

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE May 20, 1988

TO: Those Who Receive Copies of the RRR

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":

"A"
Cover Page
Page i
Pages I-1 through I-9

"B"
Cover Page
Page i
Pages I-1 through I-9

The amendments approved at the April 14, 1988 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AHD/lp
Enclosures

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE May 20, 1988

TO: Dr. 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":

"A"
Cover Page
Page i
Pages I-1 through I-9

"B"
Cover Page
Page i
Pages I-1 through I-9

The amendments approved at the April 14, 1988 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.

AHD/lp
Enclosures

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

PART TWO

Reissued as of September 1, 1982
(with Amendments to April 14, 1988)

TABLE OF CONTENTS

<u>Chapter</u>		<u>Page</u>
I.	General	
Sec.	1. Gifts to The University of Texas System.....	I-1
	2. Fellowships, Scholarships, and Loan Funds.....	I-3
	3. Endowment of Academic Positions.....	I-4
	4. Tuition and Other Fees.....	I-6
	5. Fiscal Year.....	I-6
	6. Policy Against Discrimination.....	I-6
	7. General Admission Policy.....	I-6
	8. Admission of Nonresident Students.....	I-7
	9. Official Seal, Colors, Flag, and Mascot.....	I-8
	10. Appropriation Act Riders.....	I-9
II.	Accounting, Auditing, Reporting, and Budgetary Control	
Sec.	1. Types of Funds.....	II-1
	2. Accounting.....	II-3
	3. Auditing.....	II-4
	4. Reporting.....	II-5
	5. Operating Budgets.....	II-7
	6. Legislative Budget Requests.....	II-7
III.	Receipt, Custody, and Disbursement of Moneys; Absence From Usual and Regular Duties Including Travel	
Sec.	1. Receipts, Admission Tickets, and Charges.....	III-1
	2. Deposits with Institutional Business Office...	III-2
	3. Deposits with the State Treasurer.....	III-3
	4. Local Institutional Funds.....	III-3
	5. Vouchers for Expenditures.....	III-4
	6. Cash Discounts.....	III-5
	7. Outstanding Checks.....	III-5
	8. Institutional Membership Dues.....	III-5
	9. Payrolls.....	III-5
	10. Absence from Usual and Regular Duties, Authori- zation for Absence, Including Travel, and Travel Expense Reimbursement.....	III-6
	11. Insurance on Money and Securities; Fidelity Bonds.....	III-13

CHAPTER I

GENERAL

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

- 1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.
- 1.2 Recommendations for the acceptance of gifts showing details as to value, form, stipulations regarding use, and provisions for custody and disbursement of funds shall be transmitted by the chief administrative officer to the Office of the Chancellor and by that office, with recommendations, to the Board.
- 1.3 Gifts to Permanent Endowments.
 - 1.31 All gifts to establish permanent endowments of any nature shall be accepted by the Board via the Agenda after review and recommendation by the Office of the Chancellor, including the Office of Asset Management, of the terms of the endowment and the nature of the donated assets. Gifts to a permanent endowment previously established by the Board may be accepted by the chief administrative officer of a component institution after review and approval by the Office of Asset Management of the nature of the donated asset.
 - 1.32 Permanent endowments will be established at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.
 - 1.33 All endowment gifts are subject to the ensuing provisions:
 - 1.331 Should the Board determine at any time that the fund is not of sufficient size, and has no foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or

otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.

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

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

1.5 A quarterly report of all such gifts of \$25,000 or less showing name and address of donor, amount of cash gift or value of gift in kind, purpose, and date of the gift shall be filed with the Board within thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$2,500 or less showing only total dollars and number of gifts.

1.6 Except as provided in this Section and the preceding Sections, no member of the staff of any institution has the authority to accept gifts to the System or to any of its component institutions. Gifts to the component institutions of books or other objects of very small value and very obvious propriety, without conditions attached, may be accepted by individual members of the staffs provided these gifts are reported to the Board as specified in Subsections 1.4 or 1.5 as appropriate.

- 1.7 Due to the inefficiencies and high costs associated with separately tailoring investment management programs for gifts that are investment-restricted, notwithstanding any other provision of this Chapter, a gift subject to investment restrictions shall be referred to the System Director of Development who shall review the terms of the gift instrument with the Office of Asset Management and the Office of General Counsel prior to acceptance of the gift and/or prior to its recommendation for acceptance by the U. T. Board of Regents.
- 1.8 Neither the System nor any of its component institutions will accept a gift for the benefit of any designated student unless the donor is exempt from Federal Income Taxes as defined by the Commissioner of Internal Revenue.
- 1.9 The acceptance of gifts of real property is prohibited without prior express approval of the Legislature except for establishing scholarships, professorships, or other trusts for educational purposes, provided that such property will not thereafter require legislative appropriations for operation, maintenance, repair, or construction of buildings (Current Appropriations Bill). Acceptance of all gifts of real estate shall be subject to the U. T. System Trust Fund Real Estate Policy Statement.

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

- 2.1 After gifts for fellowships, scholarships, and loan funds have been accepted by the Board, as indicated previously, they are administered jointly by designated committees and the business office of each component institution.
- 2.2 In the case of scholarships and fellowships, the appropriate committee, or designated individual, receives applications, makes the necessary inquiries, and determines the award. The committee advises the institutional head of the award who, in turn, approves and forwards the notice of award to the business office. Payments on scholarships and fellowships are made through the business office of the component institution.
- 2.3 In the case of loan funds, the appropriate committee or designated person receives applications for loans, makes the necessary inquiries, and approves or declines the original loan as well as all renewals and extensions. The chairman notifies the business

office of the granting of loans, and all records including notes, cash, accounts and collections are thereafter handled by that office. The principal of loan funds is kept intact insofar as possible. The chairman of the awarding committee may be requested by the business office to assist in collection of past due interest or principal.

Sec. 3. Endowment of Academic Positions.

- 3.1 No endowment will be established or announced without prior approval of the Board, and no initial appointment will be made to an endowed chair or professorship without prior approval by the Board via the Agenda. Subsequent new or continuing appointments to the endowed chair or professorship may be approved as a part of the annual operating budget or via the Docket of the Office of the Chancellor. Appointments to endowed fellowships may be approved via the Docket of the Office of the Chancellor, unless included as part of the annual budget approval process.
- 3.2 No negotiations or commitments implying the establishment of the endowment of an academic position will be undertaken by any faculty member or officer of the component institution until the proposal has been formally approved by the chief administrative officer.
- 3.3 Recommendations to the Board concerning acceptance of gifts for endowment of academic positions will be made through the Office of the Chancellor to the Board. Before the final action of the Board, such recommendations will be referred to the Land and Investment Committee as to fiscal arrangements and to the Academic or Health Affairs Committee as to policy.
- 3.4 The six categories of endowed and named academic positions and the minimum funding levels to establish the positions are: Distinguished University Chairs (\$2,000,000), Distinguished Chairs (\$1,000,000), Chairs (\$500,000), Distinguished Professorships (\$250,000), Professorships (\$100,000), and Fellowships (\$50,000). All agreements related to endowed academic positions made prior to April 14, 1988, will remain in effect unless a specific request for change is made by the donor and the institution and approved by the Board.
 - 3.4.1 Distinguished University Chairs, Distinguished Chairs, Chairs, Distinguished Professorships, and Professorships will be established with the minimum funding levels

authorized by the Board of Regents or the equivalent in annual contributions arranged according to agreements recommended by the Office of the Chancellor and approved by the Board. The component institution will pay from its funds such amounts as are necessary to set the salary of the holder at a level commensurate with his or her record, experience, and position in the faculty. The endowment income will be used both for salary supplementation and for other professional support of the holder of the endowed position, including assistance in the holder's research. The endowment income also may be used to pay an appropriate part of the salary of the holder of the endowed position commensurate with an authorized reduced faculty work load when required by other duties of the position or when the holder is on part-time or full-time research leave which is otherwise unfunded. It is provided specifically, however, that, in no event, will endowment income be used to supplant any other source of funds used to pay the base salary of the holder of the position when the holder is performing his or her regular duties.

3.42

Endowed Fellowships. The endowed fellowship will be established with a minimum of \$50,000 or the equivalent in annual contributions arranged according to agreements recommended by the Office of the Chancellor and approved by the Board of Regents. Income from the endowment may be used to supplement the salary of the holder of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status, and will also be available for other professional support of the holder. The endowed fellowship will be used to provide temporary support (not to exceed one academic year) of distinguished scholars who are in temporary residence at the component while participating in planned academic programs; visiting scholars who are in temporary residence at the institution for special academic programs or purposes; component faculty who have made unique contributions to academic life or to knowledge in their academic discipline; and component faculty of any academic rank, irrespective of tenure status, who have been

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

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

- Sec. 4. Tuition and Other Fees.--Tuition fees and other charges will be fixed as prescribed or as authorized by statute, and will be set out in the institutional catalogue.
- Sec. 5. Fiscal Year.--The fiscal year of the System shall be September 1 through August 31.
- Sec. 6. Policy Against Discrimination.--To the extent provided by applicable law, no person shall be excluded from participation in, denied the benefits of, or be subject to discrimination under, any program or activity sponsored or conducted by the System or any of its component institutions, on the basis of race, color, national origin, religion, sex, age, veteran status, or handicap.
- Sec. 7. General Admission Policy.
- 7.1 The System will make maximum use of its resources, subject to the limited enrollment policy of the Board, to admit and educate as many qualified students as possible, consistent with accreditation standards and consistent with maintaining a high quality of education. Neither the faculty nor students of any component institution will solicit or recruit for admission to that institution any

person who cannot meet the usual academic requirements for admission to that institution. Other than for the exceptions set forth in the General Appropriation Act, no funds appropriated by the Legislature, including local institutional funds, may be expended for the recruitment of students, whether qualified or unqualified. However, this provision does not prohibit the distribution of informational literature about an institution or a particular program in appropriate schools or among economic or social groups which might have a special interest in a particular institution or educational program. Such information might focus upon, but need not be limited to, programs for which there is a statewide need for graduates. Nor does it prohibit visits by students, faculty members, or administrators, upon request, with groups of high school or college students or other groups interested in information on higher education, a particular institution, or particular programs when such visits are supported by funds from gifts and bequests.

- 7.2 All Texas resident applicants to medical schools within the System shall be notified of their eligibility to apply to the State Rural Medical Education Board for financial assistance pursuant to Article 4498(c), Vernon's Civil Statutes. Article 4498(c) authorizes the Rural Medical Education Board to make loans, grants or scholarships to medical students who are contractually obligated to practice medicine in rural areas of the State. The notification will also inform applicants that they may seek financial assistance from the State Rural Medical Education Board at any time during medical 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. 8. Admission of Nonresident Students.--No nonresident of the State of Texas shall be enrolled as a new or transfer student in any school, college, or degree-granting program at any component institution of the System when all of the three following conditions occur: (1) when there is a limitation on the number of students who will be enrolled in the class of which such nonresident would be a member if he or she were enrolled; (2) when the result of enrolling such nonresident would be to increase to greater than 10% the percentage of nonresidents

enrolled in the class of which such nonresident would be a member if he or she were enrolled; and (3) when at the time of the proposed enrollment of such nonresident, admission to the school, college, or degree-granting program is being denied to one or more Texas residents who have applied for admission and who reasonably demonstrate that they are probably capable of doing the quality of work that is necessary to obtain the usual degree awarded by the school, college, or degree-granting program. It is provided, however, that the nonresident enrollment at the School of Law, The University of Texas at Austin, may be equal to 15% of each class of which nonresidents are a part provided that the admission of such nonresidents is on the basis of academic merit alone.

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

- 9.1 The official seal of the System shall be the seal held in the custody of the Executive Secretary to the Board on which shall be inscribed "Seal of The University of Texas." The official seal of each component institution shall consist of the System seal with such heraldic variations as may be approved by the Board upon recommendation of the 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 institutional seal, such component institution may continue to use such seal in lieu of the seal hereby provided for. Provided further, however, no component institution shall use as its official seal that seal approved herein as the official seal of the System, unless the full title of the institution as designated in the Rules and Regulations of the Board, Part One, Chapter VIII, Section 4, is also used as an integral part of the seal.
- 9.2 The official colors for the System shall be orange and white; provided, however, that a component institution may adopt other colors to be used only in connection with athletic activities of the institution when approved by the Board upon recommendation of the chief administrative officer of the component institution and the Office of the Chancellor.
- 9.3 The Texas State Flag shall be designated as the official flag of the System, and the official flag of each component institution shall be the Texas State

Flag with a streamer with the official name of the component institution in white letters on an orange field. No component institution shall have or display as its official flag or as a flag representative or symbolic of the institution any other flag.

