

EXCERPT FROM THE MINUTES

AUG 09 1990

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter VI, Section 11, Subsection 11.6 and Section 12, Subsection 12.2 Regarding the Administration and Investment of the Workers' Compensation Insurance Fund and the Unemployment Compensation Fund.--The Board amended the Regents' Rules and Regulations, Part Two, Chapter VI, Section 11, Subsection 11.6 and Section 12, Subsection 12.2 regarding the administration and investment of the Workers' Compensation Insurance Fund and the Unemployment Compensation Fund to read as set forth below:
- 11.6 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).
- 11.61 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 15 days after the end of each month.
- 11.62 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.
- 12.2 The Unemployment Compensation Fund (U. C. 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 Section 12.24 below.
- 12.21 The System will reimburse the State General Revenue Fund from the U. C. Fund for claims charge-backs paid by the State Comptroller for former employees paid from other funds.
- 12.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.
- 12.23 The U. C. Fund shall at all times operate under principles agreed upon by the System and the U. S. Department of Health and Human Services.
- 12.24 Assessment rates shall be calculated to maintain the U. C. Fund balance within a range of \$1,215,000 to \$1,755,000 and to provide minimum balance fluctuations and maximum rate stability. 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. Fund no later than 15 days after the end of each month.
- 12.25 Expenditures from the U. C. Fund shall be limited to direct costs in accordance with Federal Management Circular 73-8, Section J.7.

These amendments allow the Workers' Compensation Insurance Fund and the Unemployment Compensation Fund to be invested as provided in the Institutional Funds Investment Policy as approved by the U. T. Board of Regents in October 1989.

EXCERPT FROM THE MINUTES

JUN 14 1990

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter III, Section 4 (Local Institutional Funds).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 4 regarding the investment of local institutional funds to read as set forth below:

Sec. 4. Local Institutional Funds.

4.1 All local income 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 University of Texas System Institutional Funds Investment Policy.

4.11 Funds held in demand deposits, time deposits, or certificates of deposit shall be deposited or invested in official depository banks with which the Board has a depository agreement. Depository agreements may

- be negotiated and executed by the Executive Vice Chancellor for Asset Management when such agreements are in substantially the same form as a standard depository agreement approved by the Board and are with banks meeting the then current policies of the Board.
- 4.12 Funds held in bank common trust funds or money market funds shall be invested in funds approved by the Executive Vice Chancellor for Asset Management based on, at a minimum, the criteria specified in The University of Texas System Institutional Funds Investment Policy.
- 4.13 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 forwarded to the System Comptroller, who, after review and approval, shall refer such requests to the Vice Chancellor for Business Affairs for notification of the entities concerned.
- 4.14 The Executive Vice Chancellor for Asset Management shall invest, upon the request of the chief business officer of any component institution, local institutional funds as specified by law and by The University of Texas System Institutional Funds Investment Policy and shall negotiate and execute all agreements and instruments necessary for such investments.
- 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 Asset Management. 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.

EXCERPT FROM THE MINUTES

JUN 14 1990

1. U. T. Board of Regents - Regents' Rules and Regulations: Amendments to Part One, Chapter I, Section 7, Subdivision 7.15; Chapter II, Section 3, Subsection 3.3; and Section 7, Subdivision 7.32; and Part Two, Chapter II, Section 3.--In order to conform with the Texas Internal Auditing Act (Article 6252-5d, Vernon's Texas Civil Statutes) passed by the 71st Legislature, The University of Texas System Comptroller's Office has been restructured to promote the independence of the internal audit function from the accounting function.

In accordance therewith, the Board amended certain chapters of Parts One and Two of the Regents' Rules and Regulations as set forth below:

- a. Part One, Chapter I, Section 7, Subdivision 7.15 was amended to read as follows:

- 7.15 Duties of the Personnel and Audit Committee.--
The Personnel and Audit Committee shall:
- 7.151 Counsel with the Chancellor and recommend appropriate Board action with respect to any recommendations by the Chancellor related to the appointment, promotion, and dismissal of such System Administration Officers as report directly or indirectly to the Chancellor.
 - 7.152 Recommend to the Board all compensation for the System Administration and the rates of professional compensation.
 - 7.153 Consider and recommend to the Board matters related to all employee personnel programs, fringe benefits, retirement programs, and labor relations in the System Administration and the component institutions.
 - 7.154 Obtain, review, and report to the Board on all State, System Administration, and institutional audit reports.
 - 7.155 Exercise supervision over all internal and external auditing activities related to the conduct and administration of the System and component institutions.
 - 7.156 Transmit to the Chancellor, subject to the prior approval of the Board, such instructions as it deems necessary for the enforcement of sound accounting and auditing practices.

