REGENTS' RULES AND REGULATIONS, PART TWO: REAFFIRMATION OF POLICY AGAINST DISCRIMINATION AND AMENDMENTS TO CHAPTER I (GENERAL ADMISSION POLICY) AND CHAPTER IX (INVESTMENTS, TRUSTS AND LANDS). --The necessary rules were suspended, and the Regents' Rules and Regulations, Part Two were amended as set out below in (a) and (b), to be effective immediately.

In connection therewith, the long-existing rule against discrimination on account of race, creed, or color was reaffirmed, to wit:

"Policy Against Discrimination. --With respect to the admission and education of students, with respect to the employment and promotion of teaching and non-teaching personnel, with respect to student and faculty activities conducted on premises owned or occupied by any component institution of The University of Texas System, and with respect to student and faculty housing situated on premises so owned or occupied, neither The University of Texas System nor any of its component institutions will discriminate either in favor of or against any person on account of his or her race, creed, or color." (Regents' Rules and Regulations, Part Two, Chapter I, Section 5.)

(a) A new Section 6 to read as follows was added to Chapter I, and the present Sections 6 and 7 were renumbered Sections 7 and 8:

"General Admission Policy. --The University of Texas System will make maximum use of its resources 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."

(b) Chapter IX was amended to read as follows:

Sec. 1. Certain Specific Authorizations to the Vice-Chancellor for Investments, Trusts and Lands and the Endowment Officer.

1.1 Authority to Sell, Assign, and Transfer Securities Held by the Permanent University Fund. --The Vice-Chancellor for Investments, Trusts and Lands (or the Endowment Officer) and the Treasurer of the State of Texas (or the Acting Treasurer of the State of Texas) are jointly authorized to sell, assign, and transfer any and all of the bonds, stocks, notes, and other evidences of indebtedness and ownership of any description whatsoever owned by the Permanent University Fund of The University of Texas System (formerly the University of Texas) and registered in the name of "The University of Texas", "The University of Texas System", "The University of Texas for Permanent University Fund, a State Endowment Fund, Austin, Texas", "The University of Texas System for Permanent University Fund, a State Endowment Fund, Austin, Texas", "Permanent University Fund of The University of Texas", "Permanent University Fund of The University of Texas System", or in any other form of registration of such securities held for the account of the Permanent University Fund of The University of Texas System.

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1.2 Authority to Sell, Assign, and Transfer Securities Held by the Board of Regents of The University of Texas System. --The Vice-Chancellor for Investments, Trusts and Lands and/or the Endowment Officer are each authorized to sell, assign, and transfer any and all bonds, stocks, notes, and other evidences of indebtedness and ownership of any description whatsoever registered in the name of the Board of Regents of The University of Texas System (formerly the Board of Regents of The University of Texas) in whatever manner, including all fiduciary capacities, and including those registered in the names of trusts or foundations managed and controlled by said Board of Regents.

1.3 Authority to Execute Instruments Relating to Land and Mineral Interests. --The Chairman of the Board of Regents, the Vice-Chairman, and the Vice-Chancellor for Investments, Trusts and Lands, 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 interests held or controlled by the Board of Regents of The University of Texas System as a part of the Permanent University Fund or as a part of any trust or special fund.

1.4 Authority to Receive and Collect Money and/or Property. --The Vice-Chancellor for Investments, Trusts and Lands and/or the Endowment Officer 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 whatsoever due, payable or belonging or that may become due, payable or belonging to any of the above funds, from any person or persons whatsoever, and to execute any and all necessary or proper receipts, releases, and discharges therefore.

1.5 Authority to Execute Proxies. --The Vice-Chancellor for Investments, Trusts and Lands and/or the Endowment Officer are each authorized to execute proxies within the approved investment policies.

Sec. 2. Investment Policy for Permanent University Fund.

2.1 Investments Authorized for Purchase.
2.11 Bonds of the United States, the State of Texas or counties of said State, or in school bonds of municipalities, or in bonds of any city of said State, or in bonds issued under and by virtue of the Federal Farm Loan Act approved by the President of the United States, July 17, 1916, and amendments, thereto.
2.12 Bonds or other obligations issued, insured, or guaranteed in any manner by the United States Government or any of its agencies.
2.13 Bonds, debentures, or obligations, and preferred and common stocks issued by corporations, associations, or other institutions.
2.14 Convertible securities, of all kinds, issued by corporations on the approved list.
2.2 Standards as to Quality.

2.21 Corporate Stocks:

2.211 Stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for five (5) consecutive years or longer immediately prior to the date of purchase.

2.212 Except for bank and insurance shares, stock must be listed upon an exchange registered with the Securities and Exchange Commission or its successors.

2.213 To be eligible for purchase, preferred and common stocks and convertible securities must be issued by corporations that have been formally approved by the Board of Regents.

2.22 Corporate Bonds: Corporate Bonds must be rated "A" or better by a nationally recognized rating service. Bonds offered by private placement, or which for other reasons are not rated by such agencies, may be purchased if they bear a rating of equivalent quality by the University’s Investment Counsel.Convertible debentures issued by companies on the approved list shall not be subject to this rating requirement.

2.23 FHA Mortgage Loans:

2.231 Loan Standards:

2.2311 The security for the loans shall be single family, owner occupied residences of good design and construction, in good condition, and comparable in value to other homes in the neighborhood.

2.2312 Borrower must have a good credit rating and have adequate income to support the loan.

2.2313 Loans shall be for $10,000 or more and shall be fully insured by the FHA to the maximum extent permitted under the law.

