enclosures

Distribution List for Official Copies of
Regents' Rules and Regulations

Board of Regents	9
Office of the Board of Regents	3
Executive Associate for Economic Affairs	1
Legislative Budget Board	1
Governor's Budget and Planning Office	1
Publications Clearing House	1
State Auditor - U. T. Austin Representative	1
Legislative Reference Library	1
System Administration	9
Chancellor	
Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Executive Assistant to the Chancellor	
Vice Chancellor for Asset Management	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions	15
Chief of Staff, Office of the Chancellor, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	43

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

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

PART TWO

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through October 8, 1993,
and editorial amendments through October 1993
have been issued with this cover sheet.)

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V.	Personnel	
Sec.	1. Classified Personnel.....	V-1
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	2.1 Leave for Military Duty.....	V-5
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VI.	Staff Benefits	
Sec.	1. Teacher Retirement System.....	VI-1
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	7. Social Security (Old Age and Survivors Insurance).....	VI-6
	8. Deferred Compensation Plan.....	VI-6
	9. U. S. Savings Bonds.....	VI-6
	10. Availability of Complete Benefit Descrip- tions.....	VI-6

- 2.2 Family and Medical Leave.
- 2.21 Any employee, whether faculty, classified, or administrative, may request and receive a leave of absence without pay for up to twelve weeks per year for family and medical reasons specified by the Family and Medical Leave Act of 1993 and accompanying regulations governing the Act, as set forth in approved institutional and System policies. Eligibility criteria are defined in the Act.
- 2.22 Upon expiration of the twelve weeks of leave taken pursuant to the Family and Medical Leave Act, an employee may be eligible for a leave of absence without pay pursuant to Part One, Chapter III, Section 16 of the Regents' Rules and Regulations.
- 2.3 Overtime.
- 2.31 The schedule of activities shall be so organized that employees are not required to work in excess of established work periods except when operating necessities demand it. Any overtime services actually required must have the advance written approval of the chief administrative officer or the chief business officer, or both.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Editorial Amendment
Issued October 1993

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 6 - 15).--Committee Chairman Loeffler reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 72 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 72 in the form distributed by the Executive Secretary. It is attached following Page 109 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: Amendments to (a) Part One, Chapter III, Section 16 (Leaves of Absence Without Pay) and (b) Part Two, Chapter V, Section 2, Subsection 2.2 (Medical Disability Leave).--Approval was given to amend the Regents' Rules and Regulations, Parts One and Two as set forth below:

- a. Part One, Chapter III, Section 16 regarding leaves of absence without pay was amended to read as follows:

Sec. 16. Leaves of Absence Without Pay.

- 16.1 With the interest of the institution being given first consideration and for good cause, leaves of absence without pay may be granted for a period within the term of appointment of a member of any faculty or staff.
- 16.2 The maximum period for which a leave of absence will be granted is the end of the fiscal year in which the leave begins. In the case of faculty, the date for return to duty will generally coincide with the beginning of the next semester, following the period of absence. In normal circumstances, leaves for up to one year will be granted liberally, provided the department so recommends and can supply satisfactory replacements. The first period of leave of absence may

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be approved, subject to the general conditions included herein, by the chief administrative officer. Requests for additional leave under this section must be submitted to the U. T. Board of Regents for approval.

- 16.3 Except in unusual circumstances, such as military service, reasons of health, continued graduate study, and public service or other activity that reflects credit on the institution and enhances an individual's ability to make subsequent contributions to the institution, a second consecutive year of leave will not be granted.
- 16.4 Except in very unusual circumstances a third consecutive leave of absence for one year will not be granted.
- 16.5 After a return to duty of one year, the leave-of-absence privilege will be available.
- 16.6 Unless otherwise provided by or authorized pursuant to law, all accumulated paid leave entitlement must be exhausted before a leave of absence without pay may be granted, with the additional provision that sick leave must be exhausted in those cases where the employee is eligible to take sick leave.
- 16.7 Upon expiration of Family and Medical Leave pursuant to these Rules and Regulations, an employee may be eligible for a leave of absence under this section. For leave of absence to participate in a political campaign, faculty development leave, parental leave, sick leave, leave for jury duty, leave for military duty, and leave related to on-the-job injuries, see other sections of these Rules and Regulations.

- b. Part Two, Chapter V, Section 2, Subsection 2.2 regarding medical disability leave was amended to read as follows:

2.2 Family and Medical Leave.

- 2.21 Any employee, whether faculty, classified, or administrative, may request and receive a leave of absence without pay for up to twelve weeks per year for family and medical reasons specified by the Family and Medical Leave Act of 1993 and accompanying regulations governing the Act, as set forth in approved institutional and System policies. Eligibility criteria are defined in the Act.

- 2.22 Upon expiration of the twelve weeks of leave taken pursuant to the Family and Medical Leave Act, an employee may be eligible for a leave of absence without pay pursuant to Part One, Chapter III, Section 16 of the Regents' Rules and Regulations.

The amendments to Part One concerning leaves of absence without pay are consistent with federal law and clarify the approval procedure for leaves without pay.

The federal Family and Medical Leave Act of 1993, which was enacted to be effective August 5, 1993, necessitates the amendments to Part Two of the Regents' Rules and Regulations.

3. U. T. Board of Regents: Adoption of Amendments to (a) the First Amended and Restated Master Resolution Establishing the Revenue Financing System and First Supplemental Resolution Establishing an Interim Financing Program and (b) the Guidelines Governing Administration of the Revenue Financing System, and Authorization for Appropriate Officials to Execute Documents Relating Thereto.--Committee Chairman Loeffler called upon Executive Vice Chancellor for Business Affairs Burck for a brief overview of the proposed changes to the Revenue Financing System program for The University of Texas System.

Following Mr. Burck's presentation and upon recommendation of the Business Affairs and Audit Committee, the Board:

- a. Adopted amendments to the Master Resolution and First Supplemental Resolution substantially in the form set out on Pages 10 - 15 to authorize the pledge of general tuition fees, increase the maximum amount of the interim financing program to \$150,000,000, and substitute self-liquidity in support of Revenue Financing System Variable Rate Notes in order to eliminate the requirement for a bank line of credit
- b. Adopted an amendment to the Guidelines Governing Administration of the Revenue Financing System by the addition of the following:

7. Projects authorized by the U. T. Board of Regents to be funded as provided in Section 55.172 of the Texas Education Code and Chapter 803, Seventy-Third Legislature, Regular Session, 1993, shall be funded under these Guidelines except for the provisions of Section 1 related to project and Member capacity. The General Tuition of each institution shall be allocated to debt service on these projects on a basis consistent with that institution's relative share of total U. T. System tuition, the amount of General Revenue appropriated to that institution in reimbursement thereof, and the provisions of the Texas Education Code.

IRRR - Part Two

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

*9/17
maile
JD*

DATE September 16, 1993

TO: Those Who Receive RRR Amendments (List Attached)

FROM: Art Dilly *AD*

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

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page iii	Page iii
Pages I-1 through I-3	Pages I-1 through I-3
Page II-3	Page II-3
Pages III-3 through III-4a	Pages III-3 through III-4a
Page V-2	Page V-2
Pages VII-5 and VII-6	Pages VII-5 and VII-6
Pages IX-1 through IX-7	Pages IX-1 through IX-10

The amendments approved at the August 12, 1993 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AD/lp

Enclosures

RULES AND REGULATIONS

OF THE

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

FOR THE GOVERNMENT OF

THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through August 12, 1993
have been issued with this cover sheet.)

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CHAPTER I

GENERAL

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

- 1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.
- 1.2 Recommendations to the Board for the acceptance of gifts showing details as to value, form, stipulations regarding use, and disbursement of funds shall be transmitted by the chief administrative officer through the appropriate Executive Vice Chancellor to the Chancellor.
- 1.3 Recommendations to the Board for the acceptance of gifts should be made in accordance with the provisions of the U. T. System Endowment Policy Guidelines, the U. T. System Planned Giving Policy Guidelines, and related Business Procedure Memoranda.
- 1.4 Gifts to Establish Endowments.
 - 1.41 All gifts to establish endowments of any nature shall be accepted by the Board via the Agenda after review and recommendation by the appropriate Executive Vice Chancellor and the Chancellor, including the Office of Asset Management, of the terms of the endowment and the nature of the donated assets. Gifts to an endowment previously established by the Board may be accepted by the chief administrative officer of a component institution after review and approval by the Office of Asset Management of the nature of the donated asset.
 - 1.42 Endowments will be established with gifts which have been completed for tax purposes or 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.

