

I R.R. 10/10/86

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE May 15, 1986

TO: *Those who receive R.R.*

FROM: Arthur H. Dilly *AHD*

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

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

<u>"A"</u>
Cover Page
Page iii
Pages IX-1 through IX-8

<u>"B"</u>
Cover Page
Page iii
Pages IX-1 through IX-6

The amendments approved at the April 10-11, 1986 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

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Enclosures

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Three copies of each of the revised pages are enclosed: one for your office, one for the Legislative Budget Board, and one for the Governor.

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Enclosures (3 sets)

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

PART TWO

Reissued as of September 1, 1982
(with Amendments to April 10, 1986)

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CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

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

- 1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute all related state government documents. In addition, unaffiliated investment managers appointed by the Board of Regents may purchase, sell, or exchange securities from funds designated from the PUF and the Common Trust Fund in accordance with such manager's contracts.

- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his delegate, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments and Trusts, the Comptroller and Associate Comptroller, and the Trust Officer may each assign and transfer any and all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by the Executive Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

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

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

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

- 2.4 The Chancellor, the Executive Vice Chancellor for Asset Management, or the Executive Director for Investments and Trusts are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.
- 2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 2.51 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments and Trusts, or the Investment Officers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.
- 2.52 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at its discretion.
- 2.53 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Executive Director for Investments and Trusts determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or the Executive Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Land and Investment Committee. Voting on the issue of investments and corporate conduct in South Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.
- 2.6 Exchange of Bonds.--The Chancellor, the Executive Vice Chancellor for Asset Management, the Executive Director for Investments and Trusts, and the Investment Officers are each authorized to exchange bonds owned, from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash

adjustments involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield.

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

- 3.1 Investments Authorized for Purchase.--Unless otherwise limited by the terms of the instrument by which the fund was created, trust and special funds under the control of the Board shall be invested and reinvested in such securities and investments as are permitted by the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) as legal investments for funds held by trustees.
- 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, non-marketable securities held by a trust fund may be recorded as separately invested. All other endowment funds will be invested through the Common Trust Fund.

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

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

- Sec. 5. Investment Advisory Committee.--The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts with respect to matters relating to the management of investments. The following rules shall apply to such Committee:
- 5.1 Membership.--Six members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.
 - 5.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.
 - 5.3 Term of Office.--Each member shall serve a three-year term, with the terms of two members expiring each August 31. A member is eligible for reappointment to a consecutive three-year term, but may not be reappointed thereafter without a three-year break in service.
 - 5.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Executive Vice Chancellor for Asset Management.
- Sec. 6. Investment Transactions.--Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with the Permanent University Fund and the Common Trust Fund Investment Policy Statements.

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

MEMORANDUM

DATE March 4, 1986

TO: Dr. Kenneth H. Ashworth
FROM: Arthur H. Dilly *AH*
SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Pages V-11 and V-13	Pages V-11 and V-13

The amendments approved at the February 13-14, 1986 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

Three copies of each of the revised pages are enclosed: one for your office, one for the Legislative Budget Board, and one for the Governor.

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Enclosures (3 sets)

I would like to
see the
list of
pages

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March 1985

Distribution List of Official Copies of
Regents' Rules and Regulations

Board of Regents & Office of Board of Regents	12
Executive Associate for Economic Affairs	1
Coordinating Board, Texas College and University System	1
Legislative Budget Board	1
Office of the Governor	1
Publications Clearing House	1
State Auditor & U. T. Austin Representative	2
Legislative Reference Librarian	1
System Administration	10
Chancellor	
Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Asset Management	
Executive Assistant to the Chancellor	
Executive Director for Finance and Administration	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
Special Counsel - Finance	
Chief Administrative Officers, Component Institutions	14
Vice Chancellor for Budgets & Human Resources, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	45

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2.431 Patent Committees: To help administer the intellectual property policy at each component institution and to make recommendations to chief administrative officers for further referral to the Office of the Chancellor and the Board (in those cases when action by the Office of the Chancellor and/or the Board is required), Institutional Patent Committees shall be established as directed by the Office of the Chancellor. Each institution at its option may use the term "Intellectual Property Committee" in lieu of "Patent Committee."

2.432 System Intellectual Property Office: To assist the Institutional Patent Committees to provide advice to individual faculty and staff members in intellectual property matters and to coordinate details in respect to procedures for protecting and marketing intellectual property, a System Intellectual Property Office shall be established.

2.44 Classification of Discoveries by Source of Research Support.

2.441 The intellectual property is unrelated to the individual's employment responsibility, has been developed as a result of the individual's efforts on his or her own time, with no System support or use of System's facilities.

2.442 The intellectual property is related to the individual's employment responsibility, or has resulted either from activities performed by the individual on System time, or with support by State funds, or from using System facilities.

- 2.452 Intellectual property either related to the individual's employment responsibility, or resulting from activities performed on System time, or with support by State funds, or from using System facilities. (See 2.442.)
- 2.4521 Before publishing, a creator of intellectual property that the creator believes may be patentable and which (a) relates to the individual's employment responsibility, or (b) results from activities done on System time, or (c) is created with support by State funds, or (d) is created using System facilities, shall be submitted to the Institutional Patent Committee for determination of the System's interest. In those instances, however, where delay would jeopardize obtaining the appropriate protection for the property, the creator may, with the approval of the Chairman of the Institutional Patent Committee and the chief administrative officer, file a patent application or take other steps to obtain available protection prior to the Committee and administrative review provided in the following two subsections. If the request is granted, the creator may proceed with the filing of a patent application or other available protective measures pending the determination of the System's interest; provided, however, that the creator shall be reimbursed for expenses in filing the patent application or taking other steps to obtain protection if the decision of the System is to assert and exploit its interests. The Chairman of the Institutional Patent Committee shall notify the System Intellectual Property Office of any such application.

