MEMORANDUM

June 14, 1996

TO: Those Who Receive RRR Amendments (List Attached)

FROM: Art Dilly

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

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

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The amendments approved at the May 9, 1996 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AD/cf

Enclosures
March 28, 1996

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

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

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206 East 9th Street
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Austin, Texas 78701
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Austin, Texas 78711
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Publications Clearing House
Room 307, Archives Building
Texas State Library
Austin, Texas 78711
INTERAGENCY MAIL

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

(Note: Send only when there are amendments related to (1) academic work load or (2) faculty development leaves.)

Mr. Thomas G. Ricks
President and Chief Executive Officer
The University of Texas Investment Management Co.
CTJ Hall

Mr. W. C. Lancaster
Chief of Staff
Office of the Chancellor
The Texas A&M University System
College Station, Texas 77843-1117
March 28, 1996

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Chancellor
- Executive Vice Chancellor for Academic Affairs
- Executive Vice Chancellor for Health Affairs
- Executive Vice Chancellor for Business Affairs
- Executive Assistant to the Chancellor
- Vice Chancellor and General Counsel
- Vice Chancellor for Governmental Relations
- Vice Chancellor for Development and External Relations

Chief Administrative Officers of Component Institutions | 15

Mr. Thomas G. Ricks
President and Chief Executive Officer
UTIMCO

Chief of Staff, Office of the Chancellor, Texas A&M University System (Lancaster) | 1

TOTAL | 42

NOTE: See July 6, 1988 letter from Coordinating Board which requests that only those amendments related to (1) academic work load and (2) faculty development leaves be sent to that office.
Since our Regents' Rules and Regulations are now available on the World Wide Web, I'd like to discontinue sending these amendments to you effective with our August meeting.

Please call me.
RULES AND REGULATIONS

OF THE

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

FOR THE GOVERNMENT OF

THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through May 9, 1996, have been issued with this cover sheet.)
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Sec. 2. **Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies.**

2.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--Pursuant to an Investment Management Services Agreement, UTIMCO shall be authorized to purchase, exchange, and sell, for and on behalf of the PUF or the Board, any and all securities of any description whatever and from any source, including gifts and bequests, registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, external investment managers appointed by UTIMCO may purchase, sell, or exchange securities, pursuant to written agreement with UTIMCO.

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

2.3 Additional Authority to Sell Securities for and on Behalf of the Board.--The Director - Estates and Trusts shall be authorized to sell, for and on behalf of the Board, any and all securities of any description whatever from any source, received as gifts and/or bequests, registered in the name of the Board, or in any other form of registration of such securities held for the account of the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts managed and controlled by said Board.

2.4 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--UTIMCO may assign and transfer any and all securities of any description whatever and from any source, including gifts and bequests, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of
the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by UTIMCO may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

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

Real Estate or Mineral Interests held as part of the PUF, gift real estate or campus lands, and not held as part of an investment portfolio managed by UTIMCO:

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

2.6 Authority to Receive and Collect Money and/or Property.--

(i) UTIMCO is authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the PUF or the Board from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, and control and disposition of any investment.
(ii) The Vice Chancellor for Development and External Relations and/or the Director - Estates and Trusts are authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the Board from gifts and bequests, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, and control and disposition of any gift and bequest.

2.7 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--UTIMCO is authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

2.8 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

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

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

3.2 Reports Regarding Asset Management.

3.21 The investment performance of the PUF, as measured by an unaffiliated organization, shall be reported to the Board at least annually.

3.22 The nature and extent of any investments in or business transacted with any firm with which a director, officer or employee of UTIMCO is affiliated will be reported to the Board annually.

3.3 UTIMCO is authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.
Sec. 6. The money values of meals, lodging, and other services the employees are authorized to receive in lieu of additional wages or salary, are recommended to the chief administrative officer by the chief business officer and approved by the appropriate Executive Vice Chancellor, the Chancellor and the Board.

Sec. 7. **Statutory Provisions Currently in Effect.**--Auxiliary Budgets shall comply with statutory provisions and rider provisions of the current Appropriations Act.

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 appropriate Executive Vice Chancellor for inclusion in the institutional [Handbook of Operating Procedures].

Sec. 9. **Student Center and Student Union Facilities.**--Rules and regulations for the establishment, administration and operation of student center or 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 appropriate Executive Vice Chancellor for inclusion in the institutional [Handbook of Operating Procedures]. Rules and regulations for the use of student center or union facilities shall be consistent with the provisions of the Regents' Rules and Regulations, Part One, Chapter VI, Section 6.

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 appropriate Executive Vice Chancellor for inclusion in the institutional [Handbook of Operating Procedures].

Sec. 11. **Employment of a Students' Attorney.**

11.1 If an attorney is retained in any manner by a component institution or by a Students' Association or other agency of student government at any component institution of the System to serve as a students' attorney, said attorney shall not act as counsel of
2.3 The Board will not assert an interest in faculty authored scholarly works, art works, musical compositions and dramatic and non-dramatic literary works related to the faculty member's professional field, regardless of the medium of expression, unless such work is commissioned by the System or a component institution of the System or is a work for hire pursuant to Subsection 2.4.

2.4 The Board shall have sole ownership of all intellectual property that it commissions or that is produced as a work for hire for the System or a component institution of the System. Except as may be provided otherwise in a written agreement approved by the chief administrative officer of the component institution and the Chancellor, the provisions of Subdivision 5.23 relating to division of royalties shall not apply to intellectual property owned solely by the Board pursuant to this Subsection 2.4.

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

2.6 The System, with the cooperation of the component institution, will provide review and management services for patentable inventions as well as other intellectual property either by its own staff, through a related foundation, or by other means.

2.7 It is a basic policy of the System that intellectual property be developed primarily to serve the public interest. This objective usually will require development and commercialization by exclusive licensing, but the public interest may best be promoted by the granting of nonexclusive licenses for
RECONVENE.--At 2:25 p.m., the Board reconvened in open session in Room 1505C of the Doctors Center.

WELCOME BY M. DAVID LOW, M.D., PRESIDENT OF THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON.--Chairman Rapoport stated that the Board was pleased to be meeting at The University of Texas Health Science Center at Houston and was especially delighted to have had the opportunity to meet with many of this component's friends and supporters at last evening's (May 8) very nice social event. He then called on M. David Low, M.D., President of the U. T. Health Science Center - Houston, for any welcoming remarks on behalf of the host institution.

On behalf of the faculty, staff, and students of the U. T. Health Science Center - Houston, President Low welcomed the members of the Board and other guests to Houston.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON FEBRUARY 8, 1996, AND SPECIAL MEETINGS HELD ON MARCH 1, 1996, AND MARCH 26, 1996.--Upon motion of Regent Evans, seconded by Regent Temple and Loeffler, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on February 8, 1996, in El Paso, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLIII, Pages 699 - 1482.

Upon motion of Regent Temple, seconded by Regent Evans, the Minutes of the special meetings of the Board of Regents of The University of Texas System held on March 1, 1996, and March 26, 1996, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copies of these Minutes are recorded in the Permanent Minutes, Volume XLIII, Pages 1483 - 1488.

SPECIAL ITEMS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter IX, Section 2 (Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies) and Ratification of Certain Sales Transactions Effected on Behalf of the Board of Regents.--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter IX, Section 2 (Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies) to read as set forth below:

a. Subsection 2.1 was amended to read as follows:

   2.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--Pursuant to an Investment Management Services Agreement, UTIMCO shall be authorized to purchase, exchange, and sell, for and on behalf of the PUF or the Board, any and all securities of any
description whatever and from any source, including gifts and bequests, registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, external investment managers appointed by UTIMCO may purchase, sell, or exchange securities, pursuant to written agreement with UTIMCO.

b. A new Subsection 2.3 was added, present Subsections 2.3 through 2.7 were renumbered as Subsections 2.4 through 2.8, and renumbered Subsection 2.6 was amended to read as set forth below:

\[2.3\] Additional Authority to Sell Securities for and on Behalf of the Board.--The Director - Estates and Trusts shall be authorized to sell, for and on behalf of the Board, any and all securities of any description whatever from any source, including gifts and bequests, registered in the name of the Board, or in any other form of registration of such securities held for the account of the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts managed and controlled by said Board.

\[2.4\] Authority to Assign and Transfer Securities Owned by the PUF and the Board.--UTIMCO may assign and transfer any and all securities of any description whatever and from any source, including gifts and bequests, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by UTIMCO may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

\[2.5\] Authority to Execute Instruments Relating to Land and Mineral Interests.--The authority to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to
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The Chancellor or his or her delegate

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

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(ii) The Vice Chancellor for Development and External Relations and/or the Director - Estates and Trusts are authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the Board from gifts and bequests, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, and control and disposition of any gift and bequest.

Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--UTIMCO is authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

Further, the Board affirmed and ratified any and all securities transactions since the February 1996 meeting of the U. T. Board of Regents.
These amendments were required due to the inadvertent omission of certain provisions from the Regents' Rules and Regulations in the amendments that were approved at the February 1996 meeting of the U. T. Board of Regents to accommodate the dissolution of The University of Texas System Office of Asset Management and the formation of The University of Texas Investment Management Company (UTIMCO).


Vice Chancellor Perry reported that during this period 84 items conforming to Board policy were approved including the acceptance of $17,164,637 in gifts and $3,745,206 in other matching contributions. Total gifts this quarter included an $8,750,583 gift to The University of Texas Southwestern Medical Center at Dallas from an anonymous donor to fund a distinguished chair and one other endowment. This generous gift has helped to yield a total of $24,222,873 in gifts accepted for the first six months of this fiscal year compared to a total of $26,440,360 in gifts accepted for all of the Fiscal Year ended August 31, 1995.
2. U. T. Board of Regents — Regents' Rules and Regulations: Amendments to Part One, Chapter III, Section 13, Subsection 13.7 (Outside Employment) and Part Two, Chapter XII, Section 2, Subsection 2.3 (Intellectual Property).—The Academic Affairs and Health Affairs Committees recommended and the Board amended the Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsection 13.7 (Outside Employment) to read as set forth below:

13.7 Every member of the faculty or staff who gives professional opinions must protect the System and its component institutions against the use of such opinions for advertising purposes. If the employee does work in a private capacity, the employee must make it clear to those who employ him or her that the work is unofficial and that the name of the System and its component institutions is not in any way to be connected with the employee's name, except when used to identify the employee as the author of work related to the employee's academic or research area as more fully described in Part Two, Chapter XII, Section 2, Subsection 2.3.

Further, the Board amended the Regents' Rules and Regulations, Part Two, Chapter XII, Section 2, Subsection 2.3 (Intellectual Property) to read as set forth below:

2.3 The Board will not assert an interest in faculty authored scholarly works, art works, musical compositions and dramatic and non-dramatic literary works related to the faculty member's professional field, regardless of the medium of expression, unless such work is commissioned by the System or a component institution of the System or is a work for hire pursuant to Subsection 2.4.

These amendments expand the definition of faculty authored scholarly works to cover new types of publications such as CD-ROM products and allow a faculty member to retain intellectual property rights for scholarly works which are related to the faculty member's professional field and which are not commissioned by the University.
3. U. T. Board of Regents - Regents’ Rules and Regulations: Amendments to Part One, Chapter VI, Section 6 (Use of University-Owned Facilities) and Part Two, Chapter X, Section 9 (Student Union Facilities).--The Board, upon recommendation of the Academic Affairs and Health Affairs Committees, amended the Regents’ Rules and Regulations, Part One, Chapter VI, Section 6 regarding use of university-owned facilities to read as set forth below:

Sec. 6. Use of University Facilities. This Section applies only to property, buildings, and facilities owned or controlled by the U. T. System or component institutions that are maintained and used for programs and activities related to the role and mission of the U. T. System or component institutions.

6.1 The property, buildings, or facilities owned or controlled by the U. T. System or component institutions are not open for assembly, speech, or other activities as are the public streets, sidewalks, and parks. The responsibility of the Board of Regents to operate and maintain an effective and efficient system of institutions of higher education requires that the time, place, and manner of assembly, speech, and other activities on the grounds and in the buildings and facilities of the U. T. System or component institutions be regulated. Acting pursuant to the general authority of Chapter 65 of the Texas Education Code and the specific authority of Chapter 51 of the Texas Education Code, the Board of Regents adopts and promulgates this Section relating to the use of buildings, grounds and facilities for purposes other than programs and activities related to the role and mission of the U. T. System or component institution.

6.2 No person, organization, group, association, or corporation may use property, buildings, or facilities owned or controlled by the U. T. System or a component institution for any purpose other than in the course of the regular programs or activities related to the role and mission of the U. T. System or component institution, unless authorized by the Regents’ Rules and Regulations. Any authorized use must be conducted in compliance with the provisions of the Regents’ Rules and Regulations, the approved rules and regulations of the component institution, and applicable federal, state, and local laws and regulations.

6.3 Identification Required.—Pursuant to the authority conferred upon the Board of Regents by Section 51.209, Texas Education Code, in order to protect the safety and welfare of students, employees, patients, and other participants in the programs and activities of the U. T. System and component institutions and to protect the property, buildings, and facilities of the U. T. System and component
Further, the Board amended the Regents' Rules and Regulations, Part Two, Chapter X, Section 9 regarding student union facilities to read as set forth below:

Sec. 9. Student Center and Student Union Facilities.--Rules and regulations for the establishment, administration and operation of student center or 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 appropriate Executive Vice Chancellor for inclusion in the institutional Handbook of Operating Procedures. Rules and regulations for the use of student center or union facilities shall be consistent with the provisions of the Regents' Rules and Regulations, Part One, Chapter VI, Section 6.

The changes to the Regents' Rules and Regulations, Part One, Chapter VI, Section 6 are intended to clarify permissible activities and use of facilities including solicitation on institutional and U. T. System property and to provide more flexibility to conduct desirable fund raising activities.

The amendment to Part Two, Chapter X, Section 9 adds a clarifying cross-reference between Section 9 and the primary rules governing use of student union and student center facilities contained in Part One, Chapter VI, Section 6.

4. U. T. System: Approval to Exempt Students 55 Years of Age or Older from Certain Testing Requirements.--Authorization was given for the general academic institutions of The University of Texas System to develop policies subject to approval by the Executive Vice Chancellor for Academic Affairs to exempt non-degree-seeking or non-certificate-seeking students who are 55 years of age or older on the first class day of any given semester or term from the testing requirements of the Texas Academic Skills Program.