- 1.43 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.
- 1.5 Except as provided in other subsections of this Section, the authority to accept gifts to a component institution is delegated to the chief administrative officer when the gift is to a fund, foundation, or enterprise already approved by the Board or is a continuation of a series which has been previously approved by the Board. Each chief administrative officer, or a designee specified in writing, is empowered to accept cash gifts (except to establish endowments) to a component institution of the System in the amount of \$25,000 or less and gifts in kind (except from estates) having a value of \$25,000 or less, within the policies of the Board and Legislature governing the acceptability of gifts, and to deposit such gifts to the appropriate accounts. All gifts (except those described in Subsections 1.6 and 1.7 below) shall be reported by the dockets of each component institution as prescribed by the Board.
- 1.6 A quarterly report of all such gifts of \$25,000 or less showing name and address of donor, amount of cash gift or value of gift in kind, purpose, and date of the gift shall be filed with the Board via the System Development Office within thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$2,500 or less showing only total dollars and number of gifts.
- 1.7 The authority to accept specific cash bequests to a component institution of \$25,000 or less that are not to be used to fund an endowment is delegated to the chief administrative officer. These gifts must be

reported as specified in Subsections 1.5 and 1.6 above. All bequests that are not specific cash bequests (regardless of the value), are over \$25,000, or are to fund an endowment must be accepted by the Board via the Agenda.

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

- 1.4 Annuity and Life Income Funds.--Those funds acquired by the System subject to annuity contracts, living trust agreements, or gifts and bequests reserving life income to one or more beneficiaries. Such funds shall be administered by the Office of Asset Management of System Administration.
- 1.5 Plant Funds.
- 1.51 Unexpended Plant Funds.--Funds specified by the Board or by external sources for the acquisition, construction, or improvement of physical properties to be used for institutional purposes.
- 1.52 Renewals and Replacement Funds.--Funds specified by the Board or by external sources to be used for the renewal and replacement of plant fund assets. A regular source for such funds shall be the portion of indirect cost allowances represented by use charges on buildings, other improvements and equipment allocated to sponsored programs. (See also Part Two, Chapter XI, Section 7.)
- 1.53 Retirement of Indebtedness Funds.--Funds specified by the Board or by external sources to be set aside to meet debt service charges and the retirement of indebtedness on institutional plant assets.
- 1.54 Investment in Plant Funds.--Funds invested in physical properties to be used for institutional purposes.
- 1.6 Agency Funds.--Those funds received and held by the System as custodian or fiscal agent for others. Agency funds shall be expended in accordance with the limitations of the agency agreement.

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

Sec. 3. Deposits with the State Treasurer.

- 3.1 The statutes and the current Appropriations Act require that all cash receipts accruing to component institutions be deposited in the State Treasury, with the exception of those funds named in Section 51.008 of the Texas Education Code, including those funds from auxiliary enterprises, noninstructional services, agency, designated and restricted funds, endowment funds, trust funds, other gift funds, student loan funds, funds retained under Chapter 145 of the Texas Education Code, and Constitutional College Building Amendment Funds.
- 3.2 Cash receipts that are required to be deposited in the State Treasury shall be so deposited in the manner prescribed in the statutes and the current Appropriations Act.
- 3.3 Component institutions of the System are authorized by the current Appropriations Act to establish Revolving Funds under certain prescribed procedures to facilitate the payment of nominal expenses and to pay bills within cash discount periods, as well as for regular monthly payrolls, weekly, and special payrolls. Such Revolving Funds are authorized, subject to approval of the Director of the Office of Budget and Fiscal Policy.

Sec. 4. Local Institutional Funds.

- 4.1 All institutional funds not required to be deposited in the State Treasury must be deposited in official depository banks for safekeeping or invested as specified by law and by the applicable Rules and Regulations, Business Procedure Memoranda and Investment Policy Statements.
- 4.11 Funds held in demand deposits, time deposits, or non-negotiable certificates of deposit shall be deposited or invested only in banks with which the Board has a depository agreement. Depository and custody

agreements may be negotiated and executed by the Vice Chancellor for Asset Management when such depository agreements are in substantially the same form as a standard depository agreement approved by the Board or, for other agreements, in a form approved by the Office of General Counsel and are with banks meeting the then current policies of the Board. Each chief administrative officer and chief business officer of a component institution or the Executive Vice Chancellor for Business Affairs may negotiate and execute contracts for banking services with banks which have entered into a depository agreement with the Board if the contract has been approved by the Office of General Counsel and the Office of Business Affairs.

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

4.13 Operating funds, as defined by The University of Texas System Operating Funds Investment Policy, shall be invested in compliance with that investment policy statement. Operating funds held in bank common trust funds or money market funds shall be invested in funds approved by the Vice Chancellor for Asset Management based on, at a minimum, the criteria specified in The University of Texas System Operating Funds Investment Policy. The Vice Chancellor for Asset Management shall administer pooled investment funds for the investment of operating funds as authorized by the Board. The chief business officer of any component institution may add or withdraw operating funds of the component to or from (i) demand deposits, time deposits, or non-negotiable certificates of deposit as set forth in Subsection 4.11 of this Section, (ii) any common trust fund or money market fund approved by the Vice Chancellor for Asset Management or (iii) any investment pool

administered by the Office of Asset Management for the investment of such operating funds on any established addition or withdrawal date of the pool.

- 4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Such securities shall be delivered by the depository bank to an account in the name of the Board at a third-party depository(ies), bank(s) or trust company(ies) approved and contracted with by the Vice Chancellor for Asset Management. Local Funds shall be deposited in the depository banks or invested as soon as possible but in no event later than that provided by law. Demand deposits and time deposits will be maintained in accordance with the current policies of the Board.
- 4.3 The Board and the chief administrative officers may not, by law, borrow money from any person, firm, or corporation to be repaid from Local Funds except as specifically authorized by the Legislature.
- 4.4 Interest on Deposits and Investments.--As permitted by statute, interest received on local institutional funds shall be credited to appropriate accounts in either general funds or trust funds in relationship to the sources of balances, provided that disposition of such earning was not specified by the grantor. Interest received from Current Restricted Funds (Trust Funds) deposits and investments shall be subject to further appropriation or transfer by the Board for any lawful purpose.

Sec. 5. Vouchers for Expenditures.

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

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 A classified employee appointed to a part-time paid teaching rank shall be paid at the rate applicable to each position.
- 1.224 Salary ranges for each job classification shall be dependent upon the competitive labor market situation for each institution.

1.23 The Policies and Rules.

- 1.231 Each institution shall operate its Classified Personnel Program under a policy statement covering the appointment, compensation, and working conditions of classified employees.

Sec. 10. Disposition of Abandoned and Unclaimed Personal Property.-- Except as otherwise specified in Subsections 10.6, 10.7, and 10.8, abandoned and unclaimed personal property of every kind that is not being held as evidence to be used in a pending criminal case and remains in the custody of the Property Manager of any component institution for a period of sixty (60) days will be disposed of in the following manner:

- 10.1 The Property Manager designated by the chief administrative officer shall mail a notice to the last known address of the owner of such property by first-class certified mail, return receipt requested, if the owner is known. If the Property Manager determines that the value of the property exceeds the anticipated cost of storage and sale of the property and if no owner's address is known or if the last known owner does not respond to the notice mailed to his or her last known address, then the Property Manager shall cause to be published once in the campus student newspaper or once in a paper of general circulation in the county in which the institution is located a notice as described below. The mailed and published notices shall contain a description of the property held; the name of the owner, if known; the name, telephone number and address of the officer holding the property; and the location where the property can be inspected and redeemed. The published notice shall also state that the property, if unclaimed, will be sold at public sale and provide the date, time, and place of such sale.
- 10.2 All personal property that remains unclaimed at the expiration of sixty (60) days from the date of publication in a newspaper of the notice required by Subsection 10.1 shall be deemed to be abandoned and may be sold at the announced date.
- 10.3 The Property Manager shall sell the property that remains unclaimed to the highest bidder at the announced public sale. The Property Manager may decline the highest bid if he or she considers such bid insufficient and need not reoffer any property for sale, if, in his or her opinion, the probable cost of sale is in excess of the value of the property. All proceeds of the sale shall be deposited into a fund designated for this purpose.

