

EXCERPT FROM THE MINUTES

AUG 1 1998

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 1, Subsection 1.4 (Receipts, Admission Tickets, and Charges).-- Authorization was given to amend the Regents' Rules and Regulations, Part Two, Chapter III, Section 1, Subsection 1.4, relating to receipts, admission tickets, and charges, to read as set forth on Page 25 to require payment of certain oil and gas royalties to the U. T. Board of Regents by electronic funds transfer.

Sec. 1. Receipts, Admission Tickets, and Charges.

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- 1.4 Any person who paid oil and gas royalties to the Board in a total amount of \$60,000 or more during a fiscal year, being September 1 to August 31, shall make timely oil and gas royalty payments to the Board by means of electronic funds transfer during the subsequent calendar year. Any person required to submit payments electronically shall also file the required Royalty Payment Summary (Form UT-3) by means of electronic transmission if requested by the University Lands Accounting Office in a manner compatible with the equipment and facilities of the University Lands Accounting Office. The payor shall timely take all actions necessary to facilitate payment of oil and gas royalties by electronic funds transfer if requested by the University Lands Accounting Office and electronic filing of the Form UT-3, including completing any documents required by the Comptroller of the State of Texas and the University Lands Accounting Office. Electronic funds transfers shall be made in accordance with applicable laws, including Section 404.095, Texas Government Code. This Subsection applies only to oil and gas royalties from Permanent University Fund lands to the extent authorized by Section 404.095, Texas Government Code.
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These amendments to the Regents' Rules and Regulations will provide a higher degree of internal control over a greater percentage of oil and gas royalties paid to the Permanent University Fund and will ensure payments made by means of electronic transfer are received and available in a more timely manner. The University of Texas System University Lands Accounting Office intends to request that all payors subject to this Regents' Rule also electronically file the required Royalty Payment Summary (UT-3) when it can be assured that filing over the internet can be accomplished in a secure manner.

EXCERPT FROM THE MINUTES

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two; Amendments to Chapter XI, Section 1 (Contract Administration) and Chapter XII, Sections 2, 8, and 9 (Intellectual Property).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter XI, Section 1, regarding contract administration, and Chapter XII, Sections 2, 8, and 9, regarding intellectual property, to read as set out on Pages 16 - 19.

FEB 12 1998

CHAPTER XI

CONTRACT ADMINISTRATION

Sec. 1. Delegation of Authority.--Subject to Subsection 1.1 and to the general provisions of Part One, Chapter I, Section 9 and except as otherwise provided in these Rules and Regulations, the Board delegates to the chief administrative officers authority to execute and deliver on behalf of the Board contracts and agreements of any kind or nature, including without limitation licenses issued to the Board or a component.

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1.2 Applicability.--This Chapter applies to all contracts and agreements except contracts or agreements relating to personnel, faculty, athletics or athletic events, real properties (except the lease of space for use by a component), physical plant improvements, acceptance or administration of gifts or bequests, contracts and grants for sponsored research, contracts for legal services, and agreements to settle claims, disputes, or litigation.

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CHAPTER XII

INTELLECTUAL PROPERTY

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Sec. 2. General Policy.

2.1 The intellectual property policy shall apply to all persons employed by the U. T. System and the component institutions of the System, to anyone using System facilities under the supervision of System personnel, to undergraduates, to candidates for masters and doctoral degrees, and to postdoctoral and predoctoral fellows.

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- 2.3 The Board shall assert its interest in scholarly or educational materials, art works, musical compositions and dramatic and non-dramatic literary works related to the author's academic or professional field, regardless of the medium of expression, as follows:
- 2.31 Students, professionals, faculty and researcher authors.--The Board shall not assert ownership of works covered by this Subsection authored by students, professionals, faculty, and nonfaculty researchers. The Board encourages these authors to carefully manage their copyrights. The Board retains certain rights in these works as set forth in the Policy and Guidelines for Management and Marketing of Copyrighted Works.
- 2.32 Software.--The Board normally shall assert ownership in software as an invention; however, original software which is content covered by Subdivision 2.31, or that is integral to the presentation of such content, shall be owned in accordance with Subdivision 2.31.
- 2.4 Notwithstanding the provisions of Subsection 2.3, the Board shall have sole ownership of all intellectual property created by an employee who was hired specifically or required to produce it or commissioned by 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.
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- 2.8 Neither the facilities nor the resources of System or its component institutions may be used (i) to create, develop or commercialize intellectual properties unrelated to an individual's employment responsibilities (See

Subsection 4.1); or (ii) to further develop or commercialize intellectual properties that have been released to an inventor (See Subdivision 5.22) except as the component institution's chief administrative officer and the appropriate Executive Vice Chancellor or Vice Chancellor may approve where System retains an interest under the terms of the release.

