1. Title

Committees and Other Appointments

2. Rule and Regulation

Sec. 1 Standing Committees. The following committees shall be standing committees of the Board of Regents to consider matters related to major areas of Board governance: (a) Finance and Planning Committee; (b) Audit, Compliance, and Risk Management Committee; (c) Academic Affairs Committee; (d) Health Affairs Committee; and (e) Facilities Planning and Construction Committee.

1.1 Composition and Quorum of Standing Committees. Each standing committee is composed of not less than four members of the Board of Regents appointed by the Chairman. In the unanticipated absence of a quorum, the Chairman or Committee Chairman may appoint another member of the Board to serve in a temporary capacity on the Committee.

1.2 Appointment of Committee Chairman. The Chairman of each standing committee shall be appointed by the Chairman of the Board of Regents shortly after his or her election, by and with the consent of the Board, and shall remain as Chairman of the standing committee until the succeeding Board Chairman shall reconstitute the committees.

1.3 Inability to Serve. If a Committee Chairman is unable to serve because of absence, death, resignation, disability, removal, disqualification, or other reason the Chairman of the Board of Regents shall appoint another member of the Board to serve as Chairman of the standing committee, by and with the consent of the Board.

1.4 Authority of Standing Committees. The authority of standing committees of the Board of Regents is subject to action of the whole Board. The committees' recommendations must be approved by the Board before they shall become effective.

1.5 Duties of the Finance and Planning Committee. The Finance and Planning Committee shall:

(a) Continue long-range planning activities, including institutionalization of the planning process, development of related plan implementation policies and procedures for the U.T. System and any of the institutions, and providing coordination of related legislative issues.

(b) Review and make recommendations to the Board as appropriate on matters related to business affairs such as: operating budget; debt financing transactions and issues concerning the Permanent University Fund, including administering standards for resource allocation; the University Lands Office; Systemwide and self-insured insurance programs; and special task forces, initiatives, and commissions for the U.T. System and any of the institutions.

(c) Review and recommend to the Board as appropriate on issues and activities related to The University of Texas/Texas A&M Investment Management Company (UTIMCO).

1.6 Duties of the Audit, Compliance, and Risk Management Committee. The Audit, Compliance, and Risk Management Committee (ACRMC) shall:

(a) Establish, approve and support fulfillment of the Systemwide internal audit function mandate, specifically:

i. Specify the authority, role, and responsibilities of the internal audit function.

ii. Approve an internal audit charter.

iii. Support unrestricted access to data, records, information, personnel, and physical properties necessary to conduct internal audit activities.

(b) Establish and protect the independence and qualifications of the Systemwide internal audit function, specifically:

i. Ensure a direct reporting relationship with the U.T. System Chief Audit Executive.

ii. Authorize the appointment and dismissal of the U.T. System Chief Audit Executive following recommendations by the General Counsel to the Board of Regents and the Chancellor and provide concurrence with any president's appointment and dismissal of institutional chief audit executives with advice and recommendation from the U.T. System Chief Audit Executive. The U.T. System Chief Audit Executive shall hold office subject to the pleasure of the ACRMC.

iii. Perform the annual evaluation of the U.T. System Chief Audit Executive.

iv. Support the independence of the internal audit function in determining scope, performance of internal audit engagements, and communication of results.

v. Approve the appointment of System Administration and institutional audit committee chairs. By extension, this recognizes the role of the System Administration and institutional audit committees as risk advisors to the ACRMC and their authority derived from the Board of Regents.

(c) Oversee the Systemwide internal audit function to ensure its effectiveness.

i. Engage with the U.T. System Chief Audit Executive to understand how the internal audit function fulfills its mandate.

ii. Communicate the Board's perspective on strategies, objectives, and risks to assist the internal audit function's determination of priorities.

iii. Gain an understanding of the effectiveness of the U.T. System's governance, risk management, and control processes based on the results of internal audit engagements.

iv. Ensure the internal audit function has sufficient resources or consider the impact of insufficient resources to achieve the internal audit plan.

v. Ensure the establishment of a quality assurance and improvement program that includes external quality assessments.

(d) Be primarily responsible for the Systemwide risk oversight function of the Board of Regents. Provide relevant information from risk management activities, risk assessments and reviews, and reports both internal and external to the Board of Regents.

(e) Consider, review, and when appropriate refer to the full Board of Regents matters regarding the activities of the Office of Risk Management, Office of Systemwide Compliance, Office of Information Security, and any other management function with a significant Systemwide risk oversight role.

(f) Consider, review, and recommend to the full Board of Regents factors to be considered in establishing Board and Board Committee risk tolerance and risk mitigation strategies.

1.7 Duties of the Academic Affairs Committee. The Academic Affairs Committee shall generally consider and make recommendations to the Board on matters pertaining to the general academic institutions, including:

(a) instructional, research, and professional service programs and activities;

(b) policies relating to soliciting and securing gifts;

(c) matters affecting the libraries of the institutions;

(d) substantive changes in the doctoral degree program inventory and the academic administrative structure;

(e) matters related to educational philosophy and objectives;

(f) recommendations by the Chancellor related to the appointment, promotion, and dismissal of such institutional officers as may be appropriate;

(g) matters relating to the research, training, and community service activities;

(h) capital improvement priorities related to the approved missions of the general academic institutions; and

(i) changes to academic institution mission statements.