- 10.4 Any person claiming an interest in any property presumed abandoned and sold under the provisions of this Section shall be allowed to file a claim to such property with the Property Manager on forms and through procedures prescribed by the Property Manager; upon approval of such claim by the Property Manager, the owner may recover the proceeds of such sale after deduction of the reasonable expense of storage and sale of such property.
- 10.5 Proceeds of sales that remain unclaimed may be used by the institution for student scholarships or other institutional purposes.
- 10.6 Vehicles that are abandoned and unclaimed will be disposed of in accordance with Article 4477-9a of Vernon's Texas Civil Statutes.
- 10.7 Drugs in the possession of any component institutional police department will be disposed of in the manner prescribed by Article 4476-14, Section 8, of the Texas Dangerous Drugs Act and by Article 4476-15, Section 5.08, of the Texas Controlled Substances Act.
- 10.8 The custody and disposition of property of tenants of dormitory rooms and other residential units of a component institution shall be in accordance with Subchapter C, Title 5, Sections 54.044 and 54.045 of the Texas Property Code.

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

Sec. 1. Authority Regarding Assets.

- 1.1 Subject to the more specific provisions of other sections of the Regents' Rules and Regulations or specific Regental policies, the authority to manage and invest assets of or held by the U. T. System shall be as set forth below.
- 1.2 All assets, regardless of the nature of the asset, received through a bequest or through a distribution from an account held in trust by others shall be managed by the Office of Asset Management until appropriate distribution may be made to the beneficiary institution or to an endowment fund, a fund functioning as an endowment, or a life income or annuity fund.
- 1.3 All assets of the Permanent University Fund, excluding the real property of the Permanent University Fund, shall be managed by the Office of Asset Management. Real property of the Permanent University Fund shall be managed by the Office of Business Affairs.
- 1.4 All assets, regardless of the nature of the asset, received for or held in an endowment fund (other than the Permanent University Fund), a fund functioning as an endowment, or a life income or annuity fund shall be managed by the Office of Asset Management until such funds terminate.
- 1.5 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:

- 1.51 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 institution.
 - 1.52 The Office of Asset Management shall invest the Medical Liability Self-Insurance Fund as set out in this Chapter.
- 1.6 Except as provided in Subsection 1.2 of this Section, assets which are not a part of the Permanent University Fund, an endowment fund, a fund functioning as an endowment, or a life income or annuity fund or consolidated System funds shall be managed as set forth below:
- 1.61 Real property used for campus lands shall be managed by the chief administrative officer of the component institution subject to review by the Office of Business Affairs prior to requesting Board approval to acquire the property. Otherwise, real property and notes secured by a deed of trust shall be managed by the Office of Asset Management.
 - 1.62 Tangible personal property shall be managed by the chief administrative officer of the component institution.
 - 1.63 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 the Office of Asset Management. Other intangible personal property shall be managed by the chief administrative officer of the component institution.

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.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, the Executive Director for Fixed Income Investments, and the Portfolio Managers are authorized to purchase, exchange, and sell any and all securities of any description whatever and from any source, including gifts and bequests, for and on behalf of the PUF or the Board. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents.
- 2.2 Authority to Transact Through Investment Dealers.-- Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with the applicable Investment Policy Statement.
- 2.3 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Director of the Office of Budget and Fiscal Policy may each assign and transfer any and all securities of any description whatever and 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 the Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

- 2.4 Authority to Execute Instruments Relating to Land and Mineral Interests.--The authority to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board is hereby authorized as follows:
- (i) Real Estate or Mineral Interests held as part of the PUF or campus lands:
 - The Chancellor or his or her delegate
 - The Executive Vice Chancellor for Business Affairs
 - (ii) Real Estate or Mineral Interests held as part of any endowment, trust, or other fund excluding the PUF and campus lands:
 - The Chancellor or his or her delegate
 - The Vice Chancellor for Asset Management
 - The Executive Director for Endowment Real Estate.

- 2.5 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Manager of Estates and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the PUF or the Board from investment transactions and bequests, from any person or persons, whatever, 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, and control and disposition of any bequest.
- 2.6 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, the Executive Director for Fixed Income Investments, the Executive Director for Endowment Management and Administration, and the Portfolio Managers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.
- 2.7 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

Sec. 3. Policy for Investment and Management of the PUF.

- 3.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.

- 3.2 Reports Regarding Asset Management.
 - 3.21 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board via the Docket.
 - 3.22 The investment performance of the PUF, as measured by an unaffiliated organization, shall be reported to the Regents' Asset Management Committee at least annually.
 - 3.23 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Asset Management Committee annually.
 - 3.24 The PUF's investment in U. S. companies with substantive investments or operations in South Africa will be reported to the Regents' Asset Management Committee semi-annually in combination with the status review of these firms' effective compliance with the spirit of the six key elements of the Sullivan Principles.
 - 3.25 All proxy votes on the social issue of investment and corporate conduct in South Africa will be reported to the Regents' Asset Management Committee.
- 3.3 The Chancellor, the Vice Chancellor for Asset Management, or the Executive Director for Fixed Income Investments are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.
- 3.4 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
 - 3.41 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Fixed Income Investments, or the Portfolio Managers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.

- 3.42 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at its discretion.
- 3.43 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Portfolio Managers or the Executive Director for Endowment Management and Administration determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or the Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Asset Management Committee. Voting on the issue of investments and corporate conduct in South Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.
- 3.5 Exchange of Bonds.--The Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Investments, and the Investment Officers are each authorized to exchange bonds owned, from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield.

Sec. 4. Policy for Investment and Management of Other U. T. Investment Pools.

- 4.1 The policies for the investment of funds for U. T. investment pools shall be those outlined in the applicable Investment Policy Statement.
- 4.2 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 other U. T. investment pools.
- 4.3 The Common Trust Fund shall be administered in a manner consistent with all provisions of the U. T. System Common Trust Fund Charter.
- 4.4 The Operating Funds Short/Intermediate Term Fund shall be administered in a manner consistent with all provisions of The University of Texas System Operating Funds Short/Intermediate Term Fund Information Memorandum.
- 4.5 The Medical Liability Self-Insurance Fund shall be administered in a manner consistent with all provisions of the Plan for Professional Medical Liability Self-Insurance.
- 4.6 Each pooled income fund established by U. T. shall be administered according to its trust indenture and applicable law.

Sec. 5. Policy for Investment and Management of Endowment and Trust Funds 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 Endowment 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 Common Trust Fund if the terms of the instrument by which the fund was

created or documents and instructions from the donor preclude investment through the Common Trust Fund. In addition, nonmarketable securities held by an endowment fund may be recorded as separately invested. All other endowment funds and funds functioning as endowments will be invested through the Common Trust Fund.

- 5.2 Trust funds and other life income accounts will be invested and administered consistent with the U. T. System Planned Giving Policy Guidelines, 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 3.22 shall be applied only when such funds are invested through a U. T. investment pool.

Sec. 6. Investment Advisory Committee.--The Chancellor and the Vice Chancellor for Asset Management shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings and at other times as appropriate on all of the major matters involving investments. The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor and the Vice Chancellor for Asset Management with respect to matters relating to the management of investments. The following rules shall apply to such Committee:

- 6.1 Membership.--Seven members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.
- 6.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.

- 6.3 Term of Office.--Each member shall serve a three-year term, with the terms of two (or three as applicable) members expiring each August 31. A member is eligible for reappointment to a consecutive three-year term but may not be reappointed thereafter without a three-year break in service.
- 6.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Vice Chancellor for Asset Management.