9.4 Each component institution may adopt a theme and a mascot to be used in connection with athletic activities, provided same is approved by the Board upon recommendation of the chief administrative officer of the component institution and the Office of the Chancellor.

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

- (3) Following review of the information provided by the donor a decision to accept or reject the proposed gift will be based on the potential of the property to produce an acceptable return or to contribute directly to approved programs of the component institution in light of:
 - (a) Holding costs of every type
 - (b) Holding period
 - (c) Donor restrictions
 - (d) Property valuation
 - (e) Management requirements
 - (f) Type of property interest.
- (4) Upon the determination that ownership of a proposed gift is in the best interest of the U. T. System, the component institution which will benefit from the donation shall initiate a request to the appropriate Executive Vice Chancellor asking that the gift be submitted as an agenda item for acceptance by the U. T. Board of Regents at its next regular meeting.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter I (General) and Authorization for the Executive Secretary to the Board to Make Appropriate Editorial Changes Therein.--At the October 9, 1987 meeting of the U. T. Board of Regents, Land and Investment Committee Chairman Ratliff requested that the Office of the Chancellor undertake a review of The University of Texas System endowment policies and programs.

As a result of that review, approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter I (General) pertaining to endowments to read as set forth below:

- a. Present Sections 1-4 were amended and renumbered as follows:

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

- 1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.
- 1.2 Recommendations for the acceptance of gifts showing details as to value, form, stipulations regarding use, and provisions for custody and disbursement of funds shall be transmitted by the chief administrative officer to the Office of the Chancellor and by that office, with recommendations, to the Board.
- 1.3 Gifts to Permanent Endowments.
 - 1.31 All gifts to establish permanent endowments of any nature shall be accepted by the Board via the Agenda after review and recommendation by

*Minutes
4/14/88*

the Office of the Chancellor, including the Office of Asset Management, of the terms of the endowment and the nature of the donated assets. Gifts to a permanent endowment previously established by the Board may be accepted by the chief administrative officer of a component institution after review and approval by the Office of Asset Management of the nature of the donated asset.

- 1.32 Permanent endowments will be established at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.
- 1.33 All endowment gifts are subject to the ensuing provisions:
- 1.331 Should the Board determine at any time that the fund is not of sufficient size, and has no foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.
- 1.332 A permanent register of Memorial Gifts shall be maintained at each component institution to record gifts, or where the gift or donation is not specifically directed to a component, the register shall be maintained by System Administration.
- 1.4 Except as provided in other subsections of this Section, the authority to accept gifts to a component institution is delegated to the chief administrative officer when the gift is to a fund, foundation, or enterprise already approved by the Board or is a continuation of a series which has been previously approved by the Board. Each chief administrative officer, or a designee specified in writing, is empowered to accept cash gifts (except endowments) to a component institution of the System in the amount of \$25,000 or less and gifts in kind having a value of \$25,000 or less, within the policies of the Board and Legislature governing the acceptability of gifts, and to deposit such gifts to the appropriate accounts. All gifts (except those described in Subsection 1.5 below) shall be reported by the dockets of each component institution as prescribed by the Board.

- 1.5 A quarterly report of all such gifts of \$25,000 or less showing name and address of donor, amount of cash gift or value of gift in kind, purpose, and date of the gift shall be filed with the Board within thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$2,500 or less showing only total dollars and number of gifts.
- 1.6 Except as provided in this Section and the preceding Sections, no member of the staff of any institution has the authority to accept gifts to the System or to any of its component institutions. Gifts to the component institutions of books or other objects of very small value and very obvious propriety, without conditions attached, may be accepted by individual members of the staffs provided these gifts are reported to the Board as specified in Subsections 1.4 or 1.5 as appropriate.
- 1.7 Due to the inefficiencies and high costs associated with separately tailoring investment management programs for gifts that are investment-restricted, notwithstanding any other provision of this Chapter, a gift subject to investment restrictions shall be referred to the System Director of Development who shall review the terms of the gift instrument with the Office of Asset Management and the Office of General Counsel prior to acceptance of the gift and/or prior to its recommendation for acceptance by the U. T. Board of Regents.
- 1.8 Neither the System nor any of its component institutions will accept a gift for the benefit of any designated student unless the donor is exempt from Federal Income Taxes as defined by the Commissioner of Internal Revenue.
- 1.9 The acceptance of gifts of real property is prohibited without prior express approval of the Legislature except for establishing scholarships, professorships, or other trusts for educational purposes, provided that such property will not thereafter require legislative appropriations for operation, maintenance, repair, or construction of buildings (Current Appropriations Bill). Acceptance of all gifts of real estate shall be subject to the U. T. System Trust Fund Real Estate Policy Statement.

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

- 2.1 After gifts for fellowships, scholarships, and loan funds have been accepted by the Board, as indicated previously, they are administered jointly by designated committees and the business office of each component institution.

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

Sec. 3. Endowment of Academic Positions.

- 3.1 No endowment will be established or announced without prior approval of the Board, and no initial appointment will be made to an endowed chair or professorship without prior approval by the Board via the Agenda. Subsequent new or continuing appointments to the endowed chair or professorship may be approved as a part of the annual operating budget or via the Docket of the Office of the Chancellor. Appointments to endowed fellowships may be approved via the Docket of the Office of the Chancellor, unless included as part of the annual budget approval process.
- 3.2 No negotiations or commitments implying the establishment of the endowment of an academic position will be undertaken by any faculty member or officer of the component institution until the proposal has been formally approved by the chief administrative officer.
- 3.3 Recommendations to the Board concerning acceptance of gifts for endowment of academic positions will be made through the Office of the Chancellor to the Board. Before the final action of the Board, such recommendations will be referred to the Land and Investment Committee as to fiscal arrangements and to the Academic or Health Affairs Committee as to policy.
- 3.4 The six categories of endowed and named academic positions and the minimum funding levels to establish the positions are: Distinguished University Chairs (\$2,000,000),

Distinguished Chairs (\$1,000,000), Chairs (\$500,000), Distinguished Professorships (\$250,000), Professorships (\$100,000), and Fellowships (\$50,000). All agreements related to endowed academic positions made prior to April 14, 1988, will remain in effect unless a specific request for change is made by the donor and the institution and approved by the Board.

3.41 Distinguished University Chairs, Distinguished Chairs, Chairs, Distinguished Professorships, and Professorships will be established with the minimum funding levels authorized by the Board of Regents or the equivalent in annual contributions arranged according to agreements recommended by the Office of the Chancellor and approved by the Board. The component institution will pay from its funds such amounts as are necessary to set the salary of the holder at a level commensurate with his or her record, experience, and position in the faculty. The endowment income will be used both for salary supplementation and for other professional support of the holder of the endowed position, including assistance in the holder's research. The endowment income also may be used to pay an appropriate part of the salary of the holder of the endowed position commensurate with an authorized reduced faculty work load when required by other duties of the position or when the holder is on part-time or full-time research leave which is otherwise unfunded. It is provided specifically, however, that, in no event, will endowment income be used to supplant any other source of funds used to pay the base salary of the holder of the position when the holder is performing his or her regular duties.

3.42 Endowed Fellowships. The endowed fellowship will be established with a minimum of \$50,000 or the equivalent in annual contributions arranged according to agreements recommended by the Office of the Chancellor and approved by the Board of Regents. Income from the endowment may be used to supplement the salary of the holder of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status, and will also be available for other professional support of the holder. The endowed fellowship will be used to provide temporary support (not to exceed one academic year) of distinguished scholars who are in temporary residence at the component

while participating in planned academic programs; visiting scholars who are in temporary residence at the institution for special academic programs or purposes; component faculty who have made unique contributions to academic life or to knowledge in their academic discipline; and component faculty of any academic rank, irrespective of tenure status, who have been selected for teaching excellence through procedures established by the component institution. Grants for endowed visiting professorships and endowed teaching fellowships of at least \$50,000 already under contractual agreement for the future, bequests included in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed teaching fellowships and endowed visiting professorships are excepted in this regulation. Grants for endowed lectureships of at least \$20,000 already under contractual agreement for the future, bequests in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed lectureships are excepted from the minimum amount restriction in this regulation.

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

b. Present Sections 5-11 were renumbered as Sections 4-10, respectively.

Further, approval was granted for the Executive Secretary to the U. T. Board of Regents, in consultation with the Office of General Counsel, to make such editorial changes in the remainder of the Regents' Rules and Regulations as may be necessary in order to conform to the foregoing changes related to endowments and to ensure that Chapter I is not gender specific.

These amendments were necessary in order to keep pace with rising costs, to ensure that the U. T. System endowments are competitive with those of other major institutions and to facilitate U. T. System component institutions long-term development goals.

See Page 200 related to U. T. System Endowment Policy Guidelines.

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE March 14, 1988

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

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

"A"
Cover Page
Pages III-11 and III-12

"B"
Cover Page
Pages III-11 and III-12

The amendment approved at the February 11, 1988 meeting of the U. T. Board of Regents has been incorporated on the revised pages.

AHD/lp

Enclosures

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS

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

MEMORANDUM

DATE March 14, 1988

TO: Dr. Ashworth

FROM: Arthur H. Dilly *AHD*

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

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

"A"
Cover Page
Pages III-11 and III-12

"B"
Cover Page
Pages III-11 and III-12

The amendment approved at the February 11, 1988 meeting of the U. T. Board of Regents has 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/lp

Enclosures

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

PART TWO

Reissued as of September 1, 1982
(with Amendments to February 11, 1988)

may elect to take advantage of the specific exceptions authorized below:

10.441 Contracts.--Travel allowances under research or other contracts, which are 100 percent reimbursable, will follow the terms of the contract, and in the absence of specifications the travel rules and regulations covering payments from gifts, grants, and designated funds will apply.

10.442 Gifts, Grants, Designated and Auxiliary Enterprise Funds.--Reimbursement of travel expenses paid from gifts, grants, designated and auxiliary enterprise funds will be as follows:

(a) For grants from or derived from Federal or State agencies, travel allowances shall be paid as specified in the foregoing provisions.

(b) For other gifts, grants, designated, or auxiliary enterprise funds, travel allowances may be for actual expenses for meals and lodging not to exceed \$180 per day. The transportation allowances will be as specified in the foregoing provisions.

The provisions of both (a) and (b) above are subject to the terms, provisions and conditions of the particular gifts, grants, or funds involved. Further exceptions of these provisions may be in accordance with specific authorization by the Board with certain designated funds. Likewise, when anticipated living costs are unusually low for those engaged in travel, the person authorizing the travel may reduce the allowance for all or any part of the travel, provided that the employee shall be notified of such reduced allowance before being allowed to incur any expense. When not otherwise prohibited by the terms of the gift or grant, employees may also be reimbursed for

Feb. 11, 1988

- required registration fees or similar expenses incurred in attending meetings of organizations or associations. Receipts for lodging, registration fees, or similar expenses shall be obtained and attached to the expense voucher. Project Directors, Principal Investigators, Departmental Chairpersons, or other authorized personnel under a gift or grant who travel in their personally owned airplanes on necessary official business may be reimbursed therefor as provided in the current appropriations act.
- 10.443 Intercollegiate Athletics.--Actual expenses will be paid at no per diem limit, provided such expenditures in the amount of \$4.00 or more are supported by signed receipts.
- 10.45 Travel Advances.--As provided by statute, the System, including component institutions may establish procedures for making advances for travel expenses incurred by employees in the exercise of their official duties. Any such procedures established shall be in accordance with the statute, based on guidelines provided by the State Comptroller, and provide for prompt recovery of any such advances.
- 10.46 Institutional Travel Regulations.--Component institutions shall issue institutional travel regulations to implement the provision of this Section 10.4 for guidance of all personnel concerned. Copies of all such regulations shall be filed with the System Comptroller, who shall also issue clarifying instructions as appropriate.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND AUDIT COMMITTEE (Pages 50 - 54).--Committee Chairman Roden reported that the Finance and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Finance and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Docket No. 38 of the Office of the Chancellor (Catalog Change).--Upon recommendation of the Finance and Audit Committee, the Board approved Docket No. 38 of the Office of the Chancellor in the form distributed by the Executive Secretary. It is attached following Page 142 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

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

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 10, Subsection 10.442, Concerning Reimbursement of Travel Expenses Paid from Gifts, Grants, Designated and Auxiliary Enterprise Funds and Authorization for the Executive Secretary to the Board to Make Appropriate Editorial Changes Therein.--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 10, Subsection 10.442, concerning reimbursement of travel expenses paid from gifts, grants, designated and auxiliary funds, to read as set forth below:

10.442 Gifts, Grants, Designated and Auxiliary Enterprise Funds.--Reimbursement of travel expenses paid from gifts, grants, designated and auxiliary enterprise funds will be as follows:

- (a) For grants from or derived from Federal or State agencies, travel allowances shall be paid as specified in the foregoing provisions.
- (b) For other gifts, grants, designated, or auxiliary enterprise funds, travel allowances may be for actual expenses for meals and lodging not to exceed \$180 per day. The transportation allowances will be as specified in the foregoing provisions.

