



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

**August 24-25, 2022
Austin, Texas**

Wednesday, August 24, 2022

Page

CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551 1:00 p.m.

1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074

U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members; and U. T. System and institutional employees

RECONVENE THE BOARD IN OPEN SESSION FOR POSSIBLE ACTION ON EXECUTIVE SESSION ITEM AND TO CONVENE COMMITTEE MEETINGS 1:30 p.m.

COMMITTEE MEETINGS 1:45 p.m. – 5:15 p.m.

RECESS 5:15 p.m.

Thursday, August 25, 2022

CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS 9:00 a.m.

STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD 9:05 a.m.

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| 1. U. T. System Board of Regents: Approval of Consent Agenda and consideration of any item referred to the full Board | 6 |
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| 3. U. T. System Board of Regents: Discussion and appropriate action regarding proposed appointment to the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO) | 8 |

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RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551

9:30 a.m.

1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074
 - a. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members; and U. T. System and institutional employees**
 - b. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (such as Chancellor, General Counsel to the Board, and Chief Audit Executive); U. T. System and institutional employees, and related personnel aspects of the operating budget for Fiscal Year 2023**
 - c. **U. T. System: Discussion and appropriate action concerning individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives**

Thursday, August 25, 2022 (cont.)

- d. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to assignment and duties of the Chancellor, including responsibilities associated with the admissions procedures set forth in Regents' *Rules and Regulations*, Rule 40303**
 - e. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding a proposed new hire with tenure and compensation for Tong Joo Gan, M.D., MBA, MHS, Division Head, Anesthesia/Critical Care/Pain Medicine, and Professor, Department of Anesthesiology (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
 - f. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding a proposed new hire with tenure and compensation for Donna Elisabeth Hansel, M.D., Ph.D., Professor, Department of Pathology Anatomical and Division Head Pathology and Laboratory Medicine (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
2. **Negotiated Contracts for Prospective Gifts or Donations – Section 551.073**
- a. **U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**
 - b. **U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**
3. **Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071**
- a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
 - b. **U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System**
 - c. **U. T. System Board of Regents: Discussion regarding legal issues, if any, associated with proposed U. T. System budget**
 - d. **U. T. Austin: Discussion regarding legal Issues, if any, associated with proposed ground lease and related agreements with an entity owned or controlled by NextEra Energy Resources, LLC, for the construction, operation, and maintenance of a water reclamation and reuse facility and the processing and purchase of reclaimed water, and authorization to purchase reclaimed water throughout the ground lease term and to purchase the improvements at any time during the ground lease term; and finding of public purpose**

Thursday, August 25, 2022 (cont.)

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4. Deliberation Regarding Security Devices or Security Audits – Sections 551.076 and 551.089

U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices

5. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072

U. T. Austin: Discussion and appropriate action to enter into a ground lease and related agreements with an entity owned or controlled by NextEra Energy Resources, LLC, for the construction, operation, and maintenance of a water reclamation and reuse facility and the processing and purchase of reclaimed water on a portion of U. T. Austin's main campus located north of Dean Keaton Street and between San Jacinto Blvd and Speedway, directly south of Chilling Station #5, 2610 San Jacinto Blvd, Austin, Travis County, Texas, and authorization to purchase reclaimed water throughout the ground lease term and to purchase the improvements at any time during the ground lease term; and finding of public purpose

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS

*12:00 p.m.
approximately*

8. **U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2023** 21
9. **U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration and institutional operating budgets for Fiscal Year 2023** 22
10. **U. T. Austin: Discussion and appropriate action regarding proposed ground lease and related agreements with an entity owned or controlled by NextEra Energy Resources, LLC, for the construction, operation, and maintenance of a water reclamation and reuse facility and the processing and purchase of reclaimed water, and authorization to purchase reclaimed water throughout the ground lease term and to purchase the improvements at any time during the ground lease term; and finding of public purpose** 23

ADJOURN

*12:30 p.m.
approximately*

1. **U. T. System Board of Regents: Approval of Consent Agenda and consideration of any item referred to the full Board**

RECOMMENDATION

The Board will be asked to approve the Consent Agenda beginning on [Page 327](#).

2. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed appointment to the University Lands Advisory Board (ULAB)**

RECOMMENDATION

Chairman Eltife may recommend action concerning proposed appointments to the University Lands Advisory Board (ULAB).

BACKGROUND INFORMATION

The membership structure for the University Lands Advisory Board (ULAB) is as follows:

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

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

3. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed appointment to the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO)**

RECOMMENDATION

Chairman Eltife may recommend action concerning appointment to the UTIMCO Board of Directors.

BACKGROUND INFORMATION

Texas Education Code Section 66.08 and Regents' *Rules and Regulations*, Rule 10402, Section 6 require that the U. T. System Board of Regents appoint seven members to the UTIMCO Board of Directors of whom three must be members of the Board of Regents.

4. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed revision to Regents' Rules and Regulations, Rule 30105 (Sexual Harassment, Sexual Misconduct, and Consensual Relationships), Section 2, regarding approval of institution policies**

RECOMMENDATION

The Chancellor, the Executive Vice Chancellors for Academic Affairs and Health Affairs, and the Vice Chancellor and General Counsel recommend that the U. T. System Board of Regents approve proposed revision to Regents' *Rules and Regulations*, Rule 30105 (Sexual Harassment, Sexual Misconduct, and Consensual Relationships), Section 2 as shown below:

...

Sec. 2.1 Adoption of Sexual Misconduct Policies. Each U. T. ~~System~~ institution and U. T. System Administration shall adopt policies and procedures prohibiting sexual harassment, sexual misconduct, and other inappropriate sexual conduct, ~~and regarding consensual relationships~~ in compliance with ~~state and federal and state~~ law, including Texas Education Code Section 51.282. The policies must be and in substantial compliance with model policies and procedures promulgated by the U. T. System Office of Systemwide Compliance as approved by the Board of Regents. The Office of Systemwide Compliance must review the model policies each biennium and submit any substantive changes to the Board for approval. If substantive changes to the model policy are approved by the Board, each institution must adopt those substantive changes in its policies. Additional substantive changes to an institution's policy that were not approved by the Board in the model policy must be submitted to the Board for approval following review and approval by the Offices of Systemwide Compliance and General Counsel.

Sec. 2.2 Adoption of Consensual Relationship Policies. Each U. T. institution and U. T. System Administration shall adopt policies and procedures regarding consensual relationships that are consistent with federal and state law and in compliance with the model policy promulgated by the Office of General Counsel.

~~In accordance with state law, each institution's policy must include definitions of prohibited behavior, sanctions for violations, the protocol for reporting and responding to reports of prohibited behavior, interim measures to protect victims during the pendency of the institution's disciplinary process, and a statement regarding (a) the importance of a victim going to the hospital for treatment and preservation of evidence, (b) the right of a victim to report to the institution and receive a prompt and equitable resolution of the report, and (c) the right of a victim of a crime to choose to report the crime to law enforcement, to be assisted by the institution in reporting the crime to law enforcement, or to decline to report the crime to law enforcement. Each institution must review the policy each biennium and submit changes to the Board for approval.~~

BACKGROUND INFORMATION

Regents' Rule 30105, Section 2, sets forth a process to ensure each U. T. institution and System Administration maintain policies prohibiting sexual harassment, sexual misconduct, other inappropriate sexual conduct, and regarding consensual relationships as required by state and federal law. The policies must also be in substantial compliance with model policies promulgated by U. T. System's Office of Systemwide Compliance.

The Rule currently requires that each institution submit all changes to its policies to the Board for approval. The proposed revision would require the Board consider only proposed substantive changes to the U. T. System Sexual Misconduct model policy and direct the institutions to adopt all substantive changes as approved. This would create process efficiencies and enable quicker adoption of policy changes required by state or federal law. An institution seeking to make substantive changes to its Sexual Misconduct policy in addition to those in the model policy would still be required to seek Board approval. Recommended nonsubstantive changes to the Rule delete repetitive language in Section 2 concerning details of state law and clarify that changes to model policies regarding consensual relationships are not subject to the same state-law-required Board approval.