June 23, 1993

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Office of the Board of Regents	3
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State Auditor - U. T. Austin Representative	1
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System Administration	9
Chancellor	
Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Executive Assistant to the Chancellor	
Vice Chancellor for Asset Management	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions	15
Chief of Staff, Office of the Chancellor, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	43

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

June 23, 1993

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

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

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

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

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

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

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

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

Mr. W. C. Lancaster
Chief of Staff
Office of the Chancellor
The Texas A&M University System
College Station, Texas 77843-1117

IV. OTHER MATTERS

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1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter I, Section 1 (Gifts to The University of Texas System).--To ensure that Part Two, Chapter I of the Regents' Rules and Regulations is clearly consistent with current policies and procedures used for the processing of bequests by The University of Texas System, the Board, upon recommendation of the Asset Management Committee, amended the Regents' Rules and Regulations, Part Two, Chapter I, Section 1 regarding gifts to The University of Texas System to read as set forth below:

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

- 1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.
- 1.2 Recommendations to the Board for the acceptance of gifts showing details as to value, form, stipulations regarding use, and disbursement of funds shall be transmitted by the chief administrative officer through the appropriate Executive Vice Chancellor to the Chancellor.
- 1.3 Recommendations to the Board for the acceptance of gifts should be made in accordance with the provisions of the U. T. System Endowment Policy Guidelines, the U. T. System Planned Giving Policy Guidelines, and related Business Procedure Memoranda.
- 1.4 Gifts to Establish Endowments.
 - 1.41 All gifts to establish endowments of any nature shall be accepted by the Board via the Agenda after review and recommendation by the appropriate Executive Vice Chancellor and the Chancellor, including the Office of Asset Management, of the terms of the endowment and the nature of the donated assets. Gifts to an endowment previously established by the Board may be accepted by the chief administrative officer of a component institution after review and approval by the Office of Asset Management of the nature of the donated asset.
 - 1.42 Endowments will be established with gifts which have been completed for tax purposes or 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.

- 1.43 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.
- 1.5 Except as provided in other subsections of this Section, the authority to accept gifts to a component institution is delegated to the chief administrative officer when the gift is to a fund, foundation, or enterprise already approved by the Board or is a continuation of a series which has been previously approved by the Board. Each chief administrative officer, or a designee specified in writing, is empowered to accept cash gifts (except to establish endowments) to a component institution of the System in the amount of \$25,000 or less and gifts in kind (except from estates) having a value of \$25,000 or less, within the policies of the Board and Legislature governing the acceptability of gifts, and to deposit such gifts to the appropriate accounts. All gifts (except those described in Subsections 1.6 and 1.7 below) shall be reported by the dockets of each component institution as prescribed by the Board.
- 1.6 A quarterly report of all such gifts of \$25,000 or less showing name and address of donor, amount of cash gift or value of gift in kind, purpose, and date of the gift shall be filed with the Board via the System Development Office within thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$2,500 or less showing only total dollars and number of gifts.
- 1.7 The authority to accept specific cash bequests to a component institution of \$25,000 or less that are not to be used to fund an endowment is delegated to the chief administrative officer. These gifts must be reported as specified in Subsections 1.5 and 1.6 above. All bequests that are not specific cash bequests (regardless of the value), are over \$25,000, or are to fund an endowment must be accepted by the Board via the Agenda.
- 1.8 Except as provided in this Subsection and the preceding Subsections, no member of the staff of any institution has the authority to accept gifts to the System or to any of its component institutions. Gifts to the component institutions (except from estates) of books or other

objects of very small value and very obvious propriety, without conditions attached, may be accepted by individual members of the staffs provided these gifts are reported to the Board as specified in Subsections 1.5 or 1.6 as appropriate.

1.9 Due to the inefficiencies and high costs associated with separately tailoring investment management programs for gifts that are investment-restricted, notwithstanding any other provision of this Chapter, a gift subject to investment restrictions shall be referred for review and approval as specified in the U. T. System Endowment Policy Guidelines and the U. T. System Planned Giving Policy Guidelines.

1.(10) Neither the System nor any of its component institutions will accept a gift for the benefit of any designated student unless the donor is exempt from Federal Income Taxes as defined by the Commissioner of Internal Revenue.

1.(11) The acceptance of gifts of real property is prohibited without prior express approval of the Legislature except for establishing scholarships, professorships, or other trusts for educational purposes, provided that such property will not thereafter require legislative appropriations for operation, maintenance, repair, or construction of buildings (current Appropriations Act). Acceptance of all gifts of real estate shall be subject to the U. T. System Trust Fund Real Estate Policy Statement and the Environmental Review Policy for Acquisitions of Real Estate.

2. ~~U. T. System: Approval of Amendments to the U. T. System Planned Giving Policy Guidelines.--In an effort to extend the available review period of the Planned Giving Committee from one week to two weeks, reference the Environmental Review Policy for Acquisitions of Real Estate where appropriate, and to incorporate various minor editorial corrections, the Board amended The University of Texas System Planned Giving Policy Guidelines to read as set forth on Pages 134 - 143.~~

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7. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter II, Section 1, Subsection 1.5, Subdivision 1.53 (Retirement of Indebtedness Funds) and Chapter IX (Matters Relating to Investments, Trusts, and Lands).--Upon recommendation of the Asset Management Committee, the Board:

a. Amended Chapter II, Section 1, Subsection 1.5, Subdivision 1.53 (Retirement of Indebtedness Funds) to read as set forth below:

1.53 Retirement of Indebtedness Funds.--Funds specified by the Board or by external sources to be set aside to meet debt service charges and the retirement of indebtedness on institutional plant assets.

b. Amended Chapter IX (Matters Relating to Investments, Trusts, and Lands) to read as set forth below:

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

Sec. 1. Authority Regarding Assets.

- 1.1 Subject to the more specific provisions of other sections of the Regents' Rules and Regulations or specific Regental policies, the authority to manage and invest assets of or held by the U. T. System shall be as set forth below.
- 1.2 All assets, regardless of the nature of the asset, received through a bequest or through a distribution from an account held in trust by others shall be managed by the Office of Asset Management until appropriate distribution may be made to the beneficiary institution or to an endowment fund, a fund functioning as an endowment, or a life income or annuity fund.
- 1.3 All assets of the Permanent University Fund, excluding the real property of the Permanent University Fund, shall be managed by the Office of Asset Management. Real property of the Permanent University Fund shall be managed by the Office of Business Affairs.
- 1.4 All assets, regardless of the nature of the asset, received for or held in an endowment fund (other than the Permanent University Fund), a fund functioning as an endowment, or a life income or annuity fund shall be managed by the Office of Asset Management until such funds terminate.
- 1.5 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:

- 1.51 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 institution.
- 1.52 The Office of Asset Management shall invest the Medical Liability Self-Insurance Fund as set out in this Chapter.

1.6 Except as provided in Subsection 1.2 of this Section, assets which are not a part of the Permanent University Fund, an endowment fund, a fund functioning as an endowment, or a life income or annuity fund or consolidated System funds shall be managed as set forth below:

- 1.61 Real property used for campus lands shall be managed by the chief administrative officer of the component institution subject to review by the Office of Business Affairs prior to requesting Board approval to acquire the property. Otherwise, real property and notes secured by a deed of trust shall be managed by the Office of Asset Management.
- 1.62 Tangible personal property shall be managed by the chief administrative officer of the component institution.
- 1.63 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 the Office of Asset Management. Other intangible personal property shall be managed by the chief administrative officer of the component institution.

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.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, the Executive Director for Fixed Income Investments, and the Portfolio Managers are authorized to purchase, exchange, and sell any and all securities of any description whatever and from any source, including gifts and bequests, for and on behalf of the PUF or the Board. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents.

2.2 Authority to Transact Through Investment Dealers.--Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with the applicable Investment Policy Statement.

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

2.4 Authority to Execute Instruments Relating to Land and Mineral Interests.--The authority to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board is hereby authorized as follows:

(i) Real Estate or Mineral Interests held as part of the PUF or campus lands:

The Chancellor or his or her delegate
The Executive Vice Chancellor for Business Affairs

(ii) Real Estate or Mineral Interests held as part of any endowment, trust, or other fund excluding the PUF and campus lands:

The Chancellor or his or her delegate
The Vice Chancellor for Asset Management
The Executive Director for Endowment Real Estate.