The 74th Texas Legislature, Regular Session, amended Section 51.306, Subsection (q) of the Texas Education Code to allow institutions to exempt non-degree-seeking or non-certificate-seeking persons 55 years of age or older from the Texas Academic Skills Program (TASP) testing requirements that are imposed by that Section as a condition for enrollment in a public institution of higher education. By providing the exemption, a campus can remove a barrier for eligible students who wish to take only one or a few courses and not seek a degree. Proposed policies will be submitted for approval by the Executive Vice Chancellor for Academic Affairs.
MEMORANDUM

March 29, 1996

TO: Those Who Receive RRR Amendments (List Attached)

FROM: Art Dilly

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

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

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The amendments approved at the February 8, 1996 meeting of the U. T. Board of Regents, as well as editorial amendments, have been incorporated on the revised pages.

AD/cf

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TOTAL 42

NOTE: See July 6, 1988 letter from Coordinating Board which requests that only those amendments related to (1) academic work load and (2) faculty development leaves be sent to that office.
Addresses of State Officials Who Receive Copies of the Regents’ Rules and Regulations

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

Mr. John Keel
Director, Legislative Budget Board
Second Floor, Room 207A, Capitol
Austin, Texas 78711
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State Auditor’s Office
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Suite 1900
Austin, Texas 78701
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Ms. Sally Reynolds
Director
Legislative Reference Library
Room 207-B, Capitol Building
Austin, Texas 78711
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Publications Clearing House
Room 307, Archives Building
Texas State Library
Austin, Texas 78711
INTERAGENCY MAIL

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

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

*****

Mr. Thomas G. Ricks
President and Chief Executive Officer
The University of Texas Investment Management Co.
CTJ Hall

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

OF THE

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

FOR THE GOVERNMENT OF

THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

Part Two was completely reissued as of June 1, 1988. (Substantive amendments through February 8, 1996, and editorial amendments through March 1996 have been issued with this cover sheet.)
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3.2 No negotiations or commitments implying the establishment of the endowment of an academic position will be undertaken by any faculty member or officer of the component institution until the proposal has been formally approved by the chief administrative officer.

3.3 The six categories of endowed and named academic positions and the minimum funding levels to establish the positions are: Distinguished University Chairs ($2,000,000), Distinguished Chairs ($1,000,000), Chairs ($500,000), Distinguished Professorships ($250,000), Professorships ($100,000), and Fellowships ($50,000). All agreements related to endowed academic positions made prior to April 14, 1988, will remain in effect unless a specific request for change is made by the donor and the institution and approved by the Board.

3.31 Whether an endowment has attained the minimum funding level necessary to establish a particular academic position will be determined by the total market value of contributions to the endowment in the form of gifts from donors or transfers of institutional funds at the time the contribution is made. Funding levels will not be determined by the amount of net sale proceeds received from a non-cash gift or by the current market value of the investments held in an endowment.

3.32 With the specific approval of the Board, a named academic position may be established without the above minimum funding levels only in accordance with agreements recommended by the Chancellor, the appropriate Executive Vice Chancellor and the Vice Chancellor for Development and External Relations. Such agreements must contain the provisions outlined in Subsections 3.33 and 3.34 below.

3.33 If an external entity requests that the Board establish a named academic position based upon the entity’s agreement to hold and manage an endowment fund supporting the position, the entity must irrevocably agree to dedicate the endowment to the support of the academic position in perpetuity or for a specified term of years. The entity must agree to adhere to Board policies regarding...
Sec. 2.4 Petty cash funds shall be provided only on approval of, and by arrangement of, the department with the chief business officer. Special petty cash fund bank accounts may be established only with the approval of the Director of the Office of Budget and Fiscal Policy.

Sec. 3. Deposits with the State Treasurer.

3.1 The statutes and the current Appropriations Act require that all cash receipts accruing to component institutions be deposited in the State Treasury, with the exception of those funds named in Section 51.008 of the Texas Education Code, including those funds from auxiliary enterprises, noninstructional services, agency, designated and restricted funds, endowment funds, trust funds, other gift funds, student loan funds, funds retained under Chapter 145 of the Texas Education Code, and Constitutional College Building Amendment Funds.

3.2 Cash receipts that are required to be deposited in the State Treasury shall be so deposited in the manner prescribed in the statutes and the current Appropriations Act.

3.3 Component institutions of the System are authorized by the current Appropriations Act to establish Revolving Funds under certain prescribed procedures to facilitate the payment of nominal expenses and to pay bills within cash discount periods, as well as for regular monthly payrolls, weekly, and special payrolls. Such Revolving Funds are authorized, subject to approval of the Director of the Office of Budget and Fiscal Policy.

Sec. 4. Local Institutional Funds.

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

4.11 Funds held in demand deposits, time deposits, or non-negotiable certificates of deposit shall be deposited or invested only in banks with which the Board has a depository agreement. Depository and custody agreements may be negotiated and executed by
UTIMCO or the Executive Vice Chancellor for Business Affairs when such depository agreements are in substantially the same form as a standard depository agreement approved by the Board or, for other agreements, in a form approved by the Office of General Counsel and are with banks meeting the then current policies of the Board. Each chief administrative officer and chief business officer of a component institution or the Executive Vice Chancellor for Business Affairs may negotiate and execute contracts for banking services with banks which have entered into a depository agreement with the Board if the contract has been approved by the Office of General Counsel and the Office of Business Affairs.

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

Operating funds, as defined by The University of Texas System Operating Funds Investment Policy, shall be invested in compliance with that investment policy statement. Operating funds shall be invested in funds approved by UTIMCO based on, at a minimum, the criteria specified in The University of Texas System Operating Funds Investment Policy. UTIMCO shall administer pooled investment funds for the investment of operating funds as authorized by the Board. The chief business officer of any component institution may add or withdraw operating funds of the component to or from (i) demand deposits, time deposits, or non-negotiable certificates of deposit as set forth in Subsection 4.11 of this Section, (ii) any common trust fund or money market fund approved by UTIMCO or (iii) any investment pool administered by UTIMCO for the investment of such operating funds on any established addition or withdrawal date of the pool.
4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Such securities shall be delivered by the depository bank to an account in the name of the Board at a third-party depository(ies), bank(s) or trust company(ies) approved and contracted with by the Executive Vice Chancellor for Business Affairs. Local Funds shall be deposited in the depository banks or invested as soon as possible but in no event later than that provided by law. Demand deposits and time deposits will be maintained in accordance with the current policies of the Board.

4.3 The Board and the chief administrative officers may not, by law, borrow money from any person, firm, or corporation to be repaid from Local Funds except as specifically authorized by the Legislature.

4.4 Interest on Deposits and Investments.—As permitted by statute, interest received on local institutional funds shall be credited to appropriate accounts in either general funds or trust funds in relationship to the sources of balances, provided that disposition of such earning was not specified by the grantor. Interest received from Current Restricted Funds (Trust Funds) deposits and investments shall be subject to further appropriation or transfer by the Board for any lawful purpose.

Sec. 5. Vouchers for Expenditures.

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

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

Sec. 1. Authority Regarding Assets.

1.1 Subject to the more specific provisions of other sections of the Regents' Rules and Regulations or specific Regental policies, the authority to manage and invest assets of or held by the U. T. System shall be as set forth below.

1.2 All assets, regardless of the nature of the asset, received through a bequest or through a distribution from an account held in trust by others shall be accepted and processed by the Office of Development and External Relations and invested by UTIMCO, except for gift real property which shall be managed by the Real Estate Office until appropriate distribution may be made to the beneficiary institution or to an endowment fund, a fund functioning as an endowment, or a life income or annuity fund.

1.3 All assets of the Permanent University Fund, excluding the real property of the Permanent University Fund, shall be managed by UTIMCO. Real property of the Permanent University Fund shall be managed by the Office of Business Affairs.

1.4 All assets, regardless of the nature of the asset, received for or held in an endowment fund (other than the Permanent University Fund), a fund functioning as an endowment, or a life income or annuity fund shall be managed by UTIMCO until such funds terminate.

1.5 All assets of Retirement of Indebtedness Funds, Bond Proceeds, Unemployment Compensation Funds, Workers' Compensation Funds, the Medical/Dental Self-Insurance Fund, the Vision Services Fund, and the Medical
Liability Self-Insurance Fund ("consolidated System funds") shall be managed with respect to investment of such funds as set forth below:

1.51 The Office of Business Affairs shall invest the Retirement of Indebtedness Funds, Bond Proceeds, Unemployment Compensation Funds, Workers' Compensation Funds, the Medical/Dental Self-Insurance Fund, and the Vision Services Fund in the same manner that chief business officers may invest the operating funds of each component institution.

1.52 UTIMCO shall invest the Medical Liability Self-Insurance Fund in the Long Term Fund, Short/Intermediate Term Fund, and Short Term Fund as directed by the Vice Chancellor and General Counsel.

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

1.61 Real property used for campus lands shall be managed by the chief administrative officer of the component institution subject to review by the Office of Business Affairs prior to requesting Board approval to acquire the property. Otherwise, non-campus real property shall be managed by the Real Estate Office.

1.62 Tangible personal property shall be managed by the chief administrative officer of the component institution.

1.63 Intangible personal property consisting of securities, interests in businesses, and equity interests in technology transfer firms as set out in the Regents' Intellectual Property Policy shall be managed by UTIMCO. Other intangible personal property shall be managed by the chief administrative officer of the component institution.
Sec. 2. **Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies.**

2.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--Pursuant to an Investment Management Services Agreement, UTIMCO shall be authorized to purchase, exchange, and sell any and all securities of any description whatever and from any source, including gifts and bequests, for and on behalf of the PUF or the Board. In addition, external investment managers appointed by UTIMCO may purchase, sell, or exchange securities, pursuant to written agreement with UTIMCO.

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

2.3 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--UTIMCO may assign and transfer any and all securities of any description whatever and from any source, including gifts and bequests, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by UTIMCO may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.
2.4 Authority to Execute Instruments Relating to Land and Mineral Interests.--The authority to execute convey­ances, deeds, surface and/or mineral leases, ease­ments, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be neces­sary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or con­trolled by the Board is hereby authorized as follows:

- Real Estate or Mineral Interests held as part of the PUF, gift real estate or campus lands, and not held as part of an investment portfolio managed by UTIMCO:
  - The Chancellor or his or her delegate
  - The Executive Vice Chancellor for Business Affairs or his or her delegate.

2.5 Authority to Receive and Collect Money and/or Property.--

(i) UTIMCO is authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, prop­erty, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the PUF or the Board from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instru­ments as may be necessary or appropriate from time to time, relating to the handling, man­agement, and control and disposition of any investment.

(ii) The Office of Estates and Trusts is autho­rized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belong­ing, or that may become due, payable, or
belonging to the PUF or the Board from gifts and bequests, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, and control and disposition of any gift and bequest.

2.6 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--UTIMCO is authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

2.7 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

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

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

3.2 Reports Regarding Asset Management.

3.21 The investment performance of the PUF, as measured by an unaffiliated organization, shall be reported to the Board at least annually.

3.22 The nature and extent of any investments in or business transacted with any firm with which a director, officer or employee of UTIMCO is affiliated will be reported to the Board annually.

3.3 UTIMCO is authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.

IX - 5
Policies with Respect to Stock Rights, Fractional Shares, and Proxies.

3.41 Exercise of or sale of stock rights and warrants is to be made at the discretion of UTIMCO.

3.42 Fractional shares which arise in connection with funds under control of UTIMCO shall be handled at its discretion.

3.43 As a general rule, voting stocks held are to be voted by UTIMCO pursuant to its proxy voting policy.


4.1 The policies for the investment of funds for U. T. investment pools shall be those outlined in the applicable Investment Policy Statement.

4.2 The provisions of Sections 3.2, 3.3, and 3.4, with respect to the investment and management of the PUF, shall likewise apply to other U. T. investment pools.

4.3 The Operating Funds Short/Intermediate Term Fund shall be administered in a manner consistent with all provisions of The University of Texas System Operating Funds Short/Intermediate Term Fund Information Memorandum.

4.4 The Medical Liability Self-Insurance Fund shall be administered in a manner consistent with all provisions of the Plan for Professional Medical Liability Self-Insurance.

4.5 Each pooled income fund established by U. T. shall be administered according to its trust indenture and applicable law.
Sec. 5. **Policy for Investment and Management of Endowment and Trust Funds Invested Through or Separate from U. T. Investment Pools.**

5.1 Endowment funds and funds functioning as endowments will be managed in a manner consistent with the U. T. System Gifts Policy Guidelines, prudent person investment standards, and the Uniform Management of Institutional Funds Act (Title 10, Chapter 163, Texas Property Code). These funds will be managed separately and not commingled with the Long Term Fund if the terms of the instrument by which the fund was created preclude investment through the Long Term Fund. In addition, nonmarketable securities held by an endowment fund may be recorded as separately invested. All other endowment funds and funds functioning as endowments will be invested through the Long Term Fund.

5.2 Trust funds and other life income accounts will be invested and administered consistent with the U. T. System Gifts Policy Guidelines, prudent person investment standards, and the Texas Trust Code (Title 9, Subtitle B, Texas Property Code).

5.3 The provisions of Sections 3.2, 3.3, and 3.4 with respect to the investment and management of the PUF, shall likewise apply to endowment and trust funds except that Subsection 3.21 shall be applied only when such funds are invested through a U. T. investment pool.
the period of the patent. These determinations will be recommended and made in accordance with the administrative procedures hereinafter set out and with the approval of the Board.

Sec. 3. Institutional Intellectual Property Advisory Committees, Office of General Counsel, and UTIMCO.

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

3.2 Office of General Counsel.--The Office of General Counsel will have responsibility for all legal matters relating to intellectual property and will assist component institutions with respect to such matters. Among other responsibilities, the Office of General Counsel will secure protection for intellectual property when appropriate and will police infringements; maintain central databases and files of patent applications, issued patents, copyrights, licenses and agreements; coordinate with component institutions in negotiating and preparing license and other agreements; review and approve as to form all agreements relating to intellectual property; and coordinate with and cooperate with UTIMCO in all such matters.

3.3 UTIMCO.--UTIMCO will assist component institutions in business and financial matters relating to intellectual property; coordinate with component institutions in evaluating royalty and/or equity transactions and review and approve agreements relating to equity transactions; represent System on boards of directors.
of entities in which the Board holds equity and the right to a board position; serve as a repository for certificates of shares in entities in which the Board holds equity and represent the System's interest with respect thereto; and coordinate with and cooperate with the Office of General Counsel in all such matters.

Sec. 4. Classification of Discoveries by Source of Support.

4.1 Intellectual property that is unrelated to the individual's employment responsibility and has been developed as a result of the individual's efforts on his or her own time with no System support or use of System's facilities.

