

BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM  
  
CALENDAR

Date: **Wednesday, November 7, 2001**

Time: **1:30 p.m.**  
Place: Room 425, Robert R. Muntz Library, U. T. Tyler,  
Tyler, Texas  
Purpose: Convene in Open Session to Recess to Executive  
Session

See Page 4, Items A - B

Time: **3:00 p.m.**  
Place: Room 401, Robert R. Muntz Library, U. T. Tyler  
Purpose: Reconvene in Open Session to Consider Action on  
Executive Session Items and Annual Meeting with  
Officers of the U. T. System Faculty Advisory Council

See Page 5, Items C - D

Time: **4:30 p.m.**  
Place: U. T. Tyler  
Purpose: Campus Tour and Recess

See Page 5, Item E

Date: **Thursday, November 8, 2001**

Time: **8:30 a.m.**  
Place: Room 401, Robert R. Muntz Library, U. T. Tyler  
Purpose: Reconvene in Open Session to Continue Until  
Completion of Business

See Pages 6 - 116, Items F - O

Telephone Numbers

President Mabry's Office	(903) 566-7100
Development Office, U. T. Tyler (for calls during the meeting)	(903) 566-7110
Sheraton Tyler Hotel 5701 South Broadway	(903) 561-5800

TABLE OF CONTENTS  
MEETING OF THE BOARD  
Chairman Miller

Wednesday, November 7, 2001

	<u>Page</u>
<u>EXECUTIVE SESSION:</u>	4
1. Security Procedures and Devices	
2. Legal Issues	
a. <u>U. T. Austin: Status of Hopwood Litigation</u>	
b. <u>U. T. Medical Branch - Galveston: Proposed Compromise of Hospital Lien for Patient Treatment</u>	
c. <u>U. T. System: Legal Issues Related to Access, Opportunity, and Success</u>	
3. Personnel Matters	
a. <u>Evaluation of Presidents and U. T. System Executive Officers</u>	
b. <u>Chancellor Search</u>	
c. <u>Election of Officers</u>	
 <u>OPEN SESSION:</u>	
CONSIDER ACTION ON EXECUTIVE SESSION ITEMS	5
MEETING WITH FACULTY ADVISORY COUNCIL	5
CAMPUS TOUR AND RECESS	5

TABLE OF CONTENTS  
MEETING OF THE BOARD  
Chairman Miller

Thursday, November 8, 2001

<u>OPEN SESSION</u>	<u>Page</u>
REPORT ON CHANCELLOR SEARCH	6
APPROVAL OF MINUTES	6
<u>SPECIAL ITEMS</u>	
1. U. T. Board of Regents: Proposed Amendments to the Regents' <u>Rules and Regulations</u> , Part One, Chapter I, Section 7, Subsection 7.1, Subdivision 7.15 (Duties of the Finance and Planning Committee)	6
2. U. T. Board of Regents: Proposed Amendments to the Regents' <u>Rules and Regulations</u> , Part One, Chapter I, Section 9, Subsection 9.2 (Delegation of Authority to Execute and Deliver Contracts, Agreements, and Documents) and Part Two, Chapter XI, Section 2 (Special Approval Processes)	7
3. U. T. Board of Regents: Proposed Amendments to the Regents' <u>Rules and Regulations</u> , Part One, Chapter VI, Section 5 (Participation in Student Government), Subsection 5.1, Subdivisions 5.12 Through 5.14	10
4. U. T. Board of Regents: Proposed Amendments to the Regents' <u>Rules and Regulations</u> , Part Two, Chapter III, Section 10, Subsections 10.1 and 10.2 (Travel Authorization, Reimbursement, and Institutional Regulations)	11
5. U. T. System: Request to Approve a Fee for Institutional Endowment Compliance	13
6. U. T. System: Recommendations on Approval of Permanent University Fund Allocations and Reallocations and Amendments to the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget, If Necessary	15
7. U. T. System: Report of Summary of Gift Acceptance Conforming to Board Policy for June 1, 2001 Through August 31, 2001	15
<u>RECESS FOR STANDING COMMITTEE MEETINGS</u>	

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

Date:       **Wednesday, November 7, 2001**

Time:       1:30 p.m.