- 2.5 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Manager of Estates and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the PUF or the Board from investment transactions and bequests, from any person or persons, whatever, 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, and control and disposition of any bequest.
- 2.6 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, the Executive Director for Fixed Income Investments, the Executive Director for Endowment Management and Administration, and the Portfolio Managers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.
- 2.7 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

Sec. 3. Policy for Investment and Management of the PUF.

- 3.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.
- 3.2 Reports Regarding Asset Management.
- 3.21 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board via the Docket.
- 3.22 The investment performance of the PUF, as measured by an unaffiliated organization, shall be reported to the Regents' Asset Management Committee at least annually.
- 3.23 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Asset Management Committee annually.

- 3.24 The PUF's investment in U. S. companies with substantive investments or operations in South Africa will be reported to the Regents' Asset Management Committee semiannually in combination with the status review of these firms' effective compliance with the spirit of the six key elements of the Sullivan Principles.
- 3.25 All proxy votes on the social issue of investment and corporate conduct in South Africa will be reported to the Regents' Asset Management Committee.
- 3.3 The Chancellor, the Vice Chancellor for Asset Management, or the Executive Director for Fixed Income Investments are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.
- 3.4 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 3.41 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Fixed Income Investments, or the Portfolio Managers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.
- 3.42 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at its discretion.
- 3.43 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Portfolio Managers or the Executive Director for Endowment Management and Administration determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or the Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Asset Management Committee. Voting on the issue of investments and corporate conduct in South

Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.

- 3.5 Exchange of Bonds.--The Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Investments, and the Investment Officers are each authorized to exchange bonds owned, from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield.

Sec. 4. Policy for Investment and Management of Other U. T. Investment Pools.

- 4.1 The policies for the investment of funds for U. T. investment pools shall be those outlined in the applicable Investment Policy Statement.
- 4.2 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 other U. T. investment pools.
- 4.3 The Common Trust Fund shall be administered in a manner consistent with all provisions of the U. T. System Common Trust Fund Charter.
- 4.4 The Operating Funds Short/Intermediate Term Fund shall be administered in a manner consistent with all provisions of The University of Texas System Operating Funds Short/Intermediate Term Fund Information Memorandum.
- 4.5 The Medical Liability Self-Insurance Fund shall be administered in a manner consistent with all provisions of the Plan for Professional Medical Liability Self-Insurance.
- 4.6 Each pooled income fund established by U. T. shall be administered according to its trust indenture and applicable law.

Sec. 5. Policy for Investment and Management of Endowment and Trust Funds 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 Endowment 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 Common Trust Fund if the terms of the instrument by which the fund was created or documents and instructions from the donor preclude investment through the Common Trust Fund. In addition, nonmarketable securities held by an endowment fund may be recorded as separately invested. All other endowment funds and funds functioning as endowments will be invested through the Common Trust Fund.

- 5.2 Trust funds and other life income accounts will be invested and administered consistent with the U. T. System Planned Giving Policy Guidelines, 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 3.22 shall be applied only when such funds are invested through a U. T. investment pool.

Sec. 6. Investment Advisory Committee.--The Chancellor and the Vice Chancellor for Asset Management shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings and at other times as appropriate on all of the major matters involving investments. The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor and the Vice Chancellor for Asset Management with respect to matters relating to the management of investments. The following rules shall apply to such Committee:

- 6.1 Membership.--Seven members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.
- 6.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.
- 6.3 Term of Office.--Each member shall serve a three-year term, with the terms of two (or three as applicable) members expiring each August 31. A member is eligible for reappointment to a consecutive three-year term but may not be reappointed thereafter without a three-year break in service.
- 6.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Vice Chancellor for Asset Management.

The amendment to Part Two, Chapter II, Section 1, Subsection 1.5, Subdivision 1.53 reflects the reassignment of the Office of Finance from the Office of Asset Management to the Office of Business Affairs.

The amendments to Part Two, Chapter IX address the assignment of management authority with respect to all assets, changes in titles and reporting relationships and the passage of S. B. 709 applying the Uniform Management of Institutional Funds Act to endowments of public higher education institutions.

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3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 3 (Deposits with the State Treasurer) and Section 4, Subsection 4.1 (Local Institutional Funds). --The Board, upon recommendation of the Asset Management Committee, amended the Regents' Rules and Regulations, Part Two, Chapter III as set forth below:

a. Section 3 was amended to read as follows:

Sec. 3. Deposits with the State Treasurer.

- 3.1 The statutes and the current Appropriations Act require that all cash receipts accruing to component institutions be deposited in the State Treasury, with the exception of those funds named in Section 51.008 of the Texas Education Code, including those funds from auxiliary enterprises, noninstructional services, agency, designated and restricted funds, endowment funds, trust funds, other gift funds, student loan funds, funds retained under Chapter 145 of the Texas Education Code, and Constitutional College Building Amendment Funds.
- 3.2 Cash receipts that are required to be deposited in the State Treasury shall be so deposited in the manner prescribed in the statutes and the current Appropriations Act.
- 3.3 Component institutions of the System are authorized by the current Appropriations Act to establish Revolving Funds under certain prescribed procedures to facilitate the payment of nominal expenses and to pay bills within cash discount periods, as well as for regular monthly payrolls, weekly, and special payrolls. Such Revolving Funds are authorized, subject to approval of the Director of the Office of Budget and Fiscal Policy.

b. Subsection 4.1 of Section 4 was amended to read as follows:

Sec. 4. Institutional Funds.

- 4.1 All institutional funds not required to be deposited in the State Treasury must be deposited in official depository banks for safekeeping or invested as specified by law and by the applicable Rules and Regulations, Business Procedure Memoranda and Investment Policy Statements.
- 4.11 Funds held in demand deposits, time deposits, or non-negotiable certificates of deposit shall be deposited or invested only in banks with which the Board has a depository agreement. Depository and custody agreements may be negotiated and executed by the Vice Chancellor for Asset Management when such depository agreements are in substantially the same form as a standard depository agreement approved by the Board or, for other agreements, in a form approved by the Office of General Counsel and are with banks meeting the then current policies of the Board. Each chief administrative officer and chief business officer of a

component institution or the Executive Vice Chancellor for Business Affairs may negotiate and execute contracts for banking services with banks which have entered into a depository agreement with the Board if the contract has been approved by the Office of General Counsel and the Office of Business Affairs.

- 4.12 Requests for documentation specifying staff authorized to sign checks or initiate funds movements, or changes thereto, for all bank accounts, bank common trust funds, or money market funds shall be approved by each institutional chief administrative officer and chief business officer with copies of the changes and/or authorization sent to the Director of the Office of Budget and Fiscal Policy.
- 4.13 Operating funds, as defined by The University of Texas System Operating Funds Investment Policy, shall be invested in compliance with that investment policy statement. Operating funds held in bank common trust funds or money market funds shall be invested in funds approved by the Vice Chancellor for Asset Management based on, at a minimum, the criteria specified in The University of Texas System Operating Funds Investment Policy. The Vice Chancellor for Asset Management shall administer pooled investment funds for the investment of operating funds as authorized by the Board. The chief business officer of any component institution may add or withdraw operating funds of the component to or from (i) demand deposits, time deposits, or non-negotiable certificates of deposit as set forth in Subsection 4.11 of this Section, (ii) any common trust fund or money market fund approved by the Vice Chancellor for Asset Management or (iii) any investment pool administered by the Office of Asset Management for the investment of such operating funds on any established addition or withdrawal date of the pool.

These amendments to the Regents' Rules and Regulations acknowledge that various types of funds are defined by Section 51.009 of the Texas Education Code as institutional funds and that various Regents' Rules and Regulations apply to the depositing, custody, and investing of each of these types of funds. The amendments reference a definition of "operating funds" set out in an amendment to The University of Texas System Operating Funds Investment Policy which defines "operating funds" to be a subset of institutional funds, which excludes the following funds:

- a. Endowment funds and funds functioning as endowments, trust funds, and agency funds administered by the Office of Asset Management
- b. Medical Liability Self-Insurance Fund authorized by Chapter 59 of the Texas Education Code administered by the Office of Asset Management

- c. Investment income related to endowment funds and funds functioning as endowments, trust funds, agency funds and the self-insurance fund in b. above as long as such income remains administered by the Office of Asset Management.