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Sec. 8. Reporting.

8.1 Any employee covered by Subsections 6.2, 7.1, or 7.2 shall report in writing to the chief administrative officer of the component institution, or to such other person as may be designated by the chief administrative officer, the name of any business entity as referred to therein in which the person has an interest or for which the person serves as a director, officer or employee and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. These reports shall be accumulated in the office of the chief administrative officer or designee and then forwarded to the appropriate Executive Vice Chancellor or Vice Chancellor by September 1 of each year so that the Chancellor may file a report with the Board. Information in the report shall be included in the annual report required by Section 51.912(c), Texas Education Code.

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

9.1 Agreements that grant an interest in Board intellectual property may be executed and delivered in accordance with the provisions of the Regents' Rules and Regulations, Part Two, Chapter XI, following any required review by the Office of General Counsel.

- 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 or 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 the agreement may be executed and delivered as set forth in Section 9.1 if, in the judgment of the chief administrative officer and with the concurrence of the appropriate Executive Vice Chancellor or 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 or 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; and other documents approved pursuant to Subsections 9.1 or 9.2. The chief administrative officer or designee may execute, on behalf of the Board, institutional applications for registration or recordation of transfers of ownership and other such documents relating to copyrights.

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The purposes of the amendments to the Regents' Rules and Regulations, Chapter XI, Section 1, relating to contract administration, and Chapter XII, Sections 2, 8, and 9, relating to intellectual property, are summarized below:

- a. Part Two, Chapter XI, Subsection 1.2 was amended to make delegation of authority apply to intellectual property agreements that grant an interest in Board intellectual property
- b. Part Two, Chapter XII, Subsection 2.1 was amended to make explicit the application of the Intellectual Property Policy to all students
- c. Part Two, Chapter XII, Subsection 2.3 was amended to broaden the application of the "scholarly works" exception to add teaching materials to those covered by this Section
- d. Part Two, Chapter XII, Subsection 2.4 was amended to clarify when the Board will own intellectual property that would otherwise be owned by a faculty member and when it need not share royalties with an inventor
- e. Part Two, Chapter XII, Subsection 2.8 was added to explicitly prohibit the use of System facilities to develop inventions released to the inventor except as expressly authorized
- f. Part Two, Chapter XII, Subsection 8.1 was amended to correct an outdated requirement for Board approval
- g. Part Two, Chapter XII, Subsections 9.1 and 9.2 were amended to allow all intellectual property agreements covered by this Chapter to be processed like other agreements
- h. Part Two, Chapter XII, Subsection 9.3 was amended to delegate authority to execute copyright registration applications and related documents to component executives.

See Item 4 below related to the Policy and Guidelines for Management and Marketing of Copyrighted Works.

EXCERPT FROM THE MINUTES

NOV 13 1997

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two; Amendments to Chapter III, Section 2 (Deposits with Institutional Business Office), Section 3 (Deposits with the State Treasurer), and Section 4 (Local Institutional Funds). --In order to update current procedures, approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter III, Sections 2 through 4, relating to deposits with the institutional business office, deposits with the State Treasurer, and local institutional funds, to read as set forth below:

Sec. 2. Deposits with Institutional Business Office.

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- 2.4 Petty cash funds shall be provided only on approval of, and by arrangement of, the department with the chief business officer.

Sec. 3. Deposits with the State Treasurer.

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- 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.