Place:       Room 425, Robert R. Muntz Library, U. T. Tyler

A.    CALL TO ORDER

B.    CONVENE IN OPEN SESSION TO IMMEDIATELY RECESS TO  
EXECUTIVE SESSION (TEXAS GOVERNMENT CODE, CHAPTER 551)  
PER THE AGENDA ON PAGE 1

1.    Discussion of Security Procedures and Devices – Section 551.076
2.    Consultation with Attorney Regarding Legal Issues – Section 551.071
  - a.    U. T. Austin: Status of Hopwood Litigation
  - b.    U. T. Medical Branch - Galveston: Proposed  
Compromise of Hospital Lien for Patient Treatment
  - c.    U. T. System: Legal Issues Related to Access,  
Opportunity, and Success
3.    Personnel Matters Relating to Appointment, Employment, Evaluation,  
Assignment, Duties, Discipline, or Dismissal of Officers or Employees -  
Section 551.074
  - a.    U. T. System: Personnel Matters Relating to Evaluation of  
Presidents and U. T. System Executive Officers
  - b.    U. T. System: Personnel Matters Relating to Chancellor Search
  - c.    U. T. Board of Regents: Consideration of Personnel Matters  
Associated with the Organization of the Board of Regents in  
Accordance with the Regents' Rules and Regulations, Part One,  
Chapter I, Section 4 Related to the Election of Officers

- C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS (ITEM B)
  
- D. ANNUAL MEETING WITH OFFICERS OF THE U. T. SYSTEM FACULTY ADVISORY COUNCIL
  
- E. CAMPUS TOUR OF U. T. TYLER AND RECESS

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

Date:       **Thursday, November 8, 2001**

Time:       8:30 a.m.

Place:       Room 401, Robert R. Muntz Library, U. T. Tyler

F.    RECONVENE IN OPEN SESSION

G.    WELCOME BY PRESIDENT MABRY

H.    STATEMENT BY CHAIRMAN MILLER ON THE SEARCH FOR A NEW  
      CHANCELLOR FOR THE U. T. SYSTEM

I.    APPROVAL OF MINUTES OF REGULAR MEETING HELD AUGUST 8-9, 2001,  
      AND SPECIAL MEETING HELD SEPTEMBER 21, 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 7.1, Subdivision 7.15  
      (Duties of the Finance and Planning Committee)

RECOMMENDATION

It is recommended that the Regents' Rules and Regulations, Part One, Chapter I, Section 7, Subsection 7.1, Subdivision 7.15, relating to duties of the Finance and Planning Committee, be amended as set forth in congressional style on Page 7.

- 7.15 Duties of the Finance and Planning Committee.--The Finance and Planning Committee shall:
- 7.151 Continue long-range planning activities, including institutionalization of the planning process [~~building on the existing long-range plan~~], [~~and ensure~~] development of related plan implementation policies and procedures for the U. T. System and the component institutions, and providing coordination of related legislative issues.
- ....

## BACKGROUND INFORMATION

The proposed amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 7, Subsection 7.1, Subdivision 7.15 add oversight for certain legislative issues to the duties of the Finance and Planning Committee and reflect the Committee's charge to develop a durable and effective planning process, building on the current long-range plan and ongoing planning activities.

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 9, Subsection 9.2 (Delegation of Authority to Execute and Deliver Contracts, Agreements, and Documents) and Part Two, Chapter XI, Section 2 (Special Approval Processes)

## RECOMMENDATION

The Chancellor concurs in the recommendation of the Acting 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 be amended as set forth below in congressional style:

- a. Amend Part One, Chapter I, Section 9, Subsection 9.2, regarding delegation of authority to execute and deliver contracts, agreements, and documents to add a new Subdivision 9.2(10) as follows:
- 9.2 Delegation of Authority to Execute and Deliver Contracts, Agreements, and Documents.--

...

9.2(10) Contracts or agreements, including purchase orders and vouchers, with a cost or monetary value to the System Administration or a component institution in excess of \$1 million but not exceeding \$10 million associated with or related to a property or casualty loss that is expected to exceed \$1 million may be approved, executed, and delivered by the Chancellor as provided in Part Two, Chapter XI, Section 2, Subsection 2.5 of these Rules and Regulations.

- b. Amend Part Two, Chapter XI, Section 2, regarding special approval processes, to add a new Subsection 2.5 as follows:

Sec. 2. Special Approval Processes.

...

2.5 Contracts Associated with Property and Casualty Losses.

2.51 In the case of a property or casualty loss in which the total loss is expected to exceed \$1 million, the Board delegates to the Chancellor authority to approve, execute, and deliver on behalf of the Board all contracts or agreements, including purchase orders and vouchers, associated with or related to the loss and having a cost or monetary value to the System Administration or the component institution in excess of \$1 million but not exceeding \$10 million, subject to Subdivision 2.52 of this Subsection and the general provisions of Part One, Chapter I, Section 9 of these Rules and Regulations.

2.52 The Chancellor shall consult with the institutional president, if applicable, and obtain the approval of the chief business officer of the component institution or the approval of the Executive Vice Chancellor for Business Affairs, as appropriate, with respect to the business aspects of each contract or agreement prior to executing the contract or agreement.