The amendments also describe the appropriate investment options for operating funds and conform the Regents' Rules and Regulations with the standard bank depository agreement by authorizing specified officers of components and The University of Texas System to execute contracts for banking services.

4. U. T. System: Approval of Amendments to The University of Texas System Institutional Funds Short/Intermediate Term Fund Information Memorandum.--Upon recommendation of the Asset Management Committee, the Board amended The University of Texas System Institutional Funds Short/Intermediate Term Fund Information Memorandum as follows:

- a. The word "operating" was substituted for the word "institutional" throughout the Information Memorandum
- b. The Performance Benchmark section of the Information Memorandum was amended as set forth on Page 147.

The University of Texas System Operating Funds Short/Intermediate Term Fund Information Memorandum, as amended through August 12, 1993, is set forth below in its entirety:

THE UNIVERSITY OF TEXAS SYSTEM
OPERATING FUNDS SHORT/INTERMEDIATE TERM FUND
INFORMATION MEMORANDUM

This Information Memorandum sets forth the terms governing the operation of the Fund.

PURPOSE

The purpose of the Fund is to provide a short/intermediate term pooled investment fund for operating funds currently held by U. T. System component institutions and System Administration.

BENEFITS

The Fund will provide convenient access to the yields and economies of scale generally associated with a pooled investment fund. Participation in the Fund by unitholders is expected to eliminate the investing, administrative and accounting burdens commonly incurred with direct ownership of securities. The benefits to unitholders are: (a) concentration of investment decisions with a single investment professional, (b) reduction in System-wide overhead costs associated with maintaining numerous investment managers at the component level, (c) elimination or reduction of fees for an external money market fund, (d) reduced minimum liquidity balances System-wide, (e) reduced overall administrative costs,

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 24 - 31).--In the absence of Committee Chairman Loeffler, Regent Smiley 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. 71 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 71 in the form distributed by the Executive Secretary. It is attached following Page 210 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: Authorization to Amend Chapter V, Section 1, Subsection 1.22 (The Pay Plan).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter V, Section 1, Subsection 1.22 (The Pay Plan) to read as set forth below:

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.

This revision eliminates graduated pay steps within the classified pay plan and allows salaries to be set anywhere within the designated salary range for each classification to provide greater flexibility in the administration of merit increases and entry-level salaries.

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ADVISOR
APPROVED

MINUTES
8/93

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VII, Section 10 (Disposition of Abandoned and Unclaimed Personal Property).-- Upon recommendation of the Business Affairs and Audit Committee, the Board amended the Regents' Rules and Regulations, Part Two, Chapter VII, Section 10 regarding disposition of abandoned and unclaimed personal property to read as set forth below:

Sec. 10. Disposition of Abandoned and Unclaimed Personal Property.--Except as otherwise specified in Subsections 10.6, 10.7, and 10.8, abandoned and unclaimed personal property of every kind that is not being held as evidence to be used in a pending criminal case and remains in the custody of the Property Manager of any component institution for a period of sixty (60) days will be disposed of in the following manner:

- 10.1 The Property Manager designated by the chief administrative officer shall mail a notice to the last known address of the owner of such property by first-class certified mail, return receipt requested, if the owner is known. If the Property Manager determines that the value of the property exceeds the anticipated cost of storage and sale of the property and if no owner's address is known or if the last known owner does not respond to the notice mailed to his or her last known address, then the Property Manager shall cause to be published once in the campus student newspaper or once in a paper of general circulation in the county in which the institution is located a notice as described below. The mailed and published notices shall contain a description of the property held; the name of the owner, if known; the name, telephone number and address of the officer holding the property; and the location where the property can be inspected and redeemed. The published notice shall also state that the property, if unclaimed, will be sold at public sale and provide the date, time, and place of such sale.
- 10.2 All personal property that remains unclaimed at the expiration of sixty (60) days from the date of publication in a newspaper of the notice required by Subsection 10.1 shall be deemed to be abandoned and may be sold at the announced date.

- 10.3 The Property Manager shall sell the property that remains unclaimed to the highest bidder at the announced public sale. The Property Manager may decline the highest bid if he or she considers such bid insufficient and need not reoffer any property for sale, if, in his or her opinion, the probable cost of sale is in excess of the value of the property. All proceeds of the sale shall be deposited into a fund designated for this purpose.
- 10.4 Any person claiming an interest in any property presumed abandoned and sold under the provisions of this Section shall be allowed to file a claim to such property with the Property Manager on forms and through procedures prescribed by the Property Manager; upon approval of such claim by the Property Manager, the owner may recover the proceeds of such sale after deduction of the reasonable expense of storage and sale of such property.
- 10.5 Proceeds of sales that remain unclaimed may be used by the institution for student scholarships or other institutional purposes.
- 10.6 Vehicles that are abandoned and unclaimed will be disposed of in accordance with Article 4477-9a of Vernon's Texas Civil Statutes.
- 10.7 Drugs in the possession of any component institutional police department will be disposed of in the manner prescribed by Article 4476-14, Section 8, of the Texas Dangerous Drugs Act and by Article 4476-15, Section 5.08, of the Texas Controlled Substances Act.
- 10.8 The custody and disposition of property of tenants of dormitory rooms and other residential units of a component institution shall be in accordance with Subchapter C, Title 5, Sections 54.044 and 54.045 of the Texas Property Code.

These amendments detail the proper disposition of sales proceeds based upon the specific type of property sold, allows institutions additional discretion in the disposal of personal items such as eye glasses, and brings this section of the Regents' Rules and Regulations into conformity with various state statutes.

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE June 30, 1993

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TO: Those Who Receive Copies of RRR Amendments (List Attached)

FROM: Art Dilly *AD*

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

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Pages II-6, II-6a, and II-7	Pages II-6 and II-7

The amendments approved at the June 10, 1993 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AD/lp
Enclosures

June 23, 1993

Distribution List for Official Copies of
Regents' Rules and Regulations

Board of Regents	9
Office of the Board of Regents	3
Executive Associate for Economic Affairs	1
Legislative Budget Board	1
Governor's Budget and Planning Office	1
Publications Clearing House	1
State Auditor - U. T. Austin Representative	1
Legislative Reference Library	1
System Administration	9
Chancellor	
Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Executive Assistant to the Chancellor	
Vice Chancellor for Asset Management	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
Chief Administrative Officers of Component Institutions	15
Chief of Staff, Office of the Chancellor, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	43

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

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

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

Mr. James P. Oliver
Director, Legislative Budget Board
Second Floor, Room 207A, Capitol
Austin, Texas 78711
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State Auditor's Office
The University of Texas at Austin
Main Building 2108
11400
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INTERAGENCY MAIL

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

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

Mr. W. C. Lancaster
Chief of Staff
Office of the Chancellor
The Texas A&M University System
College Station, Texas 77843-1117

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

PART TWO

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through June 10, 1993,
have been issued with this cover sheet.)

June 10, 1993

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.
- 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.

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

MINUTES
6-10-93

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter II, Section 4 (Reporting). --Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter II, Section 4 (Reporting) to read as set forth below:

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.
- 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.
- 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.

Executive Vice Chancellor for Business Affairs Burck noted that these amendments reflect the deletion of the Salary Payment Report which is no longer utilized by U. T. System Administration and establish a more limited distribution of the monthly financial reports.

T RR - Part Two 7
12/21 mailed

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE December 21, 1992

TO: Those Who Receive RRR Amendments (List Attached)
FROM: Art Dilly *AD*
SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

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

"A"	"B"
Cover Page	Cover Page
Page VIII-6	Page VIII-6

The amendments approved at the December 3, 1992 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AD/lp
Enclosures

October 21, 1992

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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Executive Vice Chancellor for Business Affairs	
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Vice Chancellor for Asset Management	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
* Executive and Research Assistant to the Chancellor (Boyd)	
Chief Administrative Officers of Component Institutions	16
Associate Deputy Chancellor, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	45

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

* Continue to send amendments through February 1, 1993

October 21, 1992

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

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

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

PART TWO

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(Substantive amendments through December 3, 1992,
have been issued with this cover sheet.)