2.2314 Title and hazard insurance policies, written by companies acceptable to the Board of Regents, shall be furnished with respect to each loan purchased. Hazard insurance policies must be written by companies having a Best’s rating of A- BBB or better.

2.2315 No loan shall be purchased from any Seller-servicer until a formal contract has been entered into with such Seller-servicer on a form approved by the Board of Regents.

2.232 Minimum standards for Seller-servicers from which FHA loans are purchased:

2.2321 The Seller-servicer must be an approved FHA Mortgagor, and must have satisfactory credit rating, and an unimpaired capital and surplus of at least $250,000.

2.2322 It must have been actively engaged for at least five years in the mortgage loan business, and except for commercial banks, the mortgage loan business must be its principal business, and must have a capable and experienced organization, together with the necessary equipment to furnish timely accountings on a block basis.
2.2323 It must be servicing at least $25,000,000 of loans, and its clients (other than Federal National Mortgage Association) must include at least three institutional investors, and must have a capability of producing not less than $1,000,000 per year in FHA loans.

2.2324 It must carry a Mortgage Bankers Blanket Bond in an amount not less than $250,000.

2.233 Implementation of FHA Mortgage Loan purchase program:  
The Vice-Chancellor for Investments, Trusts and Lands and/or the Endowment Officer, are each authorized:

2.2331 To recommend the Seller-servicers with which Purchase and Servicing Agreements should be made, and after approval by the Board of Regents, to execute the Purchase and Servicing Agreements on the approved forms.

2.2332 To perform such acts and execute such documents as may be necessary from time to time in carrying out the provisions of any such Purchase and Servicing Agreement, including authority to accept or reject loans tendered under such agreements, to execute releases of the liens securing any loan or loans when paid in full, and to execute assignments of any notes and liens when appropriate to do so.

2.2333 To take any and all steps as may be considered necessary or advisable to protect the interest of the Permanent University Fund in event of default occurring with respect to any FHA Insured First Mortgage note held by such Fund. Not by way of limitation, but by way of illustration only, such authority shall include power to acquire title on behalf of the Board of Regents to the property securing any such note, by Trustees sale, foreclosure, or otherwise; to execute on behalf of the Board of Regents the necessary deeds conveying the properties so acquired to the Federal Housing Administration; to handle any properties so acquired pending conveyance to the Federal Housing Administration; and to incur and pay such reasonable expenses as may be necessary in the acquisition and care of any such properties.

2.3 Diversification.

2.31 Not more than 5% of the voting stock of any one (1) corporation shall be owned at any given time by the Permanent University Fund.

2.32 Not more than 1% of the book value of the Permanent University Fund shall be invested at any given time in securities issued by any one (1) corporation.

2.4 Standard of Care.

2.41 Prudent Man Rule: In making or retaining each and all investments for the Permanent University Fund, and in the management, purchase, and sale of such investments from time to time, there shall be exercised the judgment and care under the circum-
stances then prevailing that men of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital.

2.42 Consistent with the foregoing it is contemplated that:

2.421 Investment of funds in corporate securities shall be reasonably diversified among the various industries operating in our economy, and among the outstanding corporations operating within the respective industry groups.

2.422 Ours is a dynamic and ever-changing economy. Therefore, a proper observance of the Prudent Man Rule requires that changes be made in the diversification of the Fund from time to time as conditions change the earnings outlook or the relative market level for a particular company. Accordingly, in keeping with the duty to be prudent, purchases and sales of Fund assets shall be made from time to time when circumstances dictate the prudence of doing so.

2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.

2.51 As a general rule, stock rights received are to be exercised. In each instance, exercise or sale of the rights is to be made at the discretion of the Vice-Chancellor for Investments, Trusts and Lands.

2.52 As a general rule, fractional shares received from stock dividends, etc., are to be sold. In each instance, the decision to round out fractional shares or to sell will be made by the Vice-Chancellor for Investments, Trusts and Lands.

2.53 With few exceptions, voting stocks held are to be voted by returning proxies to present management. Exceptions require approval of the Board of Regents.

2.6 Implementation of Policies.

2.61 Approved List. A list of companies whose stocks are considered suitable for purchase or retention shall, after consultation with the Staff Investment Committee, the Investment Counsel, and the Investment Advisory Committee, be submitted by the Vice-Chancellor for Investments, Trusts and Lands for approval by the Board of Regents through the Regents' Land and Investment Committee. In similar manner, recommendations regarding additions to and deletions from such list shall be submitted for the Regents' approval.

2.62 Authority regarding purchase and sale of securities. Within the limitations of these Rules and Regulations the Vice-Chancellor for Investments, Trusts and Lands is authorized to buy, sell or exchange, from time to time, securities issued by the companies within the approved list, provided that sales in any one calendar month of stocks owned shall not exceed 2½% of the book value of the Permanent University Fund. With the approval of the Chairman of the Land and Investment Committee, or the Chairman of the Board of Regents, the Vice-Chancellor for Investments, Trusts and Lands may sell stocks in excess of 2½%, but not in excess of 5%, of the value of the Permanent University Fund. Sales of stocks in any one month in excess of 5% of the value of the Permanent University Fund require prior approval of the Board of Regents.
2.63 Exchange of Bonds. The Vice-Chancellor for Investments, Trusts and Lands is 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 adjustment 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.

2.64 Advice of Investment Advisory Committee. --The Vice-Chancellor for Investments, Trusts and Lands shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings on all of the major matters involving the Permanent University Fund.