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TO: Those on Distribution List

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- 2.32 With the exception of professional medical personnel and bona fide executive, administrative, and professional positions, regular, full-time employees required to work in excess of forty hours per week shall be compensated for such overtime either:
- 2.321 By receiving equivalent time off during the same biennium in which the overtime was accrued. If possible, the equivalent time off should be granted within the same pay period in which the overtime was accrued; 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.
- 2.4 Intellectual Property Policy.
- 2.41 Statement of Basic Philosophy and Objectives.-- While the discovery of patentable processes or inventions and the creation of other intellectual property is not the primary objective of the System, for any such discoveries or creations, it is the objective of the Board to provide an intellectual property policy which will encourage the development of inventions and other intellectual creations for the best interest of the public, the creator, and the research sponsor, if any, and that will permit the timely protection and disclosure of such intellectual property whether by development

and commercialization after securing available protection for the creation, by publication or both. The policy is further intended to protect the respective interest of all concerned by ensuring that the benefits of such property accrue to the public, to the inventor, to the System and to sponsors of specific research in varying degrees of protection, monetary return and recognition, as circumstances justify or require.

2.411 Each component institution may develop in its Handbook of Operating Procedures additional policies and rules covering the subject matter of this section not inconsistent with this section or other policies or procedures adopted by the Board.

2.42 General Policy.

2.421 The intellectual property policy as adopted shall apply to all persons employed by the component institutions of the System, to anyone using System facilities under the supervision of System personnel, and to postdoctoral and predoctoral fellows.

2.422 This policy shall apply to intellectual property creations of all types, regardless of whether patentable, except for faculty or staff authored written work that is not produced either as work for hire or as a part of the regular work responsibilities of the author.

2.423 It is the intent of this policy to permit the creator of intellectual property maximum freedom in respect to their creations, consistent with their obligations to the System. Any person

affected by this policy who as a result of his or her activities creates intellectual property other than on certain government or other sponsored research projects, where individual grant agreements provide otherwise, should have a major role in the ultimate determination of how it is to be made public -- by publication, by development and commercialization after securing available protection for the creation, or both.

- 2.424 Property rights in intellectual property will be based on the degree of System support, as hereinafter specified.
- 2.425 The System, with the cooperation of the component institution, will provide review and management services for patentable inventions as well as other intellectual property either by its own staff, through a related foundation, or by other means.
- 2.426 It is a basic policy of the System that intellectual property be developed primarily to serve the public interest. This objective usually will require development and commercialization by nonexclusive licensing but the public interest may best be promoted by the granting of a limited exclusive license or even an exclusive license for the period of the patent. These determinations will be recommended and made in accordance with the administrative procedures hereinafter set out and with the approval of the Board.

- 2.43 Institutional Patent Committees and System Intellectual Property Office.

- 2.431 Patent Committees: To help administer the intellectual property policy at each component institution and to make recommendations to chief administrative officers for further referral to the Office of the Chancellor and the Board (in those cases when action by the Office of the Chancellor and/or the Board is required), Institutional Patent Committees shall be established as directed by the Office of the Chancellor. Each institution at its option may use the term "Intellectual Property Committee" in lieu of "Patent Committee."
- 2.432 System Intellectual Property Office: To assist the Institutional Patent Committees to provide advice to individual faculty and staff members in intellectual property matters and to coordinate details in respect to procedures for protecting and marketing intellectual property, a System Intellectual Property Office shall be established.
- 2.44 Classification of Discoveries by Source of Research Support.
- 2.441 The intellectual property is unrelated to the individual's employment responsibility, has been developed as a result of the individual's efforts on his or her own time, with no System support or use of System's facilities.
- 2.442 The intellectual property is related to the individual's employment responsibility, has resulted from activities performed by the individual on System time, with support by State funds, or using System facilities.

2.443 The intellectual property has resulted from research supported by a grant or contract with the Federal Government or an agency thereof, a nonprofit or for profit nongovernmental entity or by a private gift to the System.

2.45 Property Rights and Obligations.

2.451 Intellectual property unrelated to the individual's employment responsibility that is developed on an individual's own time and without System support or use of System facilities (see 2.441) is the exclusive property of the creator, and the System has no interest in any such property and no claim to any profits resulting therefrom. Should the creator choose to offer the creation to the System, the Institutional Patent Committee shall recommend as to whether the System should support and finance a patent application or other available protective measures and manage the development and commercialization of the property. If the creator makes the offer after obtaining a patent or other protection, the Institutional Patent Committee shall recommend as to whether the System should reimburse the creator for expenses in obtaining such protection. If the Patent Committee recommends and the creation is accepted for management by the System, the procedures to be followed and the rights of the parties shall be those set out in Subsection 2.4523 following.

- 2.452 Intellectual property related to the individual's employment responsibility, resulting from activities performed on System time, with support by State funds, or using System facilities. (See 2.442.)
- 2.4521 Before publishing, a creator of intellectual property that (a) relates to the individual's employment responsibility, (b) results from activities done on System time, (c) is created with support by State funds, or (d) is created using System facilities, shall submit such creations to the Institutional Patent Committee for determination of the System's interest. In those instances, however, where delay would jeopardize obtaining the appropriate protection for the property, the creator may, with the approval of the Chairman of the Institutional Patent Committee and the chief administrative officer, file a patent application or take other steps to obtain available protection prior to the Committee and administrative review provided in the following two subsections. If the request is granted, the creator may proceed with the filing of a patent application or other available protective measures pending the determination of the System's interest; provided, however, that the creator shall be reimbursed for expenses in filing the patent application or taking other steps to obtain protection if the decision of the System is to assert and exploit its interests. The Chairman of the Institutional Patent Committee shall notify the System Intellectual Property Office of any such application.

- 2.4522 If the Institutional Patent Committee recommends that the System not assert and exploit its interest, and that recommendation is approved by the System Intellectual Property Office and the Office of the Chancellor, the creator shall be notified within ninety (90) days of the date of submission that he or she is free to obtain and exploit a patent or other intellectual property in his or her own right and the System shall not have any further rights, obligations or duties thereto. (In some instances, the Committee may elect to impose certain limitations or obligations, dependent upon the degree of System support.)
- 2.4523 If the System decides to patent or seek other available protection for intellectual property in which it decides to assert and exploit its interest, it shall proceed either through its own efforts or those of an appropriate private firm or attorney to obtain protection and manage the intellectual property. Under appropriate circumstances, and with the consent of the General Counsel and the approval of the Attorney General, component institutions may arrange to have services to obtain protection for intellectual property performed by a local outside attorney on a case-by-case basis. It shall be mandatory for all employees, academic and nonacademic, to assign the rights to intellectual property and patents to the Board when such creations fall within Section 2.452. The division of royalties or other income, after cost of licensing and obtaining a patent or other

protection for the property have first been recaptured, shall be as follows:

50% to creator
50% to System.

