

JUN 11 1982

1. U. T. Board of Regents: Amendments to Chapter VIII of Part Two of the Regents' Rules and Regulations. -- Upon recommendation of the Academic Affairs, Health Affairs, Finance and Audit and Buildings and Grounds Committees, Chapter VIII of Part Two of the Regents' Rules and Regulations was amended as set forth below:

a. Amended the title of Section 1 to read as follows:

Sec. 1. Major New Building Construction Exceeding the Amount of \$100,000 per Project. --

b. Amended the lead-in paragraph of Subdivision 1.33 of Subsection 1.3 of Section 1 to read as follows:

1.33 The Board will award the contracts for all work in excess of the amount of \$100,000. 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.

c. Amended Section 2 to read as follows:

Sec. 2. Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving Less than \$100,000 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 \$100,000 or less per project may be handled at the component institution. Necessary funds must have been approved through the proper procedure. In each case, the project must have been approved by the director of physical plant, the chief business officer, and the chief administrative officer of the institution involved, and must have the prior approval of the Vice Chancellor for Business Affairs and the Office of the Chancellor.

d. Deleted Section 3 and renumbered the succeeding Sections appropriately.

e. Amended Subsection 3.1 of Section 3 (previously Subsection 4.1 of Section 4) to read as follows:

3.1 Any repair or remodeling project of the Physical Plant or construction of improvements other than buildings involving an estimated expenditure that exceeds \$100,000 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 \$100,000 may be handled at the component institution in accordance with the procedures set out in Section 2 of this Chapter.

f. Amended Section 4 (previously Section 5) to read as follows:

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 \$10,000 with the approval of the Vice Chancellor for Business Affairs and the Office of the Chancellor on recommendation of the chief administrative officer and the chief business officer.

g. Amended Section 5 (previously Section 6) by deleting Subsection 5.2 (previously Subsection 6.2) and renumbering Subsection 5.3 (previously Subsection 6.3) as Subsection 5.2.

APR 8 1982

2. U.T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter I, Section 1, Subsections 1.3 and 1.4 and Section 2, Subsection 2.1 (Acceptance and Reporting of Gifts). -- With respect to the proposed amendments to Chapter I of Part Two of the Regents' Rules and Regulations as presented in the Material Supporting the Agenda, the Finance and Audit Committee recommended revisions of Subsections 1.3 and 1.4 as well as Subsection 2.1 of Section 2. In accordance therewith, approval was given to amend Subsections 1.3 and 1.4 of Section 1 and Subsection 2.1 of Section 2 of Chapter I of Part Two of the Regents' Rules and Regulations to read as follows:

- 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.
- 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.

APR 8 1982

3. U.T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendment to Chapter III, Section 10, Subsection 10.442 (Increase in Travel Reimbursement Limit From Certain Sources of Funds). -- Approval was given to amend Subsection 10.442 of Section 10 of Chapter III of Part Two of the Regents' Rules and Regulations to read as follows:

- 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 \$120 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 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 Chairmen, 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.

DEC 11 1981

4. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VI (Staff Benefits). -- Upon recommendation of the Finance and Audit Committee, Part Two of the Regents' Rules and Regulations was amended by deleting Chapter VI in its entirety and substituting the following in lieu thereof:

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 36.101 et seq., Title 110B, Vernon's Texas Civil Statutes (to be included in the Texas Government Code), 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, research or professional personnel appointed for at least four and one-half months, unless included in the classified personnel pay plan of a component institution.

- 2.2 In accordance with conditions approved by the U. T. Board of Regents, the Office of the Vice Chancellor for Business Affairs will approve the companies authorized to provide annuity contracts, custodial accounts or investment contracts under the O.R.P.
- 2.3 One change of O.R.P. companies is allowed per year. The change may be made only on the first day of a month.

Sec. 3. Tax Sheltered Annuities.

- 3.1 Pursuant to Article 6228a-5, Vernon's Texas Civil Statutes, an employee may purchase Tax Sheltered Annuities (T.S.A.) through an approved company.
- 3.2 In accordance with conditions approved by the U. T. Board of Regents, the Office of the Vice Chancellor for Business Affairs will approve companies authorized to offer annuities under the T.S.A. Program.

Sec. 4. Group Hospitalization and Medical Benefit Plan.