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 nonnegotiable certificates of deposit shall be deposited or invested only in banks with which the Board has a depository agreement. The Board delegates to UTIMCO or the Executive Vice Chancellor for Business Affairs authority to execute and deliver depository and custody agreements when such deposit agreements are with banks meeting the then current policies of the Board and are in substantially the form of a standard deposit agreement approved by the Board or, for other agreements, in a form approved by the Office of General Counsel. Subject to the provisions of Part One, Chapter I, Section 9 of these Rules and Regulations, the Board delegates to each chief administrative officer and the Executive Vice Chancellor for Business Affairs the authority to execute and deliver contracts for banking services with banks that have a depository agreement with the Board.

EXCERPT FROM THE MINUTES

4.12 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.

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EXCERPT FROM THE MINUTES

AUG 14 1997

- 2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendments to Chapter I, Section 1 (Gifts to The University of Texas System), Subsection 1.3 and Chapter II, Section 1 (Types of Funds), Subsection 1.4.--The Board amended the Regents' Rules and Regulations, Part Two, Chapter I, Section 1, Subsection 1.3, relating to the authority of the Chancellor to accept certain gifts on behalf of The University of Texas System, and Chapter II, Section 1, Subsection 1.4, clarifying the authority of the Office of Development and External Relations to administer certain gifts with a reserved income interest, as set forth below:

- a. Chapter I (General), Section 1, Subsection 1.3 was amended to read as follows:

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

. . .

1.3 The Board delegates to the Chancellor, the chief administrative officer, or a designee specified in writing, authority to accept gifts that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the System Gifts Policy Guidelines and approved institutional policies, provided that such gifts have a value of \$500,000 or less (in cash or in kind). Such gifts that have a value of more than \$500,000 (in cash or in kind) must be submitted to the Board for approval via the docket.

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- b. Chapter II (Accounting, Auditing, Reporting, and Budgetary Control), Section 1, Subsection 1.4 was amended to read as follows:

Sec. 1. Types of Funds.

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1.4 Charitable Remainder Trusts and Pooled Income Funds.--Gift funds given to the Board of Regents of The University of Texas System, as Trustee, such as Charitable Remainder Trusts and Pooled Income Funds in which the donor has reserved an income interest either for the life of one or more individuals or for a term of years shall be administered by the Office of Development and External Relations.

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EXCERPT FROM THE MINUTES

The U. T. Board of Regents' authority to accept certain gifts made to the U. T. System, not a component institution, in an amount of \$500,000 or less and that are not a planned gift or bequest and do not set up an endowment has not been previously delegated by the U. T. Board of Regents. The purpose of the change to the Regents' Rules and Regulations, Part Two, Chapter I, Section 1, Subsection 1.3 is to delegate this authority to the Chancellor.

The amendment to the Regents' Rules and Regulations, Part Two, Chapter II, Section 1, Subsection 1.4 clarifies the authority of the Office of Development and External Relations to administer gifts with a reserved income interest, such as Charitable Remainder Trusts and Pooled Income Funds.

EXCERPT FROM THE MINUTES

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 1 (Receipts, Admission Tickets, and Charges).--In order to require payment of certain oil and gas royalties to the U. T. Board of Regents by electronic funds transfer, the Board, upon recommendation of the Business Affairs and Audit Committee, amended the Regents' Rules and Regulations, Part Two, Chapter III, Section 1, relating to receipts, admission tickets, and charges, by adding a new Subsection 1.4 and renumbering present Subsections 1.4 and 1.5 as Subsections 1.5 and 1.6 as follows:

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Sec. 1. Receipts, Admission Tickets, and Charges.

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- 1.4 Any person who paid oil and gas royalties to the Board in a total amount of \$250,000 or more during a fiscal year, being September 1 to August 31, shall make timely oil and gas royalty payments to the Board by means of electronic funds transfer during the subsequent calendar year. Any person required to submit payments electronically shall also file the required Royalty Payment Summary (Form UT-3) by means of electronic transmission in a manner compatible with the equipment and facilities of the University Lands Accounting Office. The payor shall timely take all actions necessary to facilitate payment of oil and gas royalties by electronic funds transfer and electronic filing of the Form UT-3, including completing any documents required by the Comptroller of the State of Texas and the University Lands Accounting Office. Electronic funds transfers shall be made in accordance with applicable laws, including Section 404.095, Texas Government Code. This subsection applies only to oil and gas royalties from Permanent University Fund lands to the extent authorized by Section 404.095, Texas Government Code.
- 1.5 Admission tickets, including complimentary tickets, shall have the price of admission indicated thereon, and all such tickets shall be prenumbered, except for certain events where the section, row, and seat number are shown. Admission tickets and coupon books shall be purchased for delivery to the institutional business office and issued to the department