This revision does not impact the full-time equivalent (FTE) employee count Systemwide and has potential to result in cost savings due to process efficiencies. The proposed Rules change was reviewed by the institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

5. U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Regents' Rules and Regulations, Rule 60102 (Fees for Endowment Administration and Management)

RECOMMENDATION

The Chancellor, the Executive Vice Chancellors for Academic Affairs, Health Affairs, and Business Affairs, the Vice Chancellor for External Relations, Communications and Advancement Services, and the Vice Chancellor and General Counsel recommend that the U. T. System Board of Regents approve revisions to Regents' *Rules and Regulations*, Rule 60102 (Fees for Endowment Administration and Management), as shown below:

1. Title

Fees for Endowment Administration and Management and Enhancement of Philanthropy to Support University Missions

2. Rule and Regulation

Sec. 1 Background. Each University of Texas ~~System~~ institution is charged with raising private sector philanthropic contributions for the establishment of Endowments and other funds to fulfill the educational, research, and clinical missions and goals of the institution. Endowments are designated for student scholarships and fellowships, faculty and administrative research support, and for programmatic purposes. Administration and management of the Endowments are the joint responsibility of the U. T. System Administration and each institution. ~~The U. T. System and System institutions~~ They must devote adequate resources to assure appropriate accounting and use of Endowment funds. In addition, high-quality, effective compliance programs are of fundamental importance and represent an ongoing fiduciary responsibility of System Administration and each institution. ~~As authorized by Texas Education Code Section 65.37, the Board of Regents may assess fees for endowment administration and management.~~

Philanthropy across U. T. institutions constitutes a critical revenue source to augment other income such as tuition and fees, sponsored research, and clinical revenue.

Sec. 2 Type and Amount of Mandatory Fees. ~~The Board of Regents authorizes The University of Texas/Texas A&M Investment Management Company (UTIMCO) to assess an administration and management fee of up to 0.20% of the market value of the Long Term Fund's (LTF) net asset value as determined by UTIMCO for the support of endowment administration and management efforts by each institution. As authorized by Texas Education Code Section 65.37, the Board of Regents assesses the following fees from Endowments for endowment administration, management and compliance and the enhancement of philanthropy. Investment-related expenses are not covered under this Rule, but are covered by the Investment Management~~

Services Agreement between the U. T. System Board of Regents and The University of Texas/Texas A&M Investment Management Company (UTIMCO).

~~In addition, the Board of Regents authorizes UTIMCO to assess an administrative fee of up to 0.03% of the market value of the LTF's net asset value as determined by UTIMCO for the support of endowment administration and management efforts by System Administration for support of enhanced and expanded System Administration endowment administration and management efforts. These administration and management fees replace the previously charged fee for endowment compliance (0.08%) and the fee for education purposes (0.02%) and those fees will no longer be assessed.~~

2.1 Institutional Endowment Fee. The Board of Regents assesses an endowment fee of 0.80% (80 basis points) of the market value of the Long Term Fund's (LTF's) net asset value of an institution's Endowments to be disbursed to each institution. Such endowment fee shall be used by each institution to ensure endowment administration and compliance; to provide more adequate funding for development operations at the institution; and to substantially increase philanthropic revenue to support the education, research, and clinical missions and goals of the institution.

All new Endowments created after September 1, 2022, will be assessed the Institutional Endowment Fee.

Only Endowments that were previously exempted from the Institutional Endowment Fee (formerly the "development allocation") prior to August 31, 2022, are grandfathered.

Donors with cumulative Endowments with a market value in excess of \$50 million at one institution may request an exception from the institutional president to allow their Endowments to be assessed the Institutional Endowment Fee at 20 basis points at that institution once the cumulative market value of the Endowment exceeds \$50 million.