- 4.1 A person employed at least one-half time may elect optional group hospitalization and medical insurance coverage under a System-wide contract approved by the Office of the Chancellor and the U. T. Board of Regents.
- 4.2 Employees who do not enroll within 60 days of eligibility may do so only in the annual enrollment period during the month of September.
- 4.3 The anniversary date of the contract is September 1 of each year.
- 4.4 An employee enrolled for group hospitalization and medical coverage is automatically enrolled for group dental coverage. (Section 5 below.)

Sec. 5. Group Dental Insurance.

- 5.1 An employee covered by group hospitalization and medical insurance is also covered by group dental insurance under a System-wide contract approved by the Office of the Chancellor and the U. T. Board of Regents.
- 5.2 Dependents' dental coverage is available but may be discontinued only if dependents' group hospitalization and medical coverage is discontinued.
- 5.3 Reinstatement of discontinued dependents' dental coverage shall require a wait of 18 months from date of re-application.

Sec. 6. Group Term Life Insurance.

- 6.1 A person employed at least one-half time is eligible to purchase group term life insurance and dependents' group term life insurance under a System-wide "One Year Term" plan approved by the Office of the Chancellor and the U. T. Board of Regents.
- 6.2 The amount of insurance available may not exceed four times annual earnings.

- Sec. 7. Group Cash Value Paid-Up at Age 65 Life Insurance Plan.
A person employed at least one-half time is eligible to purchase group cash value paid-up at age 65 life insurance under a policy approved by the Office of the Chancellor and the U. T. Board of Regents.
- Sec. 8. Group Long Term Disability Income Insurance.
A person employed at least one-half time may purchase group long term disability income insurance under a policy approved by the Office of the Chancellor and the U. T. Board of Regents.
- Sec. 9. Group Accident Insurance.
A person under age 70 and employed at least one-half time may purchase group accident insurance under a policy approved by the Office of the Chancellor and the U. T. Board of Regents.
- Sec. 10. Workers' Compensation Insurance.
- 10.1 Pursuant to Article 8309d of Vernon's Texas Civil Statutes, a System-wide Workers' Compensation Insurance (W. C. I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.
 - 10.2 The System Personnel Office, with the assistance of other appropriate System and component institution offices, shall investigate injuries and publish and enforce safety regulations.
 - 10.3 The System Personnel Office shall be responsible for reporting all covered injuries to the Industrial Accident Board (I. A. B.).
 - 10.4 The System Personnel Office shall coordinate occupational safety and health activities and enforce occupational safety and health standards.
 - 10.5 The Office of General Counsel shall be responsible for a determination on appeal of I. A. B. decisions.
 - 10.6 A percentage of annual payroll, as approved by the U. T. Board of Regents, shall be set aside to fund the Workers' Compensation Insurance Fund (W. C. I. Fund).
 - 10.61 The System Personnel Office shall be responsible for deposit in the W. C. I. Fund of amounts to be forwarded monthly by each institutional chief business officer for salaries paid from other than state funds.
 - 10.62 The System Personnel Office shall request the State Comptroller to transfer amounts due on payrolls from State funds to the W. C. I. Fund.
 - 10.7 The System Personnel Office shall process all W. C. I. claims for medical care and compensation.
 - 10.8 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the W. C. I. Fund.
- Sec. 11. Unemployment Compensation Program.
- 11.1 The System-wide Unemployment Compensation (U. C.) Program will provide weekly benefits as specified in Article 5221-b et seq., Vernon's Texas Civil Statutes.

- 11.2 The U. C. Fund is established by the U. T. Board of Regents to be maintained in one or more regular depositories approved by the U. T. Board of Regents. The System Personnel Office shall administer funding by assessment on all salary sources other than State General Revenue Funds as provided in Section 11.24 below.
- 11.21 The System will reimburse the State General Revenue Fund from the U. C. Fund for claims charge-backs paid by the State Comptroller for former employees paid from other funds.
- 11.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.
- 11.23 The U. C. Fund shall at all times operate under principles agreed upon by the System and the U. S. Department of Health and Human Services.
- 11.24 Assessment rates shall be calculated to maintain the U. C. Fund balance within a range of \$1, 215, 000 to \$1, 755, 000 and to provide minimum balance fluctuations and maximum rate stability.
- 11.25 Expenditures from the U. C. Fund shall be limited to direct costs in accordance with Federal Management Circular 73-8, Section J. 7.
- 11.3 The System Personnel Office, working in coordination with appropriate System and component institution offices, shall administer the U. C. Program and represent the System and component institutions in appeals to the Texas Employment Commission (T. E. C.).
- 11.4 The Office of General Counsel shall be responsible for a determination on appeals of T. E. C. decisions.
- 11.5 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the U. C. Fund.
- Sec. 12. Social Security (Old Age and Survivors Insurance).
Pursuant to 42 U. S. C. §410, all employees must participate in the Social Security Program.
- Sec. 13. Deferred Compensation Plan.
As authorized by Article 6252-3b, Vernon's Texas Civil Statutes, any employee may participate in the Deferred Compensation Plan.
- Sec. 14. Premium Sharing.
- 14.1 A person employed at least one-half time is eligible to receive the full amount of premium sharing specified by state law.
- 14.2 A person employed at least one-half time will receive a basic insurance coverage. Each eligible employee may elect other optional coverage within 60 days of employment or waive coverage at any time.
- 14.3 The total premium for basic coverage shall not exceed the amount of employer contribution.
- Sec. 15. U. S. Savings Bonds.
All employees shall be provided the opportunity to participate in the purchase of U. S. Savings Bonds by payroll deduction.