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

2.453 Intellectual property resulting from research supported by a grant or contract with the Federal Government, or an agency thereof, with a nonprofit or for profit nongovernmental entity, or by a private gift to the System.
(See 2.443.)

2.4531 Administrative approval of application requests to, and acceptance of grants or contracts with, the Federal Government, or any agency thereof, with a nonprofit or for profit nongovernmental entity, or a private donor that contain provisions that are not consistent with this

policy, or other policies and guidelines adopted by the Board from time to time implies a definite decision that the value to the System of receiving the grant or performing the contract outweighs the impact of any non-conforming provisions of the grant or contract on the basic intellectual property policies and guidelines of the System.

- 2.4532 The intellectual property policies and guidelines of the System are subject to, and thus amended and superseded by, the specific terms pertaining to intellectual property rights included in Federal grants and contracts, or grants and contracts with nonprofit and for profit nongovernmental entities or private donors, to the extent of any conflict.
- 2.4533 In those instances where it is possible to negotiate System-wide intellectual property agreements with the Federal agencies or nonprofit and for profit nongovernmental entities, or private donors and thereby obtain more favorable treatment for the creator and the System, every effort will be made to do so with the cooperation and concurrence of the Office of Asset Management and the Intellectual Property

Office after consultation with the Institutional Patent Committee and the chief administrative officer.

- 2.4534 Employees of the System whose intellectual property creations result from a grant or contract with the Federal Government, or any agency thereof, with a non-profit or for profit non-governmental entity, or by private gift to the System shall make such assignment of such creations as is necessary in each case in order that the System may discharge its obligation, expressed or implied, under the particular agreement.
- 2.46 Any agreement altering substantially the basic intellectual property policy of the System as set out in the preceding sections and other policies and guidelines that may be adopted by the Board shall have the advance approval of the chief administrative officer, the Office of the Chancellor, and the Board as an agenda item.
- 2.47 Income from Intellectual Property. The portion of the net income the System retains from royalty or other intellectual property-related income shall be used first to defray the expenses, if any, of the System Intellectual Property Office and thereafter, as approved by the Board, for research purposes at the component institutions where the income providing creation originated. At the option of a component institution, such income may be accumulated in an endowment fund administered by the Office of

Asset Management with the income to be distributed to the component institution for such purposes as may be approved by the Board.

- 2.48 Implementation of Intellectual Property Policy. The Office of Asset Management and the Office of General Counsel through the System Intellectual Property Office shall prepare and distribute to the component institutions such Model Agreements and recommended procedures as may be considered appropriate for the implementation of the provisions of this policy as well as other policies and guidelines adopted by the Board.

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

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

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

- 4.1 The Texas State Employees Training Act of 1969, Chapter 283, Acts of the 61st Legislature, Regular Session, 1969 (Article 6252-11a, Vernon's Texas Civil Statutes), recognizes that the State departments

and other State institutions, including the System, must develop a more comprehensive Training Program as an integral part of a successful personnel program. The System Personnel Director, as delegated by the Executive Director for Finance and Administration, 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.

- 4.2 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.
- 4.3 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:
 - 4.31 Developing well trained staffs, both professional and supportive;
 - 4.32 Assisting all employees toward achieving their highest potential usefulness;
 - 4.33 Motivating employees and stimulating a sense of participation and involvement;
 - 4.34 Insuring that the System receives a fair return on its investment in training and education.
- 4.4 The program elements for this general training program are:
 - 4.41 Identifying staff members who need staff development in order to determine the exact kind and scope of program needed;

- 4.42 Training individuals for current assignments and developing them for future assignments, as a means of improving the quality and quantity of work done;
 - 4.43 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;
 - 4.44 Advising and assisting employees with respect to continuing education, and means by which they can improve their usefulness;
 - 4.45 Evaluating all training and education activities to determine whether they have effectively met the needs of the System.
- 4.5 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.
- 4.6 College or University Degree Program.
- 4.61 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.
 - 4.62 Objectives: To provide a college or university education for qualified system employees specifically required in their area of employment.
 - 4.63 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.
- 4.64 Administration: Eligibility Requirements.
- 4.641 Selected employees must have necessary academic qualifications to meet all entrance requirements of the college or university where training is provided.
- 4.642 Degree training must be directly related to an existing job or job series used by the System.
- 4.643 Selected employees must be scheduled for appointment to a job requiring the degree training on completion of schooling.
- 4.644 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.
- 4.645 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.
- 4.65 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:
- 4.651 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.
- 4.652 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 his 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 he has received.

4.653 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 his control, fails to complete the training or otherwise defaults in any provision of the agreement between the System and himself.

4.7 In-Service Training and Education Program.

4.71 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.

4.72 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 his level of competence.

4.73 Program Elements: In-service training and education programs are divided into the following three principal categories:

4.731 Orientation serves the purpose of acquainting the employee to a new job situation. It does not include

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE January 30, 1985

TO: _____
FROM: Arthur H. Dilly *Aut*
SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

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

"A"
Cover Page
Pages ii and iii
Pages V-1 through V-28
Pages IX-1 through IX-9

"B"
Cover Page
Pages ii and iii
Pages V-1 through V-29
Pages IX-1 through IX-8

The amendments approved at the December 13-14, 1984 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AHD:mg

Enclosures

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

PART TWO

Reissued as of September 1, 1982
(with Amendments to December 13, 1984)

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CHAPTER V

PERSONNEL

Sec 1. Classified Personnel.--The Policy of the Board on the Development and Coordination of the Classified Personnel Programs is and includes:

1.1 System Personnel Director.

The System Personnel Director serves as an administrative officer advising the Executive Director for Finance and Administration.