2.2 Endowment Management Fee. The Board of Regents assesses an administrative fee of 0.03% (3 basis points) of the market value of the LTF's net asset value of all institutional Endowments to be disbursed to U. T. System Administration for the support of Systemwide endowment administration and management efforts in the provision of direct service and support to the institutions.

2.3 System Administrative and Endowment Fee. The Board of Regents assesses an administrative fee of 0.20% (20 basis points) of the market value of the LTF's net asset value of only U. T. System Administration's Endowments (not institutional Endowments) to be disbursed to U. T. System Administration to ensure appropriate administration and management as well as compliance with the agreements made with Endowment donors.

~~Sec. 3 — Implementation and Use of Fee. This Rule authorizes a small portion of the LTF (up to an aggregate of 0.23%) to be used to offset the U. T. System and an institution's administrative and management activities to ensure appropriate administration and management as well as institutional compliance with the agreements made with endowment donors. The Chancellor may authorize an institution to exercise this funding option and assess up to the 0.20% of the market value of its endowments invested in the LTF and up to 0.03% of the market value of all LTF endowments for System Administration.~~

~~To be eligible to receive these administration and management fees above a rate of 0.08% for the institutions and 0.02% for the U. T. System, System Administration offices and each institution must provide evidence of expenditures on endowment administration and management based on guidance provided by the Office of External Relations, Communications and Advancement Services and verified by institutional internal audit departments in coordination with the System Audit Office. The assessment of the administration and management fees on the endowments may not exceed the amount necessary to reimburse System offices and the institution for its verified endowment administration and management expenses. An institution may exempt specific endowments from the assessment and is not required to assess a fee if it wishes to absorb administration and management expenses.~~

~~Sec. 34 — Program Details. Operational details, including UTIMCO's processing of distributions related to these fee assessments, are to be determined by the Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor for External Relations, Communications and Advancement Services, in consultation with UTIMCO, President and Chief Executive Officer of UTIMCO, and/or their designated representatives. Funds resulting from the fee assessments are to be distributed annually based on the prior 12-quarter average of the market value of the LTF Endowments on May 31 of each fiscal year.~~

~~4.1 — Basis of Distributions. Assessment level distributions will to be made annually based on the prior 12-quarter average of the market value of the LTF on May 31 of each fiscal year.~~

3. Definition

Endowment – funds that typically have certain donor-imposed restrictions placed upon the principal and/or the funds available for distribution (e.g., income and/or gains).

BACKGROUND INFORMATION

Currently, Regents' Rule 60102 authorizes fees to be charged on endowments in the Long Term Fund. The Board last modified the authorization for endowment fee assessments in 2017 and 2019, ultimately authorizing an allocation of up to 0.80% from the market value of an institution's endowments in the LTF to provide funding for institutional development operations; 0.03% to fund direct System support to the institutions; and 0.20% of only System Administration

endowments to fund administration for those endowments as well as Systemwide endowment compliance. Pursuant to those authorizations, institution presidents were allowed discretion to participate in the assessment. While most institutions opted to assess the maximum fee, some took a lesser amount. Moreover, some endowments were exempted from the assessment while others were not. The proposed revisions would provide consistency and allow exemptions only as authorized in the Rule.

Two-thirds of all public universities in the United States use some type of common mechanism to support philanthropy efforts. All university systems in Texas have gift fees, endowment allocations, or a combination of both. With philanthropy continuing to play an ever-increasing role in supporting institutions' educational, research and clinical missions and goals, adequate resources to support development office personnel and operations will ensure philanthropy as an essential source of sustainable private funding to support those missions.