concerned. Unused tickets or books shall be returned along with a prescribed ticket report to the business office within 30 days from the date of the event, and a list showing the names of all persons receiving complimentary tickets shall be a part of the prescribed ticket report. The chief business officer may authorize an exception to the 30-day time limit for submitting ticket reports for a specified event or series of events, provided that the exception must be in writing, and must specify both the reason for the exception and the alternate due date for those ticket reports.

- 1.6 All unpaid (including complimentary, free, or discounted) charges for sales or service of auxiliary enterprises, organized activities, or service departments or similar activities shall be reported to and recorded by the chief business officer or his or her delegate under appropriate internal accounting controls. A list or other documentation showing the authorization and names of all persons receiving complimentary, free, or discounted goods or services and the values thereof shall be furnished to the business office within 30 days from the date such goods were issued or such services were rendered by any auxiliary enterprise, organized activity, or service department or similar activity.

These amendments to the Regents' Rules and Regulations will provide a higher degree of internal control over a greater percentage of oil and gas royalties paid to the Permanent University Fund. In addition, payments made by electronic transfer are received by The University of Texas System University Lands Accounting Office for use in a more timely manner. The long-range plan is to require payors who pay oil and gas royalties of \$60,000 or more per year to make royalty payments by electronic funds transfer and provide the monthly payment summary report in an electronic format. This process will be implemented in stages to accommodate requirements of the State Comptroller's Office.

EXCERPT FROM THE MINUTES

AUG 14 1997

4. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III (Receipt, Custody, and Disbursement of Moneys; Travel Authorization, Reimbursement, and Institutional Regulations), Section 4 and Chapter IX (Matters Relating to Investments, Trusts, and Lands), Sections 4 and 5.--Upon recommendation of the Business Affairs and Audit Committee, the Board amended the Regents' Rules and Regulations, Part Two, Chapters III and IX as follows:

- a. Chapter III, Section 4 (Local Institutional Funds), Subsection 4.13 was amended to read as set forth below:

4.13 Local institutional funds shall be invested in funds approved by UTIMCO based on, at a minimum, the criteria specified in The University of Texas System Investment Policy Statements. UTIMCO shall administer pooled investment funds for the investment of local institutional funds as authorized by the Board. The chief business officer of any component institution may add or withdraw local institutional 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 funds on any established addition or withdrawal date of the pool.

- b. Chapter IX, Section 4 (Policy for Investment and Management of U. T. Investment Pools) was amended by deleting present Subsection 4.3 in its entirety, amending present Subsection 4.5, and renumbering present Subsections 4.4 and 4.5 as Subsections 4.3 and 4.4 to read as follows:

4.3 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.

4.4 Each pooled income fund established by U. T. shall be administered according to The University of Texas System Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement, its trust indenture and applicable law.

- c. Chapter IX, Section 5, was amended to read as set forth below:

Sec. 5. Policy for Investment and Management of Endowment, Trust, and Other Accounts 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 University of Texas System Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement, 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.
- 5.4 Other Accounts as defined in The University of Texas System Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement shall be invested and administered consistent with that policy.

In February 1997, the U. T. Board of Regents approved new Investment Policy Statements for the various funds under management by The University of Texas Investment Management Company (UTIMCO). These changes to the Regents' Rules and Regulations, Part Two, Chapters III and IX are necessary to conform with the definitions contained in the Investment Policy Statements.

EXCERPT FROM THE MINUTES

5. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 10 (Travel Authorization, Reimbursement, and Institutional Regulations), Subsection 10.1, Subdivision 10.12.--The Business Affairs and Audit Committee recommended and the Board amended the Regents' Rules and Regulations, Part Two, Chapter III, Section 10, Subsection 10.1, Subdivision 10.12, regarding travel authorization, reimbursement, and institutional regulations, by deleting present Subdivision 10.12 in its entirety and renumbering present Subdivision 10.13 as Subdivision 10.12 as follows:

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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 shall be transmitted through proper administrative channels to the chief administrative officer or designee for advance written approval.
- 10.12 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.