1.2 The development and coordination of the System-wide Classified Personnel Program.

1.21 The Classification Plan.

1.211 Coverage.--The Classified Plan of the System shall include all positions which do not entail significant instructional responsibilities or responsibilities for the administration of instructional or research organizations. The chief administrative officer or his delegate of each component institution shall determine the inclusiveness of the Classification Plan within this general definition.

1.212 Type of Plan.--Uniform use shall be made of the job grading procedure method of job evaluation. Job descriptions shall be prepared according to the Procedure for Writing Job Specifications provided by the System Personnel Office.

1.213 Job Titles.--Standardized job titles shall be used for similar job

classes common to two or more 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 3.4 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.
- 1.232 Formal approval of the policies and rules developed by each institution was obtained from the Board at the time each program was formally adopted.
 - 1.233 Changes in the policies and rules require the approval of the chief administrative officer or his delegate, the System Personnel Director, and the Executive Director for Finance and Administration.
 - 1.234 Uniform policies shall be followed in providing vacation, sick leave, etc., within the limitations imposed by local operating conditions.
- 1.24 Approval of additions to and changes in the Classified Personnel Program.
- 1.241 Formal approval of the Classification Plan and System-wide Personnel Pay Plan, including annual revision thereto, is obtained annually from the Board. Such approval shall be secured prior to the effective date of the plan.
 - 1.242 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following require only the approval of the chief administrative officer or his delegate, the System Personnel Director, and the Executive Director for Finance and Administration.
 - (a) Type A. Adjustment of a salary range in a component unit plan within the established System-wide salary range, which when approved, will not change the System-wide Personnel Pay Plan in any way.
 - (b) Type B. Adjustments to the component unit personnel pay plan, which when approved, will change the System-wide Personnel Pay Plan in some way.

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

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

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

1.25 Institutional Personnel Officer.

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

1.252 Functional direction and help on technical personnel matters shall be provided each institutional personnel officer by the System Personnel Director.

Sec. 2. General Personnel.

2.1 Leave for Military Duty.

2.11 A leave of absence not to exceed fifteen working days in any one calendar year is granted faculty or staff members who, as members of the National Guard or Official Militia of Texas or members of any of the Reserve Components of the Armed Forces, shall be engaged in authorized training or duty, ordered or authorized by proper authority. During such periods, the employee is absent without loss of efficiency rating, vacation time or salary; and when relieved from military duty, the employee is restored to the position and status he previously held.

2.12 A leave of absence with full pay shall be provided any employee who is called to active duty with the National Guard by the Governor of Texas. Such leave shall in no way be charged against the employee's vacation or sick leave privileges.

2.13 The chief business officer of each institution may prescribe forms and procedures for such leaves.

2.2 Medical Disability Leave.

2.21 Temporary disabilities caused or contributed to by pregnancy, childbirth, or related medical conditions shall be treated in the same manner as other temporary medical disabilities. Except as provided under Subsection 2.220 of this Section, any employee, whether faculty, classified, or administrative, who expects to be, or who becomes temporarily disabled as a result of injury, illness or pregnancy, may request and receive a leave of absence without pay for a "reasonable period" of time, provided the request is made under the following terms and conditions:

2.211 The employee shall provide the department head with a physician's certification establishing the medical disability and the anticipated period of absence.

- 2.212 The employee and the department head will submit a request to the chief administrative officer through proper channels. The request will include a statement from the department head detailing the manner in which the responsibilities of the employee will be assumed. A statement encompassing the details of the medical disability leave shall be entered in the remarks section of the appropriate personnel action form.
- 2.213 "Reasonable period," as used in this Section, is defined as the length of the leave as determined by the employee's medical disability. The period shall normally not exceed six (6) weeks, following incapacitation or after delivery in the case of maternity. Leave without pay shall be authorized only after the employee has exhausted all accumulated paid leave entitlements (sick leave and then vacation leave). Following a six week absence, the chief administrative officer may authorize an additional reasonable period of time for medical disability leave without pay on an individual basis after review of the merits of each particular case, and subject to the requirement of exhaustion of accumulated paid leave. Total leave without pay for medical disability shall not exceed twelve months.
- 2.214 Vacation leave and sick leave do not accrue while on medical disability leave without pay.

- 2.215 Subject to fiscal constraints, approval of medical disability leave shall constitute a guarantee of employment for the period of the medical disability leave.
- 2.216 The employee returning from medical disability leave will furnish a statement from a duly licensed physician certifying that the employee is medically capable of resuming normal working duties.
- 2.217 In the case of faculty on medical disability leave, the date for return to work will coincide with the beginning of the next semester, following the period of absence, if the chief administrative officer, or his/her delegate, determines that such beginning date is necessary in order to obtain a temporary replacement or to maintain the integrity of the academic program of the institution.
- 2.218 A replacement may be provided on a temporary basis during the absence of an employee on medical disability leave.
- 2.219 An employee on medical disability leave without pay is entitled to continue optional group insurance coverages at his/her own expense.
- 2.220 If an employee is unable to return to work because of an on-the-job injury covered by Workers' Compensation Insurance, the employee may remain on the payroll until vacation and sick leave are exhausted, or may designate in writing that a portion of such leave may be used for this purpose.

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, regular, full-time employees required to work in excess of forty hours per week shall be compensated for such overtime either:
- 2.321 By receiving equivalent time off during the same biennium in which the overtime was accrued. If possible, the equivalent time off should be granted within the same pay period in which the overtime was accrued; 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.

2.4 Patent Policy.

- 2.41 Statement of Basic Philosophy and Objectives.-- While the discovery of patentable processes or inventions is not the primary objective of the System, for any such discoveries made, it is the objective of the Board to provide a patent policy which will encourage the development of such inventions for the best interest of the public, the inventor, and the sponsor whenever an invention occurs, and will permit the timely disclosure of any patentable discoveries, whether by patent, publication or both. The policy is further intended to protect the respective interest of all concerned by ensuring that the benefits of patents accrue to the public, to the inventor, to the System and to sponsors of specific research in varying degrees of protection, monetary return and recognition, as circumstances justify or require.