Although there is no change proposed to the fee assessment levels, this revision may generate additional funding for institutions through increased philanthropy and may increase the number of full-time equivalent (FTE) employees working on development Systemwide. The proposed Rules change was reviewed by the institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

6. U. T. System Board of Regents: Discussion and appropriate action regarding proposed revision to Regents' Rules and Regulations, Rule 60202 (Endowed Academic Positions) regarding endowment minimums

RECOMMENDATION

The Chancellor, the Executive Vice Chancellors for Academic Affairs, Health Affairs, and Business Affairs, the Vice Chancellor and General Counsel, and the Vice Chancellor for External Relations, Communications, and Advancement recommend that the U. T. System Board of Regents approve revisions to Regents' *Rules and Regulations*, Rule 60202 (Endowed Academic Positions), as shown below and direct the General Counsel to the Board to make corresponding changes to other Regents' Rules impacted by any approved changes to minimum endowment levels.

1. Title

Endowed Academic Positions, Endowed Student Support, and Other Endowments

2. Rule and Regulation

Sec. 1 Purpose of Endowed Academic Positions, Endowed Student Support, and Other Endowments. ~~Endowments~~ ~~Academic Positions~~ are ~~intended~~ central to ~~promote the continued growth and~~ excellence ~~among~~ of individual institutions ~~within~~ and the education and success of students throughout the U. T. System. Faculty holders of Endowed Academic Positions shall have ~~had~~ a distinguished record of excellence (~~C~~chairs/~~P~~rofessorships) or demonstrated accomplishment or future promise in the intellectual field (~~F~~aculty ~~F~~ellowships). Holders of Endowed Academic Positions shall contribute substantially to the mission and goals of individual institutions. Holders of Endowed Academic Positions are stewards of the ~~E~~ndowments and are subject to periodic evaluation to ensure satisfactory performance. Recipients of Endowed Student Support shall be selected based on need or merit-based criteria in line with donor intent and applicable policy and law.

Sec. 2 Approval Prior to Announcement. Negotiations and fund raising for an ~~E~~ndowment are permitted prior to its formal approval and establishment by the Board or its designee(s). However, an ~~E~~ndowment may not be announced as having been established prior to its establishment by the Board or its designee(s). All initial or new holder appointments to a ~~C~~hair or ~~P~~rofessorship require prior approval by the Chancellor. Under special circumstances and when authorized by the Chancellor, an institution may grant an ~~E~~ndowed ~~P~~rofessorship to an outstanding faculty member prior to achieving full professor status. The Chancellor may delegate authority for approval to the appropriate institution president or Executive Vice Chancellor.

Sec. 3 Reporting and Compliance. Each institution should report annually to the Chancellor on appointments to Endowed Academic Positions. The U. T. System Office of External Relations, Communications, and Advancement Services, in coordination with the institutions, conducts an annual endowment

compliance program assessing expenditures, usage of funds, and adherence to donor intent.

Sec. 4 Categories and Minimum Funding Levels.

4.1 Endowed Academic Positions. The ~~six~~ categories of endowed and named academic positions and the minimum funding levels to establish the positions are:

Distinguished University Chair	(2 million)
Distinguished Chair	<u>(\$3 million)</u>
Chair	<u>(\$2 million)</u>
Distinguished Professorship	<u>(\$1 million)</u>
Professorship	<u>(\$500,000)</u>
<u>Faculty</u> Fellowship	<u>(\$250,000)</u>

~~Individual institutions are not required to utilize all categories of Endowed Academic Positions and may, with advance administrative approval and inclusion in the institutional *Handbook of Operating Procedures*, limit institutional endowment activity to those position categories which best fit the institution's mission and goals.~~

~~4.1 Whether an endowment has attained the minimum funding level necessary to establish a particular academic position will be determined by the total value of gifts from donors and transfers of funds valued as of the gift date or date of transfer. Funding levels may not be determined by the amount of net sale proceeds received from a non-cash gift or by the current market value of the investments held in an endowment.~~

4.2 Endowed Student Support includes:

<u>Graduate Fellowship</u>	<u>(\$50,000)</u>
<u>Scholarships</u>	<u>(\$25,000)</u>

~~With the specific approval of the Board of Regents, an Endowed Academic Position may be established without the above minimum funding levels. Such agreements must contain the provisions outlined in Sections 4.3 and 4.4.~~

4.3 Other Endowments. Other miscellaneous Endowments may be established to provide support for items such as, but not limited to research, programming, student experiences, facilities, and additional needs of the institutions.