7.157 Initiate System Administration and institutional audits as deemed necessary to ensure management control within The University of Texas System. (In this regard, the Chairman of the Personnel and Audit Committee shall have direct access to the System Director of Audits.)

b. Part One, Chapter II, Section 3, Subsection 3.3 was amended to read as follows:

3.3 Audit.

The Chancellor, as chief executive officer of the System, is responsible for insuring the implementation of appropriate audit procedures for the U. T. System and System Administration. Accordingly, the System Director of Audits reports directly to the Chancellor.

3.31 System Director of Audits.

The System Director of Audits reports to the Chancellor and has direct access to the Chairman of the Personnel and Audit Committee. The System Director of Audits is responsible for coordinating the effective auditing of the System as set out in Subdivision 3.312 of this Chapter. The System Director of Audits provides audit assistance to the Chancellor, the Executive Vice Chancellors and the Vice Chancellors in the exercise of their responsibilities.

3.311 Appointment and Tenure.

The System Director of Audits shall be appointed by the Board after nomination by the Chancellor. The System Director of Audits shall hold office without fixed term, subject to the pleasure of the Chancellor. The Chancellor's actions regarding the System Director of Audits are subject to review and approval by the Board.

3.312 Duties and Responsibilities.

The primary responsibilities of the System Director of Audits include:

3.3121 Conducting internal audits of System Administration and each component institution in accordance with the Texas Internal Auditing Act, the Standards for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors, Inc. and "College and University Business Administration" published by the National Association of College and University Business Officers.

- 3.3122 Conducting audits of the revenue produced from the Permanent University Fund lands.
 - 3.3123 Formulating policies for the internal audit activity at each component institution.
 - 3.32 The System audit staff is comprised of the internal auditors for System Administration and augments the audit work of the institutional internal auditor and the State Auditors at the component institutions. An annual audit plan is submitted to the Chancellor for approval. An executive summary of all audit activity by the System audit staff and the institutional internal audit staff is prepared for the Chancellor on a monthly basis.
- c. Part One, Chapter II, Section 7, Subdivision 7.32 was amended to read as follows:

7.32 Comptroller.

Subject to delegation by the Vice Chancellor for Business Affairs, the Comptroller formulates and recommends procedures to be followed in the business operations of the System for:

- 7.321 Accounting, reporting, and expenditure control.
 - 7.322 Procurement and purchasing.
 - 7.323 Management of auxiliary service enterprises.
 - 7.324 Data processing systems - including prior approval of equipment acquisitions by purchase or lease.
 - 7.325 Accounting and business system development.
 - 7.326 Accounting records, forms, procedures, and financial reports, including format for such reports.
 - 7.327 Lease contracts for building space.
 - 7.328 Approval of the business aspects and overhead rates in research and other contracts with outside agencies.
- d. Part Two, Chapter II, Section 3 was amended to read as follows:

Sec. 3. Auditing.

3.1 Internal auditors are responsible for reviewing, evaluating, and reporting on the institution's system of internal administrative and accounting controls and the efficiency and effectiveness of the operations when compared with established standards. The objective of internal auditing is to assist the chief administrative officer in the effective discharge of his or her responsibilities by furnishing objective analyses, appraisals and recommendations concerning the activities reviewed. The Texas Internal Auditing Act, the Standards

for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors, Inc. and "College and University Business Administration" published by the National Association of College and University Business Officers shall serve as guidelines for internal audit activities.

- 3.2 Each institution is expected to maintain an internal audit staff unless otherwise exempt from this requirement by the Chancellor. The internal auditor reports to the institutional chief administrative officer or the institutional audit committee. The internal auditor submits an annual audit plan for approval by the chief administrative officer and forwards a copy to the appropriate Executive Vice Chancellor and the System Director of Audits.
- 3.3 The System Director of Audits shall review the annual audit plan of the component institutions and make recommendations as appropriate.
- 3.4 The State Auditor's Office, as part of the legislative branch of state government, is the external independent auditor of The University of Texas System. The State Auditor's Office conducts financial and performance audits and makes recommendations for improving financial and management controls within The University of Texas System. The State Auditor's Office reviews The University of Texas System's internal control structure and operations to determine the scope of the examination and reliability of the entity's financial and nonfinancial data. The internal audit function is considered a part of the internal control structure of The University of Texas System.