2.42

General Policy.

- 2.421 The patent policy as adopted shall apply to all persons employed by the component institutions of the System, to anyone using System facilities under the supervision of System personnel, and to postdoctoral and predoctoral fellows.
- 2.422 It is the intent of this policy to permit staff members maximum freedom in respect to their findings, consistent with their obligations to the System. Any person affected by this policy who as a result of his or her researches makes a discovery other than on certain government or other sponsored research projects, where individual grant agreements provide otherwise, should retain the ultimate right to decide how it is to be made public -- by publication, by patenting, or both.
- 2.423 Property rights in inventions will be based on the degree of System support, as hereinafter specified.
- 2.424 The System will provide patent review and management services either by its own staff, through a related Foundation, or by other means.
- 2.425 It is a basic policy of the System that patents be developed primarily to serve the public interest. This objective usually will require patent development by nonexclusive licensing but the public interest may best be promoted by the granting of a limited exclusive license or even an exclusive license for the period of the patent. These determinations will be recommended and made in accordance with the administrative procedures hereinafter set out and with the approval of the Board.

- 2.43 Institutional Patent Committees and System Patent Office.
- 2.431 Patent Committees: To help administer the patent policy at each component institution and to make recommendations to chief administrative officers for further referral to the Office of the Chancellor and the Board (in those cases when action by the Office of the Chancellor and/or the Board is required), Institutional Patent Committees shall be established as directed by the Office of the Chancellor.
- 2.432 System Patent Office: To assist the Institutional Patent Committees to provide technical advice to individual faculty and staff members in patent matters and to coordinate details in respect to patent procedures, a System Patent Office shall be established.
- 2.44 Classification of Discoveries by Source of Research Support.
- 2.441 The patentable idea has developed as a result of the individual's efforts on his own time, with no direct System support or use of System's facilities.
- 2.442 The patentable idea has resulted from research performed by the individual on System time, with support by State funds, or using System facilities.
- 2.443 The patentable idea has resulted from research supported by a grant or contract with the Federal Government or an agency thereof, or with a nonprofit foundation, or by a private gift to the System.
- 2.444 The patentable idea has resulted from research supported by commercial concerns or industry.

2.45

Property Rights and Obligations.

2.451 Patentable ideas developed on an individual's own time and without direct System support or use of System facilities (see 2.441) are the exclusive property of the inventor, and the System has no interest in any patent obtained, and no claim to any profits resulting therefrom. Should the inventor choose to offer his invention to the System, the Institutional Patent Committee shall recommend as to whether the System should support and finance the patent application and manage the patent development. If the inventor makes his offer after obtaining the patent, the Institutional Patent Committee shall recommend as to whether the System should reimburse the inventor for his expenses in obtaining the patent. If the Patent Committee recommends and the invention is accepted for patent management by the System, the procedures to be followed and the rights of the parties shall be those set out in Subsection 2.4524 following.

2.452 Patentable ideas resulting from research performed on System time, with support by State funds, or using System facilities. (See 2.442.)

2.4521 The inventor may choose to publish the details of his research and not to patent.

2.4522 Before or after publishing, if the inventor decides to patent ideas resulting from research done on System time, with support by State funds, or using System facilities, he shall submit such ideas to the Institutional Patent Committee for determination of the System's interest.

Dec. 13, 1984

In those instances, however, where delay would jeopardize obtaining the patent, the inventor may, with the approval of the Chairman of the Institutional Patent Committee and the chief administrative officer, file the patent application prior to the Committee and administrative review provided in the following two subsections. If the request is granted, the inventor may proceed with the filing of his patent application pending the determination of the System's interest as provided therein; provided, however, that the inventor shall be reimbursed for his expenses in filing the patent application if the decision of the System is to assert and exploit its interests. The Chairman of the Institutional Patent Committee shall notify the System Patent Office of any such application.

- 2.4523 If the Institutional Patent Committee recommends that the system not assert and exploit its interest, and that recommendation is approved by the System Patent Officer and the Office of the Chancellor, the inventor shall be notified within ninety (90) days of the date of submission that he is free to obtain and exploit a patent in his own right and the System

shall not have any further rights, obligations or duties thereto. (In some instances, the Committee may elect to impose certain limitations or obligations, dependent upon the degree of System support.)

2.4524 If the System decides to patent and assert and exploit its interest, it shall proceed either through its own efforts or those of a patent agent to obtain and manage the patent. It shall be mandatory for all employees, academic and nonacademic, to assign inventions and patents to the System when the patentable inventions fall within Section 2.452. The division of royalties or other income, patenting and licensing costs first being recaptured, shall be as follows:

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

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

2.453 Patentable ideas resulting from research supported by a grant or contract with the Federal Government, or an agency thereof, or with a nonprofit foundation or by a private gift to the System.
(See 2.443.)

2.4531 Administrative approval of application requests to, and acceptance of grants or contracts with, the Federal Government, or any agency thereof, or with a nonprofit foundation or a private donor, implies a definite decision that the value to the System of receiving the grant or performing the contract outweighs the impact of any resulting change in the basic patent policy of the System.

2.4532 The patent policy of the System is subject to, and thus amended and superseded by, the specific terms pertaining to patent rights included in Federal grants and contracts, or grants and contracts with nonprofit foundations or private donors, to the extent of any conflict.

2.4533 In those instances where it is possible to negotiate System-wide patent agreements with the Federal agencies or nonprofit foundations or private donors

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

2.4534 Employees of the System whose patentable ideas result from a grant or contract with the Federal Government, or any agency thereof, or with a nonprofit foundation or by private gift to the System shall make such assignment of inventions or patents as is necessary in each case in order that the system may discharge its obligation, expressed or implied, under the particular agreement.

2.454 Patentable ideas resulting from research supported by a grant or contract with commercial concerns and industry. (See 2.444.)

2.4541 The System recognizes the academic advantages which can come from close scientific cooperation between the research staffs of the System and the research staffs of industry.