Other Endowments will be established with gifts that have been completed for tax purposes or with a combination of such gifts, pledges, and other funds at a minimum funding level of \$25,000.

~~If an external entity requests that the Board of Regents establish an Endowed Academic Position based upon the entity's agreement to hold and manage an endowment fund supporting the position, the entity must irrevocably agree to dedicate the endowment to the support of the academic position in perpetuity or for a specified term of years. The entity must agree to adhere to Board policies regarding minimum funding levels for an endowment. The entity must agree to employ annual payout policies that are consistent with the goal of distributing from the endowment, or otherwise contributing to the institution, an annual payout amount substantially similar to that distributed from a comparable Board-managed endowment. The entity must agree that funds distributed from the endowment shall be paid to the institution for further expenditure in accordance with Board policies.~~

- 4.4 Individual institutions are not required to utilize all categories of Endowments and may, with advance administrative approval and inclusion in the institutional *Handbook of Operating Procedures*, focus institutional endowment activity to those categories that best fit the institution's mission and goals.

~~If an external entity requests that the Board of Regents establish an Endowed Academic Position without the funding of an endowment to support the position, the entity must irrevocably agree to contribute annually, either in perpetuity or for a specified term of years, an amount substantially similar to that distributed from a Board-managed endowment in support of a comparable position. The entity must agree that the funds will be contributed for further expenditure in accordance with Board policies regarding the particular category of academic position being established.~~

- 4.5 Whether funding has attained the minimum level necessary to establish a particular category of Endowment will be determined by the total value of gifts from donors and transfers of funds valued as of the gift date or date of transfer. Funding levels may not be determined by the amount of net sale proceeds received from a non-cash gift or by the current market value of the investments held in an Endowment.

- Sec. 5 Distributions for Endowed Chairs and Professorships. The institution will set the salary of the holder at a level commensurate with his or her record, experience, and position in the faculty. Subject to donor criteria, distributions from the Eendowment may be used for a reasonable amount of salary support as determined by institutional policy, for salary supplementation, and for other professional support of the holder of the Endowed Chair/Professorship, including assistance in the holder's research program. An institution may, with advance administrative approval and inclusion in the institutional *Handbook of Operating Procedures*, utilize a minimal portion of the distribution to support costs associated with administering the Eendowment (only if not already receiving endowment administration funding from other sources) and/or for strategic priorities, according to the purpose of the Eendowment. Chairs/Professorships are intended to have

holders. However, unfilled Cehairs/Professorships may be used to support faculty fellows, according to the purpose of the Endowment. Faculty may also be appointed as a fellow supported by funds available from a filled Endowed Chair/Professorship.

Sec. 6 Distributions for Endowed Faculty Fellowships. Distributions from an Endowment may be used for reasonable salary support, salary supplementation, and/or other professional support of the holder of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status. The Endowed Faculty Fellowship may also be used to provide temporary support (not to exceed one academic year) of:

- distinguished scholars who are in temporary residence at the institution while participating in planned academic programs;
- visiting scholars who are in temporary residence at the institution for special academic programs or purposes;
- institution faculty who have made unique contributions to academic life or the knowledge in their academic discipline; and
- institution faculty of any academic rank, irrespective of tenure status, who have been selected for teaching excellence.

Sec. 7 Evaluation of Holders of All Endowed Academic Positions, including Faculty Fellowships. Individual institutions shall, with advance administrative approval and inclusion in the institutional *Handbook of Operating Procedures*, establish procedures for the review of holders of Endowed Academic Positions. Such review shall normally occur in conjunction with existing performance appraisal processes, such as annual evaluation (for Faculty Fellowships) and comprehensive periodic review (for Cehairs/Professorships).

Sec. 8 Oversight of Endowments Supporting Faculty Positions. Each president is responsible for maintaining oversight of Endowments established to support faculty positions, including assignment of holders and use of distributions, but may delegate this authority.