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The deletion of current Subdivision 10.12, Subsection 10.1, Section 10, Chapter III, Part Two of the Regents' Rules and Regulations recognizes that the 75th Texas Legislature eliminated the requirement that all foreign travel (except to Mexico or Canada) be approved in advance by the Governor's Office.

6. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval to Amend Chapter IV, Section 5 (Purchase from or Sale to an Officer or Employee).--The Board amended the Regents' Rules and Regulations, Part Two, Chapter IV, Section 5, related to purchase from or sale to an officer or employee, as set forth below:

AUG 14 1997

- Sec. 5. Purchase from or Sale to an Officer or Employee.--Purchase from, or sale to, any officer or employee of the System or a component of any supplies, materials, services, equipment, or property must have the prior approval of the chief administrative officer and the appropriate Executive Vice Chancellor or the Chancellor. Any such purchases shall be made only if the cost is less than from any other known source. This Section does not apply to sales or purchases made at public auction and to a purchase(s) of \$1,000 or less of artwork or other product(s) created or crafted by an employee if the work is to be displayed on campus or is to be an award or memento.

This revision to the Regents' Rules and Regulations simplifies the approval of the purchase of unique artwork and other materials created by an employee if the purchased materials are to be displayed on campus or given in recognition or appreciation of service or contributions and if the purchase price is \$1,000 or less.

EXCERPT FROM THE MINUTES

FEB - 6 1997

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter I (General), Chapter VIII (Physical Plant Improvements), Chapter IX (Matters Relating to Investments, Trusts, and Lands), and Chapter XI (Contract Administration) Relating to Authority of the Chief Administrative Officers to Accept Certain Gifts, Authority of the Chancellor to Approve Construction Funding, and Authority of the Vice Chancellor and General Counsel to Settle Legal Matters.--The Board, upon recommendation of The University of Texas System Process Review Committee and the Business Affairs and Audit Committee, amended the Regents' Rules and Regulations, Part Two, Chapters I, VIII, IX, and XI as set forth on Pages 80 - 83 in order to clarify (1) the authority of the chief administrative officers to accept certain gifts, including current purpose gifts of \$500,000 or less, (2) the authority of the Chancellor to approve funding for construction costs up to ten percent above the Total Project Cost approved by the U. T. Board of Regents, and (3) the authority of the Vice Chancellor and General Counsel to settle legal matters.
- a. Part Two, Chapter I (General), Section 1, Subsection 1.3, relating to authority of the chief administrative officers to accept gifts, was amended to read as set forth below:
- 1.3 The Board delegates to the chief administrative officer, or a designee specified in writing, authority to accept gifts that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the System Gifts Policy Guidelines and approved institutional policies, provided that such gifts have a value of \$500,000 or less (in cash or in kind). Such gifts that have a value of more than \$500,000 (in cash or in kind) must be submitted to the Board for approval via the docket.
- b. Part Two, Chapter VIII (Physical Plant Improvements), Section 2, Subsection 2.1, Subdivision 2.16, relating to construction funding requirements, was amended to read as follows:
- 2.16 The Chancellor or delegate shall approve the construction contractor's estimates, sign change orders, and provide general supervision of all Major Projects. The Chancellor with the advice of the appropriate Executive Vice Chancellor and chief administrative officer is authorized to increase the approved Total Project Cost not more than ten percent. To provide funding for the increase, the Chancellor may reallocate funding between or among approved projects at a single component if funding for such projects has previously been authorized in accordance with Subdivision 2.13 or approve funding from some other source available to the component.

c. Part Two, Chapter IX (Matters Relating to Investments, Trusts, and Lands), Section 1, Subsections 1.2 and 1.3, relating to acceptance of certain gifts and bequests, were amended to read as follows:

1.2 All assets received by the Board to establish, or that modify, an endowment (other than the Permanent University Fund), a fund functioning as an endowment, or a life income or annuity fund shall be accepted and processed by the Office of Development and External Relations and, after acceptance and processing, shall be delivered to the appropriate office for management.