Sec. 16. Availability of Complete Benefit Descriptions.

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

U. T. BOARD OF REGENTS - REGENTS' RULES AND REGULATIONS,
PART TWO: AMENDMENT TO CHAPTER III, SECTION 10. 442 (GIFTS,
GRANTS, DESIGNATED AND AUXILIARY ENTERPRISE FUNDS). --
Without objection, Section 10. 442 of Chapter III of Part Two of the Regents'
Rules and Regulations was amended to read as follows:

OCT 9 1981

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 \$70 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 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 Chairmen, 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.

U. T. BOARD OF REGENTS - REGENTS' RULES AND REGULATIONS,
PART TWO: AMENDMENTS TO CHAPTER IX (MATTERS RELATING
TO INVESTMENTS, TRUSTS, AND LANDS). --In a discussion of the
proposed amendments to the Regents' Rules and Regulations, Part Two,
Chapter IX as presented in the Material Supporting the Agenda, Regent
Hay moved that Section 2.213 be amended and Regent Milburn moved

OCT 9 1981

the amendment of Section 2.41. The motions were duly seconded, and without objection, Chapter IX of Part Two of the Regents' Rules and Regulations was amended to read as follows:

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

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

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

to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.

- 1.5 Authority to Execute Proxies. --The Chancellor, or his delegate, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, and the Investment Officer and the Director of Stock Research are each authorized to execute proxies within the approved investment policies.
- 1.6 Authority to Purchase, Sell, and Transfer Book-Entry United States Government and Government Agency Securities. --The Chancellor, or his delegate, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, or the Investment Officer of The University of Texas System may direct a member bank of the Federal Reserve System to purchase, sell, or transfer any United States Government or Government Agency securities in book-entry form for the Permanent University Fund of The University of Texas System and for the Board of Regents of The University of Texas System.

Sec. 2. Investment Policy for PUF.

- 2.1 Investments Authorized for Purchase.
 - 2.11 Bonds of the United States, the State of Texas or counties, cities, or school districts of the State of Texas, or in bonds issued under and by virtue of the Federal Farm Loan Act approved by the President of the United States, July 17, 1916, and amendments thereto.
 - 2.12 Bonds or other obligations issued, insured, or guaranteed in any manner by the United States Government or any of its agencies.
 - 2.13 Bonds, debentures, or obligations and preferred and common stocks issued by corporations, associations, or other institutions.
 - 2.14 Convertible securities, of all kinds, issued by corporations whose common stock is eligible for purchase by the Permanent University Fund.
- 2.2 Standards as to Quality.
 - 2.21 Corporate Stocks:
 - 2.211 Stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for five (5) consecutive years or longer immediately prior to the date of purchase.
 - 2.212 Except for bank and insurance shares, stock must be listed upon an exchange registered with the Securities and Exchange Commission, or its successors.
 - 2.213 Common Stocks are eligible for purchase if they are rated "B" or higher by Standard and Poor's Corporation. Stocks not rated by Standard and Poor's may be purchased if, in the opinion of the Investment Staff, they are of comparable quality to stocks rated "B" or higher by Standard and Poor's. An Investment Counselor shall obtain written approval of the Investment Staff before purchasing a stock which is not rated by Standard and Poor's.