3. Definitions

Endowment – funds that typically have certain donor-imposed restrictions placed upon the principal and/or the funds available for distribution (e.g., income and/or gains).

Endowed Academic Position – ~~a Distinguished University Chair~~, Distinguished Chair, Chair, Distinguished Professorship, Professorship, or Faculty Fellowship.

Endowed Chair/Professorship – a faculty position supported by an Endowment from which distributions are dedicated to reasonable salary support (as determined by institutional policy), salary supplementation, research support, and/or other professional support of a faculty member, subject to donor criteria. The holder will normally be a faculty member who has had a distinguished career. Except in extraordinary circumstances, the holder will be named to an Endowed Chair/Professorship for a specified length of time. The Cehair/Professorship may be renewable or non-renewable.

Endowed Faculty Fellowship – a faculty position supported by an Endowment from which distributions are dedicated to reasonable salary support (as determined by institutional policy), salary supplementation, research support, and/or other professional support of a faculty member of any academic rank, subject to donor criteria. The holder will normally be a faculty member who exhibits demonstrated accomplishment or future promise in the intellectual field. The Endowed Faculty Fellowship will be awarded for a specified length of time. The Fellowship may be renewable or non-renewable.

Endowed Student Support - an endowed fund with a purpose primarily to support student success including through student scholarships.

BACKGROUND INFORMATION

Currently, Regents' Rule 60202 speaks only to endowed academic positions and sets minimum funding levels for those positions. The proposed revisions would expand the scope of the Rule to include all endowments, such as those related to student support, update the minimum funding levels for the establishment of endowments systemwide, and delete outdated language from the Rule.

The minimum current funding levels were established in 1988, and each institution has discretion to set higher minimums based on institutional needs. A survey of peer institutions indicated that the minimum funding levels applicable to U. T. System are substantially lower than both national peers and other university systems in Texas.

This revision does not impact the full-time equivalent (FTE) employee count Systemwide and has a potentially positive impact on the budget from increased endowment amounts. The proposed Rules change was reviewed by the institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

7. **U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Regents' Rules and Regulations, Rule 60302 (Advisory Councils of an Institution)**

RECOMMENDATION

The Chancellor, the Executive Vice Chancellors for Academic Affairs and Health Affairs, the Vice Chancellor and General Counsel, and the Vice Chancellor for External Relations, Communications, and Advancement recommend that the U. T. System Board of Regents direct the General Counsel to the Board to revise Regents' *Rules and Regulations*, Rule 60302 (Advisory Councils of an Institution) to delete two outdated provisions requiring the adoption of bylaws and the provision of an annual roster of membership to U. T. System Administration.

BACKGROUND INFORMATION

Regents' *Rules and Regulations*, Rule 60302 authorizes and sets out a process for establishing and operating institutional advisory councils. Provisions of the rule requiring formal bylaws and an annual forwarding of a membership roster are recommended for deletion as unnecessary for the successful functioning of such councils.

This revision does not impact the full-time equivalent (FTE) employee count Systemwide and is budget neutral. The proposed Rules change was reviewed by the institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

8. **U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2023**

RECOMMENDATION

Chancellor Milliken, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the presidents of the U. T. institutions, will recommend that the nonpersonnel aspects of the U. T. System Operating Budgets for Fiscal Year 2023 be approved.

9. **U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration and institutional operating budgets for Fiscal Year 2023**

RECOMMENDATION

Chancellor Milliken concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs that approval be granted regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2023 as included in the previous Agenda Item.

See also the Executive Session items related to the individual personnel aspects of the U. T. System Operating Budgets.

10. **U. T. Austin: Discussion and appropriate action regarding proposed ground lease and related agreements with an entity owned or controlled by NextEra Energy Resources, LLC, for the construction, operation, and maintenance of a water reclamation and reuse facility and the processing and purchase of reclaimed water, and authorization to purchase reclaimed water throughout the ground lease term and to purchase the improvements at any time during the ground lease term; and finding of public purpose**