## BACKGROUND INFORMATION

Part One, Chapter I, Section 9, Subsection 9.2, Subdivision 9.22 of the Regents' Rules and Regulations requires that contracts and agreements in excess of \$1 million be approved by the Executive Committee of the Board or approved by the Board via the docket or agenda. Part Two, Chapter XI, Section 1 of the Regents' Rules and Regulations delegates authority to the presidents to execute contracts and agreements having a value of \$1 million or less.

Experience gained from dealing with the losses incurred as a result of the storm damage associated with Tropical Storm Allison in Houston in June 2001 showed that if a catastrophic property or casualty loss occurs, it may be necessary for System Administration or the affected component institution to execute contracts or agreements in excess of \$1 million on an expedited basis to minimize the damages resulting from the loss or to commence recovery efforts in a timely manner.

The proposed revisions will create a more efficient process for approving and executing contracts and agreements in response to a catastrophic property or casualty loss. The revisions:

- a. Delegate authority to the Chancellor to execute all contracts or agreements, including purchase orders and vouchers, in excess of \$1 million but not exceeding \$10 million associated with or related to a catastrophic property or casualty loss; and
- b. Require that the Chancellor consult with the institutional president, if applicable, and obtain the approval of the chief business officer of the component institution or the Executive Vice Chancellor for Business Affairs, as appropriate, with respect to the business aspects of each contract or agreement prior to executing the contract or agreement.

3. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter VI, Section 5 (Participation in Student Government), Subsection 5.1, Subdivisions 5.12 Through 5.14

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Acting 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 VI, Section 5, Subsection 5.1, Subdivisions 5.12 through 5.14, relating to the constitution and bylaws of a students' association, be amended as set forth below in congressional style, with the remaining Subdivisions renumbered:

Sec. 5. Participation in Student Government.

...

- 5.12 Mode of Amending Constitutions and Bylaws.--An amendment to the constitution or bylaws of a students' association may be adopted by an association, in accordance with its constitution and bylaws, but the change shall not become effective until transmitted to and approved [~~acted upon~~] by the chief student affairs officer, the president, and the appropriate Executive Vice Chancellor [~~for Health Affairs or the Executive Vice Chancellor for Academic Affairs.~~ Such amendment shall be included in the institutional docket for ratification by the Board. Amendments to internal rules of procedure shall not become effective until transmitted to and acted upon by the chief student affairs officer and the president.
- 5.13 ~~Amendment or Repeal by Regents.--The Board shall amend or repeal any portion of the constitution and bylaws of a students' association when, in the judgment of the Board, the interests of the particular institution shall require it].~~
- 5.13 [5.14] Amendment or Repeal by the Chief Student Affairs Officer.-- The chief student affairs officer shall have the power, when in his or her judgment the interests of the institution require it, to amend or repeal any provision in the constitution or bylaws of the particular association, but such action shall not be effective until approved by the president and the

appropriate Executive Vice Chancellor [be in force only until the next meeting of the Board when Subdivision 5.13, above, shall become applicable].

.....

### BACKGROUND INFORMATION

Amendment of the Regents' Rules and Regulations, Part One, Chapter VI, Section 5, Subsection 5.1, Subdivisions 5.12 through 5.14 is recommended to eliminate the formality of Docket approval by the U. T. Board of Regents for amendments to the constitution or bylaws of a students' association at a component institution and to delete language authorizing the Board to amend or repeal these documents without student involvement. Changes to these documents will be subject to the approval of the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs, as appropriate.

Internal rules of procedure of a students' association will be subject to approval as determined appropriate at each campus.

4. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter III, Section 10, Subsections 10.1 and 10.2 (Travel Authorization, Reimbursement, and Institutional Regulations)

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Acting 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 Part Two, Chapter III, Section 10 of the Regents' Rules and Regulations, regarding travel authorization, reimbursement, and institutional regulations, be amended as set forth below in congressional style:

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 for foreign [tø] travel or other travel outside Texas shall be transmitted through proper administrative channels to the Chancellor or the president of the component institution, as applicable, or to the respective officer's designee [chief administrative officer or designee] for advance written approval. The Chancellor or the president of the component institution, as applicable, may implement requirements for approval of travel within Texas at his or her discretion.

10.12 Foreign travel means travel to, in, or from a destination that is not in the United States, a possession of the United States, Mexico, or Canada [Requests for authorization to travel by administrative officers and staff of System Administration shall be approved by the Chancellor, appropriate Executive Vice Chancellor, or appropriate Vice Chancellor or designee].

10.2 Travel Expense Reimbursements.

10.21 Travel expenses shall be reimbursed only from funds appropriated or authorized for travel and pursuant to State [state] law and regulations and approved institutional or System travel policies and procedures. The Chancellor, the Executive Vice Chancellors, the Vice Chancellors and the presidents of the component institutions [chief administrative officers] shall plan the travel of all employees under their authority to achieve maximum economy and efficiency and are responsible for ensuring that the expenses of transportation, meals, lodging, and incidental items are the lowest possible considering all relevant circumstances.