- 2.22 Corporate Obligations and Preferred Stocks: Corporate Bonds and Preferred Stocks must be "Baa" or higher as rated by Moody's Investors Service, Inc. or "BBB" by Standard and Poor's Corporation. Bonds or preferred stocks offered by private placement and not rated may be purchased if, in the opinion of the University's Investment Staff or Investment Counselor, they are of at least equal quality to publicly offered bonds and preferred stock eligible for purchase. Commercial Paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. or Standard and Poor's Corporation to be eligible for purchase.
- 2.3 Diversification.
- 2.31 Not more than 5% of the voting stock of any one (1) corporation shall be owned at any given time by the PUF.
- 2.32 Not more than 1% of the book value of the PUF shall be invested at any given time in securities issued by any one (1) corporation.
- 2.4 Standard of Care.
- 2.41 Prudent Person Rule*: In making or retaining each and all investments for the PUF and in the management, purchase, and sale of such investments from time to time, there shall be exercised the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital.
- 2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 2.51 Exercise of or sale of stock rights is to be made at the discretion of the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts. Stock rights which arise in connection with funds under control of an investment counselor shall be handled by that counselor in its discretion.
- 2.52 As a general rule, fractional shares received from stock dividends, etc., are to be sold. In each instance, the decision to round out fractional shares or to sell will be made by the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts. Fractional shares which arise in connection with funds under control of an investment counselor shall be handled by that counselor in its discretion.
- 2.53 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Executive Director for Investments and Trusts determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or, in his absence, to the Chairman of the Land and Investment Committee.
- 2.6 Exchange of Bonds. The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts is authorized to exchange bonds owned, from time to time, on a par for

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

par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield.

- 2.7 Advice of Investment Advisory Committee. The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings on all of the major matters involving the PUF.
- 2.8 Reports of Purchases, Sales, and Exchanges of Investments. All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Land and Investment Committee.
- 2.9 U. S. Government Insured Mortgages F.H.A., V.A., or Any Other Mortgage Loans Fully Guaranteed by the United States Government or Any Agency Thereof.
 - 2.91 Minimum standards set up by F.H.A. or V.A. shall be adhered to, and adequate Title and Hazard insurance policies must be carried by borrower. The policy of hazard insurance must be issued by an underwriter rated "A" or better by the then current issue of "Best's Insurance Reports: Property Casualty."
 - 2.92 Implementation of Mortgage Loan Program: the Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts are each authorized to purchase insured mortgage loans and to execute such documents necessary in conducting a mortgage loan program, including the execution of assignments of any notes and liens when appropriate to do so.
 - 2.93 The Chancellor, the Vice Chancellor for Business Affairs, or the Executive Director for Investments and Trusts are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default occurring with respect to any guaranteed loans, including the power to acquire title on behalf of the Board to the property securing any such note and to execute on behalf of the Board the necessary deed conveying the properties to the U. S. Government or department or agency thereof.
 - 2.94 Minimum Standards for Seller-servicers from which F.H.A. or V.A. Loans are Purchased:
 - 2.941 The Seller-servicer must be an approved F.H.A. or V.A. mortgagee and must have satisfactory credit rating and an unimpaired capital and surplus of at least \$1,000,000.
 - 2.942 It must have been actively engaged for at least five years in the mortgage loan business, and except for commercial bank, the mortgage loan business must be its principal business and must have a capable and experienced organization, together with the necessary equipment to furnish timely accounting on a block basis.

- 2.943 It must be servicing at least \$100,000,000 of loans, and its clients (other than Federal National Mortgage Association) must include at least three institutional investors and must have a capability of producing not less than \$10,000,000 per year in F.H.A. or V.A. loans.
- 2.944 It must carry a Mortgage Bankers Blanket Bond in an amount not less than \$500,000.

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

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

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

Sec. 5. Staff Investment Committee.

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

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

- 6.1 Membership. -- Five members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.
- 6.2 Selection Procedure. -- Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.
- 6.3 Term of Office. -- Each member shall serve a five year term on a rotating basis, with the term of one member expiring each August 31.
- 6.4 Meetings. -- Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor.

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

AUG 14 1981

U. T. BOARD OF REGENTS - REGENTS' RULES AND REGULATIONS,
PART TWO: AMENDMENT TO CHAPTER I, SECTION 4 (ENDOWED
TEACHING FELLOWSHIPS). -- Without objection, Part Two of the Regents'
Rules and Regulations was amended by adding the following new Subsec-
tion 4.46 to Section 4 of Chapter I:

- 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.