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

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

Sec. 5. Property Rights and Obligations.

5.1 Intellectual property unrelated to the individual's employment responsibility that is developed on an individual's own time and without System support or use of System facilities (see Subsection 4.1) is the exclusive property of the creator and the System has no interest in any such property and no claim to any profits resulting therefrom. Should the creator choose to offer the creation to the System, the chief administrative officer shall recommend whether the System should support and finance a patent application or other available protective measures and manage the development and commercialization of the property. If the creator makes the offer after
Sec. 9. Approval of and Execution of Legal Documents Relating to Rights in Intellectual Property.

9.1 Documents relating to rights in intellectual property shall ordinarily be approved by the Board on the institutional docket following review by the Office of General Counsel and approval by the chief administrative officer of the component institution, the appropriate Executive Vice Chancellor and the Chancellor.

9.2 Any document altering substantially the basic intellectual property policy of the System as set out in the preceding Sections and other policies and guidelines that may be adopted by the Board shall have the advance approval of the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, and the Board as an agenda item. Such an alteration in a sponsored research agreement shall not be considered substantial and may be approved by the Board on the institutional docket if, in the judgment of the chief administrative officer and with the concurrence of the appropriate Executive Vice Chancellor, the benefits from the level of funding for the proposed research and/or other consideration from the sponsor outweigh any potential disadvantage that may result from the policy deviation.

9.3 The Chancellor, the appropriate Executive Vice Chancellor, the Vice Chancellor and General Counsel or the authorized representative of UTIMCO may execute, on behalf of the Board, legal documents relating to the Board's rights in intellectual property, including, but not limited to, declarations, affidavits, powers of attorney, disclaimers, and other such documents relating to patent applications and patents; applications, declarations, affidavits, affidavits of use, powers of attorney, and other such documents relating to trademarks; applications for registration of and other such documents relating to copyrights; and license and assignment documents approved by the Board pursuant to Subsections 9.1 or 9.2.
3.2 No negotiations or commitments implying the establishment of the endowment of an academic position will be undertaken by any faculty member or officer of the component institution until the proposal has been formally approved by the chief administrative officer.

3.3 The six categories of endowed and named academic positions and the minimum funding levels to establish the positions are: Distinguished University Chairs ($2,000,000), Distinguished Chairs ($1,000,000), Chairs ($500,000), Distinguished Professorships ($250,000), Professorships ($100,000), and Fellowships ($50,000). All agreements related to endowed academic positions made prior to April 14, 1988, will remain in effect unless a specific request for change is made by the donor and the institution and approved by the Board.

3.31 Whether an endowment has attained the minimum funding level necessary to establish a particular academic position will be determined by the total market value of contributions to the endowment in the form of gifts from donors or transfers of institutional funds at the time the contribution is made. Funding levels will not be determined by the amount of net sale proceeds received from a non-cash gift or by the current market value of the investments held in an endowment.

3.32 With the specific approval of the Board, a named academic position may be established without the above minimum funding levels only in accordance with agreements recommended by the Chancellor, the appropriate Executive Vice Chancellor and the Vice Chancellor for Asset Management. Such agreements must contain the provisions outlined in Subsections 3.33 and 3.34 below.

3.33 If an external entity requests that the Board establish a named academic position based upon the entity’s agreement to hold and manage an endowment fund supporting the position, the entity must irrevocably agree to dedicate the endowment to the support of the academic position in perpetuity or for a specified term of years. The entity must agree to adhere to Board policies regarding
IV. OTHER MATTERS

U. T. Board of Regents: Adoption of Resolution Approving Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO), Approval of Certain Terms Precedent to the Execution of the Agreement, Approval of Related Amendments to the Regents’ Rules and Regulations, Parts One and Two, and Authorization for the Chairman of the Board of Regents and the Chancellor to Carry Out the Transactions Contemplated by the Resolution.--The Board, upon recommendation of the Asset Management Committee, adopted the following resolution:

BE IT RESOLVED, That the Board is authorized and empowered to enter into an Investment Management Services Agreement (the "Agreement") with The University of Texas Investment Management Company ("UTIMCO") substantially in the form attached hereto as Attachment A with supporting Exhibits A - K and the Chairman of the Board is hereby authorized and directed, for and on behalf of the Board, to sign the Agreement, with such negotiated revisions, amendments and modifications as he determines to be in the best interests of the Board, such determination to be conclusively evidenced by his execution of the Agreement, and the Executive Secretary to the Board is hereby authorized and directed, for and on behalf of the Board, to attest and seal the Agreement;

FURTHER RESOLVED, That the Board hereby expressly approves the UTIMCO investment policies with related revisions to current Board policies as attached to the Agreement as Exhibits A through E;

FURTHER RESOLVED, That the Board hereby approves the articles of incorporation and bylaws of UTIMCO attached to the Agreement as Exhibits H and I, respectively;

FURTHER RESOLVED, That the Board hereby approves the UTIMCO Code of Ethics attached to the Agreement as Exhibit K; (See Exhibit J: members of the Audit and Ethics Committee will be approved by the Board at a later date);

FURTHER RESOLVED, That the Board hereby accepts the opinion of Ernst & Young concerning the fair representation, in all material respects, of the Summary of Investments and Total Income of the Permanent University Fund, attached hereto as Attachment B, and hereby finds and determines that said opinion satisfies the requirements of Section 4 of H.B. 1877 requiring a financial audit prior to implementation of the first investment management services agreement with UTIMCO;
4.11 Funds held in demand deposits, time deposits, or non-negotiable certificates of deposit shall be deposited or invested only in banks with which the Board has a depository agreement. Depository and custody agreements may be negotiated and executed by UTIMCO or the Executive Vice Chancellor for Business Affairs when such depository agreements are in substantially the same form as a standard depository agreement approved by the Board or, for other agreements, in a form approved by the Office of General Counsel and are with banks meeting the then current policies of the Board. Each chief administrative officer and chief business officer of a component institution or the Executive Vice Chancellor for Business Affairs may negotiate and execute contracts for banking services with banks which have entered into a depository agreement with the Board if the contract has been approved by the Office of General Counsel and the Office of Business Affairs.

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

4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Such securities shall be delivered by the depository bank to an account in the name of the Board at a third-party depository(ies), bank(s) or trust company(ies) approved and contracted with by the Executive Vice Chancellor for Business Affairs.
Affairs. Local Funds shall be deposited in the depository banks or invested as soon as possible but in no event later than that provided by law. Demand deposits and time deposits will be maintained in accordance with the current policies of the Board.

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

Sec. 1. Authority Regarding Assets.

1.1 Subject to the more specific provisions of other sections of the Regents' Rules and Regulations or specific Regental policies, the authority to manage and invest assets of or held by the U. T. System shall be as set forth below.

1.2 All assets, regardless of the nature of the asset, received through a bequest or through a distribution from an account held in trust by others shall be accepted and processed by the Office of Development and External Relations and invested by UTIMCO, except for gift real property which shall be managed by the Real Estate Office until appropriate distribution may be made to the beneficiary institution or to an endowment fund, a fund functioning as an endowment, or a life income or annuity fund.

1.3 All assets of the Permanent University Fund, excluding the real property of the Permanent University Fund, shall be managed by UTIMCO. Real property of the Permanent University Fund shall be managed by the Office of Business Affairs.

1.4 All assets, regardless of the nature of the asset, received for or held in an endowment fund (other than the Permanent University Fund), a fund functioning as an endowment, or a life income or annuity fund shall be managed by UTIMCO until such funds terminate.

1.5 All assets of Retirement of Indebtedness Funds, Bond Proceeds, Unemployment Compensation Funds, Workers' Compensation Funds, the Medical/Dental Self-Insurance Fund, the Vision Services Fund, and the Medical Liability Self-Insurance Fund ("consolidated System funds") shall be managed with respect to investment of such funds as set forth below:

1.51 The Office of Business Affairs shall invest the Retirement of Indebtedness Funds, Bond Proceeds, Unemployment Compensation Funds, Workers' Compensation Funds, the Medical/Dental Self-Insurance Fund, and the Vision Services Fund in the
1.62 Tangible personal property shall be managed by the chief administrative officer of the component institution.

1.63 Intangible personal property consisting of securities, interests in businesses, and equity interests in technology transfer firms as set out in the Regents' Intellectual Property Policy shall be managed by UTIMCO. Other intangible personal property shall be managed by the chief administrative officer of the component institution.

Sec. 2. Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies.

2.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--Pursuant to an Investment Management Services Agreement, UTIMCO shall be authorized to purchase, exchange, and sell any and all securities of any description whatever and from any source, including gifts and bequests, for and on behalf of the PUF or the Board. In addition, external investment managers appointed by UTIMCO may purchase, sell, or exchange securities, pursuant to written agreement with UTIMCO.
2.2 Authority to Transact Through Investment Dealers.--Sales, purchases, and exchanges by UTIMCO shall be effected through investment dealers or brokers in accordance with the applicable Investment Policy Statement.

2.3 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--UTIMCO may assign and transfer any and all securities of any description whatever and from any source, including gifts and bequests, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by UTIMCO may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

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

Real Estate or Mineral Interests held as part of the PUF, gift real estate or campus lands, and not held as part of an investment portfolio managed by UTIMCO:
The Chancellor or his or her delegate
The Executive Vice Chancellor for Business Affairs or his or her delegate.
2.5 Authority to Receive and Collect Money and/or Property.--

(i) UTIMCO is authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the PUF or the Board from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, and control and disposition of any investment.

(ii) The Office of Estates and Trusts is authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to the PUF or the Board from gifts and bequests, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, and control and disposition of any gift and bequest.

2.6 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--UTIMCO is authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

2.7 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

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

3.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.
3.2 Reports Regarding Asset Management.
3.21 The investment performance of the PUF, as measured by an unaffiliated organization, shall be reported to the Board at least annually.
3.22 The nature and extent of any investments in or business transacted with any firm with which a director, officer or employee of UTIMCO is affiliated will be reported to the Board annually.

3.3 UTIMCO is authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.

3.4 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
3.41 Exercise of or sale of stock rights and warrants is to be made at the discretion of UTIMCO.
3.42 Fractional shares which arise in connection with funds under control of UTIMCO shall be handled at its discretion.
3.43 As a general rule, voting stocks held are to be voted by UTIMCO pursuant to its proxy voting policy.


4.1 The policies for the investment of funds for U. T. investment pools shall be those outlined in the applicable Investment Policy Statement.

4.2 The provisions of Sections 3.2, 3.3, and 3.4, with respect to the investment and management of the PUF, shall likewise apply to other U. T. investment pools.

4.3 The Operating Funds Short/Intermediate Term Fund shall be administered in a manner consistent with all provisions of The University of Texas System Operating Funds Short/Intermediate Term Fund Information Memorandum.

4.4 The Medical Liability Self-Insurance Fund shall be administered in a manner consistent with all provisions of the Plan for Professional Medical Liability Self-Insurance.

4.5 Each pooled income fund established by U. T. shall be administered according to its trust indenture and applicable law.
Sec. 5. Policy for Investment and Management of Endowment and Trust Funds Invested Through or Separate from U. T. Investment Pools.

5.1 Endowment funds and funds functioning as endowments will be managed in a manner consistent with the U. T. System Gifts Policy Guidelines, prudent person investment standards, and the Uniform Management of Institutional Funds Act (Title 10, Chapter 163, Texas Property Code). These funds will be managed separately and not commingled with the Long Term Fund if the terms of the instrument by which the fund was created preclude investment through the Long Term Fund. In addition, nonmarketable securities held by an endowment fund may be recorded as separately invested. All other endowment funds and funds functioning as endowments will be invested through the Long Term Fund.

5.2 Trust funds and other life income accounts will be invested and administered consistent with the U. T. System Gifts Policy Guidelines, prudent person investment standards, and the Texas Trust Code (Title 9, Subtitle B, Texas Property Code).

5.3 The provisions of Sections 3.2, 3.3, and 3.4 with respect to the investment and management of the PUF, shall likewise apply to endowment and trust funds except that Subsection 3.21 shall be applied only when such funds are invested through a U. T. investment pool.

1. Amended Part Two, Chapter XII (Intellectual Property), Section 3 as set forth below:

Sec. 3. Institutional Intellectual Property Advisory Committees, Office of General Counsel, and UTIMCO.

3.2 Office of General Counsel. -- The Office of General Counsel will have responsibility for all legal matters relating to intellectual property and will assist component institutions with respect to such matters. Among other responsibilities, the Office of General Counsel will secure protection for intellectual property when appropriate and will police infringements; maintain central databases and files of patent applications, issued patents, copyrights, licenses and agreements; coordinate with component institutions in negotiating and preparing
license and other agreements; review and approve as to form all agreements relating to intellectual property; and coordinate with and cooperate with UTIMCO in all such matters.

3.3 UTIMCO.--UTIMCO will assist component institutions in business and financial matters relating to intellectual property; coordinate with component institutions in evaluating royalty and/or equity transactions and review and approve agreements relating to royalty transactions; represent System on boards of directors of entities in which the Board holds equity and the right to a board position; serve as a repository for certificates of shares in entities in which the Board holds equity and represent the System’s interest with respect thereto; and coordinate with and cooperate with the Office of General Counsel in all such matters.

j. Amended Part Two, Chapter XII (Intellectual Property), Section 9, Subsection 9.3 as set forth below:

Sec. 9. Approval of and Execution of Legal Documents Relating to Rights in Intellectual Property.