EXCERPT FROM THE MINUTES

FEB - 8 1990

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter III, Section 4 (Local Institutional Funds).--Committee Chairman Moncrief reported that, since the Material Supporting the Agenda was prepared, an additional item related to proposed amendments to the Regents' Rules and Regulations, Part Two, Chapter III had been posted with the Secretary of State and distributed to the Board on yellow paper.

Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 4 (Local Institutional Funds) to read as set forth below:

Sec. 4. Local Institutional Funds.

4.1 All local income 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 University of Texas System Institutional Funds Investment Policy.

4.11 Funds held in demand or time deposits shall be deposited in official depository banks

- with which the Board has a depository agreement. Depository agreements may be negotiated and executed by the Executive Vice Chancellor for Asset Management when such agreements are in substantially the same form as a standard depository agreement approved by the Board and are with banks meeting the then current policies of the Board.
- 4.12 Requests for authorized signatures, or changes thereto, for bank accounts maintained in all depository banks, shall be forwarded to the System Comptroller, who, after review and approval, shall refer such requests to the Vice Chancellor for Business Affairs for notification of the banks concerned.
- 4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Local Funds shall be deposited in the depository banks as soon as possible. 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 Time Deposits.--As permitted by statute, interest received from depository banks for funds on time deposit shall be credited to appropriate accounts in either general funds or trust funds in relationship to the sources of balances on time deposit, provided that disposition of such earning was not specified by the grantor. Interest received from Current Restricted Funds (Trust Funds) time deposits shall be subject to further appropriation or transfer by the Board for any lawful purpose.
- 4.5 The Executive Vice Chancellor for Asset Management shall invest, upon the request of the chief business officer of any component institution, local institutional funds as specified by law and by The University of Texas System Institutional Funds Investment Policy and shall negotiate and execute all agreements and instruments necessary for such investments.

These amendments conform the Regents' Rules and Regulations to the Public Funds Investment Act and specify the responsibilities of the Executive Vice Chancellor for Asset Management with regard to the investment of local funds within that policy and also delegate to the Executive Vice Chancellor for Asset Management authority to execute depository agreements which are in consonance with the model previously approved by the Board.

EXCERPT FROM THE MINUTES

DEC - 7 1939

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter V, Section 2, Subsection 2.4, Subdivision 2.49 (Approval of Agreements Relating to Rights in Intellectual Property).--Committee Chairman Ratliff called on Vice Chancellor and General Counsel Farabee for background information on the proposed amendments to the Regents' Rules and Regulations, Part Two, Chapter V, Section 2 related to intellectual property rights in agreements. Vice Chancellor Farabee pointed out that the proposed amendments would allow sponsored research agreements (including research participation agreements, conditional gifts, extensions of or modifications to previously approved agreements, and consulting agreements) containing language in technical nonconformance with the Intellectual Property Policy or the Guidelines to be processed more expeditiously upon a finding that the potential benefits from the level of funding for the proposed research and/or other consideration from the sponsor outweigh potential disadvantages related to the policy deviation.

Mr. Farabee then introduced Mr. Dudley R. Dobie, Jr., Section Manager of Intellectual Property in the Office of General Counsel, who addressed certain matters relating to sponsored research agreements, corporate attitudes regarding policies of The University of Texas System concerning sponsored research, and positions taken by other major research universities with respect to similar issues. A copy of Mr. Dobie's report is on file in the Office of the Board of Regents.

Following these presentations and a brief discussion, the Regents' Rules and Regulations, Part Two, Chapter V, Section 2, Subsection 2.4, Subdivision 2.49 (Approval of Agreements Relating to Rights in Intellectual Property) were amended as set forth below to allow sponsored research agreements containing language in technical nonconformance with the Intellectual Property Policy or Guidelines to be processed more expeditiously:

Sec. 2. General Personnel.

2.49 Approval of Agreements Relating to Rights in Intellectual Property.

- 2.491 Agreements 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.