2.4542 The provisions of joint research arrangements with industry shall take into account (a) the extent of the industrial participant's contribution of funds and other services, including

unique knowledge; (b) the import of the joint effort of the research and educational program of the System; (c) the protection of the personal achievements of the System participant or participants; and (d) most importantly, the interest of the State and its citizens who provide basic fiscal support.

2.4543 Balancing the equities between these different interests may require the joint arrangement to contain provisions for (a) nonexclusive licensing; (b) granting exclusive information prior to publication or patent application; (c) royalty free nonexclusive license; (d) exclusive license for some limited period of time; (e) exclusive license for the life of the patent; or (f) such other provisions as will properly equate the equities involved, including the right of the System to terminate an exclusive license upon failure of the industrial participant to develop or exploit the invention in a manner which will enhance the interest of the public.

2.4544 All such arrangements or contracts with industrial participants shall be approved in advance by the Institutional Patent

Committee and recommended and approved by the chief administrative officer, the Office of the Chancellor, and the Board.

2.4545 Employees of the System whose patentable ideas result from research supported by a grant or contract with commercial concerns or industry shall make such assignment of inventions or patents as is necessary in each case in order that the System may discharge its obligations, expressed or implied, under the particular agreement.

2.46 Any agreement altering the basic patent policy of the System as set out in the preceding sections shall have the advance approval of the Patent Committee, the chief administrative officer, the Office of the Chancellor, and the Board.

2.47 University Income from Patents. The portion of the net income the System retains from royalty or other patent-related income shall be used first to defray the expenses of the System Patent Office, if any, and thereafter, as approved by the Board, for research purposes at the component institutions where the invention originated.

2.48 Implementation of Revised Patent Policy. A Patent Procedures Manual shall be developed to provide more detail as to procedures to be followed under the various provisions of this policy.

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

Act, including the following pertaining to personnel:

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

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

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

over, 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.

- 4.3 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:
- 4.31 Developing well trained staffs, both professional and supportive;
 - 4.32 Assisting all employees toward achieving their highest potential usefulness;
 - 4.33 Motivating employees and stimulating a sense of participation and involvement;
 - 4.34 Insuring that the System receives a fair return on its investment in training and education.
- 4.4 The program elements for this general training program are:
- 4.41 Identifying staff members who need staff development in order to determine the exact kind and scope of program needed;
 - 4.42 Training individuals for current assignments and developing them for future assignments, as a means of improving the quality and quantity of work done;
 - 4.43 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;
 - 4.44 Advising and assisting employees with respect to continuing education, and means by which they can improve their usefulness;
 - 4.45 Evaluating all training and education activities to determine whether they have effectively met the needs of the System.

- 4.5 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.
- 4.6 College or University Degree Program.
- 4.61 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.
- 4.62 Objectives: To provide a college or university education for qualified system employees specifically required in their area of employment.
- 4.63 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.
- 4.64 Administration: Eligibility Requirements.
- 4.641 Selected employees must have necessary academic qualifications to meet all entrance requirements of the college or university where training is provided.
- 4.642 Degree training must be directly related to an existing job or job series used by the System.
- 4.643 Selected employees must be scheduled for appointment to a job requiring

the degree training on completion of schooling.

4.644 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.

4.645 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.

4.65 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:

4.651 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.

4.652 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 his 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

he has received.

- 4.653 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 his control, fails to complete the training or otherwise defaults in any provision of the agreement between the System and himself.

4.7 In-Service Training and Education Program.

- 4.71 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.
- 4.72 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 his level of competence.
- 4.73 Program Elements: In-service training and education programs are divided into the following three principal categories:
- 4.731 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.
- 4.732 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.
- 4.733 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.
- 4.74 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.
- 4.75 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.
- 4.8 Out-of-Agency Staff Development Program.
- 4.81 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 his 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.

- 4.82 Objectives: To improve and enhance the individual's professional and technical knowledge and ability in the performance of his present or prospective duties and responsibilities.
- 4.83 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.
- 4.84 Administration: Eligibility Requirements.
- 4.841 Out-of-Agency Staff Development education and training authorized by the System will be conducted primarily for the benefit of the System.
- 4.842 The training and education must be related to the employee's current or prospective duty assignment during the period of his participation.
- 4.843 Such training and education must be approved by the chief administrative officer or someone delegated by him on recommendation of the head of the employing department or unit.
- 4.85 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.

- 4.9 Internship Training Program.
- 4.91 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 4.95, Eligibility Requirements. This training will be provided on the basis of need of the System and to the extent funds are available.
- 4.92 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:
- 4.921 It allows the System and/or the State of Texas to screen potential employees while simultaneously enjoying an advantageous recruiting position.
- 4.922 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.
- 4.923 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.
- 4.924 Internship programs produce a work product, although this is not the justification for any internship program.
- 4.93 Program Elements: Type I Internships are those that are within the System for nonemployees of the State.
- 4.931 Type I Internships are held with the

System by persons who are not employed by the State or the System.

- 4.932 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.
- 4.933 These internships should be initiated only to the extent that the System can provide a meaningful working role and learning experience.
- 4.934 Type I Internships are not designed primarily to produce as 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.)

4.94 Program Elements: Type II Internship Programs are for the State of Texas and/or System employees.

- 4.941 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.]
- 4.942 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.)

- 4.943 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.
- 4.944 A "No Proselyting" agreement should be secured in both of the Type II Internship programs.
- 4.95 Administration: Eligibility Requirements.
 - 4.951 Internship education and training authorized by the System will be conducted primarily for the benefit of the System.
 - 4.952 Internship training and education must be approved by the chief administrative officer or someone delegated by him on recommendation of the head of the employing department or unit.
- 4.96 Administration: Obligations.
 - 4.961 Type I - No obligatory arrangement is required.
 - 4.962 Type II - The following standards should be observed:
 - 4.9621 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.

4.9622 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.