9.3 The Chancellor, the appropriate Executive Vice Chancellor, the Vice Chancellor and General Counsel or the authorized representative of UTIMCO may execute, on behalf of the Board, legal documents relating to the Board's rights in intellectual property, including, but not limited to, declarations, affidavits, powers of attorney, disclaimers, and other such documents relating to patent applications and patents; applications, declarations, affidavits, affidavits of use, powers of attorney, and other such documents relating to trademarks; applications for registration of and other such documents relating to copyrights; and license and assignment documents approved by the Board pursuant to Subsections 9.1 or 9.2.
MEMORANDUM

December 20, 1995

TO: Those Who Receive RRR Amendments (List Attached)

FROM: Art Dilly

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

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

<table>
<thead>
<tr>
<th>Column &quot;A&quot;</th>
<th>Column &quot;B&quot;</th>
</tr>
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<tbody>
<tr>
<td>Cover Page</td>
<td>Cover Page</td>
</tr>
<tr>
<td>Pages I-1, I-2, I-3, and I-10</td>
<td>Pages I-1, I-2, I-3, I-3a, and I-10</td>
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</table>

The amendments approved at the November 9, 1995 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AD/cf

Enclosures
Distribution List for Official Copies of Regents' Rules and Regulations

<table>
<thead>
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<tr>
<td>Executive Associate for Economic Affairs</td>
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<td>Legislative Budget Board</td>
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<td>Governor's Budget and Planning Office</td>
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<td>Publications Clearing House</td>
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<td>State Auditor - U. T. Austin Representative</td>
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<td>Legislative Reference Library</td>
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<td>Chancellor</td>
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<td>Executive Vice Chancellor for Academic Affairs</td>
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<td>Executive Vice Chancellor for Health Affairs</td>
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<td>Vice Chancellor and General Counsel</td>
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<td>Vice Chancellor for Governmental Relations</td>
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<td>Director for Development</td>
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<td>Chief Administrative Officers of Component Institutions</td>
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<tr>
<td>Chief of Staff, Office of the Chancellor, Texas A&amp;M University System (Lancaster)</td>
<td>1</td>
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<td>TOTAL</td>
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</tr>
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NOTE: See July 6, 1988 letter (copy attached) from Coordinating Board which requests that only those amendments related to 1) academic workload and 2) faculty development leaves be sent to that office.
Addresses of State Officials Who Receive Copies of the Regents' Rules and Regulations

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

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

State Auditor's Office
Two Commodore Plaza
206 East 9th Street
Suite 1900
Austin, Texas 78701
INTERAGENCY MAIL

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

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

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

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

****

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

OF THE

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

FOR THE GOVERNMENT OF

THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

Part Two was completely reissued as of June 1, 1988.
(Substantive amendments through November 9, 1995,
have been issued with this cover sheet.)
CHAPTER I

GENERAL

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

1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.

1.2 Unless otherwise approved by the Board, all gifts to the System or any component institution shall be made in accordance with all relevant laws and Board policies, including but not limited to, the provisions of the U. T. System Gifts Policy Guidelines and approved institutional policies.

1.3 The authority to accept the following gifts which conform to all relevant laws and Board policies, including but not limited to, the U. T. System Gifts Policy Guidelines ("Gifts Policy Guidelines" or "Guidelines") and approved institutional policies is delegated to the chief administrative officer or his/her designee(s) specified in writing:

(a) unrestricted gifts and gifts restricted only as to a particular college/school/unit having a value of less than $500,000 (in cash or in kind) that are not processed and/or administered by the Office of Development and External Relations and

(b) other restricted gifts having a value of less than $50,000 (in cash or in kind) that are not managed by the Office of Development and External Relations.

1.4 The authority to accept all gifts of any value (either in cash or in kind) and to approve all other administrative actions related to gifts that are processed and/or administered by the Office of Development and External Relations (as set out in the Regents' Rules and Regulations) which conform to all relevant laws and Board policies, including but not limited to, the Gifts Policy Guidelines is delegated to the Vice Chancellor for Development and External Relations or his/her designee(s) specified in writing.
The Office of Development and External Relations shall submit a report to the Board summarizing acceptance and approval by the Office of Development and External Relations of gifts and other actions which conform to all relevant laws and Board policies, including but not limited to, the Gifts Policy Guidelines no less frequently than annually.

Recommendations regarding the acceptance of gifts or other actions which do not conform to all relevant laws and Board policies, including but not limited to the Guidelines, shall be made through the Chancellor to the Board via the Agenda after review by the appropriate offices of the terms of the gifts, the nature of the donated assets and/or the requested action.

Gifts to Establish Endowments.

Endowments will be established with gifts which have been completed for tax purposes or with a combination of such gifts and pledges at a minimum funding level of $10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.

Should the Board determine at any time that an endowment fund is not of sufficient size and has no foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.

Except as provided in this Subsection, the preceding Subsections, or approved institutional policies, no member of the staff of any institution has the authority to accept gifts.

Neither the System nor any of its component institutions will administer a gift for the benefit of any designated individual unless the donor is exempt from federal income taxes as defined by the Commissioner of Internal Revenue.
1.(10) Acceptance of all gifts of real estate shall be subject to the U. T. System Gifts Policy Guidelines and the Environmental Review Policy for Acquisitions of Real Estate. The Coordinating Board, for purposes of state funding, may review and approve as an addition to an institution's educational and general building and facilities inventory any improved real property acquired by gift or lease-purchase as provided in Section 61.058(d) of the Texas Education Code.

1.(11) Conduct Related to Gifts.
   1.(11)1 The Board will not serve as executor or administrator of an estate because of the potential for conflicts of interest and the scope of the required duties.
   1.(11)2 U. T. System and component institution employees who agree to serve as executor or administrator of a donor's estate which benefits a U. T. System component institution are immediately to notify the Office of Estates and Trusts of their appointment. Upon notification, the employee will be furnished a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the estate between the employee and any office of the U. T. System or the component institutions shall be in writing.
   1.(11)3 U. T. System and component institution employees should not knowingly act as witnesses to wills in which the U. T. System or a component institution is named as a beneficiary because their doing so may jeopardize the receipt of the bequest.
   1.(11)4 Because of the potential for conflicts of interest, U. T. System and component institution employees who agree to serve as trustee of a trust benefiting a U. T. System component institution are immediately to notify the Office of Estates and Trusts of their appointment. Upon notification, the employee will be furnished with a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the trust between the employee and any office of the U. T. System or the component institutions shall be in writing.
1.(11)5 Members of the Board are frequently persons of wide-ranging business interests. Therefore, a prudent, independent decision process may result in real estate transactions with or involving firms or organizations with whom a member of the Board is affiliated. Affiliation shall be interpreted within this Section to mean an employee, officer, director, or owner of five percent or more of the voting stock of a firm or organization. Unless the Board specifically finds that the transaction is in the best interest of the U. T. System or a component institution, no member of the Board or employee of the U. T. System may participate in any transaction with the U. T. System involving interests in real estate with which such Board member or employee is affiliated other than to convey a gift or bequest to the U. T. System.
9.3 The Texas State Flag shall be designated as the official flag of the System, and the official flag of each component institution shall be the Texas State Flag with a streamer with the official name of the component institution in white letters on an orange field, and a special occasion banner, as determined to be appropriate by the chief administrative officer in consultation with the appropriate Executive Vice Chancellor. No component institution shall have or display any other flag as its official flag. Nothing in this Subsection shall be interpreted to prohibit display of other flags in a manner consistent with the Texas Flag Code, Article 6139c, Vernon’s Texas Civil Statutes.

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

Sec. 10. Appropriations Act Riders.--The System will comply with the provisions of the current General Appropriations Act insofar as applicable.
10.24 Recommending policies relating to acceptance, processing, and administration (including investment management) of gifts for all of the U. T. System's component institutions.

10.25 Making recommendations with respect to the acceptance of all proposed gifts and approval of all other actions related to the processing and administration of gifts managed by the Office of Development and External Relations, the terms of which do not conform to all relevant laws and Board policies.

10.26 Reporting to the Board on gifts processed and administered by the Office of Development and External Relations.

10.27 The organization and administration of programs for providing information to the public relating to the System and coordinating those programs with the public information programs of the component institutions.

10.28 Directing the administration of the System Office of Special Services.

10.29 Directing the administration of the System Office of Estates and Trusts.

10.2(10) To assist in the development, organization, and administration of programs and activities related to alumni of System component institutions in coordination with appropriate personnel of the component institutions.

10.2(11) Coordinating the policies and activities of the System and the component institutions related to internal and external foundations that provide support for the System and the component institutions.

10.2(12) The performance of such other duties and responsibilities as may be assigned by the Chancellor.

d. Part Two, Chapter I, Section 1 (Gifts to The University of Texas System) was amended to read as set forth below:

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

1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.

1.2 Unless otherwise approved by the Board, all gifts to the System or any component institution shall be made in accordance with all relevant laws and Board policies, including but not limited to, the provisions of the U. T. System Gifts Policy Guidelines and approved institutional policies.
1.3 The authority to accept the following gifts which conform to all relevant laws and Board policies, including but not limited to, the U. T. System Gifts Policy Guidelines ("Gifts Policy Guidelines" or "Guidelines") and approved institutional policies is delegated to the chief administrative officer or his/her designee(s) specified in writing:
   (a) unrestricted gifts and gifts restricted only as to a particular college/school/unit having a value of less than $500,000 (in cash or in kind) that are not processed and/or administered by the Office of Development and External Relations and (b) other restricted gifts having a value of less than $50,000 (in cash or in kind) that are not managed by the Office of Development and External Relations.

1.4 The authority to accept all gifts of any value (either in cash or in kind) and to approve all other administrative actions related to gifts that are processed and/or administered by the Office of Development and External Relations (as set out in the Regents’ Rules and Regulations) which conform to all relevant laws and Board policies, including but not limited to, the Gifts Policy Guidelines is delegated to the Vice Chancellor for Development and External Relations or his/her designee(s) specified in writing.

1.5 The Office of Development and External Relations shall submit a report to the Board summarizing acceptance and approval by the Office of Development and External Relations of gifts and other actions which conform to all relevant laws and Board policies, including but not limited to, the Gifts Policy Guidelines no less frequently than annually.

1.6 Recommendations regarding the acceptance of gifts or other actions which do not conform to all relevant laws and Board policies, including but not limited to the Guidelines, shall be made through the Chancellor to the Board via the Agenda after review by the appropriate offices of the terms of the gifts, the nature of the donated assets and/or the requested action.

1.7 Gifts to Establish Endowments.
   1.71 Endowments will be established with gifts which have been completed for tax purposes or with a combination of such gifts and pledges at a minimum funding level of $10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.
1.72 Should the Board determine at any time that an endowment fund is not of sufficient size and has no foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.

1.8 Except as provided in this Subsection, the preceding Subsections, or approved institutional policies, no member of the staff of any institution has the authority to accept gifts.

1.9 Neither the System nor any of its component institutions will administer a gift for the benefit of any designated individual unless the donor is exempt from federal income taxes as defined by the Commissioner of Internal Revenue.

1.10 Acceptance of all gifts of real estate shall be subject to the U. T. System Gifts Policy Guidelines and the Environmental Review Policy for Acquisitions of Real Estate. The Coordinating Board, for purposes of state funding, may review and approve as an addition to an institution's educational and general building and facilities inventory any improved real property acquired by gift or lease-purchase as provided in Section 61.058(d) of the Texas Education Code.

1.11 Conduct Related to Gifts.
1.11.1 The Board will not serve as executor or administrator of an estate because of the potential for conflicts of interest and the scope of the required duties.

1.11.2 U. T. System and component institution employees who agree to serve as executor or administrator of a donor's estate which benefits a U. T. System component institution are immediately to notify the Office of Estates and Trusts of their appointment. Upon notification, the employee will be furnished a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the estate between the employee and any office of the U. T. System or the component institutions shall be in writing.
1.(11)3 U. T. System and component institution employees should not knowingly act as witnesses to wills in which the U. T. System or a component institution is named as a beneficiary because their doing so may jeopardize the receipt of the bequest.

1.(11)4 Because of the potential for conflicts of interest, U. T. System and component institution employees who agree to serve as trustee of a trust benefiting a U. T. System component institution are immediately to notify the Office of Estates and Trusts of their appointment. Upon notification, the employee will be furnished with a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the trust between the employee and any office of the U. T. System or the component institutions shall be in writing.

1.(11)5 Members of the Board are frequently persons of wide-ranging business interests. Therefore, a prudent, independent decision process may result in real estate transactions with or involving firms or organizations with whom a member of the Board is affiliated. Affiliation shall be interpreted within this Section to mean an employee, officer, director, or owner of five percent or more of the voting stock of a firm or organization. Unless the Board specifically finds that the transaction is in the best interest of the U. T. System or a component institution, no member of the Board or employee of the U. T. System may participate in any transaction with the U. T. System involving interests in real estate with which such Board member or employee is affiliated other than to convey a gift or bequest to the U. T. System.

See Page 184 related to amendments to the U. T. System Gifts Policy Guidelines.
4. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter I, Section 9, Subsection 9.3 (Official Seal, Colors, Flag, Logo, and Mascot). — Upon recommendation of the Academic Affairs and Health Affairs Committees, approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter I, Section 9, Subsection 9.3, regarding the official flag, to read as set forth below:

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

9.3 The Texas State Flag shall be designated as the official flag of the System, and the official flag of each component institution shall be the Texas State Flag with a streamer with the official name of the component institution in white letters on an orange field, and a special occasion banner, as determined to be appropriate by the chief administrative officer in consultation with the appropriate Executive Vice Chancellor. No component institution shall have or display any other flag as its official flag. Nothing in this Subsection shall be interpreted to prohibit display of other flags in a manner consistent with the Texas Flag Code, Article 6139c, Vernon's Texas Civil Statutes.

These amendments explicitly authorize an institution to display a special occasion banner in conjunction with a special campus celebration such as a centennial year and clarify that, pursuant to the Texas Flag Code, institutions may not be prohibited from flying national, state, municipal, or foreign flags as long as such display is consistent with the Code.

5. U. T. System Adoption of a Policy on Fees for Continuing Education Courses.—The 74th Texas Legislature adopted House Bill 815 which added Section 61.545 to the Texas Education Code requiring the governing board of an institution of higher education to charge a reasonable fee to persons registered in continuing education courses at the institution. Continuing education is defined to include an "extension course, correspondence course, or other self-supporting course," for which the institution does not collect tuition or receive formula funding. The statute also provides that the fee shall be in sufficient amount to permit the institution to recover costs of providing the course.

In compliance therewith, the Board adopted the Policy on Fees for Continuing Education Courses for The University of Texas System as set out on Page 154.
MEMORANDUM

December 21, 1994

TO: Those Who Receive RRR Amendments (List Attached)

FROM: Art Dilly

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

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

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The amendments approved at the December 1, 1994 meeting of the U. T. Board of Regents, as well as editorial amendments, have been incorporated on the revised pages.

AD/lp

Enclosures
RULES AND REGULATIONS

OF THE

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

FOR THE GOVERNMENT OF

THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

Part Two was completely reissued as of June 1, 1988. (Substantive amendments through December 1, 1994, and editorial amendments through December 1994 have been issued with this cover sheet.)
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evidencing that goods or services were properly ordered, that the vendor has submitted invoice and certification, and that the goods or services have been received by the institution and are acceptable to the requisitioning department.

5.2 Appropriate internal accounting controls shall be exercised over the vouchering and disbursement procedures.

5.21 To the extent that centralized receiving facilities are available, delivery of all purchased supplies, materials, and equipment should be received at a centralized location under the direction of the chief business officer.

5.22 Vouchers should be prepared centrally in the business offices of those component institutions having centralized receiving operations.