Any agreement 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.

EXCERPT FROM THE MINUTES

OCT 13 1989

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval to Delete Section 3 of Chapter V (Certain Provisions in Current Appropriations Act).--In response to deletion of a long-standing rider provision in the General Appropriations Act and promulgation of a formal policy of The University of Texas System concerning use of alcohol, approval was given to delete Section 3, Chapter V, Part Two of the Regents' Rules and Regulations (Certain Provisions in Current Appropriations Act) and to renumber subsequent sections of Chapter V as appropriate.

EXCERPT FROM THE MINUTES

OCT 13 1989

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter III, Section 10 (Absence from Usual and Regular Duties, Authorization for Absence, Including Travel, and Travel Expense Reimbursement) and Authorization for the Executive Secretary to the Board to Make Appropriate Editorial Changes Therein.--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 10 (Absence from Usual and Regular Duties, Authorization for Absence, Including Travel, and Travel Expense Reimbursement) as set forth below:

- a. Present Section 10 (Absence from Usual and Regular Duties, Authorization for Absence, Including Travel, and Travel Expense Reimbursement) was deleted in its entirety.
- b. A new Section 10 was added to read as follows:

Sec. 10. Travel Authorization, Reimbursement, and Institutional Regulations.

10.1 Authorization for Travel.--Authorization for travel from the city or town where the officer or employee is regularly stationed will be

granted by the Board or as hereinafter delegated by the Board, only in advance, as follows:

- 10.11 Requests for authorization to travel for a period not in excess of twenty-nine days shall be transmitted through proper administrative channels to the chief administrative officer or designee for approval.
 - 10.12 Requests for authorization to travel for a period in excess of twenty-nine days (excluding holidays approved by the Board) shall be transmitted through proper administrative channels to the chief administrative officer or designee for approval. A copy of approved travel requests shall be forwarded to the appropriate Executive Vice Chancellor for review and ratification.
 - 10.13 All travel (with the exception of travel to, in, and from the several States, United States possessions, Mexico and Canada) that will use funds appropriated by the Legislature for reimbursement must have the advance written approval of the Governor.
 - 10.14 Requests for authorization to travel by administrative officers and staff of System Administration shall be approved by the Chancellor, appropriate Executive Vice Chancellor, or appropriate Vice Chancellor or designee.
- 10.2 Travel Expense Reimbursements.
- 10.21 Travel expenses shall be reimbursed only from funds appropriated or authorized for travel and pursuant to state law and regulations and approved institutional or System travel policies and procedures. The Chancellor, the Executive Vice Chancellors, the Vice Chancellors and the chief administrative officers shall plan the travel of all employees under their authority to achieve maximum economy and efficiency and are responsible for ensuring that the expenses

of transportation, meals, lodging, and incidental items are the lowest possible considering all relevant circumstances.

10.22 Allowances for meals and lodging (including per diem), transportation and related expenses shall be guided by the following as appropriate: provisions of the current Appropriations Act; the Travel Regulations Act of 1959 (Article 6823a, VTCS), as amended; business procedure memoranda issued by the Vice Chancellor for Business Affairs; approved institutional or System travel regulations; terms of grants and contracts which provide reimbursement; and restrictions placed on expenditures from the institutional source reimbursing the travel.

10.3 Institutional and System Administration Travel Regulations.--
Component institutions and System Administration shall issue travel regulations covering authorization for travel and reimbursement for approved travel to implement applicable provisions of state law and regulations and the provisions of this Section for the guidance of all personnel concerned. Following administrative approval by the appropriate Executive Vice Chancellor, each institutional policy will be included in the institutional Handbook of Operating Procedures.

Further, approval was granted for the Executive Secretary to the Board of Regents, in consultation with the Office of General Counsel, to make such editorial changes in the remainder of Chapter III of the Regents' Rules and Regulations as are necessary to conform to the foregoing amendments.

FEB 9 1989

U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter IX, Section 1.2 (Authority to Assign and Transfer Securities Owned by the PUF and the Board) and Section 1.4 (Authority to Receive and Collect Money and/or Property).-- Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter IX, Sections 1.2 and 1.4 to read as set forth below:

1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Director for Endowments and Trusts, the Comptroller and Assistant Comptroller, and the Manager of Endowment Accounting and Operations may each assign and transfer any and all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by the Executive Vice Chancellor for Asset Management 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.