1.8 The Duties of the Health Affairs Committee. The Health Affairs Committee shall consider and make recommendations to the Board on matters pertaining to health institutions, and all clinical operations, medical or health-related educational programs, or health-related initiatives at any institution, including:

(a) matters concerning substantive aspects of policies and programs related to the academic philosophy and objectives of the U.T. System's health operations; University relations; and health academic planning, instruction, and research;

(b) matters relating to educational philosophy and objectives;

(c) recommendations by the Chancellor related to the appointment, promotion, and dismissal of such institutional officers as may be appropriate;

(d) matters relating to the research, training, and community service activities;

(e) matters affecting the libraries;

(f) policies relating to soliciting and securing gifts;

(g) capital improvement priorities related to the approved missions of the health institutions;

(h) changes to health institution mission statements; and

(i) with respect to each hospital, clinic, and patient-care facility owned by The University of Texas System, counsel with the Executive Vice Chancellor for Health Affairs regarding the bylaws and rules and regulations of the medical staff; and make recommendations to

the Board concerning mechanisms and controls for the achievement and maintenance of high standards of professional practices in and at the hospital, clinic, or patient-care facility.

1.9 Duties of the Facilities Planning and Construction Committee. The Facilities Planning and Construction Committee shall:

(a) Consider matters relating to the acquisition and use of the grounds and buildings on campus and campus-related real property of The University of Texas System.

(b) Review proposed construction projects and make decisions on the selection of architects for projects determined by the Board to be of special interest; approve plans and accept bids for construction projects.

(c) Make recommendations to the Board on the award and execution of construction and equipment contracts.

(d) Make recommendations to the Board with respect to the naming of University buildings and other major facilities.

Sec. 2 Board for Lease of University Lands. At the first available opportunity following February 1 of each odd-numbered year, and the confirmation of incoming members of the Board of Regents, two qualified members of the Board of Regents, as specified in *Texas Education Code* Section 66.62, shall be selected by the Board, upon recommendation of the Chairman of the Board of Regents, to serve on the Board for Lease of University Lands (Board for Lease). In the event a Board member appointed to the Board for Lease is unable to attend a regular meeting of the Board for Lease, the Chairman may appoint, as a substitute, a qualified member of the Board of Regents to attend the meeting. The Office of Business Affairs, on behalf of the Board of Regents, will assign employees of The University of Texas System to assist the Board for Lease in the performance of its duties and responsibilities and will consult with the Chancellor and the Office of General Counsel as necessary and appropriate. The Executive Vice Chancellor for

Business Affairs shall report significant activities of the Board for Lease to the Board of Regents, as appropriate.

Sec. 3 University Lands Advisory Board. The University Lands Advisory Board (ULAB) shall be composed of the following individuals:

- five members appointed by The University of Texas System Board of Regents;
- three members appointed by The Texas A&M University System Board of Regents; and
- the Commissioner of the General Land Office.

At least two of the members appointed by the U.T. Board and at least one of the members appointed by the A&M Board must be current Regents, with the ULAB Chairman to be named by the U.T. Board.

At least three of the members appointed by the U.T. Board and at least two of the members appointed by the A&M Board must have industry experience.

The ULAB will meet at least four times per year and will advise the Board of Regents on operations and management of the University Lands Office, including reviewing and recommending budgets to the Board and providing strategic direction. University Lands will continue to be managed by U.T. System.

3.1 ULAB's duties include advising on the strategic direction and operations of University Lands and on oil and gas development terms and conditions to the Board for Lease.

3.2 The Board of Regents will retain its statutory responsibility and authority to:

(a) Approve budgets;

(b) Appoint members of ULAB;

(c) Purchase and sell any property;

(d) Approve policy recommendations and set policy for University Lands;

(e) Approve decisions critical to the mission of University Lands, including compensation parameters;

(f) Modify delegations to ULAB; and

(g) Approve the hiring and compensation of the University Lands Chief Executive Officer.

3.3 The U.T. Board Chairman may appoint three regents to act as liaisons with University Lands and to coordinate with the Executive Vice Chancellor of Business Affairs to advise the Chancellor on topics under Section 3.2.

Sec. 4 The University of Texas/Texas A&M Investment Management Company (UTIMCO). Pursuant to *Texas Education Code* Section 66.08, the U.T. System Board of Regents shall appoint seven members of the Board of Directors of UTIMCO and two members will be appointed by The Texas A&M University System Board of Regents. Appointments made by U.T. System shall include three members of the Board of Regents, three individuals with a substantial background and expertise in investments, and one qualified individual, as determined by the Board. Such individual may be the Chancellor of the U.T. System. Of the two members appointed by The Texas A&M University System Board of Regents, at least one must have substantial background and expertise in investments.

External members of the UTIMCO Board of Directors shall be appointed following a process designed to ensure a candidate's qualifications and expertise. Such process shall include a review of potential candidates, verification of credentials and criminal background check, and a review of potential conflicts of interests or disqualifications from service.

3. Definitions

None

4. Relevant Federal and State Statutes

Texas Education Code Section 66.08 – Investment Management

Texas Education Code Section 66.62 – Board for Lease of University Lands

5. Relevant System Policies, Procedures, and Forms

The University of Texas Systemwide Policy UTS 124, *Criminal Background Checks*

UTIMCO Bylaws

UTIMCO Code of Ethics

6. System Administration Office(s) Responsible for Rule

Office of the Board of Regents

7. Dates Approved or Amended

Regents' Rules Revision History