

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Date: **Wednesday, August 8, 2001**

Time: **9:30 a.m.**
Place: Shamrock Room, 1st Floor, Arlington Hilton Hotel, Arlington,
Texas
Purpose: Meeting of the Finance and Planning Committee

See Page 5, Item A

Time: **11:30 a.m.**
Place: Fleetwood Room, 2nd Floor, Arlington Hilton Hotel,
Purpose: Convene in Open Session to Recess to Executive Session

See Pages 5 - 6, Items B - C

Time: **1:00 p.m.**
Place: Shamrock Room, 1st Floor, Arlington Hilton Hotel
Purpose: Reconvene in Open Session to Consider Action on Executive
Session Item(s) and to Discuss Proposed FY 2002 Operating
Budget and FY 2002-2007 Capital Improvement Program

See Pages 6 - 7, Items D - E

Time: **3:00 p.m.**
Place: Shamrock Room, 1st Floor, Arlington Hilton Hotel
Purpose: Recess to Executive Session, Reconvene in Open Session to
Recess

See Page 7, Items F - G

Date: **Thursday, August 9, 2001**

Time: **8:30 a.m.**
Place: Bluebonnet Ballroom South, E.H. Hereford University Center,
U. T. Arlington
Purpose: Reconvene in Open Session to Continue Until Completion of
Business

See Pages 8 - 134, Items H - O

Telephone Numbers

E.H. Hereford University Center, U. T. Arlington
Arlington Hilton Hotel, 2401 East Lamar Boulevard

(817) 272-5372
(817) 640-3322

MEETING OF THE BOARD

Date: **Wednesday, August 8, 2001**

Time: 9:30 a.m.

Place: Shamrock Room, 1st Floor, Arlington Hilton Hotel
(for Open Session and 3:00 p.m. Executive Session)
Fleetwood Room, 2nd Floor, Arlington Hilton Hotel
(11:30 a.m. Executive Session)

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RECESS TO EXECUTIVE SESSION

1. U. T. System: Authorization to Purchase Lots 1 and 2 and the West 59 Feet of Lot 3, Block 082, of the Original City of Austin, to Remodel the Improvements Located Thereon and to Construct an Additional Floor of Parking on the U. T. System Administration Complex West Parking Garage 5
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RECONVENE IN OPEN SESSION TO RECESS

MEETING OF THE BOARD

Date: **Thursday, August 9, 2001**

Time: 8:30 a.m.

Place: Bluebonnet Ballroom South, E.H. Hereford University Center, U. T. Arlington, Arlington, Texas

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AGENDA FOR MEETING
OF
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Date: **Wednesday, August 8, 2001**

Time: 9:30 a.m.

Place: Shamrock Room, 1st Floor, Arlington Hilton Hotel, Arlington, Texas

A. MEETING OF THE FINANCE AND PLANNING COMMITTEE

Discussion of Uses of State Excellence Funds

* * * * *

Date: **Wednesday, August 8, 2001**

Time: 11:30 a.m.

Place: Fleetwood Room, 2nd Floor, Arlington Hilton Hotel, Arlington, Texas

B. CALL TO ORDER

C. RECESS TO EXECUTIVE SESSION (TEXAS GOVERNMENT CODE
CHAPTER 551) PER THE AGENDA ON PAGES 1a

1. Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property - Section 551.072

U. T. System: Authorization to Purchase Lots 1 and 2 and the West 59 Feet of Lot 3, Block 082, of the Original City of Austin, Travis County, Texas, to Remodel the Improvements Located Thereon and to Construct an Additional Floor of Parking on the U. T. System Administration Complex West Parking Garage; Authorization to Take All Necessary Actions Required to Carry out These Functions; and Authorization to Execute All Documents Related Thereto According to the Parameters Outlined in Executive Session

2. Consultation with Attorney Regarding Legal Issues - Section 551.071

U. T. System: Legal Issues

3. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074

U. T. System: Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees

* * * * *

Date: **Wednesday, August 8, 2001**

Time: 1:00 p.m.