2.65 Reports of purchases, sales, and exchanges of Investments. --All purchases, sales, and exchanges of Investments shall be reported for ratification by the Board of Regents through the Regents' Land and Investment Committee at each meeting of the Board.

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

3.1 Investments authorized for purchase:

3.11 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 of Regents shall be invested and reinvested in such securities and investments as are permitted by the Texas Trust Act as legal investments for funds held by trustees.

3.12 Except as broadened by the foregoing Section 3.11, the general statement of policies outlined in Section 2 with respect to the Permanent University Fund shall likewise apply to the investment and management of any trust or special funds under the control of the Board of Regents.

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

Sec. 5 Staff Investment Committee.

5.1 Membership. --The Staff Investment Committee shall consist of the Vice-Chancellor for Investments, Trusts and Lands, the Endowment Officer, the Senior Investment Officer, the Investment Officer, the Mortgage Loan Officer, and such other members as may be designated from time to time by the Vice-Chancellor for Investments, Trusts and Lands.

5.2 Duties. --The Staff Investment Committee shall cooperate and advise with the Vice-Chancellor for Investments, Trusts and Lands on matters relating to the management of investments for which he is responsible.
Sec. 6. Investment Advisory Committee. --To assist and advise with the Vice-Chancellor for Investments, Trusts and Lands on matters relating to the management of investments for which he is responsible, the Investment Advisory Committee, heretofore established, shall be continued. The following rules shall apply to such Committee:

6.1 Membership. --The four members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, with primary emphasis being placed on their experience in bond and corporate stock investments.

6.2 Selection Procedure. --Appointments to such Committee shall be made by the Board of Regents after recommendation by the Vice-Chancellor for Investments, Trusts and Lands.

6.3 Term of Office and Compensation. --Each member shall serve a four year term on a rotating basis, with the term of one member expiring each August 31, and shall be compensated at the rate of $100 per meeting attended.

6.4 Meetings. --Meetings shall be held quarterly and at such other dates as may be considered advisable by the Vice-Chancellor for Investments, Trusts and Lands.

Sec. 7. Brokerage Firms.

7.1 Approved List. --Normal purchase and sale transactions shall be effected through firms that have been approved by the Board of Regents after recommendation by the Vice-Chancellor for Investments, Trusts and Lands.

7.2 Unlisted Securities. --Purchases and sales will generally be effected through brokers on the approved list. Where the best interests of The University of Texas System seem to require it, such transactions may be effected through such broker or brokers as the Vice-Chancellor for Investments, Trusts and Lands may select.

7.3 Block Transactions. --Block purchases and sales will generally be effected through brokers on the approved list. Where the best interests of The University of Texas System seem to require it, such transactions may be effected through such broker or brokers as the Vice-Chancellor for Investments, Trusts and Lands may select.
U. T. Austin: (a) 1969-70 Voluntary Student Activities Fee (Blanket Tax) and Spouse Activities Fee (Blanket Tax) and (b) Authorization for Students’ Attorney for the Students’ Association. --(a) The voluntary student activities fee (blanket tax) and spouse activities fee (blanket tax) for 1969-70 was increased to $21.40 and $20.30, respectively, to be allocated as follows:

<table>
<thead>
<tr>
<th></th>
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<th>Spouse</th>
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</thead>
<tbody>
<tr>
<td>Athletics Council</td>
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<td>$15.00</td>
</tr>
<tr>
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<td>-</td>
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<tr>
<td>CEC</td>
<td>3.50</td>
<td>3.50</td>
</tr>
<tr>
<td>Student Government</td>
<td>1.80</td>
<td>1.80</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$21.40</strong></td>
<td><strong>$20.30</strong></td>
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</table>

(b) The request of the Students' Association at The University of Texas at Austin to create an Office of Students' Attorney was granted, and in connection therewith in order to clarify the functions of the Students' Attorney and to make explicit the constraints of that office, Chapter X of Part Two of the Regents' Rules and Regulations was amended by adding a new Section 11 to read as set out on the following Page 23.
Amend Chapter X of Part Two of the Regents' Rules and Regulations by adding a new Section 11 to read as follows:

11. The Students' Association (The University of Texas at Austin)

11.1 Any attorney employed in whole or in part by the Students' Association of The University of Texas at Austin shall not act as counsel of record nor represent any student, faculty member, or staff member of the Central Administration or any component institution of The University of Texas System:

11.11 At any stage of any administrative proceeding, including any disciplinary proceeding, brought by or on behalf of the Board of Regents or the Chancellor of The University of Texas System or by or on behalf of any component institution of the System or any institutional head of such institution, against any such student, faculty member, or staff member.

11.12 At any stage of any criminal proceeding in any federal, state, county, or local court.

11.13 At any stage of any civil proceeding in any federal, state, county, or local court where such proceeding is directly or indirectly against or antagonistic to the interests of The University of Texas System or any component institution thereof, or against or antagonistic to the interests of any person who is sued in his official capacity as an officer of the System or any component institution thereof.