2/11/88
RRR
Amendments

The provisions of both (a) and (b) above are subject to the terms, provisions and conditions of the particular gifts, grants, or funds involved. Further exceptions of these provisions may be in accordance with specific authorization by the Board with certain designated funds. Likewise, when anticipated living costs are unusually low for those engaged in travel, the person authorizing the travel may reduce the allowance for all or any part of the travel, provided that the employee shall be notified of such reduced allowance before being allowed to incur any expense. When not otherwise prohibited by the terms of the gift or grant, employees may also be reimbursed for required registration fees or similar expenses incurred in attending meetings of organizations or associations. Receipts for lodging, registration fees, or similar expenses shall be obtained and attached to the expense voucher. Project Directors, Principal Investigators, Departmental Chairpersons, or other authorized personnel under a gift or grant who travel in their personally owned airplanes on necessary official business may be reimbursed therefor as provided in the current appropriations act.

Further, approval was granted for the Executive Secretary to the U. T. Board of Regents, in consultation with the Office of General Counsel, to make such editorial changes in the remainder of the Regents' Rules and Regulations as may be necessary in order to conform to the foregoing changes related to travel reimbursement and to ensure that Chapter III is not gender specific.

3. U. T. System: Approval of 1988-89 Budget Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities and Calendar for Budget Operations.--Following a detailed presentation by Chancellor Mark, the Board, upon recommendation of the Finance and Audit Committee, approved the following Budget Policies and Limitations and Calendar for preparation of the 1988-89 Operating Budgets for The University of Texas System:

1988-89 Budget Policies and Limitations

for General Operating Budgets,
Auxiliary Enterprises, Contracts
and Grants, Restricted Current Funds,
Designated Funds, and Service and
Revolving Funds Activities.

In preparing the draft of the Fiscal 1988 operating budget, the Chief Administrative Officer of each component institution should adhere to the following guidelines and policies. Overall budget totals, including reasonable reserves, must be limited to the funds available for the year from:

- General Revenue Appropriations
- Estimates of Local Income
- Limited Use of Institutional Unappropriated Balances.

In Reply - to Mr. Tolson

1/11/88

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE January 11, 1988

TO: _____
Arthur H. Dilly

FROM: _____
Regents' Rules and Regulations, Part Two - Amendments

SUBJECT: _____

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page iii	Page iii
Page III-1	Page III-1
Page VIII-4	Page VIII-4
Pages IX-1 through IX-6	Pages IX-1 through IX-6

The amendments approved at the December 3, 1987 meeting of the U. T. Board of Regents as well as editorial changes have been incorporated on the revised pages.

AHD/lp
Enclosures

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS

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

MEMORANDUM

DATE January 11, 1988

TO: Dr. 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
Page iii	Page iii
Page III-1	Page III-1
Page VIII-4	Page VIII-4
Pages IX-1 through IX-6	Pages IX-1 through IX-6

The amendments approved at the December 3, 1987 meeting 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/lp
Enclosures

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

PART TWO

Reissued as of September 1, 1982
(with Amendments to December 3, 1987,
and Editorial Amendments to January 1988)

<u>Chapter</u>	<u>Page</u>
VII. Physical Properties (continued)	
Sec. 6. Police and Security Officers.....	VII-3
7. Telephones.....	VII-3
8. Disposal of Property of the System.....	VII-3
9. Transfer of Property.....	VII-4
10. Disposition of Abandoned and Unclaimed Personal Property.....	VII-4
VIII. Physical Plant Improvements	
Sec. 1. Major New Building Construction Exceeding the Amount of \$300,000 per Project.....	VIII-1
2. Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving the Expenditure of \$300,000 or Less Per Project.....	VIII-4
3. Major Repairs and Remodeling and Improvements Other than Buildings.....	VIII-4
4. Professional Services.....	VIII-5
5. Constitutional and Legislative Restrictions.....	VIII-5
6. Modification of Bids.....	VIII-5
7. Institutional Building Advisory Committees.....	VIII-6
IX. Matters Relating to Investments, Trusts, and Lands	
Sec. 1. Authorizations re Sales, Assignments, Conveyances, Receipt of Property, and Proxies.....	IX-1
2. Policy for Investment and Management of the PUF....	IX-3
3. Policy for Investment and Management of Trust and Special Funds.....	IX-5
4. Policy for Investment and Management of the Common Trust Fund.....	IX-5
5. Investment Advisory Committee.....	IX-6
6. Investment Transactions.....	IX-6
X. Auxiliary Enterprises	
Sec. 1. Definition.....	X-1
2. Annual Budgets.....	X-1
3. Intercollegiate Athletic Departments.....	X-1
4. Dormitories and Housing Facilities--Rentals, Related Policies and Rates.....	X-1
5. Rules and Regulations for Administration of Dormitories.....	X-1
6. Meals and Lodging for Employees.....	X-1

CHAPTER III

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

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

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

estimates, sign change orders, and provide general supervision of all new construction. That office shall advise the Board if developments during construction require additional funds or other decisions of the Board.

1.35 The Office of the Chancellor, or its delegate, shall inspect the completed building and recommend final acceptance and final payment.

Sec. 2. Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving the Expenditure of \$300,000 or Less Per Project.--

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

Editorial Amendment
Issued January 1988

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

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

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

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

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

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

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

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

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

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

- 3.1 Unless otherwise limited by the terms of the instrument by which the fund was created, trust and special funds under the control of the Board shall be invested and reinvested in such securities and investments as are permitted by the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) as legal investments for funds held by trustees. The policies for the investment of funds for the Professional Medical Malpractice Self-Insurance Plan shall be those outlined in the Medical Malpractice Self-Insurance Fund Investment Policy Statement.
- 3.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to trust and special funds except that Subsection 2.32 shall be applied only when appropriate comparisons and significant amounts are involved.
- 3.3 Trust funds will be managed separately and not commingled with the Common Trust Fund if the terms of the instrument by which the fund was created or documents and instructions from the donor preclude investment through the Common Trust Fund. In addition, 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 Director for Investments with respect to matters relating to the management of investments. The following rules shall apply to such Committee:
- 5.1 Membership.--Six members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.
 - 5.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.
 - 5.3 Term of Office.--Each member shall serve a three-year term, with the terms of two members expiring each August 31. A member is eligible for reappointment to a consecutive three-year term, but may not be reappointed thereafter without a three-year break in service.
 - 5.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Executive Vice Chancellor for Asset Management.
- Sec. 6. Investment Transactions.--Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with the Permanent University Fund and the Common Trust Fund Investment Policy Statements.

M6
See me re
Editorial Change
a
12/2

Part TWO

estimates, sign change orders, and provide general supervision of all new construction. That office shall advise the Board if developments during construction require additional funds or other decisions of the Board.

1.35

The Office of the Chancellor, or its delegate, shall inspect the completed building and recommend final acceptance and final payment.

Sec. 2. Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving Less than \$300,000 per Project.

~~Minor new building construction, minor repairs and remodeling of the physical plant and construction of improvements other than buildings that involve a total expenditure of \$300,000 or less per project~~ may be

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

This to be stapled
to file copy of
Part two amend-
ments

1/6
mg

extensions or renewals of same that have been approved, authorized or granted by the Board as an item on the Agenda of the Board at a regular or special meeting;

10.12 applications for permits or licenses to be issued to the Board or a component institution that have been approved or authorized by the Board;

10.13 renewals of permits or licenses issued to the Board or a component institution that are renewable without change in the terms or conditions thereof where the original application for such permit or license was made pursuant to the approval or authorization of the Board and such approval or authorization has not been withdrawn.

Further, approval was granted for the Executive Secretary to the B. T. Board of Regents, in consultation with the Office of General Counsel, to make such editorial changes in the remainder of the Regents' Rules and Regulations as may be necessary in order to conform to the foregoing changes and such other editorial changes as are necessary to ensure that Chapter I is not gender specific.

- 12/3/87
3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 1, Subsection 1.4, Concerning Admission Tickets.--The Board, upon recommendation of the Finance and Audit Committee, amended the Regents' Rules and Regulations, Part Two, Chapter III, Section 1, Subsection 1.4, concerning admission tickets, to read as follows:

- 1.4 Admission tickets, including complimentary tickets, shall have the price of admission indicated thereon, and all such tickets shall be prenumbered, except for certain events where the section, row, and seat number are shown. Admission tickets and coupon books shall be purchased for delivery to the institutional business office and issued to the department concerned. Unused tickets or books shall be returned along with a prescribed ticket report to the business office within 30 days from the date of the event, and a list showing the names of all persons receiving complimentary tickets shall be a part of the prescribed ticket report. The chief business officer may authorize an exception to the 30-day time limit for submitting ticket reports for a specified event or series of events, provided that the exception must be in writing, and must specify both the reason for the exception and the alternate due date for those ticket reports.

IV. OTHER MATTERS

U. T. Board of Regents: Amendments to (a) Regents' Rules and Regulations, Part One, Chapter II, Section 9.2 (Investments and Trusts); (b) Regents' Rules and Regulations, Part Two, Chapter IX, Sections 1, 2 and 5 (Matters Relating to Investments, Trusts, and Lands); (c) The Charter of The University of Texas System Common Trust Fund; (d) The Common Trust Fund Investment Policy Statement; and (e) the Medical Malpractice Self-Insurance Fund Investment Policy Statement.--In order to clarify recent restructuring of the Office of Asset Management for The University of Texas System, the Board:

✓ a. Amended the Regents' Rules and Regulations, Part One, Chapter II, Subsection 9.2 as set out below:

9.2 Investments and Trusts.

The Executive Vice Chancellor for Asset Management and his or her delegates, the Director for Investments and the Director for Endowments and Trusts, implement policies and actions approved by the Board with respect to:

9.21 Investing, managing, and administering of all endowment funds belonging to the System and its component institutions, including the Permanent University Fund and all trusts and special funds.

9.22 Issuing, managing and paying all bonds and other evidences of indebtedness issued by the Board for System and its component institutions.

9.23 Presenting to the Board through the Office of the Chancellor periodic reports of the status and prospect of funds for which he or she has responsibility and that will be available for expenditure by the System and its component institutions.

9.24 Consulting with the Executive Associate for Economic Affairs with respect to the development of long-range plans for the development and management of the economic resources of the System and its component institutions.

✓ b. Amended the Regents' Rules and Regulations, Part Two, Chapter IX, Sections 1, 2 and 5 as set out below:

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

1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor,

or his or her delegate, the Executive Vice Chancellor for Asset Management, and the Director for Investments are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute all related state government documents. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents, from funds designated from the PUF, the Common Trust Fund, the Medical Malpractice Self-Insurance Fund, or any funds held in trust.

- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Director for Endowments and Trusts, the Comptroller and Associate Comptroller, and the Trust Officer may each assign and transfer any and all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by the Executive Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.
- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his or her delegate, and the Executive Vice Chancellor for Asset Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.

- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Director for Endowments and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.
- 1.5 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Director for Investments, the Director for Endowments and Trusts, and the Investment Officers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.
- 1.6 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

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

- 2.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.
- 2.2 Advice of Investment Advisory Committee.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Director for Investments shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings and at other times as appropriate on all of the major matters involving the PUF.
- 2.3 Reports to the Regents' Land and Investment Committee.
 - 2.31 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Land and Investment Committee.

- 2.32 The investment performance of the Fund, as measured by an unaffiliated organization, shall be reported to the Regents' Land and Investment Committee at least annually.
 - 2.33 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Land and Investment Committee annually.
 - 2.34 The Fund's investment in U. S. companies with substantive investments or operations in South Africa will be reported to the Regents' Land and Investment Committee semiannually in combination with the status review of these firms' effective compliance with the spirit of the six key elements of the Sullivan Principles.
 - 2.35 All proxy votes on the social issue of investment and corporate conduct in South Africa will be reported to the Regents' Land and Investment Committee.
- 2.4 The Chancellor, the Executive Vice Chancellor for Asset Management, or the Director for Investments are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.
- 2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 2.51 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Executive Vice Chancellor for Asset Management, the Director for Investments, or the Investment Officers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.

2.52 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at its discretion.

2.53 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Director for Investments or the Director for Endowments and Trusts determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or the Executive Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Land and Investment Committee. Voting on the issue of investments and corporate conduct in South Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.