Place: Shamrock Room, 1st Floor, Arlington Hilton Hotel, Arlington, Texas

D. CONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEM(S) (ITEM C ABOVE)

E. DISCUSS PROPOSED FY 2002 OPERATING BUDGET AND FY 2002-2007 CAPITAL IMPROVEMENT PROGRAM

1. U. T. System: Recommended Approval of Non-Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 2002, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein; and Approval of Permanent University Fund Bond Proceeds Reserve Allocation for Library, Equipment, Repair and Rehabilitation Projects

(Included in the Finance and Planning Committee Agenda on Page 42.)

2. U. T. System: Recommendation to Adopt the Six-Year Capital Improvement Program (CIP) for Fiscal Year 2002 Through Fiscal Year 2007; Approve the Capital Budget for Fiscal Years 2002 and 2003; Approve Redesignation of Previously Approved Projects in the CIP; Reduce Previously Appropriated Funds for Repair and Rehabilitation Projects Deleted or Decreased in Scope; Appropriate Additional Funds for Previously Approved Projects with Increased Total Project Costs; Appropriate Funds for New Repair and Rehabilitation Projects Initiated in the Capital Budget; and Approve the Use of Revenue Financing System Parity Debt for Repair and Rehabilitation Projects Initiated in the Capital Budget for Which Revenue Financing System Bonds are Identified as a Funding Source, Receipt of Parity Debt Certificate from the U. T. System Representative, and Determine that the Component Institutions for Whom the Parity Debt is being Requested Possess the Financial Capacity to Satisfy their Respective Debt Obligation

(Included in the Finance and Planning Committee Agenda on Page 46.)

F. RECESS TO EXECUTIVE SESSION (TEXAS GOVERNMENT CODE CHAPTER 551) PER THE AGENDA ON PAGE 1b

Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074

- a. U. T. System: Consideration of Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 2002, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein
- b. U. T. System: Personnel Matters Relating to Evaluation of Presidents and U. T. System Executive Officers

G. RECONVENE IN OPEN SESSION TO RECESS

AGENDA FOR MEETING
OF
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Date: **Thursday, August 9, 2001**

Time: 8:30 a.m.

Place: Bluebonnet Ballroom South, E.H. Hereford University Center, U. T.
Arlington, Arlington, Texas

H. RECONVENE IN OPEN SESSION

I. APPROVAL OF MINUTES OF REGULAR MEETING HELD MAY 9-10, 2001,
AND SPECIAL MEETINGS HELD JUNE 27 AND JULY 10, 2001

J. SPECIAL ITEMS

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and
Regulations, Part One, Chapter I, Section 7, Subsection 7.2 (Board for Lease
of University Lands)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part One, Chapter I, Section 7, Subsection 7.2, regarding the Board for Lease of University Lands, be amended as set forth in congressional style on Page 9.

Sec. 7. Committees and Other Appointments.

...

7.2 Board for Lease of University Lands.--At the first available opportunity following February 1 of each odd-numbered year, two qualified members of the Board, as specified in Section 66.62, Texas Education Code, shall be selected by the Board, upon recommendation of the Chairman of the Board, to serve on the Board for Lease of University Lands. In the event a Board member appointed to the Board for Lease of University Lands is unable to attend a regular meeting of the Board for Lease of University Lands, the Chairman may appoint, as a substitute, a qualified member of the Board to attend the meeting. The Office of Business Affairs, on behalf of the Board of Regents, will assign employees of The University of Texas System to assist the Board for Lease of University Lands in the performance of its duties and responsibilities and will consult with the Chancellor and the Office of General Counsel as necessary and appropriate. The Executive Vice Chancellor for Business Affairs [~~Secretary of the Board for Lease of University Lands~~] shall report significant [~~the~~] activities of the Board for Lease of University Lands to the Board, as appropriate [~~at each of the Board's regularly scheduled meetings~~].

BACKGROUND INFORMATION

The proposed amendments to Part One, Chapter I, Section 7, Subsection 7.2 add a provision to the Regents' Rules to allow for the appointment of a qualified Board member to substitute at a regularly scheduled meeting of the Board for Lease of University Lands, if an appointed member is unable to attend. State law related to the Board for Lease of University Lands allows the appointment of a substitute under these circumstances.

The proposed amendments also update the duties of the Executive Vice Chancellor for Business Affairs to include reporting significant activities of the Board for Lease of University Lands to the Board and deletes the provision requiring a report at each of the Board's regularly scheduled meetings even if there has not been any activity by the Board for Lease of University Lands.