11.2 Any contract for legal services entered into by the Students' Association shall be made expressly subject to and consistent with the applicable provisions of the Regents' Rules and Regulations, including, but not limited to, the foregoing provisions of this Section 11 and the following:

Section 8.8 of Chapter I of Part One;
Section 1.1 of Chapter III of Part One;
Section 1.3 of Chapter III of Part One;
Section 11 of Chapter III of Part One;
Section 13.6 of Chapter III of Part One;
Section 5.15 of Chapter VI of Part One; and
Section 5.21 of Chapter VI of Part One.
EXCERPTS FROM THE MINUTES

REGENTS' RULES AND REGULATIONS, PART TWO: AMENDMENTS TO CHAPTER X, SECTION 9 (MEMBERSHIP OF THE TEXAS UNION AT THE UNIVERSITY OF TEXAS AT AUSTIN). --Effective June 1, 1969, the Regents' Rules and Regulations, Part Two, Chapter X, Section 9.2 and its subsections were amended to read as follows:

9.2 The Board of Directors of the Texas Union shall consist of nine voting members: six students and three faculty members. The Dean of Students, or his delegate, the Secretary to the Board of Directors, and the Union Director shall be ex officio members without vote.

9.21 The faculty members shall be appointed by the President for three-year overlapping terms, one to be appointed each year. The first appointment is to be made effective September 1, 1969.

9.22 The student members shall be as follows: President of the Students' Association, President of the Texas Union Council, and four others to be selected on a basis to be determined by the Student Assembly for two-year terms.

REGENTS' RULES AND REGULATIONS, PART TWO: AMENDMENT TO CHAPTER X (AUXILIARY ENTERPRISES), SUBSECTION 9.11. --Approval, 1969 was given to amend the Regents' Rules and Regulations, Part Two, Chapter X, subsection 9.11 by deleting subsection 9.11 and inserting in lieu thereof the following:

9.11 Notwithstanding any other provision of this section, every action of the Board of Directors of the Texas Union, and every action of any committee or subcommittee of such board, shall be reviewed by the Board of Regents, and the Board of Regents may approve, reverse, or modify each such action.

REGENTS' RULES AND REGULATIONS, PART TWO: AMENDMENTS TO CHAPTER X, SECTION 9 (BOARD OF DIRECTORS OF THE TEXAS UNION) AND SECTION 11 (STUDENTS' ATTORNEY). --Subsection 9.3, Chapter X, Part Two, of the Regents' Rules and Regulations was amended and is reflected on Page 15 as a part of the report of the Executive Committee. Chapter X of Part Two was also amended as reflected on Page 23 as a part of the report of the Academic and Developmental Affairs Committee.
EXCERPTS FROM THE MINUTES

REGENTS' RULES AND REGULATIONS, PART TWO: AMENDMENTS TO CHAPTER III (EXCEPTIONS TO PER DIEM ALLOWANCE). --Part Two

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of the Regents' Rules and Regulations was amended by deleting subsection 13.39 and substituting in lieu thereof the following:

13.39 Exceptions to per Diem Allowance. --Executive heads of component institutions shall be reimbursed for their actual meals, lodging and incidental expenses (exclusive of expenses related to automobiles for which transportation is paid) when traveling on official business either in or out of the state. Employees of State Agencies designated by the Governor to represent him officially at governmental meetings or conferences held outside the state shall receive actual meals, lodging, and incidental expenses, and such employees may be reimbursed out of appropriations made to the agencies by which they are employed. The following administrative officers of the System are authorized and directed by the Board of Regents and the Chancellor to represent The University of Texas System and its component institutions outside the boundaries of the State of Texas, and in such representation they shall receive reimbursement for the actual cost of meals, lodging and incidental expenses, not to exceed $35.00 per day in lieu of any fixed per diem allowance:

- All Executive Vice-Chancellors
- All Vice-Chancellors
- Budget Officer
- Comptroller
- Director, Facilities Planning and Construction
- Executive Director, Investments, Trusts and Lands
- University Attorneys
- Executive Director, Development Board
- Assistant to the Executive Vice-Chancellor for Health Affairs
- Executive Associate for Economic Affairs
- System Personnel Director
- Director, University Information Service
- Architect (supervisor of construction and planning of academic units)

In like manner, two administrative officers from each of the component institutions are authorized and directed by the Board of Regents and the Chancellor to represent The University of Texas System and its component institutions outside the boundaries of the State of Texas, and in such representation they shall receive reimbursement for the actual cost of meals, lodging and incidental expenses, not to exceed $35.00 per day in lieu of any fixed per diem allowance. The administrative officers entitled to such reimbursement shall be designated in writing by the Chancellor upon recommendation of the institutional heads.
Approval was given to amend the Regents' Rules and Regulations, Part Two as follows:

1. Amend the Regents' Rules and Regulations, Part Two, Chapter I, by adding the following new section as Section 6 and renumbering the present Section 6 as Section 7:

Sec. 6 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 University of Texas System when all of the three following conditions occur: (1) when there is a limitation on the number of students that will be enrolled in the class or group of new or transfer students of which such nonresident would be a member if he were enrolled, (2) when the result of enrolling such nonresident would be to increase to 15.1% or more the percentage of nonresidents enrolled in the class or group of which such nonresident would be a member if he were enrolled, and (3) when at the time of the proposed enrollment of such nonresident, admission to the school, college, or degree-granting program is being denied to one or more Texas residents who have applied for admission and who have reasonably demonstrated 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.

Regent Bauer voted "No".

2. Amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 13, by deleting subsection 13.39 and substituting in lieu thereof the following:

13.39 Exceptions to per Diem Allowance. -- Executive heads of component institutions shall be reimbursed for their actual meals, lodging and incidental expenses (exclusive of expenses related to automobiles for which transportation is paid) when traveling on official business either in or out of the state. Employees of State Agencies designated by the Governor to represent him officially at governmental meetings or conferences when held out of the State shall receive actual meals, lodging, and incidental expenses, and such employees may be reimbursed out of appropriations made to the agencies by which they are employed. The following administrative officers of the System are authorized and directed by the Board of Regents and the Chancellor to represent The University of Texas System and its component institutions outside the boundaries of the State of Texas, and in such representation they shall receive reimbursement for the actual cost of meals, lodging and incidental expenses, not to exceed $35.00 per day in lieu of any fixed per diem allowance:

All Executive Vice-Chancellors
All Vice-Chancellors
Budget Officer
Comptroller
Director, Facilities Planning and Construction
Executive Director, Investments, Trusts and Lands
In like manner, two administrative officers from each of the component institutions are authorized and directed by the Board of Regents and the Chancellor to represent The University of Texas System and its component institutions outside the boundaries of the State of Texas, and in such representation they shall receive reimbursement for the actual cost of meals, lodging and incidental expenses, not to exceed $35.00 per day in lieu of any fixed per diem allowance. The administrative officers entitled to such reimbursement shall be designated in writing by the Chancellor upon recommendation of the institutional heads.

3. Amend the Regents' Rules and Regulations, Part Two, Chapter X, by adding a new section to be numbered Section 10 and to read as follows:

Sec. 10. Athletics Council (The University of Texas at Austin)

10.1 At least fifteen copies of the minutes of all meetings of the Athletics Council at The University of Texas at Austin shall be delivered promptly to the President of The University of Texas at Austin for distribution to the Chancellor, to the members of the Board of Regents, and to such other members of the administration as the President of The University of Texas at Austin may direct.

10.2 The Board of Regents may subsequently approve, reverse, or modify any action therein. The minutes shall be submitted for this review and for the Board's consideration through the Executive Committee which shall refer all items relating to policy to the Committee of the Whole and all items relating to buildings to the Buildings and Grounds Committee.
(1) by substituting the following for Subdivisions 2.411, 2.412, 2.413 of Subsection 2.41, Chapter V:

2.411 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 Executive Head.

2.412 In order to comply with the Fair Labor Standards Act, those employees in a non-exempt status who are authorized to perform overtime services shall be reimbursed at the rate of one and one-half times the regular rate.

2.413 Overtime Compensation for those employees in an exempt status under the Fair Labor Standards Act shall be determined by the Executive Head of the institution involved. Where such overtime compensation is authorized, it shall be on a straight-time basis and paid either in compensatory time or in unusual or extraordinary circumstances in cash.

(2) by adding to Subsection 2.1, Chapter IX, a Subsection 2.15 to read as follows:

2.15 Convertible securities, of all kinds, issued by corporations on Approved List "A", provided advance approval is obtained from the Chairman of the Land and Investment Committee, or in the event of his unavailability, the Chairman of the Board, plus any two other members of the Board.

(3) by adding a Subsection 2.23 as set out below, to Subsection 2.2, Chapter IX:

2.23 FHA Mortgage Loans:

2.231 Loan Standards:

2.2311 The security for the loans shall be single family, owner occupied residences of good design and construction, in good condition, and comparable in value to other homes in the neighborhood.

2.2312 Borrower must have a good credit rating and have adequate income to support the loan.

2.2313 Loans shall be for $10,000 or more and shall be fully insured by the FHA to the maximum extent permitted under the law.

2.2314 Title and hazardous insurance policies, written by companies acceptable to the Board of Regents, shall be furnished with respect to each loan purchased. Hazard insurance policies must be written by companies having a Best's rating of A-BBB or better.
2.2315 No loan shall be purchased from any Seller-servicer until a formal contract has been entered into with such Seller-servicer on a form approved by the Board of Regents.

2.232 Minimum standards for Seller-servicers from which FHA loans are purchased:

2.2321 The Seller-servicer must be an approved FHA Mortgagee, and must have satisfactory credit rating, and an unimpaired capital and surplus of at least $250,000.

2.2322 It must have been actively engaged for at least five years in the mortgage loan business, and, except for commercial banks, the mortgage loan business must be its principal business, and must have a capable and experienced organization, together with the necessary equipment to furnish timely accountings on a block basis.

2.2323 It must be servicing at least $25,000,000 of loans, and its clients (other than Federal National Mortgage Association) must include at least three institutional investors, and must have a capability of producing not less than $1,000,000 per year in FHA loans.

2.2324 It must carry a Mortgage Bankers Blanket Bond in an amount not less than $250,000.

2.233 Implementation of FHA Mortgage Loan purchase program: The Executive Director of Investments, Trusts and Lands and/or the Endowment Officer, are each authorized:

2.2331 To recommend the Seller-servicers with which Purchase and Servicing Agreements should be made, and, after approval by the Board of Regents, to execute the Purchase and Servicing Agreements on the approved forms.

2.2332 To perform such acts and execute such documents as may be necessary from time to time in carrying out the provisions of any such Purchase and Servicing Agreement, including authority to accept or reject loans tendered under such agreements, to execute releases of the liens securing any loan or loans when paid in full, and to execute assignments of any notes and liens when appropriate to do so.

2.2333 To take any and all steps as may be considered necessary or advisable to protect the interest of the Permanent University Fund in event of default occurring with respect to any FHA Insured First Mortgage note held by such Fund. Not by way of limitation, but by way of illustration only, such authority shall include power to acquire title on behalf of the Board of Regents to the property securing any such note, by Trustees sale, foreclosure, or otherwise; to execute on behalf
of the Board of Regents the necessary deeds conveying
the properties so acquired to the Federal Housing
Administration; to handle any properties so acquired
pending conveyance to the Federal Housing Adminis-
tration; and to incur and pay such reasonable expenses
as may be necessary in the acquisition and care of
any such properties.