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

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

The following rules shall apply to such Committee:

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

- c. Amended The Charter of The University of Texas System Common Trust Fund as set out below:

THE CHARTER OF
THE UNIVERSITY OF TEXAS SYSTEM COMMON TRUST FUND
(Originally Established as
"Funds Grouped for Investment" on June 27, 1932
Amended on February 27, 1948, Amended on March 11, 1967,
Amended on December 5, 1985, Amended on February 13, 1986,
Amended on October 9, 1987, and
Amended on December 3, 1987)

ARTICLE I

Fund Name, Purpose, and Eligibility for Participation

1. The Common Trust Fund as herein established shall be known as "The University of Texas System Common Trust Fund" (originally designated as "Funds Grouped for Investment") and shall be under the control of the Board of Regents of The University of Texas System, as Trustee.
2. The purpose of the Common Trust Fund is to provide for the collective investment of various endowment and trust funds held by The University of Texas System or by the Board of Regents of The University of Texas System in a fiduciary capacity.
3. No endowment or trust fund shall be admitted unless it is under the sole control, with full discretion as to investments, of the Board of Regents of The University of Texas System and/or an official or officials of The University of Texas System in his official capacity. However, no such official, other than the Board of Regents, the Executive Vice Chancellor for Asset Management, or his or her designee,

I AAR Vol Two

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE November 23, 1987

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

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

"A"
Cover Page
Pages V-9 through V-18

Page VI-1
Page VIII-4

"B"
Cover Page
Pages V-9 through V-17,
V-17a, V-17b, V-17c and
V-18
Pages VI-1 and VI-1a
Pages VIII-4 and VIII-4a

The amendments approved at the October 9, 1987 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AHD/lp
Enclosures

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

PART TWO

Reissued as of September 1, 1982
(with Amendments to October 9, 1987)

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 of all types (including any invention, discovery, trade secret, technology, scientific or technological development, or computer software) regardless of whether subject to protection under the patent, trademark or copyright laws. This policy shall not apply to faculty authored written or visual work, except computer software, produced in the author's professional field, which property shall be owned by the creator; nor shall the policy apply to intellectual property produced as a work for hire in the performance

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE November 23, 1987

TO: Dr. Ashworth

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 V-9 through V-18

Page VI-1
Page VIII-4

"B"
Cover Page
Pages V-9 through V-17,
V-17a, V-17b, V-17c and
V-18
Pages VI-1 and VI-1a
Pages VIII-4 and VIII-4a

The amendments approved at the October 9, 1987 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.

AHD/lp
Enclosures (3 sets)

of a contract with the System or as a part of an employee's assigned work responsibilities, which property shall be owned by the Board.

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

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

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 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 shall be subject to ownership by the Board. (See 2.442.)
- 2.4521 Before intellectual property covered by Section 2.422 is disclosed either to the public or for commercial purposes, and before publishing same, the creator shall submit such intellectual property to the Institutional Patent Committee for determination of the System's interest. A component institution may establish guidelines in its Handbook of Operating Procedures for submitting different categories of intellectual property to its Institutional Patent Committee, and procedures to be followed by the Institutional Patent Committee in reviewing and evaluating such submissions. Such guidelines and procedures shall be consistent with this policy and shall be subject to approval as a part of the institutional Handbook. In those instances, however, where delay would jeopardize obtaining the appropriate protection for the property, the creator may, 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 Paragraph 2.452. In those instances where the System licenses rights in intellectual property to third parties, the costs of licensing and obtaining a patent or other protection for the property on behalf of the Board shall first be recaptured from any royalties received by the System, and the remainder of such royalty income (including license fees, prepaid royalties and minimum royalties) shall be divided as follows:

50% to creator

50% to System.

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

- 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 or grant to the System shall be subject to ownership by the Board. (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 Equity Interests.

2.461 In agreements with business entities relating to rights in intellectual property owned by the Board, the System may receive equity interests as partial or total compensation for the rights conveyed.

2.462 Consistent with Section 51.92, Education Code, and subject to review and approval by the chief administrative officer of the component institution, the Office of the Chancellor and the Board, employees of the System who conceive, create, discover, invent or develop

intellectual property may hold an equity interest in a business entity that has an agreement with the System relating to the research, development, licensing or exploitation of that intellectual property.

2.463 The System may negotiate, but shall not be obligated to negotiate, an equity interest on behalf of any employee as a part of an agreement between the System and a business entity relating to intellectual property conceived, created, discovered, invented or developed by the employee and owned by the Board.

2.464 Dividend income and income from the sale or disposition of equity interests held by the Board pursuant to agreements relating to intellectual property shall belong to the System and shall be distributed in accordance with the provisions of Section 2.50 below.

2.465 Dividend income and income from the sale or disposition of an equity interest held by a System employee pursuant to an agreement between the System and a business entity relating to rights in intellectual property conceived, created, discovered, invented or developed by such employee shall belong to the employee.

2.47 Business Participation.

2.471 Any System employee who conceives, creates, discovers, invents or develops intellectual property shall not serve as a member of the board of directors or other governing board or as an officer or an employee (other than as a consultant) of a business entity that has an agreement with the System relating to the research,

development, licensing, or exploitation of that intellectual property without prior review and approval by the chief administrative officer of the component institution, the Office of the Chancellor and the Board as an agenda item.

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

2.48 Reporting.

2.481 Any employee covered by Section 2.462, 2.471, or 2.472 shall report in writing to the chief administrative officer of the component institution, or to such other person as may be designated by the chief administrative officer, the name of any business entity as referred to therein in which the person has an interest or for which the person serves as a director, officer or employee and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. These reports shall be accumulated in the office of the chief administrative officer or designee and then forwarded to the appropriate Executive Vice Chancellor by September 1 of each year so that the Office of the Chancellor may file a report with the Board at its October meeting. After the report has been approved by the Board, the Office of the Chancellor shall prepare the report to the Governor and the Legislature required by Section 51.912(c), Education Code.

- 2.49 Approval of Agreements Relating to Rights in Intellectual Property.
- 2.491 Agreements relating to rights in intellectual property shall ordinarily be approved by the Board on the institutional docket following review by the Office of General Counsel and approval by the administration of the component institution and the Office of the Chancellor.
- 2.492 Any agreement altering substantially the basic intellectual property policy of the System as set out in the preceding sections and other policies and guidelines that may be adopted by the Board shall have the advance approval of the chief administrative officer, the Office of the Chancellor, and the Board as an agenda item.
- 2.50 Income from Intellectual Property. The portion of the net income the System retains from royalties and any other intellectual property-related income shall be used first to defray the expenses, if any, of the System Intellectual Property Office and thereafter, as approved by the Board, for research purposes at the component institutions where the income providing creation originated. At the option of a component institution, such income may be accumulated in an endowment fund administered by the Office of Asset Management with the income to be distributed to the component institution for such purposes as may be approved by the Board.
- 2.51 Implementation of Intellectual Property Policy. The Office of Asset Management and the Office of General Counsel through the System Intellectual Property Office shall prepare and distribute to the component institutions such Model Agreements and recommended procedures as may be considered appropriate for the implementation of the provisions of this policy as well as other policies and guidelines adopted by the Board.

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

Sec. 3. 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

CHAPTER VI

STAFF BENEFITS

(Staff benefits may be subject to change by State and Federal Laws.
Application in specific instances should be verified.)

Sec. 1. Teacher Retirement System.

Pursuant to Title 110B, Subtitle D, Chapters 31-35, Vernon's Texas Civil Statutes (to be included in the Texas Government Code), a person, unless eligible to participate and participating in the Optional Retirement Program (Section 2 below), employed by the System at least one-half time for a cumulative period of four and one-half months within one fiscal year must participate in the Teacher Retirement System of Texas.

Sec. 2. Optional Retirement Program.

- 2.1 Pursuant to Section 31.001 and 36.101 et seq., Title 110B, Vernon's Texas Civil Statutes (to be included in the Texas Government Code) and subject to eligibility rules adopted by the Texas Higher Education Coordinating Board, the following employees are eligible to participate in the Optional Retirement Program (O.R.P.):
- 2.11 Full-time faculty members appointed at least four and one-half months.
 - 2.12 Full-time administrative personnel responsible for teaching and research faculty appointed for at least four and one-half months.
 - 2.13 The Chancellor and individuals employed full-time as Executive Vice Chancellors, Vice Chancellors, chief administrative officers, vice presidents, and professional librarians, or other full-time professional staff persons whose national mobility requirements are similar to those of faculty members and who fill positions that are the subject of nationwide searches in the academic community.

- 2.2 In accordance with conditions approved by the U.T. Board of Regents and in consultation with the Office of the Executive Director for Finance and Administration, the System Personnel Director will review and approve the companies authorized to provide annuity contracts, custodial accounts or investment contracts under the O.R.P.
- 2.3 In consultation with the Office of the Executive Director for Finance and Administration and in accordance with federal and state laws and regulations, The University of Texas System Personnel Director is authorized to issue "Guidelines for

estimates, sign change orders, and provide general supervision of all new construction. That office shall advise the Board if developments during construction require additional funds or other decisions of the Board.

- 1.35 The Office of the Chancellor, or its delegate, shall inspect the completed building and recommend final acceptance and final payment.

Sec. 2. Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving Less than \$300,000 per Project.-- Minor new building construction, minor repairs and remodeling of the physical plant and construction of improvements other than buildings that involve a total expenditure of \$300,000 or less per project may be handled at the component institution. However, any project involving the addition of space to the building inventory must have advance approval by the Office of the Chancellor and then be approved by the U. T. Board of Regents via standard docket procedures. If the proposed construction or renovation is to accommodate program changes requiring approval beyond the campus level, such program approvals must be secured in advance of requests for construction approval or must be included with the construction request. Funds must have been approved through standard U. T. System budgetary procedures and the project must have been approved by the institution's director of physical plant, chief business officer, and chief administrative officer. All contracts for minor new building construction, minor repairs, or remodeling shall be let on a standard form contract approved by the Office of Facilities Planning and Construction and the Office of General Counsel and shall be submitted to the Board of Regents through the institutional docket. Any such contract that involves the expenditure of more than \$25,000 shall be submitted to the Office of General Counsel for approval as to form prior to its execution by the institution.

Sec. 3. Major Repairs and Remodeling and Improvements Other than Buildings.

- 3.1 Any repair or remodeling project of the physical plant or construction of improvements other than buildings involving an estimated expenditure that exceeds \$300,000 shall be deemed a construction project and shall be handled under the procedures set out in Section 1. A repair or remodeling project or a project that involves the construction of improvements other than buildings that does not exceed \$300,000 may be handled at the component institution in accordance with the procedures set out in Section 2 of this Chapter.
- 3.2 Unless otherwise approved by the Board, the procedures and regulations pertaining to new building construction shall apply to major repairs and remodeling projects.

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas of the Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler



The University of Texas Health Science Center at Dallas
The University of Texas Medical Branch at Galveston
The University of Texas Health Science Center at Houston
The University of Texas System Cancer Center
The University of Texas Health Science Center at San Antonio
The University of Texas Health Center at Tyler
The University of Texas Institute of Texan Cultures at San Antonio

THE UNIVERSITY OF TEXAS SYSTEM

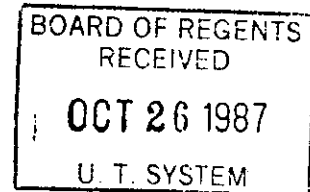
Office of General Counsel

201 WEST 7TH STREET AUSTIN, TEXAS 78701

TELEPHONE (512) 499-4462

MEMORANDUM

October 23, 1987



TO: Margaret Glover
COPY: Jim Crowson
FROM: Jettie Woodard
SUBJECT: Amendments to Regents' Rules and Regulations

Attached are the following amendments to the Regents' Rules and Regulations:

1. Part One, Chapter III, Section 31 (Retirement and Modified Service);
2. Part One, Chapter VI, Section 6 (Solicitation)
3. Part One, Chapter VII, Section 4 (Internal Foundations) (NOTE: I also include one editorial correction to page 11 - I added a tab to properly align the column heading)
4. Part One, Chapter VIII, Section 4 (Institutions and Entities Composing the System)
5. Part Two, Chapter III, Section 1 (Receipts, Admission Tickets, and Charges). This amendment is editorial only--someone spotted a typo (see marked copy).
6. Part Two, Chapter V, Section 2.4 (Intellectual Property Policy)
7. Part Two, Chapter VI, Section 2 (Optional Retirement Program)

8. Part Two, Chapter VIII, Section 2 (Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving Less than \$300,000 per Project)

Also enclosed, of course, are updated title pages and one index page. Please let me know if you need anything else in connection with these updates.

jw
Attachments

3. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter VI, Section 6, Subsection 6.12(4) (Solicitation).--Approval was given to amend the Regents' Rules and Regulations, Part One, Chapter VI, Section 6, Subsection 6.12(4) concerning solicitation to read as set forth below:

- (4) (a) The operation by the institution of any service or facility maintained for the convenience of the students, staff and/or faculty.
(b) The operation by the institution's subcontractor or lessee (through appropriate written agreements approved as to content by the chief administrative officer of the institution and the Office of the Chancellor, as to form by the Office of General Counsel, and by the Board of Regents through the Docket of the Office of the Chancellor) of one of the following services or facilities, maintained for the convenience of the students, staff and/or faculty: any bookstore, specialty store, laundry, pharmacy, cafeteria, child care facility (limited to children or bonafide dependents of students, staff and/or faculty), state or federal credit union (the membership in which must be limited primarily to students, faculty, and staff of the institution but which may include: students, faculty, and staff of other area institutions of higher education; students, faculty, and staff of other component institutions of the U. T. System; staff members of the U. T. System administration; and staff members of organizations closely related to the institution's educational mission such as ex-student organizations and cooperative bookstores), unmanned teller machines (any agreement for the placement of which must include a provision expressly prohibiting advertising the location of the unmanned teller machine to the general public), or travel agency (the use of which must be limited primarily to students, faculty and staff of the institution and which agency must agree to undertake no public advertising concerning the location of the facility).

