1. Title

Acceptance and Administration of Gifts

2. Rule and Regulation

Sec. 1 Authority to Accept Gifts and Develop Acceptance Procedures. The authority to accept gifts to The University of Texas System or to any of the institutions is vested in the Board of Regents and delegated by the Board as specifically set out in this Rule. Except as provided in this Rule or any other Rule in the Regents' *Rules and Regulations*, or approved institutional policies, no member of the staff of any institution has the authority to accept gifts.

Sec. 2 U.T. System Gift Acceptance Procedures. The Board delegates to the Vice Chancellor for External Affairs, Communications and Advancement Services the authority and responsibility to promulgate a set of guidelines regarding the acceptance, processing, investment, and administration of gifts. These guidelines, known as The University of Texas Systemwide Policy UTS 138, *Gift Acceptance Procedures*, shall be adhered to by the U.T. System and the institutions. In promulgating the *U.T. System Gift Acceptance Procedures*, the delegate shall also consider provisions to:

2.1 accomplish the goal of increasing financial support for the U.T. System through the appropriate assistance of donors,

2.2 allow staff members to respond to donor initiatives quickly and with certainty,

2.3 establish administrative processes to accept and administer gifts in a prudent and efficient manner, with fiduciary responsibilities of fundamental importance,

2.4 comply with the Texas Constitution and applicable federal and State law,

2.5 comply with the provisions of the *Internal Revenue Code* and related regulations,

2.6 specifically incorporate provisions related to the acceptance of pledges for current purpose commitments to fund endowments, and in conjunction with a gift-related naming of a facility or program as follows:

(a) for gifts and pledges to name a facility or program, a U.T. System approved gift agreement, which includes defined pledge payment terms, must be in place,

(b) prior to the creation of an endowment, at least 20% of the donors' total required minimum funding must be received and a U.T. System approved gift agreement, which contains defined pledge payment terms, must be in place, and

(c) the pledge payment duration for either endowed or non-endowed gifts shall not exceed five years. However, with the written approval of the Vice Chancellor for External Affairs, Communications and Advancement Services, the pledge period may be longer than five years under special circumstances, and

2.7 provide that, in the interest of financial responsibility and efficiency, it is the specific preference of the Board that all endowment gifts be eligible for commingling for investment purposes with other endowment funds.

Sec. 3 Board Approval of Nonconforming Gifts. Recommendations regarding the acceptance of gifts or other actions that do not conform to all relevant policies, including but not limited to the *U.T. System Gift Acceptance Procedures*, shall be made through the Vice Chancellor for External Affairs, Communications and Advancement Services to the Board of Regents after review by appropriate offices of the terms of the gifts, the nature of the donated assets, and/or the requested action.

Sec. 4 Gifts of Art

4.1 Outdoor Works of Art. Approval by the Board is also required prior to the acceptance of a gift of an outdoor work of art. Considerations will include appropriateness with regard to the institution's Campus Master Plan and expense related to installation and/or continuing maintenance.

4.2 Gifts of Statuary Depicting Living Persons. No gift of statuary depicting a living person shall be accepted by an institution, unless intended for display in a museum or for addition to the collection of works of art for display in a museum. Authority to accept proposed museum gifts of statuary depicting living persons, intended for display indoors, is delegated to the presidents. Proposed gifts of statuary intended for outdoor display require approval under Section 4.1 above.

Sec. 5 Approval of Conforming Gifts. The Board of Regents delegates to the Chancellor or the president of an institution, following prior review and approval by the appropriate Executive Vice Chancellor, and the Vice Chancellor for External Affairs, Communications and Advancement Services, the authority to accept conforming gifts, including pledges, other than gifts of real property, that are not processed or administered by the Office of External Affairs, Communications and Advancement Services, and the authority to take any and all desirable actions relating to the administration and management of gifts accepted by the Chancellor or the president of the institution, as may be permitted by applicable law, policies, these Regents' *Rules and Regulations*, and the *U.T. System Gift Acceptance Procedures*.