5.3 Vouchers are to be coded in the business offices within the approved expenditure codes, and if payable by warrant drawn by the State Treasurer, with the proper expenditure classifications furnished by the state Comptroller, as well as complying with other current requirements of the State Comptroller and the General Services Commission.

Sec. 6. **Cash Discounts.**--The accounting procedures should be designed to assure realization of advantageous cash discounts allowed by vendors.

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.

Sec. 8. **Institutional Membership Dues.**--General Funds of the System may be used to pay membership fees only in educational, scientific, or other associations, in which the System, or a component institution thereof, is an institutional member, with memberships approved by the chief administrative officers. Such other approvals as may be required by law shall also be secured.

Editorial Amendment
Issued December 1994
2.6 No bidder shall receive special consideration or be allowed to revise a bid after the time set for opening bids.

2.7 Any violations of these purchasing ethics shall be reported promptly by the chief business officer to the Executive Vice Chancellor for Business Affairs.

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

Sec. 4. Purchases of Supplies, Materials, Services, and Equipment.

4.1 In making purchases of supplies, materials, services, and equipment on behalf of the System, the General Services Commission (the "Commission") is required to comply with the State Purchasing and General Services Act, Article 3 of Article 601b, Vernon's Texas Civil Statutes (the "Act"), including the rules and regulations promulgated by the Commission thereunder.

4.2 The Act permits the Commission to delegate purchasing functions to a state agency, including an institution of higher education. The Act authorizes institutions of higher education to purchase materials, supplies, or equipment through group purchasing programs that offer discount prices to institutions of higher education, subject to rules to be promulgated by the Commission. In making purchases under such delegated authority or under such group purchasing programs subject to rules of the Commission, the System shall follow the Commission's applicable procedures or rules.

4.3 The Act provides that the Commission's authority does not extend to acquisition of:

(a) specified categories of supplies, materials, services, or equipment for libraries operated as part of university systems or institutions of higher education;
(b) materials, supplies, or equipment purchased by state-owned hospitals or clinics through certain group purchasing programs;
(c) professional services or consulting services; or
(d) supplies, materials, services, or equipment for resale, for auxiliary enterprises, for organized activities relating to instructional departments, or from gifts or grants, including industrial or federal grants or contracts in support of research.

4.4 The System has no obligation to comply with the Act or the rules and regulations issued thereunder in making purchases to which the Commission's authority does not extend, or for which the System's purchasing authority is not delegated from the Commission under the Act or expressly subject to rules by the Commission but rather is a different statute. With respect to such purchases not subject to the Act or the rules and regulations issued thereunder, the policies and procedures to be used by a System component shall be approved by its chief business officer pursuant to Section 5 below.
Sec. 5. **Purchasing Procedures.**

5.1 The official purchasing agent of each component institution shall promulgate procedures to facilitate and expedite the purchasing function. Such procedures shall be developed in accordance with sound business practices and applicable state law. Purchasing procedures shall be implemented only after appropriate review and approval for inclusion in the institutional **Handbook of Operating Procedures**, including review and approval of the chief business officer.

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

Sec. 6. **Space Leases.**

6.1 Space leases involving buildings paid from general revenue appropriations must, by law, be approved by the General Services Commission and may not extend beyond a ten-year period.

6.2 Proposals for space leases require the approval of the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs, as appropriate, and of the Executive Vice Chancellor for Business Affairs. The proposal must show type of space and purpose of its use, approximate number of square feet, location, whether janitor service and/or utilities will be furnished by the lessor, period of lease, and any other requirements set out by the above cited System Administration officials or the General Services Commission.

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

PERSONNEL

Sec. 1. **Classified Personnel.**—The policy of the Board on the development and coordination of the classified personnel programs is and includes:

1.1 **Director of the Office of Human Resources.**
The Director of the Office of Human Resources serves as an administrative officer advising the Executive Vice Chancellor for Business Affairs.

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

1.21 **The Classification Plan.**

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

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

1.213 Job Titles.—Standardized job titles shall be used for similar job classes common to two or more
1.232 Formal approval of the policies and rules developed by each institution was obtained from the Board at the time each program was formally adopted.

1.233 Changes in the policies and rules require the approval of the chief administrative officer or his or her delegate, the Director of the Office of Human Resources, and the Executive Vice Chancellor for Business Affairs.

1.234 Uniform policies shall be followed in providing vacation, sick leave, etc., within the limitations imposed by local operating conditions.

1.24 Approval of additions to and changes in the Classified Personnel Program.

1.241 Formal approval of the Classification Plan and System-wide Personnel Pay Plan, including annual revision thereto, is obtained annually from the Board. Such approval shall be secured prior to the effective date of the plan.

1.242 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following require only the approval of the chief administrative officer or his or her delegate, the Director of the Office of Human Resources, and the Executive Vice Chancellor for Business Affairs.

(a) Type A. Adjustment of a salary range in a component unit plan within the established System-wide salary range, which when approved, will not change the System-wide Personnel Pay Plan in any way.

(b) Type B. Adjustments to the component unit personnel pay plan, which when
approved, will change the System-wide Personnel Pay Plan in some way.

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

1.243 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following must have approval of the chief administrative officer or his or her delegate, the Director of the Office of Human Resources, and the Executive Vice Chancellor for Business Affairs. In addition, such changes require ratification of the Board through the docket procedure.

(a) The addition of a title to a component unit pay plan which is not included in the System-wide Plan.

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

(c) Adjustment of a salary range in a component unit pay plan that would change the established System-wide salary range.
1.25 Institutional Human Resources/Personnel Officer.
1.251 The chief business officer of each institution shall designate an institutional human resources/personnel officer to be responsible for the development and operation of the Classified Personnel Program.
1.252 Functional direction and help on technical personnel matters shall be provided each institutional human resources/personnel officer by the Director of the Office of Human Resources.

Sec. 2. General Personnel.

2.1 Leave for Military Duty.
2.11 A leave of absence not to exceed fifteen working days in any one calendar year is granted faculty or staff members who, as members of the National Guard or Official Militia of Texas or members of any of the Reserve Components of the Armed Forces, shall be engaged in authorized training or duty, ordered or authorized by proper authority. During such periods, the employee is absent without loss of efficiency rating, vacation time or salary; and when relieved from military duty, the employee is restored to the position and status he or she previously held.
2.12 A leave of absence with full pay shall be provided any employee who is called to active duty with the National Guard by the Governor of Texas. Such leave shall in no way be charged against the employee’s vacation or sick leave privileges.
2.13 The chief business officer of each institution may prescribe forms and procedures for such leaves.

Editorial Amendment
Issued December 1994
2.32 With the exception of professional medical personnel and bona fide executive, administrative, and professional positions, all employees required or permitted to work in excess of forty hours per week shall be compensated for such overtime either:

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

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

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

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

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

3.1 The State Employees Training Act, *Texas Government Code*, Sections 656.041 et seq., recognizes that programs for the training and education of state administrators and employees materially aid effective state administration and requires each State agency to adopt rules governing such programs, subject to written approval of the Governor of the State of Texas. The Director of the Office of Human Resources, as delegated by the Executive Vice Chancellor for Business Affairs, is responsible for promulgating the necessary policies and procedures for
implementation of the State Employees Training Act, consistent with the guidelines already approved by the Governor and the Regents' Rules and Regulations.

3.2 Through implementation of the State Employees Training Act, the U. T. System encourages the establishment of policies which promote training programs that will greatly benefit employees. In addition, the use of various types of training programs will be designed to encourage the initiative of all employees and stimulate and motivate less productive employees. Organized training programs will, moreover, help identify employees who exercise their initiative and demonstrate high levels of performance and also identify areas where employees need assistance in adapting to change and adopting change and improved procedures and programs.

3.3 The following general objectives of the overall training effort will lead to more efficiency and economy:

3.31 Developing well trained managerial, supervisory, professional and support staff;

3.32 Assisting all employees toward achieving their highest potential;

3.33 Motivating employees and encouraging employee participation;

3.34 Evaluating the training and its benefit to the organization.

3.4 The program elements for this general training program are:

3.41 Identifying staff members who need staff development in order to determine the exact kind and scope of program needed;

3.42 Training individuals for current assignments and developing them for future assignments, as a means of improving the quality and quantity of work;

3.43 Providing training so that supervisors are prepared to assume and discharge their primary responsibility for the maximum utilization of personnel, the training of their staff members, and the maintenance of sound employee relations;
3.44 Advising and assisting employees with respect to continuing education and means by which they can increase their effectiveness;

3.45 Evaluating all training and education activities to determine whether they are effective.

3.5 With these objectives and general program elements as a background, the establishment of four specific training programs is encouraged. The administration and implementation of the following training programs at the U. T. System Administration and each component are to be primarily the task and responsibility of the institutional human resources/personnel director or an individual designated by the chief administrative officer.

3.6 Higher Education Tuition Support Program.

3.61 Definition: This program will provide financial assistance for graduate or undergraduate level training leading to a degree. It provides for full-time or part-time student enrollment and is to be for selected, qualified employees of the U. T. System. This program will be provided on the basis of institutional need and to the extent funds are available.

3.62 Objective: To provide a college or university education for qualified employees as specifically required in their areas of employment.

3.63 Program Elements: This training is to provide full-time or part-time student enrollment in a graduate or undergraduate program leading to a degree that directly relates to that employee's current or future employment.

3.64 Administration: Eligibility Requirements.

3.641 Selected employees must have necessary academic qualifications to meet all entrance requirements of the college or university where training is provided.

3.642 Degree training must be directly related to an existing job or job series.
3.643 Selected employees should be scheduled for appointment to a job requiring the degree training on completion of schooling.

3.644 Selected employees must meet requirements and be recommended through the chief administrative officer and approved by the institutional human resources/personnel director or the Director of the Office of Human Resources.

3.645 Selected employees on educational stipend shall be considered as employees on official leave of absence while in student status. Vacation, sick leave, group insurances, and other benefits will be governed under appropriate rules regarding such official leaves of absence.

3.646 Participating employees must receive grades of "C" or better in undergraduate classes and "B" or better in graduate courses to continue eligibility.

3.65 Administration: Obligations. Employees who receive financial assistance under this program, in completion of either undergraduate or advanced degrees, will be obligated to fulfill the following terms and conditions:

3.651 An agreement to be bound by the rules and regulations contained herein and such other policies, rules, and procedures as may be promulgated by the employing entity.

3.652 An agreement to return to the employing entity upon graduation and attainment of the degree and to remain in the employment for a period of time subsequent to graduation that is proportionate either to the period of time the employee has received financial
assistance to attend college or university or to the amount of financial assistance received, or at the institution's option.

3.653 An agreement to execute a formal obligatory document between the employing entity and the recipient of assistance under this program, to repay in a lump sum or such alternate arrangement as the employing entity may prescribe, the amount of money expended for the cost of such college education if the individual for any reason, except circumstances beyond the individual's control, fails to complete the training or otherwise defaults in any provision of the agreement or agreements.

3.7 Human Resource Development Program.

3.71 Definition: Human resource development may include on-the-job training, training in preparation for future job responsibilities, and continuing training programs that are designed to increase job effectiveness.

3.72 Objectives: To equip an individual to perform job specific tasks and/or to equip the employee to deal with new technological and legal developments, to develop additional work capabilities, or increase the employee's level of effectiveness.

3.8 Outside Staff Development Program.

3.81 Definition: This program is to provide training through workshops, seminars, institutes, training sessions, extension courses, college or university courses (with or without academic credit), and other special programs or activities offered either within or outside the state. Such programs must be of concentrated, precise content and designed to improve the individual's professional or technical knowledge in the performance of the individual's present or prospective duties and responsibilities.
Objectives: To improve and enhance the individual's professional and technical knowledge and ability in the performance of the individual's present or prospective duties and responsibilities.

Program Elements: This program is generally the type that meets the following criteria: relatively short term; specific in content; and presented outside the employing agency.

Administration: Eligibility Requirements.
The training and education must be related to the employee's current or prospective duty assignment during the period of his or her participation.

Administration: Obligations. Employees receiving Outside Staff Development will be obligated to fulfill such terms and conditions as the chief administrative officer may prescribe, compatible with the nature and extent of the training or education.

Internship/Mentoring Program.

Definition: Internship training is intended to provide the type of learning experience that can be obtained only through actual work experience. Internship programs will normally be of a longer duration than training mentioned under the heading of Outside Staff Development and Human Resource Development Program. This training will be provided to those individuals selected under the standards listed below in Subdivision J.95, Eligibility Requirements. This training will be provided on the basis of need of the employing entity and to the extent funds are available.

Objectives: This type of training and education has a broader objective than other types of training in that it serves not only the employing entity but also the State of Texas in the following ways:

3.921 It allows screening of potential employees while simultaneously enjoying an advantageous recruiting position.
3.922 It facilitates the infusion of new people and new ideas into the information interchange which is continually taking place between state government and the U. T. System.

3.923 It will allow the gain of trained personnel who can carry a heavier work load in a relatively short period of time.

3.924 Internship programs produce a work product, although this is not the justification for any internship program.

3.93 Program Elements: Type I Internships are those that are within the U. T. System for nonemployees of the state.

3.931 Type I Internships are held with the U. T. System Administration or a component institution by persons who are not employed by the state or the U. T. System.

3.932 Such internships relate to the educational program of the person serving the internship, which suggests that there will be a constant interchange and evaluation between both the U. T. System and the sponsor of the person's educational program.

3.933 These internships should be initiated only to the extent that they can provide a meaningful working role and learning experience.

3.934 Type I Internships are not designed primarily to produce a work product. (Example: The employee of a private data processing equipment firm observing and being trained in the Information Technology Department of a component institution which serves as the training ground.)
Program Elements: Type II Internship Programs are for the State of Texas and/or U. T. System employees.

3.941 Type II(a) Internships provide for the State of Texas to be the trainee represented by a person in the employ of another state agency. [Example: An employee of another state agency (State Auditor's office) serving as an intern trainee.]

3.942 Type II(b) Internships provide for the State of Texas to be the trainee represented by a person in the employ of the U. T. System. A Type II(b) Internship may be served either within the U. T. System or with other state agencies. Employees on Type II(b) Internship status should be considered as employees of the U. T. System as they would if they were physically present on the job. [Example: An employee of a component serving as an intern trainee at another component or with another state agency, i.e., an accountant from a component business office serving as a trainee in the business office of another component or in the State Auditor's office.]

3.943 The primary objective sought by both of the Type II Internship programs is for the trainee to gain skills from the training agency and to promote the ability of persons to work with broader situations and more competently in the multilevels of administration of the state or the U. T. System.
Administration: Eligibility Requirements.