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter II, Sections 5 (Executive Vice Chancellor for Business Affairs) and 6 (Executive Vice Chancellor for Academic Affairs); Chapter III, Section 38 (Employee Advisory Council); Chapter IV, Section 3 (Faculty Advisory Council); and Chapter VI, Section 1, Subsection 1.6 (Student Advisory Council)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part One, Chapter II, Sections 5 and 6 regarding the Executive Vice Chancellor for Business Affairs and the Executive Vice Chancellor for Academic Affairs; Chapter III, Section 38 regarding the Employee Advisory Council; Chapter IV, Section 3 regarding the Faculty Advisory Council; and Chapter VI, Section 1, Subsection 1.6 regarding the Student Advisory Council be amended as set forth below in congressional style:

- a. Amend Chapter II, Section 5 regarding the duties and responsibilities of the Executive Vice Chancellor for Business Affairs as follows:

Sec. 5. Executive Vice Chancellor for Business Affairs.

...

5.2(23) Serving as System liaison to the U. T. System Employee Advisory Council.

5.2(24) Performing such other duties as may be assigned by the Chancellor.

- b. Amend Chapter II, Section 6 regarding the duties and responsibilities of the Executive Vice Chancellor for Academic Affairs as follows:

Sec. 6. Executive Vice Chancellor for Academic Affairs.

...

6.28 Serving as System liaison to the U. T. System Faculty Advisory Council and the Student Advisory Council.

6.29 Performing such other duties as may be assigned by the Chancellor.

- c. Amend Chapter III, Section 38 regarding the Employee Advisory Council as follows:

Sec. 38. Employee Advisory Council.--At the discretion of the Chairman of the Board of Regents and the Chancellor, a staff employee advisory council representing component institutions in the U. T. System may be formed to facilitate the flow of ideas and information between and among the Board of Regents, the System Administration, and the component institutions. The Executive Vice Chancellor for Business Affairs will serve as System liaison to the Council. The Chairman and Chancellor will promulgate guidelines for the selection of employee advisory council representatives. Representatives of the employee advisory council may from time to time address the Board at meetings of the Board and may recommend action to the Board through the Chancellor. At least once each year, a meeting will be arranged between the employee advisory council executive committee and the Board.

- d. Amend Chapter IV, Section 3 regarding the Faculty Advisory Council as follows:

Sec. 3. Faculty Advisory Council.--At the discretion of the Chairman of the Board of Regents and the Chancellor, a faculty advisory council representing component institutions in the U. T. System may be formed to facilitate the flow of ideas and information between and among the Board of Regents, the System Administration, and the component institutions. The Executive Vice Chancellor for Academic Affairs will serve as System liaison to the Council. The Chairman and Chancellor will promulgate guidelines for the selection of faculty advisory council representatives. Representatives of the faculty advisory council may from time to time address the Board at meetings of the Board and may recommend action to the Board through the Chancellor. At least once each year, a meeting will be arranged between the faculty advisory council executive committee and the Board.

- e. Amend Chapter VI, Section 1, Subsection 1.6 regarding the Student Advisory Council as follows:

1.6 Student Advisory Council.--At the discretion of the Chairman of the Board of Regents and the Chancellor, a student advisory council representing component institutions in the U. T. System may be formed to facilitate the flow of ideas and information between and among the Board of Regents, the System

Administration, and the component institutions. The Executive Vice Chancellor for Academic Affairs will serve as System liaison to the Council. The Chairman and Chancellor will promulgate guidelines for the selection of student advisory council representatives. Representatives of the student advisory council may from time to time address the Board at meetings of the Board and may recommend action to the Board through the Chancellor. At least once each year, a meeting will be arranged between the student advisory council executive committee and the Board.

BACKGROUND INFORMATION

The proposed amendment to the Regents' Rules and Regulations, Part One, Chapter II, Section 5 will update the duties of the Executive Vice Chancellor for Business Affairs to include the assignment to serve as System liaison to the U. T. System Employee Advisory Council, established by the U. T. Board of Regents on August 10, 2000.

The amendment proposed to Chapter II, Section 6 adds parallel language to update the duties of the Executive Vice Chancellor for Academic Affairs to serve as System liaison to the Faculty and Student Advisory Councils.

Amendments proposed to Chapters III, IV, and VI will add these liaison assignments to the Employee, Faculty, and Student Advisory Councils, respectively.

3. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter II, Section 17, Subsection 17.4 (Honorary Titles) and Addition of New Section 19 (Honorary Degrees)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel, that the Regents' Rules and Regulations, Part One, Chapter II be amended as set forth on Page 13.

- a. Renumber Section 17, Subsection 17.4 regarding honorary emeritus titles for administrators as Section 18.
- b. Add a new Section 19 regarding honorary degrees as set forth below in congressional style:

Sec. 19. Honorary Degrees.

In accordance with long-standing Board tradition, honorary degrees may be awarded only to a sitting President of the United States. Award of an honorary degree is to be reported to the Board at the next regular meeting of the Board.

BACKGROUND INFORMATION

The proposed treatment of Section 18 as a separate provision is more consistent with the current format of the Regents' Rules and Regulations.

With the exception of honorary degrees awarded shortly after U. T. Austin was opened in 1883 and degrees awarded in 1923 to former University President Robert E. Vinson and in 1935 to John Nance Garner, then Vice President of the United States, the Board of Regents has only awarded an honorary degree to a sitting President of the United States or the President's spouse. Degrees were awarded to President Lyndon B. Johnson and Mrs. Lyndon B. Johnson in 1964 and to President George Herbert Walker Bush in 1990.

Proposed inclusion of this policy on the award of honorary degrees as Part One, Chapter II, Section 19 of the Regents' Rules and Regulations is in response to numerous requests from U. T. System component institutions for clarification of the long-standing policy and ready access to a written policy.

4. U. T. Board of Regents: Proposed Amendments to Regents' Rules and Regulations, Part One, Chapter III, Section 1 (Appointments) and Section 6 (Tenure, Promotion, and Termination of Employment)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part One, Chapter III, Sections 1 and 6 relating to appointments, reappointment, and nonrenewal of faculty be amended as set forth below in congressional style:

Sec. 1. Appointments.

...

- 1.6 Appointment of Faculty.-- All persons employed by a component institution as a member of the faculty shall be given one of the titles specified in Subsection 1.8 of this Chapter. Section 51.943, Texas Education Code, states that faculty members who are to be reappointed shall be offered a written contract at least thirty (30) days prior to the beginning of the academic year. It is important that the content of such contracts appropriately reflect the rights of the component institution and the faculty. Therefore, consistent with statements in prior communications from the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Health Affairs to the presidents of the component institutions, the terms and conditions of employment of all faculty members shall be embodied in a Memorandum of Appointment in the format and with the content specified in the standard forms found on the System Web site under the section for the Office of General Counsel of the System [There shall be full compliance with statutory provisions requiring notification to employees].

1.7 Reappointment of Faculty.

- 1.71 Tenured faculty and nontenured faculty who are to be reappointed shall be provided a Memorandum of Appointment at least thirty (30) days prior to the beginning of the academic year [~~Each component institution may require x-rays of the chest for applicants to be employed in regular positions. Employees whose duties will require the handling of food or the care of patients must pass a physical examination indicating fitness for the position for which application is made. The examination may be made at the health service of the component institution at which the applicant will be employed, if such service exists. Reports of physical examinations shall be filed as determined by the chief administrative officer.~~].
- 1.72 If a component institution is unable to offer a Memorandum of Appointment to a tenured faculty member or to a nontenured faculty member who is to be reappointed at least thirty (30) days prior to the beginning of the next academic year, written notification shall be given within such time stating the reason(s) for the inability and specifying the date that a Memorandum of Appointment will be offered.
- 1.73 If within sixty (60) days after the beginning of an academic year a Memorandum of Appointment has not been offered to a tenured faculty member or to a nontenured faculty member who is to be reappointed, the faculty member must be retained for that academic year on terms that are at least as favorable as the terms for the prior academic year unless the component institution and the faculty member agree upon different terms that are stated in a Memorandum of Appointment.
- 1.74 If a nontenured faculty member, other than a faculty member appointed to a title provided for in Subdivision 1.83 of this Chapter, is not to be reappointed or is to receive a terminal year of appointment, notice shall be given the faculty member in accordance with Subdivision 6.23, Subsection 6.7, or Subsection 6.8 of this Chapter, as appropriate.

...