Sec. 6 Gifts Requiring Approval by Executive Vice Chancellor for Business Affairs. The Board of Regents delegates to the Executive Vice Chancellor for Business Affairs authority to accept all conforming gifts of real property of any value that are not processed or administered by the Office of External Affairs, Communications and Advancement Services, and the authority to take any and all desirable actions relating to the administration and management of gifts accepted by the Executive Vice Chancellor for Business Affairs, as may be permitted by applicable law, policies, the *U.T. System Gift Acceptance Procedures*, The University of Texas Systemwide Policy UTS 161, *Environmental Review for Acquisition of Real*

Property, and these Regents' *Rules and Regulations*, including Rule 60103 concerning guidelines for acceptance of gifts of real property. Acceptance of all gifts of real property shall be subject to the Regents' *Rules and Regulations,* Rule 60103 and The University of Texas Systemwide Policy UTS 161, *Environmental Review for Acquisition of Real Property*.

Sec. 7 Gifts Requiring Approval by Vice Chancellor for External Affairs, Communications and Advancement Services. The Board of Regents delegates to the Vice Chancellor for External Affairs, Communications and Advancement Services authority to accept all conforming gifts, including pledges, of any value (either in cash or in kind) that are processed or administered by the Office of External Affairs, Communications and Advancement Services. The Board also delegates to the Vice Chancellor for External Affairs, Communications and Advancement Services authority to take any and all desirable actions relating to the administration and management of gifts accepted by the Office of External Affairs, Communications and Advancement Services, including without limitation the modification or termination of trusts and endowments as may be permitted by applicable law, policies, these *Rules and Regulations*, and the *U.T. System Gift Acceptance Procedures*.

7.1 Gifts Reviewed. The Office of External Affairs, Communications and Advancement Services, with assistance from the Real Estate Office, the University Lands Office, and the Office of General Counsel as required, shall review all gift assets processed or administered by the Office of External Affairs, Communications and Advancement Services and certain gift assets that the Chancellor or president is authorized to accept. Gift assets requiring review include, but are not limited to, securities, interests in limited partnerships, stock of closely-held corporations, stock of S corporations, stock options, and warrants. The Office of External Affairs, Communications and Advancement Services shall also review all bequests, interests in trusts, gifts, and other funds to establish endowments and other planned gifts as defined in the *U.T. System Gift Acceptance Procedures*.

7.2 Gifts to Establish Endowments. Endowments will be established with gifts that have been completed for tax purposes or with a combination of such gifts, pledges, and other funds at a minimum funding level of $10,000.

Sec. 8 Internal Revenue Service Forms. The Board of Regents delegates to the Chancellor, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for External Affairs, Communications and Advancement Services, and the president of the institution the authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to gifts accepted by each.

Sec. 9 Gift Benefiting an Individual. Neither the U.T. System nor any of the 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.

Sec. 10 Service by Board as Estate Executor/Administrator. The Board of Regents 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.

Sec. 11 Prohibition to Act as Witness to Will. The employees of the U.T. System or any of the institutions should not knowingly act as witnesses to wills in which the U.T. System or an institution is named as a beneficiary so as not to jeopardize the receipt of the bequest.

Sec. 12 Service by Employee as Executor/Administrator of Estate or Trustee of Trust. Employees of the U.T. System or any of the institutions who agree to serve as trustee of a trust, or executor or administrator of an estate benefiting the U.T. System or any of the institutions are immediately to notify the Office of External Affairs, Communications and Advancement Services 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 or estate between the employee and any office of the U.T. System or the institutions shall be in writing.

3. Definitions

None

4. Relevant Federal and State Statutes

Internal Revenue Code of 1986, as amended (26 United States Code)

Texas Education Code Section 65.36 (f) and (g) – Donations for Professorships and Scholarships

Texas Property Code, Chapter 163 – Management, Investment, and Expenditure of Institutional Funds

5. Relevant System Policies, Procedures, and Forms

Regents' *Rules and Regulations,* Rule 60103 – Guidelines for Acceptance of Gifts of Real Property

Regents' *Rules and Regulations,* Rule 60202 – Endowed Academic Positions

The University of Texas Systemwide Policy UTS 161, *Environmental Review for Acquisition of Real Property*

The University of Texas Systemwide Policy UTS 138, *Gift Acceptance Procedures*

6. System Administration Office(s) Responsible for Rule

Office of External Affairs, Communications and Advancement Services
Office of General Counsel

7. Dates Approved or Amended

Regents' Rules Revision History