3.951 Internship education and training will be conducted primarily for the benefit of the U. T. System.

3.952 Internship training and education must be approved by the chief administrative officer or his or her delegate on recommendation of the head of the employing department or unit.

3.96 Administration: Obligations.

3.961 Type I - No obligatory arrangement is required.

3.962 Type II - The following standards should be observed:

3.9621 The need for these programs will vary according to skills required and the availability of preemployment training within the State of Texas and/or the U. T. System.

3.9622 The employee has an obligation to successfully complete the training program.

3.9623 Employees receiving internship training will be obligated to fulfill such terms and conditions as may be prescribed, compatible with the nature and extent of the training or education.

Sec. 4. Other Regulations Concerning Personnel are Reported in Part One, Chapter III of the Rules and Regulations of the Board of Regents.
national mobility requirements are similar to those of faculty members and who fill positions that are the subject of nationwide searches in the academic community.

2.2 In accordance with conditions approved by the U. T. Board of Regents and in consultation with the Office of the Executive Vice Chancellor for Business Affairs, the Director of the Office of Human Resources will review and approve the companies authorized to provide annuity contracts, custodial accounts or investment contracts under the O.R.P.

2.3 In consultation with the Office of the Executive Vice Chancellor for Business Affairs and in accordance with federal and state laws and regulations, the Director of the Office of Human Resources is authorized to issue "Guidelines for Administration" for evaluation of organizations authorized to provide annuity contracts, custodial accounts or investment contracts under the Optional Retirement Program.

2.4 One change of O.R.P. companies is allowed per year. The change may be made only on the first day of a month.

Sec. 3. Tax Sheltered Annuities.

3.1 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 University of Texas System Board of Regents and in consultation with the Office of the Executive Vice Chancellor for Business Affairs, the Director of the Office of Human Resources will review and approve companies authorized to offer annuities or other investments under the Tax Sheltered Annuity Program.

3.3 In consultation with the Office of the Executive Vice Chancellor for Business Affairs and in accordance with state and federal laws and regulations, the Director...
of the Office of Human Resources is authorized to issue "Guidelines for Administration" for evaluation of organizations seeking to write tax sheltered annuities or other investments for employees of The University of Texas System.

Sec. 4. **Employee Group Insurance and Health Benefits.**

4.1 All group insurance and health benefit programs authorized by law for employees of the U. T. System and its component institutions shall be administered by the chancellor on behalf of the Board.

4.2 The Chancellor shall provide for the planning, implementation, management, and administration of the employee group insurance and health benefit programs through such U. T. System committees and administrators as the Chancellor deems appropriate.

4.3 The Chancellor will submit for review and approval by the Board recommendations regarding benefits, premiums, and eligibility criteria for each group insurance and health benefit program; all contracts to provide a policy or policies of insurance and related services for a group insurance or health benefit program; and all contracts to provide services related to the implementation and administration of an authorized self-insured employee group benefit program.

Sec. 5. **Workers' Compensation Insurance.**

5.1 Pursuant to Section 503.001 et seq., Texas Labor Code, a self-insured System-wide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.

5.2 The Office of Human Resources, with the assistance of other appropriate System and component institution offices, shall investigate injuries.
Sec. 6.

5.3 The component institutions shall be responsible for reporting all work-related injuries to the Office of Human Resources. The Office of Human Resources shall file lost time injuries and occupational diseases with the Texas Workers' Compensation Commission (TWCC).

5.4 The Office of Human Resources shall coordinate occupational safety and health activities.

5.5 The Office of General Counsel shall be responsible for a determination on appeal of TWCC decisions.

5.6 A percentage of annual payroll, as approved by the U. T. Board of Regents, shall be set aside to fund the Workers' Compensation Insurance Fund (W.C.I. Fund).

5.61 Each institutional chief business officer shall be responsible for the transmission of amounts to be added to the W.C.I. Fund for all salaries paid, as instructed by the Office of Human Resources, for receipt into the W.C.I. Fund no later than 20 days after the end of each month.

5.62 The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations.

5.7 The Office of Human Resources shall be responsible for processing all W.C.I. claims for medical care and compensation.

5.8 The Office of Human Resources shall prepare an annual report for the U. T. Board of Regents on the status of the W.C.I. Fund.

Sec. 6. Unemployment Compensation Insurance Program.

6.1 The System-wide Unemployment Compensation Insurance (U.C.I.) Program will provide weekly benefits as specified in Section 207.001 et seq., Texas Labor Code.
6.2 The Unemployment Compensation Insurance Fund (U.C.I. Fund) is established by the U. T. Board of Regents to be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations. The Office of Human Resources shall administer funding by assessment on all salary sources other than State General Revenue Funds as provided in Subsection 6.24 below.

6.21 The System will reimburse the State General Revenue Fund from the U.C.I. Fund for claims charge-backs paid by the State Comptroller for former employees paid from funds other than State General Revenue Funds.

6.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.

6.23 The U.C.I. Fund shall at all times operate under principles established by the U. S. Department of Health and Human Services.

6.24 Assessment rates shall be calculated to provide minimum U.C.I. Fund balance fluctuations and maximum rate stability. Each institutional chief business officer shall be responsible for the transmission of such assessed amounts, as instructed by the Office of Human Resources, for receipt into the U.C.I. Fund no later than 20 days after the end of the month.

6.25 Expenditures from the U.C.I. Fund shall be limited to direct costs in accordance with Office of Management and Budget Circular A-21.

6.3 The Office of Human Resources, working in coordination with appropriate System and component institution offices, shall administer the U.C.I. Program and represent the System in appeals to the Texas Employment Commission (T.E.C.).
Sec. 6.4 The Office of General Counsel shall be responsible for a determination on appeals of T.E.C. decisions.

Sec. 6.5 The Office of Human Resources shall prepare an annual report for the U. T. Board of Regents on the status of the U. C. Fund.

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

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

Sec. 8. Deferred Compensation Plan.

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

Sec. 9. U. S. Savings Bonds.

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

Sec. 10. Availability of Complete Benefit Descriptions.

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

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NOTE: See July 6, 1988 letter (copy attached) from Coordinating Board which requests that only those amendments related to 1) academic workload and 2) faculty development leaves be sent to that office.
Addresses of State Officials Who Receive Copies of the Regents' Rules and Regulations

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

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

State Auditor's Office
Two Commodore Plaza
206 East 9th Street
Suite 1900
Austin, Texas 78701
INTERAGENCY MAIL

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

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

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

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

****

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

TO: Mrs. Francie Frederick
FROM: Margaret Glover
SUBJECT: Regents' Rules and Regulations

July 21, 1994

Please see attached pages from the Regents' Rules and Regulations, Part Two, and the highlighted phrases related to the State Purchasing and General Services Commission.

You asked that we editorially amend Chapter IV, Section J, to delete the words "State Purchasing and" but you'll note we failed to pick up the edit in the "caption" of that section.

We ran a search of Parts One and Two of the RRR regarding the key words "State Purchasing and General Services Commission" and came up with the attached references in Part Two (no references to this subject in Part One).

As time permits, please review these pages and advise if there are other editorial amendments re this subject. Note we've highlighted the words "State Purchasing and General Services Act" but unsure whether we delete "State Purchasing and" when referring to the Act.

Many thanks.

attachments
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evidencing that goods or services were properly ordered, that the vendor has submitted invoice and certification, and that the goods or services have been received by the institution and are acceptable to the requisitioning department.

5.2 Appropriate internal accounting controls shall be exercised over the vouchering and disbursement procedures.

5.21 To the extent that centralized receiving facilities are available, delivery of all purchased supplies, materials, and equipment should be received at a centralized location under the direction of the chief business officer.

5.22 Vouchers should be prepared centrally in the business offices of those component institutions having centralized receiving operations.

5.3 Vouchers are to be coded in the business offices within the approved expenditure codes, and if payable by warrant drawn by the State Treasurer, with the proper expenditure classifications furnished by the State Comptroller, as well as complying with other current requirements of the State Comptroller and the General Services Commission.

Sec. 6. Cash Discounts.--The accounting procedures should be designed to assure realization of advantageous cash discounts allowed by vendors.

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.

Sec. 8. Institutional Membership Dues.--General Funds of the System may be used to pay membership fees only in educational, scientific, or other associations, in which the System, or a component institution thereof, is an institutional member, with memberships approved by the chief administrative officers. Such other approvals as may be required by law shall also be secured.
2.6 No bidder shall receive special consideration or be allowed to revise a bid after the time set for opening bids.

2.7 Any violations of these purchasing ethics shall be reported promptly by the chief business officer to the Executive Vice Chancellor for Business Affairs.

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

Sec. 4. Purchases of Supplies and Equipment.

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

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

Editorial Amendment
Issued June 1994
CHAPTER VII

PHYSICAL PROPERTIES

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

Sec. 2. Inventories.

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

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

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

Sec. 3. Motor Vehicles.

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

PERSONNEL

Sec. 1. **Classified Personnel**.--The policy of the Board on the development and coordination of the classified personnel programs is as follows:

1.1 **System Personnel Director**.

The System Personnel Director serves as an administrative officer advising the Executive Vice Chancellor for Business Affairs.

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

1.2.1 The Classification Plan.

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

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

1.2.1.3 Job Titles.--Standardized job titles shall be used for similar job classes common to two or more
1.232 Formal approval of the policies and rules developed by each institution was obtained from the Board at the time each program was formally adopted.

1.233 Changes in the policies and rules require the approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the Executive Vice Chancellor for Business Affairs.

1.234 Uniform policies shall be followed in providing vacation, sick leave, etc., within the limitations imposed by local operating conditions.

1.24 Approval of additions to and changes in the Classified Personnel Program.

1.241 Formal approval of the Classification Plan and System-wide Personnel Pay Plan, including annual revision thereto, is obtained annually from the Board. Such approval shall be secured prior to the effective date of the plan.

1.242 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following require only the approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the Executive Vice Chancellor for Business Affairs.

(a) Type A. Adjustment of a salary range in a component unit plan within the established System-wide salary range, which when approved, will not change the System-wide Personnel Pay Plan in any way.

(b) Type B. Adjustments to the component unit personnel pay plan, which when
approved, will change the System-wide Personnel Pay Plan in some way.
(1) Deletion of title
(2) Change in title only
(3) Change in code number only
(4) Addition of a title to a component unit pay plan that is in the System-wide Plan and the salary range requested is within the established System-wide salary range.

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

(a) The addition of a title to a component unit pay plan which is not included in the System-wide Plan.

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

(c) Adjustment of a salary range in a component unit pay plan that would change the established System-wide salary range.
1.25 Institutional Personnel Officer.

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

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

Sec. 2. General Personnel.

2.1 Leave for Military Duty.

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

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

2.13 The chief business officer of each institution may prescribe forms and procedures for such leaves.
With the exception of professional medical personnel and bona fide executive, administrative, and professional positions, all employees required or permitted to work in excess of forty hours per week shall be compensated for such overtime either:

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

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

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

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

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

3.1 The Texas State Employees Training Act recognizes that the state departments and other state institutions, including the System, must develop a more comprehensive Training Program as an integral part of a successful personnel program. The System Personnel Director, as
Developing all supervisors to enable them to assume and discharge their primary responsibility for the maximum utilization of personnel, the training of their staff members, and the maintenance of sound employee relations;

Advising and assisting employees with respect to continuing education, and means by which they can improve their usefulness;

Evaluating all training and education activities to determine whether they have effectively met the needs of the System.

With these objectives and general program elements as a background, four specific training programs are established. The administration and implementation of the following training programs at each component is to be primarily the task and responsibility of the institutional personnel officer, with approval of the chief administrative officer. The System Personnel Director shall have the responsibility of coordinating all training programs through review and approval of training policies promulgated by the component institution.

College or University Degree Program.

Definition: This program will provide graduate or undergraduate level training leading to a degree. Basically, it provides for full-time student enrollment and is to be for selected, qualified employees of the System. This program will be provided by the System on the basis of need of the System and to the extent funds are available.

Objectives: To provide a college or university education for qualified System employees specifically required in their area of employment.

Program Elements: This training is essentially of only one type: to provide full-time student enrollment in a graduate or undergraduate program leading to a degree.
Administration: Eligibility Requirements.

3.641 Selected employees must have necessary academic qualifications to meet all entrance requirements of the college or university where training is provided.

3.642 Degree training must be directly related to an existing job or job series used by the System.

3.643 Selected employees must be scheduled for appointment to a job requiring the degree training on completion of schooling.

3.644 Selected employees must have been successfully evaluated as to competence and aptitude for training granted and recommended through the chief administrative officer and approved by the System Personnel Director.

3.645 Selected employees on educational stipend shall be considered as employees on official leave of absence while in student status. Vacation, sick leave, group insurances, and other benefits will be governed under appropriate rules regarding such official leaves of absence.

Administration: Obligations. Employees who receive financial assistance under this program from the System, in completion of either undergraduate or advanced degrees, will be obligated to fulfill the following terms and conditions:

3.651 An agreement to be bound by the rules and regulations contained herein and such other policies, rules, and procedures as may be promulgated by the System Personnel Director applicable to the college degree training program.
3.652 An agreement to return to the System as an employee upon graduation and attainment of the degree and to remain in the employment of the System for a period of time subsequent to graduation that is proportionate either to the period of time the employee has received financial assistance to attend college or university or to the amount of financial assistance received.

3.653 An agreement to execute, as required by the System Personnel Director, a formal obligatory document between the System and the recipient of assistance under this program, to repay in a lump sum or such alternate arrangement as the System Personnel Director may prescribe, the amount of money expended by the System for the cost of such college education if the individual for any reason, except circumstances beyond the individual's control, fails to complete the training or otherwise defaults in any provision of the agreement between the System and the individual.

3.7 In-Service Training and Education Program.
3.71 Definition: This training and education is job-oriented training that is provided essentially within the System. It may include on-the-job training, training in preparation for job assignment, and continuing training programs that are basically job oriented. This program is for selected individual staff members and will be provided on the basis of need and to the extent funds are available.
3.952 Internship training and education must be approved by the chief administrative officer or his or her delegate on recommendation of the head of the employing department or unit.

3.96 Administration: Obligations.

3.961 Type I - No obligatory arrangement is required.

3.962 Type II - The following standards should be observed:

3.9621 The need for these programs will vary according to skills required and the availability of pre-employment training within the State of Texas and/or the System.

3.9622 The employee has an obligation to successfully complete the training program and should recognize that the State of Texas and the System will use this type of training as a continuation of the selection process.

3.9623 Employees receiving internship training authorized by the System will be obligated to fulfill such terms and conditions as the System Personnel Director may prescribe, compatible with the nature and extent of the training or education.