(4) by substituting for Subsection 2.64, Section 2, Chapter IX, the following:

2.64 Authority re sale of securities. --After consulting with the Staff
Investment Committee and Investment Counsel, the Executive
Director of Investments, Trusts and Lands is authorized:

2.641 To sell stocks from time to time from List "B".
2.642 After obtaining the further approval of the Chairman of
the Land and Investment Committee, or in the event of
his unavailability, the Chairman of the Board, plus any
two other members of the Board, to sell any other secu-
rities and particularly to sell stocks from time to time
from List "A" for the purpose of reinvesting the proceeds
in convertible securities issued by the company whose
stock is sold; and to sell or convert any convertible secu-
rities hereafter acquired.

(5) by adding Chapter XII (Guidelines for Determining Residence Status)
as approved by the Coordinating Board, Texas College and University
System on May 29, 1968:

CHAPTER XII

GUIDELINES FOR DETERMINING RESIDENCE STATUS

Pursuant to Article 2654c,
Vernon’s Civil Statutes

1. MINORS

Statute: "Section 1 (e)(1) A nonresident student is hereby defined
to be a student of less than twenty-one (21) years of age, living
away from his family and whose family resides in another state,
or whose family has not resided in Texas for the twelve (12)
months immediately preceding the date of registration;...
Section 1 (e)(4) Individuals of twenty-one (21) years of age or
less whose families have not resided in Texas for the twelve (12)
months immediately preceding the date of registration, shall be
classified as 'nonresident students' regardless of whether such
individuals have become the legal wards of residents of Texas or
have been adopted by the residents of Texas while such individuals
are attending educational institutions in Texas or within a year
prior to such an attendance or under circumstances indicating
that such a guardianship or adoption was for the purpose of
obtaining status as a 'resident student'."

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DEATH OR DIVORCE OF PARENTS
The legal residence of a minor under 21 years of age is usually that of the father. Upon the death of the father, the legal residence of the minor is that of the mother. Upon divorce or legal separation of the parents, the residence of the minor is determined by the residence of the parent with whom the minor is making his home at the time of registration.

CUSTODY BY COURT ORDER
If the custody of the minor has been granted by court order (e.g., divorce decree, child custody action, guardianship or adoption proceedings) to some person other than the parent, the residence of that person shall control; provided, however, that such grant of custody was not ordered during or within a year prior to the minor's enrollment in an institution of higher education (defined as any public junior college, public senior college or university, medical or dental unit or other agency of higher education) and was granted under circumstances indicating that such guardianship was not for the purpose of obtaining status as a resident student.

If the minor is not making his home with either parent; and there is no court-appointed guardian, the residence of the parent with whom the minor last resided shall be presumed to control. If, however, the minor has made his home with, and has been dependent upon a grandparent for more than a year prior to enrollment in an institution of higher education, the residence of that natural guardian shall be regarded as his residence. The residence of a person other than a parent or a natural or legal guardian, who may furnish funds for payment of tuition, fees, or living expenses shall in no way affect the residence classification of a minor.

ABANDONED CHILD
In the case of an abandoned child, the residence of a person who has stood in loco parentis for a period of time may determine the residence of such abandoned child. The fact of abandonment must be clearly established and must not have been for the purpose of affecting the residence of the minor, and the minor must have actually resided in the home of such person for at least two years immediately prior to registering in an institution of higher education in Texas and must have received substantially all of his support from such person.

ORPHAN
An orphan who has lived for longer than a year in an established orphan's home in Texas operated by a fraternal, religious, or civic organization and has been graduated from the orphan's home shall be considered a resident of Texas provided he remains in Texas from the time of such graduation until he enters an institution of higher education.
EMANCIPATED CHILD
Under certain circumstances, a minor may become emancipated or freed from parental control. If the minor has broken completely with his parents, is in fact residing apart from them, and has been entirely independent and wholly self-supporting, he may establish that he is "emancipated." If emancipation is clearly proved, the residence classification of the minor is determined by the residence of the minor rather than the residence of the parents, and after 12 months in Texas under such circumstances, the minor may be classified as a resident, if he otherwise satisfies the statutory requirements applicable to those over twenty-one (e.g., see presumption arising from residence while a student). Proof of his emancipation is the responsibility of the minor.

MARRIED MINORS
A minor male who is married shall have the power and capacity of a single person of full age and is entitled to select his own place of legal residence. After 12 months residence in Texas under such circumstances the minor may be classified as a resident if he otherwise satisfies the statutory requirements applicable to those over 21 years of age. The residence classification for tuition purposes of a minor female who is married shall be governed by the provisions of those Rules and Regulations pertaining to the residence of a wife as hereinafter set out.

MINORS WHOSE PARENTS MOVED TO ANOTHER STATE OR FOREIGN COUNTRY
If the parents of a minor who is enrolled as a resident student move their legal residence to another state or foreign country, the minor shall be classified as a nonresident at all subsequent registration periods. If the parents of a minor move to another state or foreign country, or reside outside the state or in a foreign country at the time of enrolling in an institution of higher education, but claim legal residence in Texas, conclusive evidence must be presented that the father is still claiming legal residence in the State of Texas and that he has the present intent to return to the state. A certificate from the employer of the parents that the move outside the state was temporary and that there are definite plans to return the parents to Texas by a determinable future date may be considered in this connection.