1.83 The following academic titles may also be used by the [within University of Texas System] component institutions. Tenure cannot be awarded to a person appointed to these titles [ranks] and, with the exception of the titles [ranks] of Instructor and Technical Instructor, academic service with [within] these titles [ranks] cannot be counted toward the satisfaction of any maximum [required] probationary period. Appointments to these titles shall be for a period of time not to exceed one academic year except in the case of Lecturer or Senior Lecturer when, in individual cases, appointment may be for periods of time not to exceed three academic years. In individual cases, as determined by a component institution, full-time appointment to a clinical or research position with a title authorized by Subdivision 1.83(i) or Subdivision 1.83(j) may be for periods of time not to exceed three academic years. With the exception of the titles of Instructor and Technical Instructor, such appointments shall terminate at the expiration of the stated period of appointment without ~~[the]~~ notification of nonrenewal ~~[required by Subsection 6.7 of this Chapter]~~. If a component institution determines that it is to the benefit of the institution, it may offer reappointments to these titles in accordance with Subsection 1.7 of this Chapter.

...

1.84 (b) Adjunct Professor, Adjunct Associate Professor, and Adjunct Assistant Professor. One of these titles may be used when a qualified person from business, industry, government, private practice, or another institution of higher education may be teaching a course or participating in the teaching of a course at one of the component institutions. Except in special circumstances, this prefix should be used to designate part-time service on the faculty. In the health components, this prefix should be used only for those persons not involved in patient care who otherwise satisfy the above criteria. Appointments to the faculty with an adjunct title may be with or without pay and shall be for a stated period of time not to exceed one academic year. Such appointments shall terminate upon expiration of the stated period of appointment without ~~[the]~~ notification of

nonrenewal ~~[required by Section 6.7 of this Chapter of the Regents' Rules and Regulations]~~. If a component determines that it is to the benefit of the institution, it may offer reappointment to an adjunct faculty member in accordance with Subsection 1.7 of this Chapter.

- (c) Clinical Professor, Clinical Associate Professor, Clinical Assistant Professor and Clinical Instructor. These titles may be used by the components to designate regular part-time service on the faculty while involved in a health professions clinical experience program. Appointments to the faculty with a clinical title may be with or without pay and shall be for a period of time not to exceed one academic year. Such appointments shall terminate upon expiration of the stated period of appointment without ~~[the]~~ notification of nonrenewal ~~[required by Section 6.7 of this Chapter of the Regents' Rules and Regulations]~~. If a component determines that it is to the benefit of the institution, it may offer reappointment to a clinical faculty member in accordance with Subsection 1.7 of this Chapter.

...

Sec. 6. Tenure, Promotion, and Termination of Employment.

...

- 6.23 The maximum period of probationary faculty service in nontenured status with [in] any academic title [rank] or combination of academic titles [ranks] specified in Subdivision 6.21 shall not be more than seven years of full-time academic service at the general academic institutions of the System and not more than nine years of full-time academic service at the health-related institutions of the System. In the event that a component institution fails to specify the maximum length of probationary service in its Handbook of Operating Procedures, such period shall be seven years at the general academic institutions of the System and nine years at the health-related institutions of the System. No later than thirty (30) days prior to the beginning [August 31st] of the penultimate academic year of the maximum probationary period in effect at any component

institution, all nontenured faculty appointed to [serving in] a title that [rank which] accrues time toward satisfaction of a probationary period shall be given notice that the subsequent academic year will be the terminal year of employment or that, subject to the approval of the Board, beginning with the subsequent academic year tenure or a seven-year term appointment will be granted. A Memorandum of Appointment shall be provided to such faculty member in accordance with Subsection 1.7 of this Chapter.

...

- 6.7 In the event of decision not to reappoint a nontenured faculty member in an academic rank specified in Subdivision 6.21, written notice will be given him or her not later than March 1st of the first academic year of probationary service if the appointment expires at the end of that academic year, or not later than December 15th of the second academic year of probationary service if the appointment expires at the end of that academic year. After two or more academic years written notice shall be given not later than thirty (30) days prior to the end of the then current academic year [August 31st] that the subsequent year will be the terminal academic year of appointment and a Memorandum of Appointment shall be provided to such faculty member in accordance with Subsection 1.7 of this Chapter. The notice required by this Subsection is not applicable where termination of employment is for good cause under Subsection 6.3 above.
- 6.8 A faculty member serving a seven-year term appointment shall be given notice not later than thirty (30) days prior to the end [August 31st] of the sixth academic year of such appointment period that the subsequent academic year will be the terminal year of employment or that, subject to the approval of the Board, at the conclusion of the subsequent academic year he or she will be reappointed to a seven-year term appointment. A Memorandum of Appointment shall be provided to such faculty member in accordance with Subsection 1.7 of this Chapter.