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

Sec. 6. Professional Services.--Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$50,000 for projects previously approved for implementation in accordance with Section 4 or Subsection 5.2 above, on recommendation of the chief administrative officer and the chief business officer. Authorization for such services not previously approved for implementation in accordance with Section 4 or Subsection 5.2 above will require the approval of the Executive Vice Chancellor for Academic Affairs or Health Affairs, as appropriate, and the Executive Vice Chancellor for Business Affairs.

Sec. 7. Constitutional and Legislative Restrictions.

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

7.2 New construction projects not otherwise authorized by law, in excess of \$300,000 and all major repair and rehabilitation projects in excess of \$600,000, must be approved by the Texas Higher Education Coordinating Board. Format for submission will be as prescribed by the Coordinating Board. Submission will be prepared by the component institution, in consultation with and assisted by the Office of Facilities Planning and Construction, if necessary, and forwarded to System Administration for review, approval and handling of submission. It is the objective to submit the necessary documents to the Coordinating Board when the project scope and estimated cost are sufficiently defined to meet the Texas Higher Education Coordinating Board's requirements for approval. Normally, submission will be made when the U. T. Board approves preliminary plans and specifications and the related cost estimate.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 8 - 75).--Committee Chairman Loeffler reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 67 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 67 in the form distributed by the Executive Secretary. It is attached following Page 147 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

- MINUTES
12/3/92
2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VIII, Section 6 (Professional Services).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 6 (Professional Services) to read as set forth below:

Sec. 6. Professional Services.--Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$50,000 for projects previously approved for implementation in accordance with Section 4 or Subsection 5.2 above, on recommendation of the chief administrative officer and the chief business officer. Authorization for such services not previously approved for implementation in accordance with Section 4 or Subsection 5.2 above will require the approval of the Executive Vice Chancellor for Academic Affairs or Health Affairs, as appropriate, and the Executive Vice Chancellor for Business Affairs.

Committee Chairman Loeffler noted that he had visited informally with Chairman Beecherl and members of the Board about the selection of architects and engineers for construction projects within The University of Texas System and reported that the Business Affairs and Audit Committee will be working with appropriate individuals in the U. T. System Administration and component institutions to review the System's use of outside professional service contracts (law firms, accounting firms, architects, engineers, etc.) to have more insight into who the

Board is hiring, what the costs are, etc. Mr. Loeffler indicated that the Business Affairs and Audit Committee would be moving forward with this review after the first of the year.

3. U. T. Board of Regents: Authorization for the Reduction of the \$150 Million Amended and Restated Credit Agreement Related to The University of Texas System Permanent University Fund Variable Rate Notes, Series A, Dated December 7, 1989 and Amended October 11, 1991, with Morgan Guaranty Trust Company of New York, New York, and Authorization for the Executive Vice Chancellor for Business Affairs to Complete the Transactions.--The Board, upon recommendation of the Business Affairs and Audit Committee:
- a. Authorized the reduction of the \$150 million Amended and Restated Credit Agreement related to The University of Texas System Permanent University Fund Variable Rate Notes, Series A, dated December 7, 1989 and amended October 11, 1991, with Morgan Guaranty Trust Company of New York, New York, to zero
 - b. Authorized the Executive Vice Chancellor for Business Affairs of the U. T. System to take any and all steps necessary to carry out the intentions of the U. T. Board of Regents to complete the transactions.

On October 11, 1991, the U. T. Board of Regents authorized the reduction of the Amended and Restated Credit Agreement ("Credit Agreement") related to the U. T. System Permanent University Fund Variable Rate Notes, Series A, dated December 7, 1989, with Morgan Guaranty Trust Company of New York, New York, to an amount of \$150 million. The Credit Agreement provides a backstop liquidity facility for the Permanent University Fund Variable Rate Notes, Series A, at a cost of .08% or .125% depending on the amount of Notes outstanding. Currently, there are no such Notes outstanding, and no further Notes are expected to be issued during the current fiscal year. A new variable rate debt is projected for Fiscal Year 1994. Prior to issuance, arrangements will be negotiated so that sufficient liquidity is available. Both self-liquidity and a renewed credit agreement will be considered. Early in 1993, the arrangement will be discussed with the rating agencies to ensure that the rating of the Notes will be maintained with the use of either arrangement.

4. U. T. Board of Regents: Approval to Restructure the Permanent University Fund Refunding Bonds, Series 1992A Escrow Account; Appointment of Vinson & Elkins, Austin, Texas, as Bond Counsel, and Ernst & Young, Tucson, Arizona, as Escrow Verification Agent; and Authorization for the Executive Vice Chancellor for Business Affairs to Complete All Transactions.--At the request of Committee Chairman Loeffler, Executive Vice Chancellor for Business Affairs Burck reviewed the recommendations related to the proposed restructuring of the Permanent University Fund Refunding Bonds, Series 1992A Escrow Account.

THE UNIVERSITY OF TEXAS SYSTEM

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

27

MEMORANDUM

DATE October 26, 1992

TO: Those Who Receive R&R Amendments (List Attached)
FROM: Art Dilly *AD*
SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page IV-3	Page IV-3
Page V-2	Page V-2
Pages IX-2, IX-6, and IX-7	Pages IX-2, IX-6, and IX-7

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

AD/lp
Enclosures

October 21, 1992

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Regents' Rules and Regulations

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Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Business Affairs	
Executive Assistant to the Chancellor	
Vice Chancellor for Asset Management	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
* Executive and Research Assistant to the Chancellor (Boyd)	
Chief Administrative Officers of Component Institutions	16
Associate Deputy Chancellor, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	45

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

* Continue to send amendments through February 1, 1993

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(NOTE: Send only when there are
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Mr. W. C. Lancaster
Associate Deputy Chancellor
The Texas A&M University System
College Station, Texas 77843-1117

RULES AND REGULATIONS
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THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

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have been issued with this cover sheet)

Sec. 5. Purchasing Procedures.

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

Sec. 6. Space Leases.

- 6.1 Space leases involving buildings paid from general revenue appropriations must, by law, be approved by the General Services Commission and may not extend beyond a ten-year period.
- 6.2 Proposals for space leases require the approval of the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs, as appropriate, and of the Executive Vice Chancellor for Business Affairs. The proposal must show type of space and purpose of its use, approximate number of square feet, location, whether janitor service and/or utilities will be furnished by the lessor, period of lease, and any other requirements set out by the above cited System Administration officials or the General Services Commission.
- 6.3 Leases should be entered in the name of the Board of Regents of The University of Texas System on behalf of The University of Texas (component) and may be executed by the chief administrative officer or chief business officer. A proposal shall be approved and the lease should be completed prior to occupancy of any space for office, storage, or other purposes. Lease documents are to be submitted to the Board through the institutional docket procedures following approval by the Executive Vice Chancellor for Business Affairs.

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 A uniform system of salary steps providing for an increase of approximately 1.7 percent, to the nearest dollar, above each preceding step shall be used for all pay plans. All salaries shall be on salary steps or a fractional part thereof.
- 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 A classified employee appointed to a part-time paid teaching rank shall be paid at the rate applicable to each position.
- 1.224 Salary ranges for each job classification shall be dependent upon the competitive labor market situation for each institution.

1.23 The Policies and Rules.

- 1.231 Each institution shall operate its Classified Personnel Program under a policy statement covering the appointment, compensation, and working conditions of classified employees.

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

- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his or her delegate, and the Executive Vice Chancellor for Business Affairs are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.
- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Manager of Estates and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.
- 1.5 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, the Executive Director for Investments, the Executive Director for Endowment Management and Administration, and the Investment Officers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

Editorial Amendment
Issued October 1992

3.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to trust and special funds except that Subsection 2.32 shall be applied only when appropriate comparisons and significant amounts are involved.

3.3 Trust funds will be managed separately and not commingled with the Common Trust Fund if the terms of the instrument by which the fund was created or documents and instructions from the donor preclude investment through the Common Trust Fund. In addition, nonmarketable securities held by a trust fund may be recorded as separately invested. All other endowment funds will be invested through the Common Trust Fund.

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

4.1 The policies for the investment of funds for the Common Trust Fund shall be those outlined in The Common Trust Fund Investment Policy Statement.

4.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to the Common Trust Fund.