FEB 13 1981

BOARD OF REGENTS - REGENTS' RULES AND REGULATIONS, PART TWO: AMENDMENTS TO CHAPTER I, SECTION 4.4 (ENDOWMENT OF ACADEMIC POSITIONS).--Without objection, approval was given to amend Section 4.4 of Chapter I of Part Two of the Regents' Rules and Regulations by inserting the word "Endowed" in the subtitle of Subsection 4.43 and by adding a new Subsection 4.45 as set out below:

- 4.4 The five categories of endowed and named academic positions are: Chairs, Professorships, Visiting Professorships, Lectureships, and Fellowships, and requirements for same are:
 - 4.43 Endowed Visiting Professorships. The endowment of the visiting professorship specifies that such positions must be funded with a minimum endowment of \$50,000. Such appointments will be given to distinguished scholars who are in temporary residence at the component while participating in planned academic programs.
 - 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 Chancellor and approved by the Board of Regents. Income from the endowment may be used to supplement the salary of the occupant 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 occupant.

DEC 12 1980

BOARD OF REGENTS - REGENTS' RULES AND REGULATIONS, PART TWO: AMENDMENT TO CHAPTER III, SUBSECTION 10.442.--Approval was given to amend the first paragraph and subparagraphs (a) and (b) of Subsection 10.442 of Chapter III of Part Two of the Regents' Rules and Regulations to read as follows:

- 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 \$70 per day. The transportation allowances will be as specified in the foregoing provisions.

JUL 11 1980

BOARD OF REGENTS - REGENTS' RULES AND REGULATIONS, PART TWO: AMENDMENTS TO (1) CHAPTER III, SECTION 7, [OUTSTANDING CHECKS] AND (2) CHAPTER X, SECTIONS 8, 9 AND 10 [STUDENT PUBLICATIONS, STUDENT UNION FACILITIES AND INTERCOLLEGIATE ATHLETICS PROGRAMS].--Part Two of the Regents' Rules and Regulations was amended as set out below:

1. Chapter III, Section 7.--At the suggestion of Vice-Chairman Law and for accounting purposes, the proposal to amend Section 7 of Chapter III was revised by deleting the phrase "for one year from the date of issue." and substituting the phrase "for one year from the end of the month of issuance." therefor. Thereafter, Section 7 of Chapter III was amended to read as follows:
 - Sec. 7 Outstanding Checks.--Outstanding checks shall be carried on the official accounting records for one year from the end of the month of issuance.
2. Chapter X, Sections 8, 9 and 10.--The existing Sections 8, 9 and 10 of Chapter X were deleted and the following substituted therefor:
 - Sec. 8 Student Publications.--Rules and regulations for the establishment, administration and operation of student publications shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Chancellor for inclusion in the institutional Handbook of Operating Procedures.
 - Sec. 9 Student Union Facilities.--Rules and regulations for the establishment, administration and operation of student union facilities shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Chancellor for inclusion in the institutional Handbook of Operating Procedures.
 - Sec. 10 Intercollegiate Athletics Programs.--Rules and regulations governing the establishment, administration and operation of intercollegiate athletics programs shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Chancellor for inclusion in the institutional Handbook of Operating Procedures.

BOARD OF REGENTS - REGENTS' RULES AND REGULATIONS, PART TWO: EDITORIAL CHANGES IN CHAPTER IX, SUBSECTIONS 1.2 AND 1.3 REQUIRED BY CHANGES IN DUTIES AND TITLES IN THE OFFICE OF THE VICE CHANCELLOR AND GENERAL COUNSEL (PAGE 181). -- Without objection, editorial changes in the Regents' Rules and Regulations, Part Two, Chapter IX were approved as amended and as set out below:

Subsections 1.2 and 1.3 were revised as set out below:

1.2 Authority to Assign and Transfer Securities held by the PUF and the Board. --The Chancellor, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, and the Trust Officers 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.

FEB 29 1980

1.3 Authority to Execute Instruments Relating to Land and Mineral Interests. --The Chairman of the Board, the Vice-Chairman, the Chancellor, the Vice Chancellor for Business Affairs, and the Vice Chancellor for Lands 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.