This amendment would exempt on-campus child care facilities provided by a subcontractor or lessee from the definition of "prohibited solicitation."

4. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VI, Section 2, Subsection 2.1 (Optional Retirement Program).--In order to comply with House Bill 10 adopted by the 70th Legislature, the Board, upon recommendation of the Finance and Audit Committee, amended the Regents' Rules and Regulations, Part Two, Chapter VI, Section 2, Subsection 2.1 concerning eligibility for the Optional Retirement Program to read as set forth below:

- 2.1 Pursuant to Sections 31.001 and 36.101 et seq., Title 110B, Vernon's Texas Civil Statutes (to be included in the Texas Government Code) and subject to eligibility rules adopted by the Texas Higher Education Coordinating Board, the following employees are eligible to participate in the Optional Retirement Program (O.R.P.):
- 2.11 Full-time faculty members appointed at least four and one-half months.

- 2.12 Full-time administrative personnel responsible for teaching and research faculty appointed for at least four and one-half months.
- 2.13 The Chancellor and individuals employed full-time as Executive Vice Chancellors, Vice Chancellors, chief administrative officers, vice presidents, and professional librarians, or other full-time professional staff persons whose national mobility requirements are similar to those of faculty members and who fill positions that are the subject of nationwide searches in the academic community.

These amendments were necessitated by a recent amendment to State law that changes and limits to some extent the definition of "faculty member" for purposes of Optional Retirement Program eligibility. The statutory amendment also makes O.R.P. eligibility subject to rules adopted by the Texas Higher Education Coordinating Board. Staff members who participate in O.R.P. pursuant to previously established institutional rules will be "grandfathered."

- 5. U. T. System: Approval of Non-Personnel Aspects of the 1987-88 Operating Budgets, Including Auxiliary Enterprises, Grants and Government Contracts, Designated Funds, Restricted Current Funds and Medical Service, Research and Development Programs and Authorization for Office of the Chancellor to Make Editorial Corrections Therein.-- Committee Chairman Roden called on Chancellor Mark who presented a comprehensive overview of the 1987-88 proposed Operating Budgets for The University of Texas System. A copy of Chancellor Mark's report is on file in the Office of the Board of Regents.

Upon recommendation of the Finance and Audit, Academic Affairs and Health Affairs Committees, the Board approved the non-personnel aspects of the 1987-88 Operating Budgets, Including Auxiliary Enterprises, Grants and Government Contracts, Designated Funds, Restricted Current Funds and Medical Service, Research and Development Programs for The University of Texas System as listed below and authorized the Office of the Chancellor to make editorial corrections and subsequent adjustments to be reported to the Board through the institutional dockets:

- The University of Texas System Administration
(including the Available University Fund)
- The University of Texas at Arlington
- The University of Texas at Austin
- The University of Texas at Dallas
- The University of Texas at El Paso
- The University of Texas of the Permian Basin
- The University of Texas at San Antonio
(including The University of Texas
Institute of Texan Cultures at San Antonio)
- The University of Texas at Tyler
- The University of Texas Southwestern Medical
Center at Dallas
- The University of Texas Medical Branch
at Galveston
- The University of Texas Health Science Center
at Houston
- The University of Texas Health Science Center
at San Antonio
- The University of Texas System Cancer Center
- The University of Texas Health Center at Tyler

REPORT AND RECOMMENDATIONS OF THE BUILDINGS AND GROUNDS COMMITTEE (Pages 54 - 91).--Committee Chairman Hay reported that the Buildings and Grounds Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Buildings and Grounds Committee and approved in open session and without objection by the U. T. Board of Regents:

NOTE: In compliance with the action approved in Item 1 on Page 25 of these Minutes, all references to the U. T. Health Science Center - Dallas have been changed to U. T. Southwestern Medical Center - Dallas. Legal instruments, depending upon their time of negotiation and preparation, may contain either name and the same shall be considered as interchangeable.

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VIII, Section 2 (Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving Less Than \$300,000 Per Project).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 2 (Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving Less Than \$300,000 Per Project) to read as set out below:

Sec. 2. Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving Less Than \$300,000 Per Project.--Minor new building construction, minor repairs and remodeling of the physical plant and construction of improvements other than buildings that involve a total expenditure of \$300,000 or less per project may be handled at the component institution. However, any project involving the addition of space to the building inventory must have advance approval by the Office of the Chancellor and then be approved by the U. T. Board of Regents via standard docket procedures. If the proposed construction or renovation is to accommodate program changes requiring approval beyond the campus level, such program approvals must be secured in advance of requests for construction approval or must be included with the construction request. Funds must have been approved through standard U. T. System budgetary procedures and the project must have been approved by the institution's director of physical plant, chief business officer, and chief administrative officer. All contracts for minor new building construction, minor repairs, or remodeling shall be let on a standard form contract approved by the Office of Facilities Planning and Construction and the Office of General Counsel and shall be submitted to the Board of Regents through the institutional docket. Any such contract that involves the expenditure of more than \$25,000 shall be submitted to the Office of General Counsel for approval as to form prior to its execution by the institution.

Proceeds for the right-of-way will be added to the Eva Stevenson Woods Endowed Presidential Scholarship Fund to provide scholarships for students at U. T. Austin.

6. U. T. Medical Branch - Galveston - Agnes Thelma Anderson Fund: Authorization for an Oil and Gas Lease Covering 53.745 Acres in Maysville Addition, Liberty County, Texas, to Murff Bledsoe, Inc., Houston, Texas.--The Land and Investment Committee recommended and the Board authorized an oil and gas lease on 53.745 acres being a 3/8 interest in 143.32 acres in the Maysville Addition, Liberty County, Texas, to Murff Bledsoe, Inc., Houston, Texas. This mineral interest is held in trust by The University of Texas Medical Branch at Galveston for the Agnes Thelma Anderson Fund. The three-year lease provides for a 1/5 royalty, a \$10 per acre rental and a \$50 per acre bonus of \$2,687.25 with a two-year option for a \$50 per net mineral acre rental.

Proceeds from this lease will be added to the Agnes Thelma Anderson Fund for the U. T. Medical Branch - Galveston.

7. U. T. Medical Branch - Galveston: Sivert Brown Fund - Approval of an Oil and Gas Lease Covering 15 Acres Out of the John Cummings League, Abstract 57, in Brazoria County, Texas, to Robert B. Harp Oil and Gas Properties, Houston, Texas.--Upon recommendation of the Land and Investment Committee, the Board granted an oil and gas lease on 15 acres out of the John Cummings League, Abstract 57, Brazoria County, Texas, being known as Lot 16, Magill Subdivision, a subdivision of a tract of 169.35 acres which is out of the northeast part of Lot 4 of the partition of the John Cummings League, to Robert B. Harp Oil and Gas Properties, Houston, Texas. This mineral interest is held in trust for the Sivert Brown Fund for The University of Texas Medical Branch at Galveston. The paid-up three-year lease provides for a 1/4 royalty and a \$10 per acre rental with a bonus of \$100 per acre or \$1800.

Proceeds from this lease will be added to the Sivert Brown Fund for the U. T. Medical Branch - Galveston.

IV. INTELLECTUAL PROPERTY

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter V, Subsection 2.4 (Intellectual Property Policy).--In order to comply with legislation passed by the 70th Legislature, approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter V, Subsection 2.4 (Intellectual Property Policy) as set out below:

a. Subdivision 2.42 was amended to read as follows:

2.422 This policy shall apply to intellectual property of all types (including any invention, discovery, trade secret, technology, scientific or technological development, or computer software) regardless of whether subject to protection under the patent, trademark or copyright laws. This policy shall not apply to faculty authored written or visual work, except computer software,

produced in the author's professional field, which property shall be owned by the creator; nor shall the policy apply to intellectual property produced as a work for hire in the performance of a contract with the System or as a part of an employee's assigned work responsibilities, which property shall be owned by the Board.

b. Subdivision 2.44 was amended to read as follows:

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

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

c. Subdivision 2.45 was amended to read as follows:

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 shall be subject to ownership by the Board. (See 2.442.)

2.4521 Before intellectual property covered by Section 2.422 is disclosed either to the public or for commercial purposes, and before publishing same, the creator shall submit such intellectual property to the Institutional Patent Committee for determination of the System's interest. A component institution may establish guidelines in its Handbook of Operating Procedures for submitting different categories of intellectual property to its Institutional Patent Committee, and procedures to be followed by the Institutional Patent Committee in reviewing and evaluating such submissions. Such guidelines and procedures shall be consistent with this policy and shall be subject to approval as a part of the institutional Handbook. In those instances, however, where delay would jeopardize obtaining the appropriate protection for the property, the creator may, 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.

- 2.4523 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 Paragraph 2.452. In those instances where the System licenses rights in intellectual property to third parties, the costs of licensing and obtaining a patent or other protection for the property on behalf of the Board shall first be recaptured from any royalties received by the System, and the remainder of such royalty income (including license fees, prepaid royalties and minimum royalties) shall be divided as follows:
- 50% to creator
 - 50% to System.

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

of the System's agreement with such concern, as approved by the Board. Any other deviation from this rule requires the prior approval of the Board.

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 or grant to the System shall be subject to ownership by the Board. (See 2.443.)

d. New Subdivisions 2.46, 2.47, and 2.48 were added to read as follows:

2.46 Equity Interests.

2.461 In agreements with business entities relating to rights in intellectual property owned by the Board, the System may receive equity interests as partial or total compensation for the rights conveyed.

2.462 Consistent with Section 51.92, Education Code, and subject to review and approval by the chief administrative officer of the component institution, the Office of the Chancellor and the Board, employees of the System who conceive, create, discover, invent or develop intellectual property may hold an equity interest in a business entity that has an agreement with the System relating to the research, development, licensing or exploitation of that intellectual property.

2.463 The System may negotiate, but shall not be obligated to negotiate, an equity interest on behalf of any employee as a part of an agreement between the System and a business entity relating to intellectual property conceived, created, discovered, invented or developed by the employee and owned by the Board.

2.464 Dividend income and income from the sale or disposition of equity interests held by the Board pursuant to agreements relating to intellectual property shall belong to the System and shall be distributed in accordance with the provisions of Section 2.50 below.

2.465 Dividend income and income from the sale or disposition of an equity interest held by a System employee pursuant to an agreement between the System and a business entity relating to rights in intellectual property conceived, created, discovered, invented or developed by such employee shall belong to the employee.

2.47 Business Participation.

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

2.48 Reporting.

- 2.481 Any employee covered by Section 2.462, 2.471, or 2.472 shall report in writing to the chief administrative officer of the component institution, or to such other person as may be designated by the chief administrative officer, the name of any business entity as referred to therein in which the person has an interest or for which the person serves as a director, officer or employee and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. These reports shall be accumulated in the office of the chief administrative officer or designee and then forwarded to the appropriate Executive Vice Chancellor by September 1 of each year so that the Office of the Chancellor may file a report with the Board at its October meeting. After the report has been approved by the Board, the Office of the Chancellor shall prepare the report to the Governor and the Legislature required by Section 51.912(c), Education Code.

- e. Present Subdivision 2.46 was renumbered as Subdivision 2.49 and amended to read as follows:

2.49 Approval of Agreements Relating to Rights in Intellectual Property.

2.491 Agreements relating to rights in intellectual property shall ordinarily be approved by the Board on the institutional docket following review by the Office of General Counsel and approval by the administration of the component institution and the Office of the Chancellor.

2.492 Any agreement altering substantially the basic intellectual property policy of the System as set out in the preceding sections and other policies and guidelines that may be adopted by the Board shall have the advance approval of the chief administrative officer, the Office of the Chancellor, and the Board as an agenda item.