BACKGROUND INFORMATION

These amendments to the Regents' Rules and Regulations, Part One, Chapter III, Sections 1 and 6 as set forth above are recommended to conform to Section 51.943, Texas Education Code enacted by the 77th Texas Legislature.

5. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1 (Naming of Facilities and Other Entities) and Part Two, Chapter VIII, Section 1 (Capital Improvement Program)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part One, Chapter VIII, regarding naming of facilities and other entities, and Part Two, Chapter VIII, regarding the Capital Improvement Program, be amended as set forth below in congressional style:

- a. Amend Part One, Chapter VIII, Section 1 to add new Subsection 1.6 relating to non-honorific redesignation of projects as follows:

Sec. 1. Naming of Facilities and Other Entities.

...

1.6 Non-honorific Redesignation.--Non-honorific renaming and redesignation of projects in the Capital Improvement Program (CIP) shall be reviewed and approved by the Chancellor or the Chancellor's delegate. Such approved redesignations will be included in the amended CIP.

- b. Renumber Part Two, Chapter VIII, Section 1, Subsection 1.2, Subdivision 1.23 as Subsection 1.3 and add language regarding the 3% rule for expenditures prior to design development approval and institutional management as follows:

Sec. 1. Capital Improvement Program.

...

1.3~~1-23~~ Adoption of the CIP provides authority for the U. T. System Administration and the institutional administration to expend institutional funds up to 3% of the anticipated preliminary project cost to develop the formal Facility Program document, select the project architect, and develop preliminary project plans. These funds will be provided by the component institution

initially but may be reimbursed to the component institution from applicable bond proceeds after design development approval and appropriation of project funds by the Board.

1.31 For projects identified and designated as feasibility and planning phases of design, the U. T. System Administration and the institutional administration may expend institutional funds not to exceed the full preliminary project cost. These funds will be provided by the component institution initially but may be reimbursed from applicable bond proceeds after design development approval and appropriation of project funds by the Board.

1.32 Requests to expend funds in excess of the amount equal to the 3% but not more than 10% of the anticipated preliminary project shall be reviewed and approved by the Chancellor.

1.4 Institutional Management of Major Projects.--Adoption of the CIP includes authorization of institutional management of Major Projects so designated in the CIP. "Off-cycle" requests for institutional management shall be reviewed and approved by the Chancellor or Chancellor's delegate. Projects approved for institutional management will be included in the amended CIP.

1.5[1-3] Capital Budget.--The CIP will include the Capital Budget, a two-year detailed expenditure allocation of source(s) of funds.

1.51[1-34] Approval of the Capital Budget authorizes and appropriates funding amounts and sources for identified major repair and rehabilitation projects that are not architecturally or historically significant. Authorization of these projects and appropriation of these funds allows these projects to be presented to the Chancellor for approval of design development plans, authorization for expenditure of funds, and execution of the projects by the administrative staff without returning to the Board for further approvals.

1.52~~[1.32]~~ The Board will approve the design development plans for all Major Projects other than repair and rehabilitation projects that are not architecturally or historically significant.

BACKGROUND INFORMATION

Several minor changes are proposed to the Regents' Rules and Regulations to address more clearly the needs of the institutions with regard to the Capital Improvement Program (CIP), early project expenditures, and renaming of projects.

The proposed amendment to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, relating to naming of facilities and other entities, adds language to allow review and approval of minor, non-honorific name changes to projects in the CIP for clarification of scope that do not affect the overall project intent by the Chancellor or Chancellor's delegate.