1.3 All assets received by the Board through a bequest, a distribution from an account held in trust by others, or for the establishment or modification of any planned gift shall be accepted and processed by the Office of Development and External Relations and, after acceptance and processing, shall be delivered to the appropriate office for management. This Subsection and Subsection 1.2 shall not apply to additions to an existing endowment, a fund functioning as an endowment, or a life income or annuity fund if the addition does not change or modify the endowment or fund. Such additional gifts shall be accepted and processed by the chief administrative officer, or designee specified in writing.

d. Part Two, Chapter IX (Matters Relating to Investments, Trusts, and Lands), Section 6, Subsection 6.8, relating to gifts and bequests, was amended to read as set forth below:

6.8 Gifts and Bequests.--The Office of Development and External Relations or the chief administrative officer, as appropriate, shall coordinate the acceptance, receipt, and processing of all gifts or bequests of real estate with the System Real Estate Office and upon completion of such processing transfer same to the System Real Estate Office for management.

e. Part Two, Chapter XI (Contract Administration), Section 3, Subsections 3.1 and 3.2, relating to legal matters, were amended to read as follows:

3.1 Contracts for Legal Services.--The Board delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board contracts for legal services and such other services as may be necessary or desirable in connection with the settlement or litigation of a dispute or claim after obtaining approvals as may be required by law.

3.2 Settlement of Disputes.--Except as provided in Subsection 3.3 of this Section, the Board delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board agreements settling any claim, dispute, or litigation subject to approval of System officials as set out below and compliance with all other legal requirements. The Vice Chancellor and General Counsel shall consult with the chief administrative officer and the appropriate Executive Vice Chancellor with regard to all significant settlements that will be paid out of institutional funds. The Vice Chancellor and General Counsel shall consult with the Office of Development and External Relations with respect to settlement of will contests and other matters relating to gifts and bequests administered by that Office.

<u>Amount</u>	<u>Additional Requirements</u>
\$150,000 or less	None
\$150,001 to \$300,000	Concurrence of the Chancellor or the appropriate Executive Vice Chancellor
\$300,001 to \$500,000	Concurrence of the Chairman of the Board

More than \$500,000

Concurrence of the Board of Regents, the Executive Committee, or the appropriate standing committee of the Board

The amount of the settlement shall mean the amount claimed by U. T. System but not received pursuant to the settlement or, in the case of a claim against U. T. System, the total settlement amount to be paid by U. T. System.

These amendments further implement actions taken by the U. T. Board of Regents at the May 1996 meeting where it was agreed in principle that the authority to execute a variety of contracts and agreements would be delegated to The University of Texas System Administration or component officials within specific guidelines, conditions, and restrictions. The authority to execute contracts and agreements was broadly implemented initially by actions taken by the U. T. Board of Regents at a special called meeting on August 29, 1996.

This overall initiative provides an efficient method for the U. T. Board of Regents to delegate certain contracting authority as authorized by Section 65.31(g) of the Texas Education Code.

The foregoing amendments contain substantive and editorial corrections as summarized below:

- a. Regents' Rules and Regulations, Part Two, Chapter I (General) -- Clarifies authority of the chief administrative officers to accept any gift in the amount of \$500,000 or less that is not a planned gift or bequest and does not establish or modify an endowment, a fund functioning as an endowment, or a life income or annuity fund.
- b. Regents' Rules and Regulations, Part Two, Chapter VIII (Physical Plant Improvements) -- Clarifies that the Chancellor may, in addition to reallocating funds among approved construction projects, approve other sources of funding for construction costs that exceed the Total Project Cost approved by the Board by up to ten percent.
- c. Regents' Rules and Regulations, Part Two, Chapter IX (Matters Relating to Investments, Trusts, and Lands) -- Clarifies that additions to planned gifts and gifts of real estate valued at \$500,000 or less that are not given to establish or modify an endowment or other planned gift shall be accepted and processed by the chief administrative officer.
- d. Regents' Rules and Regulations, Part Two, Chapter XI (Contract Administration) -- Clarifies the authority of the Vice Chancellor and General Counsel to execute contracts for services that are necessary or desirable in connection with the settlement or litigation of claims and disputes.