- f. Present Subdivision 2.47 was renumbered as Subdivision 2.50 and amended to read as follows:

2.50 Income from Intellectual Property. The portion of the net income the System retains from royalties and any other intellectual property-related income shall be used first to defray the expenses, if any, of the System Intellectual Property Office and thereafter, as approved by the Board, for research purposes at the component institutions where the income providing creation originated. At the option of a component institution, such income may be accumulated in an endowment fund administered by the Office of Asset Management with the income to be distributed to the component institution for such purposes as may be approved by the Board.

- g. Present Subdivision 2.48 was renumbered as Subdivision 2.51

- h. A new Subdivision 2.52 was added to read as follows:

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

2. U. T. Austin: Recommendation for Approval of Patent License Agreement with Nova Automation, Inc., Austin, Texas, for Technology Relating to Layered Part Generation Using Laser Sintering (Withdrawn).--The item related to the proposed Patent License Agreement between The University of Texas at Austin and Nova Automation, Inc., Austin, Texas, for technology relating to layered part generation using laser sintering was withdrawn for consideration at a later date.

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS

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

MEMORANDUM

August 12, 1987

DATE _____

TO: _____

Arthur H. Dilly

FROM: _____

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

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page IX-1, IX-2	Page IX-1, IX-2

The amendments approved at the June 11, 1987 meeting of the U. T. Board of Regents as well as editorial changes have been incorporated on the revised pages.

AHD/lp

Enclosures

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE August 12, 1987

TO: Dr. 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
Page IX-1, IX-2	Page IX-1, IX-2

The amendments approved at the June 11, 1987 meeting 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/lp

Enclosures (3 sets)

October 1986

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 and Research 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

Official Copy
June 11, 1987

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 June 11, 1987,
and Editorial Amendments to August 1987)

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

- Sec. 1. Authorizations re Sales, Assignments, Conveyances, Receipt of Property, and Proxies.
- 1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, and the Executive Director for Investments 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, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents, from funds designated from the PUF, the Common Trust Fund, the Medical Malpractice Self Insurance Fund, or any funds held in trust.
- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Executive Director for 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 or her delegate, and the Executive Vice Chancellor for Asset Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.
- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Executive Vice Chancellor for Asset Management, 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 or her 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.

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS

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

MEMORANDUM

DATE April 21, 1987

TO: _____

FROM: Arthur H. Dilly

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

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

"A"

Cover Page
Pages V-1, V-3, V-4, V-7,
V-8, V-22, V-24, V-26 and
V-27
Page VII-1
Pages VIII-2, VIII-3 and
VIII-5

"B"

Cover Page
Pages V-1, V-3, V-4, V-7,
V-8, V-22, V-24, V-26 and
V-27
Page VII-1
Pages VIII-2, VIII-3 and
VIII-5

The amendments approved at the February 12, 1987 meeting of the U. T. Board of Regents as well as editorial changes have been incorporated on the revised pages.

AHD/lp

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE April 21, 1987

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-1, V-3, V-4, V-7, V-8, V-22, V-24, V-26 and V-27	Pages V-1, V-3, V-4, V-7, V-8, V-22, V-24, V-26 and V-27
Page VII-1	Page VII-1
Pages VIII-2, VIII-3 and VIII-5	Pages VIII-2, VIII-3 and VIII-5

The amendments approved at the February 12, 1987 meeting 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/lp

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 February 12, 1987)

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 or her delegate) of each component institution shall determine the inclusiveness of the Classification Plan within this general definition.
 - 1.212 Type of Plan.--Uniform use shall be made of the job grading procedure method of job evaluation. Job descriptions shall be prepared according to the Procedure for Writing Job Specifications provided by the System Personnel Office.
 - 1.213 Job Titles.--Standardized job titles shall be used for similar job

- 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 or her 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 or her 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 or her 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.

- 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 or 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 the employee's 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, all employees required or permitted to work in excess of forty hours per week shall be compensated for such overtime either:

2.321 By receiving compensatory time off at the rate of one and one-half (1½) hours off for each hour of overtime, subject to the accrual limitation of 480 hours in the case of personnel engaged in public safety or emergency response activities; or 240 hours for other categories of employees. Such compensatory time off shall be granted at a mutually convenient date anytime during the twelve month period following the end of the workweek in which such compensatory time is accrued, or during a shorter time period as specified by the component institution; or

2.322 In cases where granting compensatory time is impracticable, by receiving pay equivalent to one and one-half times the regular rate of pay.

2.33 Compensatory time for those employees excepted from this provision shall be determined by the chief administrative officer of the institution involved.

2.34 Institutions paying overtime shall maintain a monthly record of overtime paid indicating the number of employees so compensated and the total amount paid.

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

attainment of the degree and to remain in the employment of the System for a period of time subsequent to graduation that is proportionate either to the period of time the employee has received financial assistance to attend college or university or to the amount of financial assistance received.

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 the individual's control, fails to complete the training or otherwise defaults in any provision of the agreement between the System and the individual.

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 the employee's 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

- outside the State. Such programs must be of concentrated, precise content and designed to improve the individual's professional or technical knowledge in the performance of the individual's present or prospective duties and responsibilities. This program is for selected individual staff members and will be provided on the basis of need of the System and to the extent funds are available.
- 4.82 Objectives: To improve and enhance the individual's professional and technical knowledge and ability in the performance of the individual's present or prospective duties and responsibilities.
- 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 his or her delegate 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.

- 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 a work product. (Example: The employee of a private data processing equipment firm observing and being trained in the Data Processing Department of a component institution which serves as the training ground.)
- 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 his or her delegate 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

CHAPTER VII

PHYSICAL PROPERTIES

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

- the Office of Facilities Planning and Construction to prepare a detailed program of the needs for each project.
- 1.23 The chairperson of the Institutional Building Advisory Committee, or his or her delegate, shall be an ex officio member of each Ad Hoc Project Building Committee.
- 1.24 The project architect shall be given the detailed program and will work in conjunction with the Office of Facilities Planning and Construction to prepare preliminary plans, exterior design, outline specifications, cost estimates, etc., which shall be submitted to the Board for approval upon the recommendation of the chief administrative officer, the Office of the Chancellor, or its delegate.
- 1.25 After approval of the preliminary plans, the Board shall authorize the preparation of the working drawings and specifications. In the preparation of the final plans and specifications, the project architect shall work with the Ad Hoc Project Building Committee and the Office of Facilities Planning and Construction.
- 1.26 The final working drawings and specifications shall be submitted to the Board for approval upon the recommendation of the chief administrative officer, the Office of the Chancellor, or its delegate.
- 1.3 Bidding and Construction Phase of Project.
- 1.31 After the Board approves the final plans and specifications, the Board shall authorize the Office of Facilities Planning and Construction to advertise for bids. Advertisements for bids for buildings shall be in accordance with State law.
- 1.32 The Office of the Chancellor, or its delegate, shall receive and open bids, with the project architect and others, tabulate and study

- such bids, and make recommendations to the Board.
- 1.33 In accordance with law, the Board will award the contracts for all work in excess of the amount of \$300,000. The contract will be signed by the contractor(s) involved and the Chairman of the Board and approved by the Board.
- 1.331 In the event the lowest bidder is found to be not responsible, or other facts and circumstances necessitate award of contract to other than the lowest bidder, the bidder(s) submitting proposal(s) lower than the bidder to whom award is proposed shall be notified of the Board's proposed decision for award.
- 1.332 If the lowest bidder fails to timely file notice of protest, the Board's proposed award will be final.
- 1.333 If the lowest bidder timely files notice of protest, the Board will hear the protest or will delegate to the Office of the Chancellor the authority to appoint a Hearing Officer who shall promptly convene and conduct a hearing and subsequently prepare and submit a report of his or her findings through the Office of the Chancellor to the Board. The Board shall make a final decision based upon the records of the hearing before the Hearing Officer.
- 1.334 The contract documents will be prepared by the Project Architect and approved by the Chancellor's Office, or its delegate, and the General Counsel for the System, or his or her delegate, before submission to the Chairman of the Board.
- 1.335 At the time contracts are awarded, additional appropriations will be made if required.
- 1.34 The Office of the Chancellor, or its delegate, shall approve contractor's

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 the deadline for bid filing set out in the advertisement for bids in connection with the construction or erection of permanent improvements at any of the component

JETTIE WOODARD

Margaret. ok

This is the editorial
we agreed upon in lieu
of an agenda item for Feb.

J

Do as Editorial

Approved: _____

PROPOSED AGENDA ITEM

For Board of Regents' Meeting: April 9-10, 1987

Recommended Committee(s): Finance and Audit

U. T. Board of Regents: Proposed Amendment to Regents' Rules and Regulations, Part Two, Chapter VII, Section 2 (Inventories).--

RECOMMENDATION

The Office of the Chancellor recommends that the Regents' Rules and Regulations, Part Two, Chapter VII, Section 2, concerning inventories, be amended as indicated below in Congressional style:

Sec. 2. Inventories.

- 2.1 An actual physical inventory of property of the System shall be made each fiscal year in accordance with the State Purchasing and General Services [Property] Act, as amended (Article 601b [6252-6], Vernon's Texas Civil Statutes), and in compliance with appropriate regulations issued thereunder. The chief business officer of each component institution shall issue the necessary implementing instructions.
- 2.2 Department heads are responsible for all System property in their care and for the taking of the inventory on the prescribed record forms.
- 2.3 Inventories as of August 31 include all equipment on hand as defined by the State Purchasing and General Services Commission under the State Purchasing and General Services [Property] Act. Items that are worn out or discarded shall be deleted in accordance with the regulations of the State Purchasing and General Services Commission.

Copies

Office of the Board of Regents (orig. + 1 xc)

xcs: Chancellor Mark

Dr. Duncan
Dr. Mullins
Mr. Patrick
Mr. Crowson
Mr. Keel
Mr. Boyd

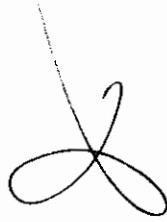
Supplemental Material

Date: 3/4/87
MJW:gh

JETTIE WOODARD

My dear Mr. Woodard:

For your convenience,
the attached highlight the
editorial changes we
suggest.



- the Office of Facilities Planning and Construction to prepare a detailed program of the needs for each project.
- 1.23 The chairperson of the Institutional Building Advisory Committee, or his or her delegate, shall be an ex officio member of each Ad Hoc Project Building Committee.
- 1.24 The project architect shall be given the detailed program and will work in conjunction with the Office of Facilities Planning and Construction to prepare preliminary plans, exterior design, outline specifications, cost estimates, etc., which shall be submitted to the Board for approval upon the recommendation of the chief administrative officer, the Office of the Chancellor, or its delegate.
- 1.25 After approval of the preliminary plans, the Board shall authorize the preparation of the working drawings and specifications. In the preparation of the final plans and specifications, the project architect shall work with the Ad Hoc Project Building Committee and the Office of Facilities Planning and Construction.
- 1.26 The final working drawings and specifications shall be submitted to the Board for approval upon the recommendation of the chief administrative officer, the Office of the Chancellor, or its delegate.
- 1.3 Bidding and Construction Phase of Project.
- 1.31 After the Board approves the final plans and specifications, the Board shall authorize the Office of Facilities Planning and Construction to advertise for bids. Advertisements for bids for buildings shall be in accordance with State law.
- 1.32 The Office of the Chancellor, or its delegate, shall receive and open bids, with the project architect and others, tabulate and study

Chairman

the Office of Facilities Planning and Construction to prepare a detailed program of the needs for each project.

1.23 The chairman of the Institutional Building Advisory Committee, or his delegate, shall be an ex officio member of each Ad Hoc Project Building Committee.

1.24 The project architect shall be given the detailed program and will work in conjunction with the Office of Facilities Planning and Construction to prepare preliminary plans, exterior design, outline specifications, cost estimates, etc., which shall be submitted to the Board for approval upon the recommendation of the chief administrative officer, the Office of the Chancellor, or its delegate.

1.25 After approval of the preliminary plans, the Board shall authorize the preparation of the working drawings and specifications. In the preparation of the final plans and specifications, the project architect shall work with the Ad Hoc Project Building Committee and the Office of Facilities Planning and Construction.

1.26 The final working drawings and specifications shall be submitted to the Board for approval upon the recommendation of the chief administrative officer, the Office of the Chancellor, or its delegate.

1.3 Bidding and Construction Phase of Project.

1.31 After the Board approves the final plans and specifications, the Board shall authorize the Office of Facilities Planning and Construction to advertise for bids.

approved by the Board

Advertisements for bids for buildings shall be in accordance with State law and shall be ~~published for four consecutive weeks unless the urgency, limited scope of work, or economy, as determined by the Chancellor, shall justify a lesser period of time.~~

1.32 The Chancellor, or ~~his~~ delegate, shall receive and open bids, with the project architect and others, tabulate and study

Office of Facilities Planning and Construction

7/25

such bids, and make recommendations to the Board.