The amendment to Subdivision 1.31 of Subsection 1.3, Section 1, Chapter VIII, Part Two allows the 3% cap on expenditures prior to design development approval to be waived if the project is clearly defined and designated as a feasibility and planning project. In many cases these projects are used to evaluate existing conditions to determine the best definition of scope for a larger, future CIP project. The proposed new Subdivision 1.32 would also allow the Chancellor to approve expenditures above 3% of the preliminary project cost, but not to exceed 10%. In many cases, especially projects that have some renovation work with new construction, the early consultant fees and investigations exceed 3%. This change would allow increases in the approved expenditures, but retain Board approval of changes greater than 10%.

Subsection 1.4 proposes authorization of institutional management of certain Major Projects as designated in the CIP. In some cases, the institution may request management of Major Projects due to the nature of the construction, which would warrant closer coordination of the work in association with campus activities.

6. U. T. Board of Regents: Proposed Amendment to the Regents' Rules and Regulations, Part One, Chapter VIII to Add New Section 5 (Charter School Operations) and Chapter I, Section 9, to Add a New Subsection 9.5 (Delegation of Authority Related to Charter School Operations)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part One be amended as set forth below in congressional style:

- a. Add a new Section 5 related to charter school operations to Chapter VIII as follows:

Sec. 5. Charter School Operations.--Upon a finding by the Chancellor and the Executive Vice Chancellor for Academic Affairs that a proposed application for a charter to operate an open enrollment charter school as authorized by Texas Education Code Section 12.101 meets requirements of State law and furthers the institutional mission, an institution may apply to the State Board of Education to operate a charter school. Charter school operations will adhere to all applicable provisions of State law including the Texas Public Information Act.

The oversight and supervision of the charter school is delegated to the institutional president, with a report to the Board each year, detailing activities and performance of the charter school.

An advisory council shall be appointed by the president to advise him or her on operation of the charter school. The advisory council will comply with all provisions of the Texas Open Meetings Act applicable to the Board of Regents.

- b. Add a new Subsection 9.5 to Chapter I, Section 9 related to delegation of authority with regard to charter school operations as follows and renumber current Subsection 9.5 as Subsection 9.6:

9.5 Delegation of Authority Related to Charter School Operations.-- Authority delegated by the Board in these Rules and Regulations includes actions related to the oversight and operation of an open enrollment charter school as authorized in Part One, Chapter VIII, Section 5 of these Rules and Regulations.

BACKGROUND INFORMATION

The proposed addition of Section 5 to the Regents' Rules and Regulations, Part One, Chapter VIII, delegates the approval of an application by a U. T. general academic institution to operate an open enrollment charter school to the Chancellor and Executive Vice Chancellor for Academic Affairs and delegates oversight and supervision of a charter school to the institutional president. U. T. Austin currently operates a charter school under approval received in 1998 from the State Board of Education.

The proposed new Subsection 9.5 to Part One, Chapter I of the Regents' Rules and Regulations further clarifies delegation for approved charter school operations.

7. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter XI (Contract Administration), Section 2, Subsection 2.3 and Addition of New Subsection 2.4

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part Two, Chapter XI, Section 2, Subsection 2.3 relating to contracts between or among System Administration and component institutions be amended and a new Subsection 2.4 relating to contracts with System Administration or between or among component institutions be added as set forth in congressional style on Page 24.

Sec. 2. Special Approval Processes.

...

- 2.3 Contracts Between or Among System Administration and Component Institutions [Components].--The Board delegates to the Executive Vice Chancellor for Business Affairs [component president] authority to execute ~~[and deliver]~~ on behalf of the Board contracts or agreements between or among System Administration and component institutions [components] for resources or services. Any such contract or agreement shall provide for the recovery of the cost of services and resources furnished.
- 2.4 Contracts with System Administration or Between or Among Component Institutions [Components].--The Board delegates to the component president authority to execute ~~[and deliver]~~ on behalf of the Board contracts or agreements with System Administration or between or among component institutions [components], for resources or services. Any such contract or agreement shall provide for the recovery of the cost of services and resources furnished.

BACKGROUND INFORMATION

The revision to Part Two, Chapter XI, Section 2, Subsection 2.3 of the Regents' Rules and Regulations and additional Subsection 2.4 is intended to adopt rules providing for delegated authority to the Executive Vice Chancellor for Business Affairs to execute contracts or agreements between or among System Administration and component institutions, and for the component president to execute contracts or agreements with System Administration or between or among component institutions. These provisions are in accordance with Section 51.928(b), Texas Education Code, which states:

A written contract or agreement for the furnishing of resources or services that is between institutions of higher education with a common governing board is not subject to the requirements of Chapter 771, Government Code, if the governing board has adopted rules providing for governing board review and approval of those contracts.