If a minor whose parents have moved their legal residence to another state or foreign country resides in Texas for 12 consecutive months following his twenty-first (21) birthday and by his actions clearly indicates that his intention is to establish permanent residence in the state, he may be classified as a resident student effective with the beginning of the term or semester following his twenty-second (22) birthday despite the fact that his entire period of residence in Texas has been as a student.

When the parents of a minor who have established their legal residence in another state or foreign country return and re-establish their legal residence in Texas the minor must be classified as a nonresident until the first registration after the parents have resided in the state for a 12 month period following their return.
II. RESIDENCE OF INDIVIDUALS OVER TWENTY-ONE

Statute: "Section 1(e)(1) A nonresident student is hereby defined to be a student...of twenty-one (21) years of age or over who resides out of the state or who has not been a resident of the state twelve (12) months immediately preceding the date of registration.

Section 1(e)(2) Individuals twenty-one (21) years of age or over who have come from without the state and who are gainfully employed within the state for a period of twelve (12) months prior to registering in an educational institution shall be classified as 'resident students' as long as they continue to maintain such legal residence in the state.

Section 1(e)(3) Individuals twenty-one (21) years of age or over who have come from without the state and who register in an educational institution prior to having resided in the state for a period of twelve (12) months shall be classified as 'nonresident students', such 'nonresident student' classification shall be presumed to be correct as long as the residence of such individual in the state is primarily for the purpose of attendance at educational institutions; provided, however, that a 'nonresident student' may be reclassified as a 'resident student' upon representation of conclusive evidence that he has in fact been a legal resident of Texas for at least twelve (12) months immediately preceding such reclassification. Any such individual so reclassified as a 'resident student' shall be entitled to pay the tuition fee for a resident of Texas at any subsequent registration for as long as he continues to maintain his legal residence in Texas. It is further provided, that the provisions of this paragraph relating to nonresident student registration fees shall not apply to junior colleges located immediately adjacent to state boundary lines, which institutions shall collect from each nonresident student who registers for twelve (12) or more semester or term hours of work an amount equivalent to the amount charged students from Texas by similar schools in the state of which the said nonresident student shall be a resident."

Any individual 21 years of age or over who moves into the state and who is gainfully employed within the state for a period of 12 months prior to enrolling in an educational institution (defined as any institution of higher education, public or private, above the high school level), is entitled to classification as a resident. If such 12 months' residence, however, can be shown not to have been for the purpose of establishing legal residence in the state but to have been for some other purpose, the individual is not entitled to be classified as a resident. Any student registering in an educational institution prior to having resided in the state for 12 months shall be classified as a nonresident for tuition purposes.

ESTABLISHMENT OF RESIDENCE
A person classified as a nonresident student upon his first enrollment in an institution of higher education is presumed to be a nonresident for the period during which he continues as a student. If such nonresident student withdraws from school and resides in the state while gainfully employed for a period of 12 months, upon re-entry
into an institution of higher education he will be entitled to be reclassified as a resident for tuition purposes. Accumulations of summer and other vacation periods do not satisfy this requirement. A student is not entitled to reclassification after a residence in the state for 12 months merely on the basis of his or her wife's employment, registration to vote, registration of a motor vehicle and payment of personal property taxes thereon, or the securing of a Texas driver's license. The presumption of a "nonresident" is not a conclusive presumption, however, and other facts may be considered to determine if the presumption has been overcome. Material to this determination are business or personal facts or actions unequivocally indicative of a fixed intention to reside permanently in the state including, but not limited to, the length of residence and full-time employment prior to registering in the institution, the fact of full-time employment and the nature of such employment (regular industrial, business or professional employment as distinguished from student-type employment) while a student, purchase of a homestead with substantial down-payment, and marriage to a resident of Texas. All of these facts are weighed in the light of the fact that a student's residence while in school is primarily for the purpose of education and not to establish residence, and that decisions of an individual as to residence are generally made after the completion of an education and not before.

III. MILITARY PERSONNEL AND VETERANS

Statute: "Section (1)(h) Officers, enlisted men and women, selectees or draftees of the Army, Army Reserve, National Guard, Air Force, Air Force Reserve, Navy, Navy Reserve, or Marine Corps of the United States, who are stationed in Texas by assignment to duty within the borders of this state... shall be permitted to register themselves, their husband or wife as the case may be, and their children, in State institutions of higher learning by paying the regular tuition fees and other fees or charges provided for regular residents of the State of Texas without regard to the length of time such officers, enlisted men or women, selectees or draftees... have been stationed on active duty or resided within the State."

Military personnel assigned to duty within the State of Texas, their husband or wife as the case may be and their children, shall be entitled to pay the same tuition as a resident of Texas regardless of the length of their physical presence in the state. To be entitled to pay the resident tuition fees, such military personnel shall submit
at the time of each registration a statement from his commanding
officer or personnel officer certifying that he is then assigned to
duty in Texas and that same will be in effect at the time of such regis-
tration in an institution of higher education. When a member of the
military is transferred out of the state, his wife or husband as the
case may be and their children must pay the nonresident fee at each
subsequent registration period unless such individual is, in fact, a
resident of Texas. A member of the military service who is a legal
resident of another state and who sends his family to Texas to reside
while he is stationed in a foreign country or another state does not
acquire legal residence during such period.