BOARD OF REGENTS - REGENTS' RULES AND REGULATIONS, PART TWO: AMENDMENTS TO CHAPTER V, SECTION 2.4 (PATENT POLICY). --Without objection, the Regents' Rules and Regulations, Part Two, Chapter V, Section 2.4 were amended as set out below:

1. Subsection 2.4524 was deleted and the following substituted therefor

2.4524 If the System decides to patent and assert and exploit its interest, it shall proceed either through its own efforts or those of of a patent agent to obtain and manage the patent. It shall be mandatory for all employees, academic and nonacademic, to assign inventions and patents to the System when the patentable inventions fall within Section 2.452. The division of

FEB 29 1980

royalties or other income, patenting and licensing costs first being recaptured, shall be as follows:

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

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

2. New Subsections 2.4534 and 2.4545 were added as set out below:

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

FEB 29 1980

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

1 1979 BOARD OF REGENTS - REGENTS' RULES AND REGULATIONS, PART TWO: AMENDMENT TO CHAPTER VIII, SECTION 3 (MINOR REPAIRS, REMODELING AND IMPROVEMENTS OTHER THAN BUILDINGS). --Section 3 of Chapter VIII of Part Two of the Regents' Rules and Regulations was amended without objection to read as follows:

Sec. 3. Minor Repairs and Remodeling and Improvements Other than Buildings. --Minor repairs and remodeling of the physical plant and construction of improvements other than buildings involving proposed expenditures of less than \$80,000 per project shall be made under the supervision of the director of physical plant and the chief business officer at the component institutions, with the prior approval of the chief administrative officer provided that necessary funds have been approved through proper procedure, and provided, further, that no such repairs, remodeling or construction shall be made without the prior approval of the Vice Chancellor for Business Affairs where the proposed expenditure exceeds \$50,000.

JUN 1 1979 BOARD OF REGENTS - REGENTS' RULES AND REGULATIONS, PART TWO: AMENDMENT TO CHAPTER IX, SECTIONS 1.2, 1.3, 1.5 and 1.6 (AUTHORIZATIONS RE SALES, ASSIGNMENTS, CONVEYANCES, RECEIPT OF PROPERTY AND PROXIES). --Upon recommendation of Executive Director Lobb, Vice Chancellor Boyd and Chancellor Walker, and without objection, Sections 1.2, 1.3, 1.5 and 1.6 of Chapter IX of Part Two of the Regents' Rules and Regulations were amended to read as follows:

- 1.2 Authority to Assign and Transfer Securities Held by the PUF and the Board. --The Chancellor, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, the Trust Officer and the Real Estate Officer may each assign and transfer any and all securities of any description whatever, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities, and including those registered in the names of trusts or foundations managed and controlled by said Board.
- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests. --The Chairman of the Board, the Vice-Chairman, the Chancellor, the Vice Chancellor for Business Affairs, and the Vice Chancellor for Lands Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and

JUN 1 1979

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 as a part of the PUF or as a part of any trust or special fund, and with the Executive Director for Investments and Trusts authorized to sign such instruments relating to Trust and Special Fund lands.

- 1.5 Authority to Execute Proxies. --The Chancellor, or his delegate, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts are each authorized to execute proxies within the approved investment policies.
- 1.6 Authority to Purchase, Sell and Transfer Book-Entry United States Government Securities. --The Chancellor, the Vice Chancellor for Business Affairs, the Executive Director for Investments and Trusts, or the Investment Officer of The University of Texas System may direct the Federal Reserve Bank to Purchase, Sell or Transfer any United States Government Securities in Book-Entry form for the Permanent University Fund of The University of Texas System and for the Board of Regents of The University of Texas System for Trust and Special Funds.

1979 BOARD OF REGENTS: AMENDMENT TO REGENTS' RULES AND REGULATIONS. PART TWO, CHAPTER IX, SUBSECTION 1.1. -- Part Two of the Regents' Rules and Regulations was revised at the Regents' meeting on November 30-December 1, 1978. Without objection, Subsection 1.1 of Section 1 of Chapter IX of Part Two was amended to read as set out below. This amendment was proposed in the agenda for the System Administration Committee but was referred by that committee to the Committee of the Whole:

- 1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund of The University of Texas (hereinafter sometimes referred to as "PUF") and the Board. -- The Chancellor or his delegate, the Vice Chancellor for Business Affairs, and the Executive Director for Investments and Trusts are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute any and all documents necessary to the consummation of any purchases or exchanges.

The 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 as revised on December 1, 1978 and as amended on February 9, 1979, with any necessary editorial changes, will be bound in a separate volume for distribution. The official copy for the record will be in a separate volume entitled Permanent Minutes, Volume XXVI().