- 1.33 In accordance with law, the Board will award the contracts for all work in excess of the amount of \$300,000. The contract will be signed by the contractor(s) involved and the Chairman of the Board and approved by the Board.
- 1.331 In the event the lowest bidder is found to be not responsible, or other facts and circumstances necessitate award of contract to other than the lowest bidder, the bidder(s) submitting proposal(s) lower than the bidder to whom award is proposed shall be notified of the Board's proposed decision for award.
- 1.332 If the lowest bidder fails to timely file notice of protest, the Board's proposed award will be final.
- 1.333 If the lowest bidder timely files notice of protest, the Board will hear the protest or will delegate to the Office of the Chancellor the authority to appoint a Hearing Officer who shall promptly convene and conduct a hearing and subsequently prepare and submit a report of his or her findings through the Office of the Chancellor to the Board. The Board shall make a final decision based upon the records of the hearing before the Hearing Officer.
- 1.334 The contract documents will be prepared by the Project Architect and approved by the Chancellor's Office, or its delegate, and the General Counsel for the System, or his or her delegate, before submission to the Chairman of the Board.
- 1.335 At the time contracts are awarded, additional appropriations will be made if required.
- 1.34 The Office of the Chancellor, or its delegate, shall approve contractor's



such bids, and make recommendations to the Board.

1.33

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

in accord with a handwritten arrow pointing to the right.

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

1.332 If the lowest bidder fails to timely ~~state his protest of such award and requests to present evidence~~, the Board's proposed award will be final.

file a protest

1.333 If the lowest bidder timely files notice of protest, the Board will hear the protest or will delegate to the Chancellor the authority to appoint a Hearing Officer who shall promptly convene and conduct a hearing and subsequently prepare and submit a report of his findings through the Chancellor to the Board. The Board shall make a final decision based upon the records of the hearing before the Hearing Officer.

hearing

office of the

1.334 The contract documents will be prepared by the Project Architect and approved by the Chancellor, or his delegate, and the General Counsel for the System, or his delegate, before submission to the Chairman of the Board.

1.335 At the time contracts are awarded, additional appropriations will be made if required.

1.34

The Office of the Chancellor, or its delegate, shall approve contractor's

order

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 the deadline for bid filing set out in the advertisement for bids in connection with the construction or erection of permanent improvements at any of the component

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

JETTIE WOODARD

Margaret:

I have highlighted ^{all} ~~the~~ suggested editorial changes. I should point out, however, that the agenda item for this change failed to contain the clause granting authority for editorial changes. I'll leave it to you to determine whether you want to do these now.

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 or her delegate) of each component institution shall determine the inclusiveness of the Classification Plan within this general definition.
 - 1.212 Type of Plan.--Uniform use shall be made of the job grading procedure method of job evaluation. Job descriptions shall be prepared according to the Procedure for Writing Job Specifications provided by the System Personnel Office.
 - 1.213 Job Titles.--Standardized job titles shall be used for similar job

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 or her 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 or her 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 or her 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.

- 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 or 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 the employee's 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.

*Amended
per 6/2/14
item*

2.32

With the exception of professional medical personnel and bona fide executive, administrative, and professional positions, all employees required or permitted to work in excess of forty hours per week shall be compensated for such overtime either:

2.321 By receiving compensatory time off at the rate of one and one-half (1½) hours off for each hour of overtime, subject to the accrual limitation of 480 hours in the case of personnel engaged in public safety or emergency response activities; or 240 hours for other categories of employees. Such compensatory time off shall be granted at a mutually convenient date anytime during the twelve month period following the end of the workweek in which such compensatory time is accrued, or during a shorter time period as specified by the component institution; or

2.322 In cases where granting compensatory time is impracticable, by receiving pay equivalent to one and one-half times the regular rate of pay.

2.33

Compensatory time for those employees excepted from this provision shall be determined by the chief administrative officer of the institution involved.

2.34

Institutions paying overtime shall maintain a monthly record of overtime paid indicating the number of employees so compensated and the total amount paid.

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

*Amend to
Appendix
but this page could
hold the extra space*

attainment of the degree and to remain in the employment of the System for a period of time subsequent to graduation that is proportionate either to the period of time the employee has received financial assistance to attend college or university or to the amount of financial assistance received.

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 the individual's control, fails to complete the training or otherwise defaults in any provision of the agreement between the System and the individual.

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 the employee's 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

outside the State. Such programs must be of concentrated, precise content and designed to improve the individual's professional or technical knowledge in the performance of the individual's present or prospective duties and responsibilities. This program is for selected individual staff members and will be provided on the basis of need of the System and to the extent funds are available.

- 4.82 Objectives: To improve and enhance the individual's professional and technical knowledge and ability in the performance of the individual's present or prospective duties and responsibilities.
- 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 his or her delegate 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.

- 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 a work product. (Example: The employee of a private data processing equipment firm observing and being trained in the Data Processing Department of a component institution which serves as the training ground.)
- 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 his or her delegate 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

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE 2/15/87

TO: Jim Crowson

FROM: Art Shilly

SUBJECT: Attached Minute Order - B/R Meeting 2/12/87

I assume that Jetta will be preparing the required revised R.R.+R pages. Will she also be reviewing the Chpts. to make any other editorial changes as required?

Thank,

Art

REPORT AND RECOMMENDATIONS OF THE FINANCE AND AUDIT COMMITTEE (Pages 69 - 70).--Committee Chairman Yzaguirre reported that the Finance and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Finance and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Docket No. 32 of the Office of the Chancellor (Catalog Change).--Upon recommendation of the Finance and Audit Committee, the Board approved Docket No. 32 of the Office of the Chancellor in the form distributed by the Executive Secretary. It is attached following Page 117 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

Regent Hay abstained from voting on items within the Docket related to Exxon Corporation due to a possible conflict of interest.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter V, Section 2.3, Subsection 2.32 (Overtime).--In order to comply with federal law and the State Appropriations Bill, the Board amended the Regents' Rules and Regulations, Part Two, Chapter V, Section 2.3, Subsection 2.32 related to overtime compensation to read as follows:

2.3 Overtime.

2.31 The schedule of activities shall be so organized that employees are not required to work in excess of established work periods except when operating necessities demand it. Any overtime services actually required must have the advance written approval of the chief administrative officer or the chief business officer, or both.

2.32 With the exception of professional medical personnel and bona fide executive, administrative, and professional positions, all employees required or permitted to work in excess of forty hours per week shall be compensated for such overtime either:

2.321 By receiving compensatory time off at the rate of one and one-half (1½) hours off for each hour of overtime, subject to the accrual limitation of 480 hours in the case of personnel engaged in public safety or emergency

response activities; or 240 hours for other categories of employees. Such compensatory time off shall be granted at a mutually convenient date anytime during the twelve month period following the end of the workweek in which such compensatory time is accrued, or during a shorter time period as specified by the component institution; or

2.322 In cases where granting compensatory time is impracticable, by receiving pay equivalent to one and one-half times the regular rate of pay.

2.33 Compensatory time for those employees excepted from this provision shall be determined by the chief administrative officer of the institution involved.

2.34 Institutions paying overtime shall maintain a monthly record of overtime paid indicating the number of employees so compensated and the total amount paid.

3. U. T. System: Appropriation of Funds for the 74th Board for Lease Oil and Gas Lease Sale on Permanent University Fund Lands.--At the request of the Board for Lease of University Lands, approval was given to appropriate \$30,000 for expenses in connection with its 74th Oil and Gas Lease Sale on Permanent University Fund Lands which was held in Midland, Texas, on January 29, 1987.

Article 66.65(c) of the Texas Education Code authorizes allocation of a special fee equal to one percent of the total sum of each successful bid on oil and gas leases to be used to defray the expenses of oil and gas lease sales. Monies from prior sales are available to pay these expenses.

4. U. T. System: Report by Chancellor Hans Mark on General Revenue Savings Program in Response to Senate Bill 1, Third Called Session, 69th Legislature.--Committee Chairman Yzaguirre called on Chancellor Mark for a status report on the General Revenue savings program for The University of Texas System which was originally adopted in response to Governor White's Executive Order MW-36 and later incorporated into the provisions of Senate Bill 1, Third Called Session, 69th Legislature.

Chancellor Mark distributed to the Board a Summary of General Revenue Spending Reductions as of February 28, 1987, a copy of which is on file in the Office of the Board of Regents.

REPORT AND RECOMMENDATIONS OF THE BUILDINGS AND GROUNDS COMMITTEE (Pages 95 - 101).--Committee Chairman Rhodes reported that the Buildings and Grounds Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Buildings and Grounds Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VIII (Physical Plant Improvements), Section 1 (Major New Building Construction Exceeding the Amount of \$300,000 Per Project) and Section 6 (Modification of Bids) and Authorization for the Executive Secretary to the Board to Make Appropriate Editorial Changes Therein.--Approval was given to amend Subdivision 1.31 of Section 1 (Major New Building Construction Exceeding the Amount of \$300,000 Per Project) and Subsection 6.1 of Section 6 (Modification of Bids) of Chapter VIII (Physical Plant Improvements) of Part Two of the Regents' Rules and Regulations as set forth below:
 - a. Subdivision 1.31 of Section 1 was amended to read as follows:
 - 1.31 After the Board approves the final plans and specifications, the Board shall authorize the Office of Facilities Planning and Construction to advertise for bids. Advertisements for bids for buildings shall be in accordance with State law.
 - b. Subsection 6.1 of Section 6 was amended to read as follows:
 - 6.1 No bid shall be changed, amended, or modified by telegram or otherwise after the deadline for bid filing set out in the advertisement for bids in connection with the construction or erection of permanent improvements at any of the component institutions of the System under Section 51.907, Texas Education Code, V.T.C.S.

Further, authorization was given for the Executive Secretary to the U. T. Board of Regents, in consultation with the Office of General Counsel, to make appropriate editorial changes in the remainder of the Regents' Rules and Regulations that may be necessary in order to conform to the foregoing changes related to construction projects and to ensure that the entire chapter is not gender specific.

These amendments will eliminate the requirement that bids be advertised only by general newspaper publication and will permit bidders to amend their bids up to the filing deadline for the purpose of updating price quotes from subcontractors and suppliers. This is a generally accepted practice in the construction industry and may result in direct cost savings.

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS

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

MEMORANDUM

DATE January 13, 1987

TO: _____
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 I-1 and I-2	Pages I-1 and I-2
Page III-2	Page III-2
Page IV-3	Page IV-3

The amendments approved at the December 4, 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.

AHD/lp

Enclosures (3 sets)

Official Copy
Dec. 4, 1986

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 4, 1986)

CHAPTER I

GENERAL

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

- 1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.
- 1.2 Recommendations for the acceptance of gifts showing details as to value, form, stipulations regarding use, and provisions for custody and disbursement of funds shall be transmitted by the chief administrative officer to the Office of the Chancellor and by that office, with recommendations, to the Board.
- 1.3 The authority to accept gifts to a component institution is delegated to the chief administrative officer when the gift is to a fund, foundation, or enterprise already approved by the Board or is a continuation of a series which has been previously approved by the Board. Each chief administrative officer is empowered to accept cash gifts (except endowments) to a component institution of the System in the amount of \$25,000 or less and gifts in kind having a value of \$25,000 or less, within the policies of the Board and Legislature governing the acceptability of gifts, and to deposit such gifts to the appropriate accounts. All gifts (except those described in Subsection 1.4 below) shall be reported by the dockets of each component institution as prescribed by the Board.
- 1.4 A quarterly report of all such gifts of \$25,000 or less showing name and address of donor, amount of cash gift or value of gift in kind, purpose, and date of the gift shall be filed with the Board within thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$2,500 or less showing only total dollars and number of gifts.
- 1.5 Except as provided in the preceding sections, no member of the staff of any institution has the authority to accept gifts of money to the System or

to any of its component institutions. Gifts to the component institutions of books or other objects of very small value and very obvious propriety, without conditions attached, may be accepted by individual members of the staffs provided these gifts are reported to the Board.

1.6 Due to the inefficiencies and high costs associated with separately tailoring investment management programs for gifts that are investment-restricted, notwithstanding any other provision of this Chapter, a gift subject to investment restrictions shall be referred to the System Director of Development who shall review the terms of the gift instrument with the Office of Asset Management and the Office of General Counsel prior to acceptance of the gift and/or prior to its recommendation for acceptance by the U. T. Board of Regents.