EXCERPT FROM THE MINUTES

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Nov 14 1996

U. T. Board of Regents - Regents' Rules and Regulations: Amendments to Part One, Chapter I (Board of Regents), and Part Two, Chapter VIII (Physical Plant Improvements), Chapter XI (Contract Administration), and Chapter XIII (Contracts and Grants for Sponsored Research) to Comply with Previous Board Actions Relating to the Delegation of Selected Contract Approval Authority to Designated U. T. System Administration and Component Officials. --The Board, upon recommendation of The University of Texas System Process Review Committee and the Business Affairs and Audit Committee, amended the Regents' Rules and Regulations, Parts One and Two as set forth below to further implement actions approved by the Board at the May 1996 and August 29, 1996 meetings regarding delegation of selected contract approval authority to designated U. T. System Administration and component officials:

a. Part One, Chapter I (Board of Regents), Section 9, Subsection 9.2, Subdivisions 9.22 and 9.23, relating to contracting authority, were amended to read as set forth below:

9.22 All contracts or agreements, including purchase orders and vouchers, with a cost or value of more than \$500,000 must be approved by the Executive Committee of the Board or approved by the Board via the docket or the agenda except the following, which do not require prior approval or ratification by the Executive Committee or the Board regardless of the contract amount:

- 9.221 Contracts, agreements, and documents relating to construction projects previously approved by the Board in the Capital Improvement Program and Capital Budget.
- 9.222 Contracts or grant proposals for sponsored research, including institutional support grants, that do not include a license for or conveyance of intellectual property owned or controlled by the Board.
- 9.223 Contracts or agreements for the purchase of replacement equipment.
- 9.224 Contracts or agreements for the purchase of routinely purchased supplies.
- 9.225 Purchases made under a group purchasing program.
- 9.226 Purchases of new equipment identified specifically in the institutional budget approved by the Board.

9.23 All contracts for consulting services for more than \$250,000 must be approved by the Executive Committee of the Board or approved by the Board via the docket or the agenda.

- b. Part One, Chapter I, Section 9, Subsection 9.2 was amended by adding Subdivision 9.29, relating to contracts or agreements with foreign entities, as follows:

9.29 All contracts and agreements of any kind or nature with a foreign government or agency thereof and all contracts and agreements for sponsored research with a corporation or other entity organized and operating under the laws of a foreign state must be approved by the Board via the docket or the agenda.

- c. Part Two, Chapter VIII (Physical Plant Improvements), Section 2, Subsection 2.2, Subdivision 2.23, relating to contracts for the services of a project architect or engineer for major projects, was amended to read as set forth below:

2.23 The Chancellor, on behalf of the Board, will utilize the services of a project architect or engineer for each Major Project or portion thereof as may be desirable or required by law. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

- d. Part Two, Chapter VIII, Section 3, Subsection 3.3, relating to contracts for professional services in connection with minor projects, was amended to read as follows:

3.3 Professional Services.--Subject to the provisions of Part One, Chapter I, Section 9 of these Rules and Regulations, each chief administrative officer is authorized to execute and deliver on behalf of the Board contracts and agreements with architects, engineers, and other professional service providers for Minor Projects previously approved in accordance with this Chapter. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

e. Part Two, Chapter XI (Contract Administration), Section 2, Subsection 2.1, relating to delegation of contracting authority for small purchases, was amended to read as set forth below:

2.1 Small Purchase Programs.--The Board delegates to each chief administrative officer authority to implement, manage, and oversee a small purchase program to allow purchases of routine supplies, services, and equipment to be made by specified employees. A small purchase program shall not permit any purchase for more than \$5,000. The small purchase program shall provide appropriate oversight and include all procedures necessary to assure compliance with these Rules and Regulations and applicable laws.

f. Part Two, Chapter XI, Section 3, Subsection 3.2, relating to authority to settle claims and disputes, was amended as set forth below:

3.2 Settlement of Disputes.--Except as provided in Subsection 3.3 of this Section, the Board delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board agreements for legal services with outside counsel and agreements settling any claim, dispute, or litigation with a third party in the following amounts. The Vice Chancellor and General Counsel shall consult with the chief administrative officer and the appropriate Executive Vice Chancellor with regard to all significant settlements that will be paid out of institutional funds. The Vice Chancellor and General Counsel shall consult with the Office of Development and External Relations with respect to settlement of will contests and other matters relating to gifts and bequests administered by that Office.