Sec. 4. Other Regulations Concerning Personnel are Reported in Part One, Chapter III of the Rules and Regulations of the Board of Regents.
national mobility requirements are similar to those of faculty members and who fill positions that are the subject of nationwide searches in the academic community.

2.2 In accordance with conditions approved by the U. T. Board of Regents and in consultation with the Office of the Executive Vice Chancellor for Business Affairs, the System Personnel Director will review and approve the companies authorized to provide annuity contracts, custodial accounts or investment contracts under the O.R.P.

2.3 In consultation with the Office of the Executive Vice Chancellor for Business Affairs and in accordance with federal and state laws and regulations, The University of Texas System Personnel Director is authorized to issue "Guidelines for Administration" for evaluation of organizations authorized to provide annuity contracts, custodial accounts or investment contracts under the Optional Retirement Program.

2.4 One change of O.R.P. companies is allowed per year. The change may be made only on the first day of a month.

Sec. 3. Tax Sheltered Annuities.

3.1 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 University of Texas System Board of Regents and in consultation with the Office of the Executive Vice Chancellor for Business Affairs, the System Personnel Director will review and approve companies authorized to offer annuities or other investments under the Tax Sheltered Annuity Program.

3.3 In consultation with the Office of the Executive Vice Chancellor for Business Affairs and in accordance with state and federal laws and regulations, the University of
Sec. 4. Employee Group Insurance and Health Benefits.

4.1 All group insurance and health benefit programs authorized by law for employees of the U. T. System and its component institutions shall be administered by the Chancellor on behalf of the Board.

4.2 The Chancellor shall provide for the planning, implementation, management, and administration of the employee group insurance and health benefit programs through such U. T. System committees and administrators as the Chancellor deems appropriate.

4.3 The Chancellor will submit for review and approval by the Board recommendations regarding benefits, premiums, and eligibility criteria for each group insurance and health benefit program; all contracts to provide a policy or policies of insurance and related services for a group insurance or health benefit program; and all contracts to provide services related to the implementation and administration of an authorized self-insured employee group benefit program.

Sec. 5. Workers' Compensation Insurance.

5.1 Pursuant to Section 503.001 et seq., Texas Labor Code, a self-insured System-wide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.

5.2 The System Personnel Office, with the assistance of other appropriate System and component institution offices, shall investigate injuries.
5.3 The component institutions shall be responsible for reporting all work-related injuries to the System Personnel Office. The System Personnel Office shall file lost time injuries and occupational diseases with the Texas Workers' Compensation Commission (TWCC).

5.4 The System Personnel Office shall coordinate occupational safety and health activities.

5.5 The office of General Counsel shall be responsible for a determination on appeal of TWCC decisions.

5.6 A percentage of annual payroll, as approved by the U. T. Board of Regents, shall be set aside to fund the Workers' Compensation Insurance Fund (W.C.I. Fund).

5.61 Each institutional chief business officer shall be responsible for the transmission of amounts to be added to the W.C.I. Fund for all salaries paid, as instructed by the System Personnel Office, for receipt into the W.C.I. Fund no later than 20 days after the end of each month.

5.62 The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations.

5.7 The System Personnel Office shall be responsible for processing all W.C.I. claims for medical care and compensation.

5.8 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the W.C.I. Fund.

Sec. 6. Unemployment Compensation Insurance Program.

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

VI - 4
6.2 The Unemployment Compensation Insurance Fund (U.C.I. Fund) is established by the U. T. Board of Regents to be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations. The System Personnel Office shall administer funding by assessment on all salary sources other than State General Revenue Funds as provided in Subsection 6.24 below.

6.21 The System will reimburse the State General Revenue Fund from the U.C.I. Fund for claims charge-backs paid by the State Comptroller for former employees paid from funds other than State General Revenue Funds.

6.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.

6.23 The U.C.I. Fund shall at all times operate under principles established by the U. S. Department of Health and Human Services.

6.24 Assessment rates shall be calculated to provide minimum U.C.I. Fund balance fluctuations and maximum rate stability. Each institutional chief business officer shall be responsible for the transmission of such assessed amounts, as instructed by the System Personnel Office, for receipt into the U.C.I. Fund no later than 20 days after the end of the month.

6.25 Expenditures from the U.C.I. Fund shall be limited to direct costs in accordance with Office of Management and Budget Circular A-21.

6.3 The System Personnel Office, working in coordination with appropriate System and component institution offices, shall administer the U.C.I. Program and represent the System in appeals to the Texas Employment Commission (T.E.C.).
6.4 The Office of General Counsel shall be responsible for a determination on appeals of T.E.C. decisions.

6.5 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the U. C. Fund.

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

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

Sec. 8. Deferred Compensation Plan.

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

Sec. 9. U. S. Savings Bonds.

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

Sec. 10. Availability of Complete Benefit Descriptions.

The Chancellor shall insure that up-to-date accurate descriptions of the participation and eligibility requirements for all employee benefits and programs are conveniently available to all prospective and current employees at System Administration offices and at all component institutions.
REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 14 - 41).--Committee Chairman Loefler reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 79 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 79 in the form distributed by the Executive Secretary. It is attached following Page 195 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter IV, Sections 4 (Purchases of Supplies and Equipment) and 5 (Purchasing Procedures).--The Board, upon recommendation of the Business Affairs and Audit Committee, amended the Regents' Rules and Regulations, Part Two, Chapter IV, Section 4, regarding purchases of supplies and equipment, and Section 5, regarding purchasing procedures, to read as set forth below:

Sec. 4. Purchases of Supplies, Materials, Services, and Equipment.

4.1 In making purchases of supplies, materials, services, and equipment on behalf of the System, the General Services Commission (the "Commission") is required to comply with the State Purchasing and General Services Act, Article 3 of Article 601b, Vernon's Texas Civil Statutes (the "Act"), including the rules and regulations promulgated by the Commission thereunder.

4.2 The Act permits the Commission to delegate purchasing functions to a state agency, including an institution of higher education. The Act authorizes institutions of higher education to purchase materials, supplies, or equipment through group purchasing programs that offer discount prices to institutions of higher education, subject to rules to be promulgated by the Commission. In making purchases under such delegated authority or under
such group purchasing programs subject to rules of the Commission, the System shall follow the Commission's applicable procedures or rules.

4.3 The Act provides that the Commission’s authority does not extend to acquisition of:
   (a) specified categories of supplies, materials, services, or equipment for libraries operated as part of university systems or institutions of higher education;
   (b) materials, supplies, or equipment purchased by state-owned hospitals or clinics through certain group purchasing programs;
   (c) professional services or consulting services; or
   (d) supplies, materials, services, or equipment for resale, for auxiliary enterprises, for organized activities relating to instructional departments, or from gifts or grants, including industrial or federal grants or contracts in support of research.

4.4 The System has no obligation to comply with the Act or the rules and regulations issued thereunder in making purchases to which the Commission’s authority does not extend, or for which the System’s purchasing authority is not delegated from the Commission under the Act or expressly subject to rules by the Commission but rather is a different statute. With respect to such purchases not subject to the Act or the rules and regulations issued thereunder, the policies and procedures to be used by a System component shall be approved by its chief business officer pursuant to Section 5 below.

Sec. 5. Purchasing Procedures

5.1 The official purchasing agent of each component institution shall promulgate procedures to facilitate and expedite the purchasing function. Such procedures shall be developed in accordance with sound business practices and applicable state law. Purchasing procedures shall be implemented only after appropriate review and approval for inclusion in the institutional Handbook of Operating Procedures, including review and approval of the chief business officer.

5.2 Closed or noncompetitive specifications shall not be used except in unusual instances clearly justified as being essential to efficient operating performance. Reports of all such exceptions shall be maintained by the chief business officer.
These amendments will allow The University of Texas System component institutions flexibility to adopt purchasing policies consistent with industry standards for purchases not subject to the Act. This will in turn allow the component institutions to reduce their structural costs.

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter V, Section 3 (Employee Training, Education, and Development).--The Business Affairs and Audit Committee recommended and the Board amended the Regents' Rules and Regulations, Part Two, Chapter V, Section 3, regarding employee training, education, and development, to read as set forth below:

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

3.1 The State Employees Training Act, Texas Government Code, Sections 656.041 et seq., recognizes that programs for the training and education of state administrators and employees materially aid effective state administration and requires each State agency to adopt rules governing such programs, subject to written approval of the Governor of the State of Texas. The Director of the Office of Human Resources, as delegated by the Executive Vice Chancellor for Business Affairs, is responsible for promulgating the necessary policies and procedures for implementation of the State Employees Training Act, consistent with the guidelines already approved by the Governor and the Regents' Rules and Regulations.

3.2 Through implementation of the State Employees Training Act, the U. T. System encourages the establishment of policies which promote training programs that will greatly benefit employees. In addition, the use of various types of training programs will be designed to encourage the initiative of all employees and stimulate and motivate less productive employees. Organized training programs will, moreover, help identify employees who exercise their initiative and demonstrate high levels of performance and also identify areas where employees need assistance in adapting to change and adopting change and improved procedures and programs.

3.3 The following general objectives of the overall training effort will lead to more efficiency and economy:

3.31 Developing well trained managerial, supervisory, professional and support staff;
3.32 Assisting all employees toward achieving their highest potential;
3.33 Motivating employees and encouraging employee participation;
3.34 Evaluating the training and its benefit to the organization.

3.4 The program elements for this general training program are:

3.41 Identifying staff members who need staff development in order to determine the exact kind and scope of program needed;
3.42 Training individuals for current assignments and developing them for future assignments, as a means of improving the quality and quantity of work;

3.43 Providing training so that supervisors are prepared to assume and discharge their primary responsibility for the maximum utilization of personnel, the training of their staff members, and the maintenance of sound employee relations;

3.44 Advising and assisting employees with respect to continuing education and means by which they can increase their effectiveness;

3.45 Evaluating all training and education activities to determine whether they are effective.

3.5 With these objectives and general program elements as a background, the establishment of four specific training programs is encouraged. The administration and implementation of the following training programs at the U. T. System Administration and each component are to be primarily the task and responsibility of the institutional human resources/personnel director or an individual designated by the chief administrative officer.

3.6 Higher Education Tuition Support Program.

3.61 Definition: This program will provide financial assistance for graduate or undergraduate level training leading to a degree. It provides for full-time or part-time student enrollment and is to be for selected, qualified employees of the U. T. System. This program will be provided on the basis of institutional need and to the extent funds are available.

3.62 Objective: To provide a college or university education for qualified employees as specifically required in their areas of employment.

3.63 Program Elements: This training is to provide full-time or part-time student enrollment in a graduate or undergraduate program leading to a degree that directly relates to that employee's current or future employment.

3.64 Administration: Eligibility Requirements.

3.641 Selected employees must have necessary academic qualifications to meet all entrance requirements of the college or university where training is provided.

3.642 Degree training must be directly related to an existing job or job series.

3.643 Selected employees should be scheduled for appointment to a job requiring the degree training on completion of schooling.

3.644 Selected employees must meet requirements and be recommended through the chief administrative
officer and approved by the institutional human resources/personnel director or the Director of the Office of Human Resources.

3.645 Selected employees on educational stipend shall be considered as employees on official leave of absence while in student status. Vacation, sick leave, group insurances, and other benefits will be governed under appropriate rules regarding such official leaves of absence.

3.646 Participating employees must receive grades of "C" or better in undergraduate classes and "B" or better in graduate courses to continue eligibility.

3.65 Administration: Obligations. Employees who receive financial assistance under this program, in completion of either undergraduate or advanced degrees, will be obligated to fulfill the following terms and conditions:

3.651 An agreement to be bound by the rules and regulations contained herein and such other policies, rules, and procedures as may be promulgated by the employing entity.

3.652 An agreement to return to the employing entity upon graduation and attainment of the degree and to remain in the employment for a period of time subsequent to graduation that is proportionate either to the period of time the employee has received financial assistance to attend college or university or to the amount of financial assistance received, or at the institution's option.

3.653 An agreement to execute a formal obligatory document between the employing entity and the recipient of assistance under this program, to repay in a lump sum or such alternate arrangement as the employing entity may prescribe, the amount of money expended for the cost of such college education if the individual for any reason, except circumstances beyond the individual's control, fails to complete the training or otherwise defaults in any provision of the agreement or agreements.

3.7 Human Resource Development Program.

3.71 Definition: Human resource development may include on-the-job training, training in preparation for future job responsibilities, and continuing training programs that are designed to increase job effectiveness.
3.72 Objectives: To equip an individual to perform job specific tasks and/or to equip the employee to deal with new technological and legal developments, to develop additional work capabilities, or increase the employee’s level of effectiveness.

3.8 Outside Staff Development Program.
3.81 Definition: This program is to provide training through workshops, seminars, institutes, training sessions, extension courses, college or university courses (with or without academic credit), and other special programs or activities offered either within or outside the state. Such programs must be of concentrated, precise content and designed to improve the individual’s professional or technical knowledge in the performance of the individual’s present or prospective duties and responsibilities.

3.82 Objectives: To improve and enhance the individual’s professional and technical knowledge in the performance of the individual’s present or prospective duties and responsibilities.

3.83 Program Elements: This program is generally the type that meets the following criteria: relatively short term; specific in content; and presented outside the employing agency.

3.84 Administration: Eligibility Requirements. The training and education must be related to the employee’s current or prospective duty assignment during the period of his or her participation.

3.85 Administration: Obligations. Employees receiving Outside Staff Development will be obligated to fulfill such terms and conditions as the chief administrative officer may prescribe, compatible with the nature and extent of the training or education.

3.9 Internship/Mentoring Program.
3.91 Definition: Internship training is intended to provide the type of learning experience that can be obtained only through actual work experience. Internship programs will normally be of a longer duration than training mentioned under the heading of Outside Staff Development and Human Resource Development Program. This training will be provided to those individuals selected under the standards listed below in Subdivision 3.95, Eligibility Requirements. This training will be provided on the basis of need of the employing entity and to the extent funds are available.

3.92 Objectives: This type of training and education has a broader objective than other types of training in that it serves
not only the employing entity but also the State of Texas in the following ways:

3.921 It allows screening of potential employees while simultaneously enjoying an advantageous recruiting position.

3.922 It facilitates the infusion of new people and new ideas into the information interchange which is continually taking place between state government and the U. T. System.

3.923 It will allow the gain of trained personnel who can carry a heavier work load in a relatively short period of time.