A person on military service is presumed to maintain during his
entire period of active service the same legal residence which
was in effect at the time he entered military service. A person
stationed on military service in a state is presumed not to establish
a legal residence in that state because his presence is not voluntary
but under military orders. It is possible for a member of the military
service to abandon his domicile of original entry into the service and
to select another, but to show establishment of a new domicile during
the term of active service, there must be clear and unequivocal proof
of such intent. An extended period of service alone is not sufficient.
The purchase of residential property is not conclusive evidence unless
coupled with other facts indicating an intent to put down roots in the
community and to reside there after termination of military service.
Evidence which will be considered in determining this requisite
intent includes, but is not limited to a substantial investment in a
residence and the claiming of a homestead exemption thereon,
registration to vote, and voting in local elections, registration of
an automobile in Texas and payment of personal property taxes
thereon, obtaining a Texas driver's license, maintaining checking
accounts, saving accounts, and safety deposit boxes in Texas
banks, existence of wills or other legal documents indicating resi-
dence in Texas, change of home-of-record and designation of Texas
as the place of legal residence for income tax purposes on military
personnel records, business transactions or activities not normally
engaged in by military personnel, membership in professional or
other state organizations, and marriage to a resident of Texas.
Purchase of property during terminal years of military service
preceding retirement generally is given greater weight than a
similar purchase made prior to such terminal period.

A person who enrolls in an institution of higher education following
his separation from military service must be classified as a non-
resident student unless, (1) he was a legal resident of Texas at
the time he entered military service and has not relinquished
that residence, (2) he can prove that during his military service he
has, in fact, established a bona fide, legal residence in Texas at
a time at least 12 months prior to his registration, or (3) he has
resided in Texas other than as a student for 12 months prior to his
registration and subsequent to his discharge from service.

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IV. EMPLOYEES OF INSTITUTIONS OF HIGHER EDUCATION

Statute: "Section 1(h)...teachers, professors, or other employees of Texas State institutions of higher education, shall be permitted to register themselves, their husband or wife as the case may be and their children, in State institutions of higher learning by paying the regular tuition fees and other fees or charges provided for regular residents of the State of Texas, without regard to the length of time such...teachers, professors, or other employees of Texas State institutions of higher learning have...resided within the state."

A person employed at least half-time on a regular monthly salary basis (not an hourly employee) by any institution of higher education, with an effective date of employment on or before the twelfth class day of a regular semester or the fourth class day of a summer term, may pay the same tuition as a resident of Texas for himself, her husband or wife as the case may be and their children, regardless of the length of residence in the state. To be entitled to pay the resident tuition fees such employee must submit prior to the time of each registration a statement from the Director of Personnel or a designated representative of the institution of higher education for which he is employed certifying that such employment will be in effect at the time of registration.

V. ALIENS

Statute: "Section 1(f) All aliens shall be classified as 'nonresident students'; provided, however, that an alien who is living in this country under a visa permitting permanent residence or who has filed a Declaration of Intention to become a citizen with the proper federal immigration authorities shall have the same privilege of qualifying for resident status for fee purposes under this Act as has a citizen of the United States. Provided, however, that a resident alien residing in a junior college district located immediately adjacent to state boundary lines shall be charged the resident tuition by such junior college."

Students who are aliens in this country on a student visa or a visa other than one entitling them to immigrant status are classified as nonresident students. An alien who is in this country on an immigrant visa can be classified as a resident student if he has resided in the state for a period of 12 months under circumstances indicating his intention to reside permanently in Texas and not merely to complete his education. To this extent an alien residing in Texas on an immigrant visa shall be in no different position than the citizen of the United States who has been a resident of another state.
VI. STUDENT RESPONSIBILITIES

The responsibility of registering under the proper residence classification is that of the student, and if there is any question of his right to classification as a resident of Texas, it is his obligation, prior to or at the time of his registration, to raise the question with the administrative officials of the institution in which he is registering and have such officially determined.

Every student who is classified as a resident student but who becomes a nonresident at any time by virtue of a change of legal residence by his own action or by the person controlling his domicile is required to notify the proper administrative officials of his institution at once.

VII. OFFICIAL CHANGE OF RESIDENCE STATUS

Every student classified as a nonresident student shall be considered to retain that status until such time as he shall have made written application for reclassification in the form prescribed by the institution and shall have been officially reclassified in writing as a resident of Texas by the proper administrative officers of the institution.

Every person who has been classified as a resident of Texas shall be reclassified as a nonresident student whenever he shall report, or there is found to exist, circumstances indicating a change in legal residence to another state. If any student who has been classified as a resident of Texas shall be found to have been erroneously so classified, he shall be reclassified as a nonresident and shall be required to pay the difference between the resident and nonresident fees for such semesters in which he was so erroneously classified. In addition, he shall be required to pay back all monies borrowed from the Texas Opportunity Plan Fund.

If any student has been erroneously classified as a nonresident student and subsequently proves to the satisfaction of the appropriate official of an institution of higher education that he should have been classified as a resident student he shall be reclassified as a resident of Texas and shall be entitled to a refund of the difference between the resident and nonresident fees for the semesters in which he was so erroneously classified.

VIII. PENALTIES

Statute: "Section 1 (g) The Governing Boards of the several state-supported institutions of higher learning are hereby authorized to assess and collect from each nonresident student failing to comply with the rules and regulations of the Governing Boards concerning nonresident fees, a penalty not to exceed Ten Dollars ($10.00) a semester."
Each institution has been authorized by statute to assess and collect from each nonresident student failing to comply with the provisions of the tuition statute and with the rules and regulations of the institution concerning nonresident fees a penalty not to exceed $10.00 a semester. In addition, if a student has obtained residence classification by virtue of deliberate concealment of facts, or misrepresentations of fact, he shall be subject to appropriate disciplinary action, in accordance with the Rules and Regulations that may be adopted by the governing boards of the respective institutions of higher education.