8. U. T. Board of Regents: Proposed Amendment to the Regents' Rules and Regulations, Part Two, Chapter XI, Section 3 (Legal Matters)

RECOMMENDATION

It is recommended that the Regents' Rules and Regulations, Part Two, Chapter XI, Section 3, relating to legal matters, be amended as set forth below in congressional style:

Sec. 3. Legal Matters.

...

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 component president 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 \$500,000 [\$300,000]	Concurrence of the Chancellor or the appropriate Executive Vice Chancellor
[\$300,001 to \$500,000]	Concurrence of the Chancellor and 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 that might be reasonably expected to be recoverable ~~[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.

.....

BACKGROUND INFORMATION

The proposed amendment to the Regents' Rules and Regulations, Part Two, Chapter XI, Section 3, Subsection 3.2 deletes, at Chairman Miller's request, the requirement that the Chairman of the Board concur in certain settlements valued up to \$500,000.

The change in settlement limits will impact primarily the settlement of medical liability claims which are currently reviewed by the head of the U. T. System Office of General Counsel's Medical Liability Section, the Vice Chancellor and General Counsel, the institutional president, the Executive Vice Chancellor for Health Affairs, and the Chancellor. The second change refines the definition of "settlement amount" related to claims by U. T. as the difference between the amount reasonably in controversy and the amount recommended to be paid.

The proposed changes have been reviewed by the U. T. System officials involved in the medical claims approval and claims settlement process.

9. U. T. System: Report of Summary of Gift Acceptance Conforming to Board Policy for March 1, 2001 Through May 31, 2001

REPORT

Mrs. Shirley Bird Perry, Vice Chancellor for Development and External Relations, will discuss the U. T. System Report of Summary of Gift Acceptance for the period March 1, 2001 through May 31, 2001, as set forth below:

<u># ALL</u> <u>ITEMS</u>	<u>COMPONENT INSTITUTION</u>	<u>TOTAL VALUE</u>
1	U. T. System Administration	\$ 50,000
3	U. T. Arlington	20,000
72	U. T. Austin	21,528,189
2	U. T. Brownsville	510,000
4	U. T. Dallas	31,535,515
3	U. T. El Paso	30,020
3	U. T. Pan American	25,000
2	U. T. Permian Basin	60,100
4	U. T. San Antonio	40,000
7	U. T. Tyler	50,000
6	U. T. Southwestern Medical Center - Dallas	942,000 *
6	U. T. Medical Branch - Galveston	1,810,000 *
7	U. T. Health Science Center - Houston	264,809 *
7	U. T. Health Science Center - San Antonio	54,050
7	U. T. M. D. Anderson Cancer Center	1,310,000
<u>1</u>	<u>U. T. Health Center - Tyler</u>	<u>1,830</u>
135	TOTAL	\$ 58,231,514

* Not included in total:

U. T. Southwestern Medical Center – Dallas: \$92,000 of Board-held matching funds;

U. T. Medical Branch – Galveston: \$500,000 transfer of endowment funds;

U. T. Health Science Center – Houston: \$12,024.50 transfer of endowment funds.

K. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND
COMMITTEE REPORTS TO THE BOARD

The Standing Committees of the Board of Regents of The University of Texas System will meet as set forth below to consider recommendations on those matters on the agenda for each Committee listed in the Material Supporting the Agenda. At the conclusion of each Standing Committee meeting, the report of that Committee will be formally presented to the Board for consideration and action.

Executive Committee: Chairman Miller
Vice-Chairman Clements, Vice-Chairman Riter, Vice-Chairman
Romero
MSA Page 29

Finance and Planning Committee: Chairman Hunt
Regent Krier, Regent Oxford, Regent Riter, Regent Romero
MSA Page 30

Academic Affairs Committee: Chairman Krier
Regent Hunt, Regent Oxford, Regent Romero
MSA Page 93

Health Affairs Committee: Chairman Oxford
Regent Clements, Regent Craven, Regent Sanchez
MSA Page 95

Facilities Planning and Construction Committee: Chairman Clements
Regent Craven, Regent Riter, Regent Sanchez
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