4.9623 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. 5. Other Regulations Concerning Personnel are Reported in the Rules and Regulations of the Board, Part One as follows:

Physical Examination - Chapter III, Sec. 1.7

Employment of Aliens - Chapter III, Sec. 3

Indebtedness to the System or the State - Chapter III, Sec. 28

Appointment of Relatives (Nepotism Rule) - Chapter III, Sec. 5

Holidays - Chapter III, Sec. 14

Vacation - Chapter III, Sec. 15

Sick Leave - Chapter III, Sec. 19

Leave for Jury Duty - Chapter III, Sec. 20

Absence from Usual and Regular Duties - Chapter III, Sec. 21

Leaves of Absence Without Pay - Chapter III, Sec. 16

Office Hours - Chapter III, Sec. 12

Outside Employment - Chapter III, Sec. 13

Acceptance of Money from Students - Chapter III, Sec. 26

Textbooks and Other Materials Prescribed for the Use of Students - Chapter III, Sec. 24

Institutional Employees as Students - Chapter III, Sec. 30

Power to Authorize Expenditures out of the System Funds - Chapter III, Sec. 27

Division of Salaries for Staff Engaged in Teaching and Nonteaching Activities - Chapter III, Sec. 18

Compensation for Correspondence and Extension Teaching of Full-time Staff Members - Chapter III, Sec. 23

Classified Personnel Systems - Chapter III, Sec. 2

Code of Ethics - Chapter III, Sec. 4

Tenure, Promotion, and Termination of Employment - Chapter III, Sec. 6

Retirement and Modified Service - Chapter III, Sec. 31

Faculty Development Leaves - Chapter III, Sec. 17

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

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

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

- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his delegate, and the Executive Vice Chancellor for Asset Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.
- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.
- 1.5 Authority to Execute Proxies.--The Chancellor, or his delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts, and the Investment Officer and the Director of Stock Research are each authorized to execute proxies within the approved investment policies.
- 1.6 Authority to Purchase, Sell, and Transfer Book-Entry United States Government and Government Agency Securities.--The Chancellor, or his delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts, or the Investment Officer of The University of Texas System may direct a member bank of the Federal Reserve System to purchase, sell, or transfer any United

States Government or Government Agency securities in book-entry form for the Permanent University Fund of The University of Texas System and for the Board of Regents of The University of Texas System.

Sec. 2. Investment Policy for PUF.

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

- 2.2 Standards as to Quality.
 - 2.21 Corporate Stocks:
 - 2.211 Stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for five (5) consecutive years or longer immediately prior to the date of purchase.
 - 2.212 Except for bank and insurance shares, stock must be listed upon an exchange registered with the Securities and Exchange Commission or its successors.
 - 2.213 Common Stocks are eligible for purchase if they are rated "B" or higher by Standard and Poor's Corporation. Stocks not rated by Standard and Poor's may be purchased if, in the opinion of the Investment Staff, they are of comparable

quality to stocks rated "B" or higher by Standard and Poor's. An Investment Counselor shall obtain written approval of the Investment Staff before purchasing a stock which is not rated by Standard and Poor's.

- 2.22 Corporate Obligations and Preferred Stocks.-- Corporate Bonds and Preferred Stocks must be "Baa" or higher as rated by Moody's Investors Service, Inc. or "BBB" by Standard and Poor's Corporation. Bonds or preferred stocks offered by private placement and not rated may be purchased if, in the opinion of the University's Investment Staff or Investment Counselor, they are of at least equal quality to publicly offered bonds and preferred stock eligible for purchase. Commercial Paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. or Standard and Poor's Corporation to be eligible for purchase.
- 2.3 Diversification.
- 2.31 Not more than 5% of the voting stock of any one (1) corporation shall be owned at any given time by the PUF.
- 2.32 Not more than 1% of the book value of the PUF shall be invested at any given time in securities issued by any one (1) corporation.
- 2.4 Standard of Care/Prudent Person Rule*.--In making or retaining each and all investments for the PUF and in the management, purchase, and sale of such investments from time to time, there shall be exercised the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital.

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

- 2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 2.51 Exercise of or sale of stock rights is to be made at the discretion of the Chancellor, the Executive Vice Chancellor for Asset Management, or the Executive Director for Investments and Trusts. Stock rights which arise in connection with funds under control of an investment counselor shall be handled by that counselor in its discretion.
- 2.52 As a general rule, fractional shares received from stock dividends, etc., are to be sold. In each instance, the decision to round out fractional shares or to sell will be made by the Chancellor, the Executive Vice Chancellor for Asset Management, or the Executive Director for Investments and Trusts. Fractional shares which arise in connection with funds under control of an investment counselor shall be handled by that counselor in its discretion.
- 2.53 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Executive Director for Investments and Trusts determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor and the Executive Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Land and Investment Committee.
- 2.6 Exchange of Bonds.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments and Trusts 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.

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

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

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

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

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

Sec. 5. Staff Investment Committee.

- 5.1 Membership.--The Staff Investment Committee shall consist of the Executive Director for Investments and Trusts, the Investment Officer, and such other members as may be designated from time to time by the Chancellor.
- 5.2 Duties.--The Staff Investment Committee shall cooperate with and advise the Chancellor and the Executive Vice Chancellor for Asset Management on matters relating to the management of investments.

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

- 6.1 Membership.--Six members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.
- 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 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 Executive Vice Chancellor for Asset Management.

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

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE December 10, 1985

TO: Distributed to Those on Attached List

FROM: Arthur H. Dilly *AH*

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

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page I-8	Page I-8
Page VII-6	Page VII-6
Pages VIII-5, VIII-6	Pages VIII-5, VIII-6
Pages IX-3, IX-4	Pages IX-3, IX-4

The amendments approved at the August 8-9 and October 10-11, 1985 meetings of the U. T. Board of Regents as well as editorial changes have been incorporated on the revised pages.

AHD:mg

Enclosures

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE December 10, 1985

TO: Dr. Kenneth H. Ashworth
FROM: Arthur H. Dilly *AH*
SUBJECT: Regents' Rules and Regulations, Part Two - Amendments

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The amendments approved at the August 8-9 and October 10-11, 1985 meetings of the U. T. Board of Regents as well as editorial changes have been incorporated on the revised pages.

Three copies of each of the revised pages are enclosed: one for your office, one for the Legislative Budget Board, and one for the Governor.