3.924 Internship programs produce a work product, although this is not the justification for any internship program.

3.93 Program Elements: Type I Internships are those that are within the U. T. System for nonemployees of the state.

3.931 Type I Internships are held with the U. T. System Administration or a component institution by persons who are not employed by the state or the U. T. System.

3.932 Such internships relate to the educational program of the person serving the internship, which suggests that there will be a constant interchange and evaluation between both the U. T. System and the sponsor of the person’s educational program.

3.933 These internships should be initiated only to the extent that they can provide a meaningful working role and learning experience.

3.934 Type I Internships are not designed primarily to produce a work product. (Example: The employee of a private data processing equipment firm observing and being trained in the Information Technology Department of a component institution which serves as the training ground.)

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

3.941 Type II(a) Internships provide for the State of Texas to be the trainee represented by a person in the employ of another state agency. (Example: An employee of another state agency (State Auditor’s office) serving as an intern trainee.)

3.942 Type II(b) Internships provide for the State of Texas to be the trainee represented by a person in the employ of the U. T. System. A Type II(b) Internship
may be served either within the U. T. System or with other state agencies. Employees on Type II(b) Internship status should be considered as employees of the U. T. System as they would if they were physically present on the job. (Example: An employee of a component serving as an intern trainee at another component or with another state agency, i.e., an accountant from a component business office serving as a trainee in the business office of another component or in the State Auditor's office.)

3.943 The primary objective sought by both of the Type II Internship programs is for the trainee to gain skills from the training agency and to promote the ability of persons to work with broader situations and more competently in the multilevels of administration of the state or the U. T. System.

3.95 Administration: Eligibility Requirements.
3.951 Internship education and training will be conducted primarily for the benefit of the U. T. System.
3.952 Internship training and education must be approved by the chief administrative officer or his or her delegate on recommendation of the head of the employing department or unit.

3.96 Administration: Obligations.
3.961 Type I - No obligatory arrangement is required.
3.962 Type II - The following standards should be observed:
3.9621 The need for these programs will vary according to skills required and the availability of pre-employment training within the State of Texas and/or the U. T. System.
3.9622 The employee has an obligation to successfully complete the training program.
3.9623 Employees receiving internship training will be obligated to fulfill such terms and conditions as may be prescribed, compatible with the nature and extent of the training or education.
These amendments are intended to bring the available employee training, education, and development programs in compliance with recent codification of underlying statutory authorization at Sections 656.041 et seq. of the Texas Government Code (formerly Article 6252-11a), simplify program descriptions, and replace unclear or outdated language.

These revised rules will be submitted to the Governor for approval as required by the Texas Government Code.


The University of Texas System Process Review Committee, chaired by Vice-Chairman Lebermann, was appointed to, among other things, study and make recommendations for changing the processes by which information is reported to the U. T. Board of Regents. One such process reviewed by that Committee was the preparation and reporting of the annual operating budget. A subcommittee consisting of U. T. System Administration and component administrative officials made a thorough review of the budget process, including a comparison of other major university budgets, and recommended proposed improvements and format changes in the University of Texas System budgetary process.

Following a brief overview of the proposed changes in the budget process by Executive Vice Chancellor Burck and upon recommendation of the Business Affairs and Audit Committee, the Board approved the following revisions to the U. T. System annual operating budget process and the format of budgetary information reported to the U. T. Board of Regents:

a. Prepare a "primary" budget document which includes budget information for each department or budget unit but does not include departmental salary rosters. Salary recommendations will be provided as companion documents to the primary budget document.

b. Continue the current practice of organizing the Educational and General Budget in accordance with the line items of the Appropriations Act. Budget funds at the subaccount level for each department or budgetary unit to include subaccounts for Administrative and Professional Salaries, Faculty Salaries, Teaching Assistants, Classified Salaries, Wages, Maintenance and Operation, Travel, and other subaccounts as may be needed. Include FTE personnel numbers for each salary subaccount.

c. Adopt a two-year comparison format for the Educational and General Budget to adequately reflect budget changes.

d. Include normal summary information in the budget document for Designated Funds, Auxiliary Enterprises Funds, Contract and
3.42 Training individuals for current assignments and developing them for future assignments, as a means of improving the quality and quantity of work;

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3.644 Selected employees must meet requirements and be recommended through the chief administrative
MEMORANDUM

October 11, 1994

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

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

<table>
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The amendments approved at the August 11, 1994 meeting of the U. T. Board of Regents have been incorporated on the revised pages.

AD/1p

Enclosures
July 11, 1994

Distribution List for Official Copies of Regents' Rules and Regulations

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**NOTE:** See July 6, 1988 letter (copy attached) from Coordinating Board which requests that only those amendments related to 1) academic workload and 2) faculty development leaves be sent to that office.
Addresses of State Officials Who Receive Copies of the Regents' Rules and Regulations

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

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

State Auditor's Office
Two Commodore Plaza
206 East 9th Street
Suite 1900
Austin, Texas 78701
INTERAGENCY MAIL

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

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

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

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

*****

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

OF THE

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

FOR THE GOVERNMENT OF

THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

Part Two was completely reissued as of June 1, 1988. (Substantive amendments through August 11, 1994, have been issued with this cover sheet.)
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Texas System Personnel Director is authorized to issue "Guidelines for Administration" for evaluation of organizations seeking to write tax sheltered annuities or other investments for employees of The University of Texas System.

Sec. 4. Employee Group Insurance and Health Benefits.

4.1 All group insurance and health benefit programs authorized by law for employees of the U. T. System and its component institutions shall be administered by the Chancellor on behalf of the Board.

4.2 The Chancellor shall provide for the planning, implementation, management, and administration of the employee group insurance and health benefit programs through such U. T. System committees and administrators as the Chancellor deems appropriate.

4.3 The Chancellor will submit for review and approval by the Board recommendations regarding benefits, premiums, and eligibility criteria for each group insurance and health benefit program; all contracts to provide a policy or policies of insurance and related services for a group insurance or health benefit program; and all contracts to provide services related to the implementation and administration of an authorized self-insured employee group benefit program.

Sec. 5. Workers' Compensation Insurance.

5.1 Pursuant to Section 503.001 et seq., Texas Labor Code, a self-insured System-wide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.

5.2 The System Personnel Office, with the assistance of other appropriate System and component institution offices, shall investigate injuries.
5.3 The component institutions shall be responsible for reporting all work-related injuries to the System Personnel Office. The System Personnel Office shall file lost time injuries and occupational diseases with the Texas Workers' Compensation Commission (TWCC).

5.4 The System Personnel Office shall coordinate occupational safety and health activities.

5.5 The Office of General Counsel shall be responsible for a determination on appeal of TWCC decisions.

5.6 A percentage of annual payroll, as approved by the U. T. Board of Regents, shall be set aside to fund the Workers' Compensation Insurance Fund (W.C.I. Fund).

5.61 Each institutional chief business officer shall be responsible for the transmission of amounts to be added to the W.C.I. Fund for all salaries paid, as instructed by the System Personnel Office, for receipt into the W.C.I. Fund no later than 20 days after the end of each month.

5.62 The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations.

5.7 The System Personnel Office shall be responsible for processing all W.C.I. claims for medical care and compensation.

5.8 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the W.C.I. Fund.

Sec. 6. Unemployment Compensation Insurance Program.

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

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6.2 The Unemployment Compensation Insurance Fund (U.C.I. Fund) is established by the U. T. Board of Regents to be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations. The System Personnel Office shall administer funding by assessment on all salary sources other than State General Revenue Funds as provided in Subsection 6.24 below.

6.21 The System will reimburse the State General Revenue Fund from the U.C.I. Fund for claims charge-backs paid by the State Comptroller for former employees paid from funds other than State General Revenue Funds.

6.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.

6.23 The U.C.I. Fund shall at all times operate under principles established by the U. S. Department of Health and Human Services.

6.24 Assessment rates shall be calculated to provide minimum U.C.I. Fund balance fluctuations and maximum rate stability. Each institutional chief business officer shall be responsible for the transmission of such assessed amounts, as instructed by the System Personnel Office, for receipt into the U.C.I. Fund no later than 20 days after the end of the month.

6.25 Expenditures from the U.C.I. Fund shall be limited to direct costs in accordance with Office of Management and Budget Circular A-21.

6.3 The System Personnel Office, working in coordination with appropriate System and component institution offices, shall administer the U.C.I. Program and represent the System in appeals to the Texas Employment Commission (T.E.C.).
3.42 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at its discretion.

3.43 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Portfolio Managers or the Manager - Asset Strategy and Analysis determines that a vote with management would not be in the shareholder’s best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or the Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Asset Management Committee.
REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 13 - 12).

--Committee Chairman Loeffler reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minutes which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents.


--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 77 in the form distributed by the Executive Secretary. It is attached following Page 142 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

Due to a possible conflict of interest, Regent Hicks abstained from voting on the following items within the Docket each related to trademark license agreements with Imperial Headwear, Inc., Denver, Colorado:

Item 7, Page A-22 - The University of Texas at Austin

Item 3, Page EP-2 - The University of Texas at El Paso

Item 1, Page SA-5 - The University of Texas at San Antonio.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VI, Section 5 (Workers' Compensation Insurance) and Section 6 (Unemployment Compensation Insurance Program).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter VI as set forth below:

a. Section 5 was amended to read as follows:

Sec. 5. Workers' Compensation Insurance.

5.1 Pursuant to Section 503.001 et seq., Texas Labor Code, a self-insured System-wide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.
5.2 The System Personnel Office, with the assistance of other appropriate System and component institution offices, shall investigate injuries.

5.3 The component institutions shall be responsible for reporting all work-related injuries to the System Personnel Office. The System Personnel Office shall file lost time injuries and occupational diseases with the Texas Workers' Compensation Commission (TWCC).

5.4 The System Personnel Office shall coordinate occupational safety and health activities.

5.5 The Office of General Counsel shall be responsible for a determination on appeal of TWCC decisions.

5.6 A percentage of annual payroll, as approved by the U. T. Board of Regents, shall be set aside to fund the Workers' Compensation Insurance Fund (W.C.I. Fund).

5.61 Each institutional chief business officer shall be responsible for the transmission of amounts to be added to the W.C.I. Fund for all salaries paid, as instructed by the System Personnel Office, for receipt into the W.C.I. Fund no later than 20 days after the end of each month.

5.62 The W.C.I. Fund must be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations.

5.7 The System Personnel Office shall be responsible for processing all W.C.I. claims for medical care and compensation.

5.8 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the W.C.I. Fund.

b. Section 6 was amended to read as follows:

Sec. 6. Unemployment Compensation Insurance Program.

6.1 The System-wide Unemployment Compensation Insurance (U.C.I.) Program will provide weekly benefits as specified in Section 207.001 et seq., Texas Labor Code.
6.2 The Unemployment Compensation Insurance Fund (U.C.I. Fund) is established by the U. T. Board of Regents to be deposited or invested in the same manner as other local institutional funds as specified in Part Two, Chapter III, Section 4 of these Rules and Regulations. The System Personnel Office shall administer funding by assessment on all salary sources other than State General Revenue Funds as provided in Subsection 6.24 below.

6.21 The System will reimburse the State General Revenue Fund from the U.C.I. Fund for claims charge-backs paid by the State Comptroller for former employees paid from funds other than State General Revenue Funds.

6.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.

6.23 The U.C.I. Fund shall at all times operate under principles established by the U. S. Department of Health and Human Services.

6.24 Assessment rates shall be calculated to provide minimum U.C.I. Fund balance fluctuations and maximum rate stability. Each institutional chief business officer shall be responsible for the transmission of such assessed amounts, as instructed by the System Personnel Office, for receipt into the U.C.I. Fund no later than 20 days after the end of the month.

6.25 Expenditures from the U.C.I. Fund shall be limited to direct costs in accordance with Office of Management and Budget Circular A-21.

6.3 The System Personnel Office, working in coordination with appropriate System and component institution offices, shall administer the U.C.I. Program and represent the System in appeals to the Texas Employment Commission (T.E.C.).

The amendments to Section 5 clarify the responsibility of the employing component institution to initiate an injury report and submit it to the System Personnel Office.

Section 6 was amended to remove outdated language regarding the U.C.I. Fund balance. Editorial changes to both sections clarify the rules and ensure uniformity.
49. **U. T. M.D. Anderson Cancer Center: Authorization to Accept Bequest from the Estate of Mattye Stevens, Harris County, Texas.**--The Asset Management Committee recommended and the Board accepted fifty percent of the residue of the Estate of Mattye Stevens, Harris County, Texas, in the amount of $174,569.50 to support research programs at The University of Texas M.D. Anderson Cancer Center.

50. **U. T. M.D. Anderson Cancer Center: Approval to Accept Bequest from the Estate of Fannie Mae Townsley, Los Angeles, California.**--Approval was given to accept a bequest of twenty-five percent of the residue of the Estate of Fannie Mae Townsley, Los Angeles, California, in the amount of approximately $4,250, with $3,001.06 received to date, to support cancer research at The University of Texas M.D. Anderson Cancer Center.

### III. OTHER MATTERS

1. **U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter IX, Section 3, Subsection 3.5 (Exchange of Bonds).**--The Board, upon recommendation of the Asset Management Committee, amended the Regents' Rules and Regulations, Part Two, Chapter IX, Section 3 by deleting in its entirety Subsection 3.5 (Exchange of Bonds).

   The referenced Subsection 3.5 was added to the Regents' Rules and Regulations at the August 1969 U. T. Board of Regents' meeting but is no longer applicable. The accounting method for the recording of bond exchanges as cited in that Subsection 3.5 is not in accordance with current generally acceptable accounting principles. The Office of Asset Management prefers to record all future bond exchanges as purchases and sales using the completed transaction method. This method of accounting will assure proper recognition of gains and/or losses on bond exchanges.

2. **U. T. System: Reappointment of Ms. Barbara Sublett Guthery, Austin, Texas, as a Member of the Investment Advisory Committee for a Term to Expire August 31, 1997.**--Upon recommendation of the Asset Management Committee, the Board reappointed Ms. Barbara Sublett Guthery, President of Sublett Investments Inc. of Austin, Texas, to a second term on the Investment Advisory Committee for a three-year period from September 1, 1994 to August 31, 1997.

With this reappointment, the Investment Advisory Committee membership will be as follows:

<table>
<thead>
<tr>
<th>Members</th>
<th>Terms Expire August 31</th>
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<tbody>
<tr>
<td>Barbara Sublett Guthery</td>
<td>1997</td>
</tr>
<tr>
<td>Carol Lott</td>
<td>1995</td>
</tr>
<tr>
<td>L. Lowry Mays</td>
<td>1996</td>
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<tr>
<td>Robert E. Wise</td>
<td>1995</td>
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