<u>Amount</u>	<u>Additional Requirements</u>
\$150,000 or less	None
\$150,001 to \$300,000	Concurrence of the Chancellor or the appropriate Executive Vice Chancellor
\$300,001 to \$500,000	Concurrence of the Chairman of the Board
More than \$500,000	Concurrence of the Board of Regents, the Executive Committee, or the appropriate standing committee of the Board

- g. Part Two, Chapter XI, Section 3 was amended by adding Subsection 3.3, regarding authority to settle claims and disputes relating to construction contracts, as follows:

3.3 Settlement of Claims and Disputes Relating to Construction Projects.--The Board delegates authority to execute all documents necessary or desirable to settle claims and disputes relating to construction projects to the System or component official designated in the construction contract to the extent funding for the project has been authorized in accordance with the provisions of Part Two, Chapter VIII of these Rules and Regulations.

- h. Part Two, Chapter XIII (Contracts and Grants for Sponsored Research), Section 1, relating to delegation of contracting authority with respect to sponsored research and grant proposals, was amended to read as follows:

Sec. 1. Delegation of Authority.--Subject to the general provisions of Part One, Chapter I, Section 9, the Board delegates to each chief administrative officer authority to

execute and deliver on behalf of the Board contracts or grant proposals for sponsored research, other than agreements that grant to a third party an interest in intellectual property owned or controlled by the Board, which agreements must be processed as required by Part Two, Chapter XII, Subsection 9.1 of these Rules and Regulations. Funds shall not be encumbered or expended prior to execution of the contract or grant by the chief administrative officer. The chief administrative officer may require that the chief business officer or delegate approve the business aspects of contracts or grant proposals for sponsored research prior to execution.

- i. Part Two, Chapter XIII, Section 1, present Subsections 1.1 and 1.2, relating to intellectual property and foreign contracts, were deleted in their entirety.

The foregoing amendments contain substantive and minor editorial corrections for the record as summarized below:

- a. Regents' Rules and Regulations, Part One, Chapter I (Board of Regents) -- Clarifies the kinds of contracts and agreements that are not subject to the \$500,000 general limitation on delegated authority, specifies that contracts or grant proposals for sponsored research that do not include a license or grant of intellectual property are not subject to the \$500,000 general limitation on delegated authority, and clarifies that all contracts and agreements with foreign governments or entities must be approved by the Board via the docket or the agenda.
- b. Regents' Rules and Regulations, Part Two, Chapter VIII (Physical Plant Improvements) -- Clarifies that contracts for professional services in connection with construction projects must be on a standard form approved by the Office of General Counsel and conform to guidelines issued by the Office of General Counsel.

- c. Regents' Rules and Regulations, Part Two, Chapter XI (Contract Administration) -- Delegates authority to each chief administrative officer to implement, manage, and oversee a small purchase program to allow purchases of routine supplies, services, and equipment up to \$5,000 to be made by specified employees, deletes the requirement that foreign contracts be approved by the Board, which requirement is now found in the general provisions relating to delegation of contracting authority in Part One, Chapter I, Section 9 of the Regents' Rules and Regulations, and specifies that authority to settle claims and disputes relating to construction projects will be as provided in the construction contract. The authority to implement a small purchase program is in addition to the general authority to execute and deliver contracts subject to the limitations of Part One, Chapter I, Section 9 of the Regents' Rules and Regulations.
- d. Regents' Rules and Regulations, Part Two, Chapter XIII (Contracts and Grants for Sponsored Research) -- Clarifies delegation of authority to execute certain sponsored research agreements and grant proposals and deletes the requirement that foreign contracts be approved by the Board, which requirement is now found in the general provisions relating to delegation of contracting authority in Part One, Chapter I, Section 9 of the Regents' Rules and Regulations.