1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Executive Vice Chancellor for Asset Management, the Director for Endowments and Trusts, and the Manager of Estates and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.

JUN 8 1989

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendment to Chapter VIII, Section 1.33 (Signature Authority for Construction Contracts in Excess of \$300,000).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1.33 (Signature Authority for Construction Contracts in Excess of \$300,000) to read as set forth below:

1.33 In accordance with law, the Board will approve and award the contracts for all work in excess of the amount of \$300,000. The contract will be signed by the contractor(s) involved and an authorized representative of the Board.

DEC - 8 1988

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VI, Sections 4 (Group Hospitalization and Medical Benefit Plan) and 6 (Health Maintenance Organizations) and Repeal of Procedures for Inclusion of Health Maintenance Organizations.--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter VI, Sections 4 (Group Hospitalization and Medical Benefit Plan) and 6 (Health Maintenance Organizations) to read as set forth below:

Sec. 4. Group Hospitalization and Medical Benefit Plan.

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

- 4.5 To ensure that all carriers have an opportunity to bid, The University of Texas System shall advertise its intent to solicit bids on its employee Group Insurance Program. Specifications encompassing at least the basic coverage standards shall be submitted to any authorized carrier responding to the advertisement; expressing an interest in bidding on the Group Insurance Program; or requesting the specifications.

Sec. 6. Health Maintenance Organizations.

- 6.1 The Vice Chancellor for Business Affairs, with the concurrence of the Executive Vice Chancellor for Health Affairs and the Executive Vice Chancellor for Academic Affairs, will review and analyze bid specification responses submitted by qualified organizations and recommend health maintenance organizations to the U. T. Board of Regents for award of contracts to provide HMO services. Recommendations will include consideration of requirements of federal and state law concerning the HMO option.
- 6.2 A person eligible to enroll in the group hospitalization and medical benefit plan may, as an option, elect to enroll in a health maintenance organization under a contract approved by the U. T. Board of Regents.
- 6.3 Employees who do not enroll within 60 days of eligibility may do so only in the annual enrollment period during the month of September.
- 6.4 The anniversary date of the contract is September 1 of each year.
- 6.5 An employee enrolled in a health maintenance organization is automatically enrolled for group dental coverage.

These amendments clarify procedures to bid the employee group insurance plan and institute similar competitive bid procedures for the selection of health maintenance organizations, an option required by federal law.

Further, the Board repealed the current Procedures for Inclusion of Health Maintenance Organizations since the amendments to Section 6 (Health Maintenance Organizations) obviated the need for a separate U. T. Board of Regents' policy.

OCT - 7 1988

U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendment to Chapter IX, Section 1, Subsection 1.1.--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter IX, Section 1, Subsection 1.1 to read as set out below:

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

1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, and the Director for Investments are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents, from funds designated from the PUF, the Common Trust Fund, the Medical Liability Self-Insurance Fund, or any funds held in trust.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter IV, Section 6 (Space Leases).--In order to conform with Article 601b, Section 6.111, Vernon's Texas Civil Statutes, approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter IV, Section 6 (Space Leases) to read as set forth below:

OCT - 7 1988

Sec. 6. Space Leases.

- 6.1 Space leases involving buildings paid from general revenue appropriations must, by law, be approved by the State Purchasing and General Services Commission and may not extend beyond a ten-year period.
- 6.2 Proposals for space leases require the advance approval of the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs, as appropriate, and of the 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 State Purchasing and General Services Commission.
- 6.3 A proposal shall be approved and the lease 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.

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendment to Chapter VI, Section 4, Subsection 4.1 (Group Hospitalization and Medical Benefit Plan).--The Board amended the Regents' Rules and Regulations, Part Two, Chapter VI, Section 4, Subsection 4.1, concerning the definition of "employee" for purposes of eligibility for group hospitalization and medical benefits plans, to read as set out below:

OCT - 7 1988

- 4.1 A person employed at least one-half time for at least four and one-half months may elect optional group hospitalization and medical insurance coverage under a System-wide contract approved by the U. T. Board of Regents.

This amendment conforms the Regents' Rules and Regulations to the definition of "employee" as used in the Texas Administrative Code and is in accordance with the requirements of Article 3.50-3 of the Texas Insurance Code.