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

1.8 The acceptance of gifts of real property is prohibited without prior express approval of the Legislature except for establishing scholarships, professorships, or other trusts for educational purposes, provided that such property will not thereafter require legislative appropriations for operation, maintenance, repair, or construction of buildings. (Current Appropriation Bill)

Sec. 2. Acceptance of Small Gifts.--The Board welcomes contributions, both large and small, in aid of the educational purposes of its various component institutions. Because of the high, and mounting, costs involved in the continued maintenance and servicing of individual accounts, practicality requires the establishment of policies with respect to the acceptance of gifts made for the establishment of permanent endowment funds. Accordingly, the following guidelines are hereby adopted with respect to the establishment hereafter of permanent endowment funds:

2.1 No gift of less than \$10,000 will be accepted as a separate permanent endowment. All gifts to establish permanent endowments of any nature shall be accepted by the Board via the Agenda.

accounting controls. A list or other documentation showing the authorization and names of all persons receiving complimentary, free, or discounted goods or services and the values thereof shall be furnished the business office within 30 days from the date such goods were issued or such services were rendered by any auxiliary enterprise, organized activity, or service department or similar activity.

Sec. 2. Deposits with Institutional Business Office.

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

sound business practices and applicable state law. Purchasing procedures shall be implemented only after review and approval of the chief business officer.

- 5.2 Closed or noncompetitive specifications shall not be used except in unusual instances clearly justified as being essential to efficient operating performance. Reports of all such exceptions shall be maintained by the chief business officer.

Sec. 6. Space Leases.

- 6.1 Space leases involving buildings paid from all fund sources must, by law, be approved by the State Purchasing and General Services Commission and may not extend beyond a ten-year period.
- 6.2 Proposals to the State Purchasing and General Services Commission for space leases require the advance approval of the Executive Director for Finance and Administration. The proposal must show type of space and purpose of its use, approximate number of square feet, location, whether janitor service and/or utilities will be furnished by the lessor, period of lease, and any other requirements set out by the Executive Director for Finance and Administration or the State Purchasing and General Services Commission.
- 6.3 A proposal shall be approved and the lease completed prior to occupancy of any space for office, storage, or other purposes. Lease documents are to be submitted to the Board through the institutional docket procedures.

Sec. 7. Purchases from Employees.--Purchases are not permitted from any officer or employee of the System unless the cost is less than that from any other known source and until approved by the component chief administrative officer, the Office of the Chancellor, and the Board. Details of such transactions shall be reported in the dockets or Minutes of the Board.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND AUDIT COMMITTEE (Pages 125 - 126).--Committee Chairman Yzaguirre reported that the Finance and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Finance and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Docket No. 31 of the Office of the Chancellor (Catalog Change).--Upon recommendation of the Finance and Audit Committee, the Board approved Docket No. 31 of the Office of the Chancellor in the form distributed by the Executive Secretary. It is attached following Page 293 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

Regents Hay and Ratliff abstained from voting on items within the Docket related to Exxon Corporation due to a possible conflict of interest.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 2, Subsection 2.1 (Deposits with Institutional Business Office).--The Board, upon recommendation of the Finance and Audit Committee, amended the Regents' Rules and Regulations, Part Two, Chapter III, Section 2, Subsection 2.1 (Deposits with Institutional Business Office) to read as follows:

- 2.1 Money received by all departments from all sources shall be deposited, using an official form, in the institutional business office, unless depositing directly to a special bank account has been specifically authorized by the System Comptroller. The deposits shall be daily if the receipts are \$200 or more, and weekly even if the accumulation is less than \$200. Except for mail deposits authorized under Subdivisions 2.11 and 2.12, the deposit shall be made in person by a departmental representative to whom an official receipt is issued.
 - 2.11 Mail deposits by on-campus departments are authorized if the amount of each deposit is less than \$100 and does not contain cash (currency).
 - 2.12 Mail deposits by off-campus activities are authorized if such deposit does not contain cash (currency).

12/4/86

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter IV, Section 6 (Space Leases).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter IV, Section 6 (Space Leases) to read as set forth below:

Sec. 6. Space Leases.

- 6.1 Space leases involving buildings paid from all fund sources must, by law, be approved by the State Purchasing and General Services Commission and may not extend beyond a ten-year period.
- 6.2 Proposals to the State Purchasing and General Services Commission for space leases require the advance approval of the Executive Director for Finance and Administration. The proposal must show type of space and purpose of its use, approximate number of square feet, location, whether janitor service and/or utilities will be furnished by the lessor, period of lease, and any other requirements set out by the Executive Director for Finance and Administration or the State Purchasing and General Services Commission.
- 6.3 A proposal shall be approved and the lease completed prior to occupancy of any space for office, storage, or other purposes. Lease documents are to be submitted to the Board through the institutional docket procedures.

These amendments are required to conform the Regents' Rules and Regulations to Article 601b, Section 6.01, Vernon's Texas Civil Statutes.

4. U. T. System: Report by Chancellor Hans Mark on General Revenue Savings Program in Response to Executive Order MW-36.--Committee Chairman Yzaguirre called on Chancellor Mark for a status report on the General Revenue savings program for The University of Texas System which was originally adopted in response to Governor White's Executive Order MW-36 and later incorporated into the provisions of Senate Bill 1, Third Called Session, 69th Legislature.

Chancellor Mark distributed to the Board a Summary of General Revenue Savings as of November 30, 1986, a copy of which is on file in the Office of the Board of Regents.

IV. OTHER MATTERS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter I, Section 1 (Gifts to The University of Texas System).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter I, Section 1 concerning gifts to The University of Texas System as set out below:

a. A new Subsection 1.6 was added to read as follows:

1.6 Due to the inefficiencies and high costs associated with separately tailoring investment management programs for gifts that are investment-restricted, notwithstanding any other provision of this Chapter, a gift subject to investment restrictions shall be referred to the System Director of Development who shall review the terms of the gift instrument with the Office of Asset Management and the Office of General Counsel prior to acceptance of the gift and/or prior to its recommendation for acceptance by the U. T. Board of Regents.

b. Present Subsections 1.6 and 1.7 were renumbered as Subsections 1.7 and 1.8, respectively.

2. U. T. El Paso - Frank B. Cotton Trust: Report on Current Status of Land Trade Negotiations with Lado Compania Naviera, S.A., Athens, Greece, as Authorized by the U. T. Board of Regents on April 12, 1984.--Committee Chairman Milburn reported that at its April 12, 1984 meeting, the Board authorized the exchange of 12,502.45 acres of land in Culberson County, Texas (Frank B. Cotton Trust - The University of Texas at El Paso), for 14,378 acres in Hudspeth County, Texas, owned by Lado Compania Naviera, S.A., Athens, Greece. She then called on Mr. Steve Hartmann, Manager of University Lands -- Surface Interests, who presented the following report on the status of these exchanges:

REPORT

In 1937, the executor and trustee of the Frank B. Cotton Estate conveyed over 35,000 acres of land in Hudspeth and Culberson Counties to The University of Texas System Board of Regents for the use and benefit of what is now The University of Texas at El Paso. These lands are interspersed with lands owned by others. Over the years we approached these owners concerning a possible trade agreement but were unsuccessful until the ownership changed to Lado Compania Naviera, S.A. in 1983.

The interspersed nature of ownership limits the income potential and management alternatives for the land. Management is difficult at best because (1) the water is controlled by the adjoining land holders and (2) when and if improvements are made, they are placed on the sections owned by the other land holders with little or no benefit to the Cotton Estate land. The land is often abused and there is very little that can be done to prevent it due to the checkerboard arrangement of ownership.

I HTP - 10/30/86
10/30/86

THE UNIVERSITY OF TEXAS SYSTEM

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

MEMORANDUM

DATE October 30, 1986

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

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page I-6	Page I-6

The amendments approved at the October 9, 1986 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AHD/lp

Enclosures

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS

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

MEMORANDUM

DATE October 30, 1986

TO: Dr. Ashworth

FROM: Arthur H. Dilly *AHD*

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

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page I-6	Page I-6

The amendments approved at the October 9, 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.

AHD/lp

Enclosures

October 1986

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 and Research 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

Official Copy
Oct. 9, 1986

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 9, 1986)

excluded from this regulation. The lectureship will be considered a temporary appointment, usually given to a visiting scholar during temporary residence at the institution where the lectureship is established. Other emoluments for such visiting lectureships may be provided the visiting scholar through regular budgetary procedures, but no visiting lecturer will be remunerated from two or more lectureship endowments.

4.45 Endowed Fellowships. The endowed fellowship will be established with a minimum of \$50,000 or the equivalent in annual contributions arranged according to agreements recommended by the Office of the Chancellor and approved by the Board of Regents. Income from the endowment may be used to supplement the salary of the holder of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status, and will also be available for other professional support of the holder.

4.46 Endowed Teaching Fellowships. The endowed teaching fellowship will be established with a minimum of \$50,000. Income from the endowment may be used to supplement the salary of the recipient of the fellowship for one academic year. The recipient may be a person of any academic rank, irrespective of tenure status, who has been selected for his or her teaching excellence through procedures established by the component institution. This one-year salary supplement shall be in addition to any mandated or merit salary increase.

- Sec. 5. Tuition and Other Fees.--Tuition fees and other charges will be fixed as prescribed or as authorized by statute, and will be set out in the institutional catalogue.
- Sec. 6. Fiscal Year.--The fiscal year of the System shall be September 1 through August 31.
- Sec. 7. Policy Against Discrimination.--To the extent provided by applicable law, no person shall be excluded from participation in, denied the benefits of, or be subject to discrimination under, any program or activity sponsored or conducted by the System or any of its component institutions, on the basis of race, color, national origin, religion, sex, age, veteran status, or handicap.

THE UNIVERSITY OF TEXAS SYSTEM

OFFICE OF THE BOARD OF REGENTS

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

MEMORANDUM

DATE September 10, 1986

TO: Those Who Receive the RRR

FROM: Arthur H. Dilly *AHD*

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

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

<u>"A"</u>	<u>"B"</u>
Cover Page	Cover Page
Page IX-5	Page IX-5

The amendments approved at the August 14-15, 1986 meeting of the U. T. Board of Regents 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 September 10, 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
Page IX-5	Page IX-5

The amendments approved at the August 14-15, 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.

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 August 14, 1986)

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

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

- 3.1 Unless otherwise limited by the terms of the instrument by which the fund was created, trust and special funds under the control of the Board shall be invested and reinvested in such securities and investments as are permitted by the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) as legal investments for funds held by trustees. The policies for the investment of funds for the Professional Medical Malpractice Self-Insurance Plan shall be those outlined in the Medical Malpractice Self-Insurance Fund Investment Policy Statement.
- 3.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to trust and special funds except that Subsection 2.32 shall be applied only when appropriate comparisons and significant amounts are involved.
- 3.3 Trust funds will be managed separately and not commingled with the Common Trust Fund if the terms of the instrument by which the fund was created or documents and instructions from the donor preclude investment through the Common Trust Fund. In addition, 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.

Approved: *J. [Signature]*

PROPOSED AGENDA ITEM

BOARD OF REGENTS
RECEIVED
MAR 17 1988
U. T. SYSTEM

For Board of Regents' Meeting: April 14, 1988

Recommended Committee(s): Land and Investment

U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter I (General).--

RECOMMENDATION

we don't usually amend Reg based upon rec of CAO's - omit -> NO-LINE

~~The Office of the Chancellor, with the concurrence of component Chief administrative officers, recommends that the Regents' Rules and Regulations, Part Two, Chapter I, Sections 1-4 pertaining to endowments be amended as set out on Pages L&I~~

BACKGROUND INFORMATION

At
During the October 9, 1987 meeting of the U. T. Board of Regents, ~~on behalf of the~~ Land and Investment Committee, ~~Committee~~ Chairman Ratliff requested that the Office of the Chancellor undertake a review of the U. T. System endowment policies and programs. These recommendations are a result of that review.

The minimum requirements of \$500,000 to establish an endowed chair, \$50,000 to establish an endowed visiting professorship, and \$20,000 to establish an endowed lectureship have not been adjusted since 1973; the minimum requirement of \$100,000 to establish an endowed professorship has not been adjusted since 1964. In order to keep pace with rising costs, to ensure that ~~The~~ University of Texas System endowments are competitive with those of other major institutions, and to facilitate U. T. System component institution long-term development goals, ~~several changes in~~ Regents' Rules and Regulations are proposed. These changes would restructure U. T. System endowed academic positions as shown below.

<u>Title</u>	Minimum	Proposed
	<u>Endowment</u>	<u>Status</u>
Distinguished University Chair	\$2,000,000	new
Distinguished Chair	1,000,000	new
Chair	500,000	same
Distinguished Professorship	250,000	new
Professorship	100,000	same
Fellowship	50,000	same
Visiting Professorship	50,000	delete
Teaching Fellowship	50,000	delete
Lectureship	20,000	delete

remove extra line

Should be checked under status

Copies

Office of the Board of Regents (orig. + 1 xc)

- xcs: Chancellor Mark
- Dr. Duncan
- Dr. Mullins
- Mr. Patrick
- Mr. Boyd
- Mr. Farabee
- Mr. Roddy

Supplemental Material

Date: 3/15/88
MEP/BFM/lh