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

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

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

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

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

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

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 11 - 99).--Committee Chairman Loeffler reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 66 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 66 in the form distributed by the Executive Secretary. It is attached following Page 241 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 IV, Section 6 (Space Leases).--To facilitate potential streamlining of the approval process and specify that space lease agreements be in the name of the U. T. Board of Regents, the Board amended the Regents' Rules and Regulations, Part Two, Chapter IV, Section 6 regarding space leases to read as set forth below:

Sec. 6. Space Leases.

- 6.1 Space leases involving buildings paid from general revenue appropriations must, by law, be approved by the General Services Commission and may not extend beyond a ten-year period.
- 6.2 Proposals for space leases require the approval of the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs, as appropriate, and of the Executive Vice Chancellor for Business Affairs. The proposal must show type of space and purpose of its use, approximate number of square feet, location, whether janitor service and/or utilities will be furnished by the lessor, period of lease, and any other requirements set out by the above cited System Administration officials or the General Services Commission.

MINUTES
10-92

6.3 Leases should be entered in the name of the Board of Regents of The University of Texas System on behalf of The University of Texas (component) and may be executed by the chief administrative officer or chief business officer. A proposal shall be approved and the lease should be completed prior to occupancy of any space for office, storage, or other purposes. Lease documents are to be submitted to the Board through the institutional docket procedures following approval by the Executive Vice Chancellor for Business Affairs.

MINUTES
10-92

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two; Amendments to Chapter V, Section 1, Subsection 1.22 (Classified Personnel).--In order to allow greater flexibility in the administration of merit increases and entry level salaries under the classified pay plan for The University of Texas System, the Board amended the Regents' Rules and Regulations, Part Two, Chapter V, Section 1, Subsection 1.22 to read as set forth below:

1.22 The Pay Plan.

1.221 A uniform system of salary steps providing for an increase of approximately 1.7 percent, to the nearest dollar, above each preceding step shall be used for all pay plans. All salaries shall be on salary steps or a fractional part thereof.

4. U. T. Board of Regents: Adoption of Resolution Approving and Authorizing the Issuance of Board of Regents of The University of Texas System General Tuition Revenue Refunding Bonds, New Series 1992, in an Amount Not to Exceed \$42,000,000; Authorization for Sale of the Bonds to PaineWebber Incorporated, New York, New York; Appointment of Ameritrust Texas, N. A., Austin, Texas, as Escrow Agent; McCall, Parkhurst & Horton, Dallas, Texas, and Lannen & Mové, Dallas, Texas, as Co-Bond Counsel; Texas Treasury, Austin, Texas, as Paying Agent; and Ernst & Young, Tucson, Arizona, as Escrow Verification Agent; and Authorization for Officers of U. T. System to Complete All Transactions.--Upon request of Committee Chairman Loeffler, Executive Vice Chancellor for Business Affairs Burck reported that the Board of Regents of The University of Texas General Tuition Revenue Refunding Bonds, Series 1986, issued in June 1986 currently have a \$60,765,000 principal outstanding with a final maturity of August 15, 2002. With the recommended refunding, the Series 1986 bonds scheduled to mature in 1998 - 2002 would be called on August 15, 1996, at a call price of 102%, with the option to also refund the bonds scheduled to mature in 1997 if additional savings could be realized. Mr. Burck noted that with tax exempt interest rates at a historical low, this refunding would result in annual debt service savings in excess of 3% of the refunded bonds.

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Pages 3 - 10).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Beecherl reported to the Board for ratification and approval all actions taken by the Executive Committee since the last meeting. Unless otherwise indicated, the recommendations of the Executive Committee were in all things approved as set forth below:

MINUTES
10-92

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter IX, Section 5 (Investment Advisory Committee) and Appointment of Ms. Carol Lott, Tyler, Texas, and Ms. Barbara Sublett Guthery, Austin, Texas, to Investment Advisory Committee (Exec. Com. Letter 92-19).--In order to provide the Investment Advisory Committee for The University of Texas System with a broader representation of investment backgrounds, the Board, upon recommendation of the Executive Committee, amended the Regents' Rules and Regulations, Part Two, Chapter IX, Section 5 (Investment Advisory Committee) to read as set forth below:

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

- 5.1 Membership.--Seven members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.
- 5.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.
- 5.3 Term of Office.--Each member shall serve a three-year term, with the terms of two (or three as applicable) members expiring each August 31. A member is eligible for reappointment to a consecutive three-year term but may not be reappointed thereafter without a three-year break in service.
- 5.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Vice Chancellor for Asset Management.

Further, as a result of this amendment to the Regents' Rules and Regulations, the Board approved the following appointments to the Investment Advisory Committee:

- a. Ms. Carol Lott, Investment Executive with PaineWebber, Tyler, Texas, to a three-year term from September 1, 1992 to August 31, 1995
- b. Ms. Barbara Sublett Guthery, Vice President - Investments with Prudential Securities, Inc., Austin, Texas, to an unexpired term to expire August 31, 1994.

With these appointments, the membership of the Investment Advisory Committee will be as follows:

<u>Member</u>	<u>Term Expires</u>
L. Lowry Mays	8/31/93
Michael J. C. Roth	8/31/93
Barbara Sublett Guthery	8/31/94
J. Luther King, Jr.	8/31/94
Carol Lott	8/31/95
Monroe M. Luther	8/31/95
Robert E. Wise	8/31/95

In response to Regent Holmes' inquiry as to whether there were any African-Americans or other minorities on the Investment Advisory Committee, Chancellor Cunningham reported that there were no African-Americans on this Committee at this stage, but The University of Texas System is working to diversify the Committee and to ensure that ethnic minorities are considered in the future.

Regent Rapoport pointed out that the Asset Management Committee had considered one African-American female, but since she was an employee of the Governor's Office, it was determined that it would be inappropriate to have a member of that staff serve on the Investment Advisory Committee.

2. U. T. System: Authorization for Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 92-19). --The Executive Committee recommended and the Board approved the following transfer of funds in FY 1993 Educational and General Budgets for The University of Texas System component institutions and The University of Texas System Administration:

Educational and General Funds

Amount of Transfer - \$7,416,695

From: General Revenue - Transfer from State Comptroller for 1% across-the-board salary increase in accordance with House Bill 1, Article V, Section 146	\$7,207,829
Available University Funds	132,507
Texas Southmost College Contract	<u>76,359</u>
Total	<u>\$7,416,695</u>



THE UNIVERSITY OF TEXAS SYSTEM

8/30/92

MEMORANDUM

REFERRED TO Art Dilly

BOARD OF REGENTS
RECEIVED
PLEASE RETURN 1992
PER YOUR REQUEST
TO THE SYSTEM
FOR HANDLING

- PER OUR CONVERSATION
- FOR YOUR INFORMATION
- FOR YOUR APPROVAL
- FOR YOUR SIGNATURE
- FOR YOUR COMMENTS
- FOR DISCUSSION

- FOR DISTRIBUTION
- NO NEED TO RETURN
- FOR YOUR FILE

REMARKS.

Art,
you are correct - this
should be changed.
Many thanks,

SIGNATURE DAN DATE _____

THE UNIVERSITY OF TEXAS SYSTEM

Office of the Board of Regents
Box N - Austin, Texas 78713-7328 (512) 499-4402

REC'D BY SYSTEM

AUG 28 1992

Aug 28, 1992

Dean Lane - BUSINESS AFFAIRS

At your convenience, please look at the attached # 1.3 (from RRR, Part Two, Chapter IX). I believe the signing authority should include the EVC for BA rather than VC for AM - given your responsibility for RUF land and mineral interests.

Let me know if you agree - I will probably handle as an editorial change - since it follows from an earlier substantive change of responsibility approved earlier by the Board.

Thanks,

Art

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

- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his or her delegate, and the ~~Vice Chancellor for Asset Management~~ ^{BUSINESS AFFAIRS} are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.
- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Vice Chancellor for Asset Management, the Executive Director for Endowment Management and Administration, and the Manager of Estates and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.
- 1.5 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--The Chancellor, or his or her delegate, the Vice Chancellor for Asset Management, the Executive Director for Investments, the Executive Director for Endowment Management and Administration, and the Investment Officers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

Editorial Amendment
Issued May 1992