AHD:mg
Enclosures (3 sets)

March 1985

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Regents' Rules and Regulations

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Executive Vice Chancellor for Academic Affairs	
Executive Vice Chancellor for Health Affairs	
Executive Vice Chancellor for Asset Management	
Executive Assistant to the Chancellor	
Executive Director for Finance and Administration	
Vice Chancellor and General Counsel	
Vice Chancellor for Governmental Relations	
Director for Development	
Special Counsel - Finance	
Chief Administrative Officers, Component Institutions	14
Vice Chancellor for Budgets & Human Resources, Texas A&M University System (Lancaster)	<u>1</u>
TOTAL	45

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

PART TWO

Reissued as of September 1, 1982
(with Amendments to October 10, 1985)

school should they subsequently determine that they desire to enter the practice of medicine in a rural area. The fact that an applicant has contracted for a loan, grant or scholarship from the State Rural Medical Education Board will be considered by the admissions committee in the overall consideration of the applicant.

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

10.1 The official seal of the System shall be the seal held in the custody of the Executive Secretary to the Board on which shall be inscribed "Seal of The University of Texas." The official seal of each component institution shall consist of the System seal with such heraldic variations as may be approved by the Board upon recommendation of the head of the component institution and the Office of the Chancellor. This official seal shall be used for the purpose of certifying diplomas, official transcripts for students and for such other official purposes as may be approved by the Board, by System Administration, or by the chief administrative officer of a component institution. Provided, however, that if any component institution has previously adopted and presently uses an

has been presumed abandoned and sold under the provisions of this section, shall be allowed to file a claim to such property with the designated Property Manager on forms and through procedures prescribed by the Property Manager; upon approval of such claim by the designated Property Manager, the owner may recover the proceeds of such sale after deducting the reasonable expense of keeping such property and the cost of the sale.

- 10.5 Proceeds of the sale, which remain unclaimed, may be used by the institution for student scholarships.
- 10.6 Vehicles, which are abandoned and unclaimed, will be disposed of in accordance with Article 4477-9a of Vernon's Texas Civil Statutes as hereafter amended.
- 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, or as hereafter amended.

Sec. 4. Professional Services.--Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$25,000 with the approval of the Executive Director for Finance and Administration and the Office of the Chancellor on recommendation of the chief administrative officer and the chief business officer.

Sec. 5. Constitutional and Legislative Restrictions.

- 5.1 Section 18, Article VII, of the Texas Constitution requires approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under this section at the component institutions other than The University of Texas at Austin and at El Paso.
- 5.2 New construction projects not otherwise authorized by law, in excess of \$300,000 and all major repair and rehabilitation projects in excess of \$300,000, must be approved by the Coordinating Board, Texas College and University System as to purpose and gross dimensions. Format for submission will be as prescribed by the Coordinating Board. Submission will be prepared by the component institution, in consultation with and assisted by the Office of Facilities Planning and Construction, if necessary, and forwarded to System Administration for review, approval and handling of submission. It is the objective to submit the necessary documents to the Coordinating Board when the project scope and estimated cost are sufficiently defined to meet the Coordinating Board's requirements for approval. Normally, submission will be made when the Board approves preliminary plans and specifications and the related cost estimate.

Sec. 6. Modification of Bids.

- 6.1 No bid shall be changed, amended, or modified by telegram or otherwise after it has been submitted or filed in response to an advertisement for bids in connection with the construction or erection of permanent improvements at any of the component

institutions of the System under Section 51.907,
Texas Education Code, V.T.C.S.

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

Sec. 7. Institutional Building Advisory Committees.

- 7.1 At each of the component institutions there shall be an Institutional Building Advisory Committee.
- 7.2 The committee shall be appointed by the chief administrative officer in the same manner as other institution-wide committees are appointed.
- 7.3 The composition of the institutional building advisory committee shall be set forth in the institutional Handbook of Operating Procedures of each component institution.
- 7.4 A representative appointed by the Office of the Chancellor and the chief business officer of the institution shall be ex officio members of such committee.

States Government or Government Agency securities in book-entry form for the Permanent University Fund of The University of Texas System and for the Board of Regents of The University of Texas System.

Sec. 2. Investment Policy for PUF.

- 2.1 Investments Authorized for Purchase.
 - 2.11 Bonds of the United States, the State of Texas or counties, cities, or school districts of the State of Texas, or in bonds issued under and by virtue of the Federal Farm Loan Act approved by the President of the United States, July 17, 1916, and amendments thereto.
 - 2.12 Bonds or other obligations issued, insured, or guaranteed in any manner by the United States Government or any of its agencies.
 - 2.13 Bonds, debentures, or obligations and preferred and common stocks issued by corporations, associations, or other institutions.
 - 2.14 Convertible securities, of all kinds, issued by corporations whose common stock is eligible for purchase by the Permanent University Fund.
- 2.2 Standards as to Quality.
 - 2.21 Corporate Stocks:
 - 2.211 Stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for five (5) consecutive years or longer immediately prior to the date of purchase.
 - 2.212 Except for bank and insurance shares, stock must be listed upon an exchange registered with the Securities and Exchange Commission or its successors.

- 2.22 Corporate Obligations and Preferred Stocks.-- Corporate Bonds and Preferred Stocks must be "Baa" or higher as rated by Moody's Investors Service, Inc. or "BBB" by Standard and Poor's Corporation. Bonds or preferred stocks offered by private placement and not rated may be purchased if, in the opinion of the University's Investment Staff or Investment Counselor, they are of at least equal quality to publicly offered bonds and preferred stock eligible for purchase. Commercial Paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. or Standard and Poor's Corporation to be eligible for purchase.
- 2.3 Diversification.
- 2.31 Not more than 5% of the voting stock of any one (1) corporation shall be owned at any given time by the PUF.
- 2.32 Not more than 1% of the book value of the PUF shall be invested at any given time in securities issued by any one (1) corporation.
- 2.4 Standard of Care/Prudent Person Rule*.--In making or retaining each and all investments for the PUF and in the management, purchase, and sale of such investments from time to time, there shall be exercised the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital.

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