....

## BACKGROUND INFORMATION

Article IX, Section 5.09(i) of the current General Appropriations Act, as adopted by the 77th Texas Legislature, prohibits the expenditure of appropriated funds for travel to foreign countries, except Canada or Mexico, unless the governing board has approved the travel in advance. Similarly, Texas Government Code Section 660.024 prohibits the expenditure of appropriated funds for foreign travel unless the State employee has obtained the prior approval of the chief administrative officer or designee. Texas Government Code Section 660.003(e)(3) requires that a State employee obtain prior approval for travel outside the State in accordance with the policy of the State agency.

The amendments to Part Two, Chapter III, Section 10 of the Regents' Rules and Regulations are intended to meet the requirements of the rider and the statutory provisions. The amendments require an employee to obtain advance written approval of foreign travel and other travel outside Texas. Under the amended Rules, the Board delegates authority to approve such travel to the Chancellor or the president of the component institution, as applicable, or his or her designee. The Board has the authority under Texas Education Code Section 65.31(g) to delegate any power or duty. In addition, the amended Rules permit, but do not require, the Chancellor or president, as applicable, to implement requirements for approval of travel within Texas and include minor editorial changes to Subsection 10.2.

### 5. U. T. System: Request to Approve a Fee for Institutional Endowment Compliance

## RECOMMENDATION

The Chancellor concurs in the recommendation of the Acting Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for Development and External Relations, the Vice Chancellor and General Counsel, and the component presidents that the U. T. Board of Regents authorize The University of Texas Investment Management Company (UTIMCO) to assess an administrative fee on behalf of component institutions up to 0.08% of the market value of the Long Term Fund's (LTF) net asset value as determined by UTIMCO for the support of enhanced and expanded endowment compliance efforts.

## BACKGROUND INFORMATION

U. T. System component institutions are charged with raising private sector contributions for the establishment of endowments to fulfill the mission and goals of the institution. Endowments are designated for student scholarships and fellowships, faculty and administrative support, and for programmatic purposes. High quality, effective compliance programs are of fundamental importance and represent an ongoing fiduciary responsibility of each institution. The 77th Texas Legislature recognized the compliance obligation of higher education institutions in Sections 44, 47, and 48 of Article III of the current General Appropriations Act. All U. T. System component institutions have endowment compliance programs in place.

Approval of this recommendation would authorize a very small portion of the LTF to be used for enhanced and expanded administrative activities to ensure institutional compliance with the agreement made with an endowment's donor(s). Through the recommendation of each component president to the Chancellor, an institution may exercise this funding option and request an assessment level up to 0.08% of the market value of its endowments invested in the LTF. An institution may exempt specific endowments from the assessment if it chooses.

Operational details are to be determined by the Chancellor, the President and Chief Executive Officer of UTIMCO, and/or their designated representatives. It is anticipated that the first assessment level distribution to participating component institutions will be made in March 2002 based on the prior 12-quarter's average of the market value of the LTF on November 30, 2001. Thereafter, it is anticipated that assessment level distributions would be made annually based on the prior 12-quarter's average of the market value of the LTF on May 31 of each fiscal year. Based on institutional preferences regarding participation and percentages and the value of the prior 12-quarter's average of the market value of the LTF as of May 31, 2001, the estimated total distribution to 11 component institutions in September 2001 would have been \$1,027,764.

This recommendation is consistent with previous actions of the Board, including those taken in December 1988, August 1995, and August 1997, and is authorized by Texas Education Code Section 65.37.

6. U. T. System: Recommendations on Approval of Permanent University Fund Allocations and Reallocations and Amendments to the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget, If Necessary

RECOMMENDATION

Chancellor Burck will present recommendations for allocation and reallocation of Permanent University Funds for discussion and approval on November 8, 2001. The FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget will be amended if necessary to conform to Board action.

7. U. T. System: Report of Summary of Gift Acceptance Conforming to Board Policy for June 1, 2001 Through August 31, 2001

REPORT

Vice Chancellor Perry will present the U. T. System Report of Summary of Gift Acceptance for the period June 1, 2001 through August 31, 2001, as set forth below:

<u># ALL</u>	<u>ITEMS</u>	<u>COMPONENT INSTITUTION</u>	<u>TOTAL VALUE</u>
---		U. T. System Administration	\$ ---
6		U. T. Arlington	37,625
40		U. T. Austin	4,451,785 *
3		U. T. Brownsville	31,365
1		U. T. Dallas	500,000
14		U. T. El Paso	907,525
11		U. T. Pan American	60,970
6		U. T. Permian Basin	90,000
8		U. T. San Antonio	581,937
1		U. T. Tyler	25,483
4		U. T. Southwestern Medical Center - Dallas	2,303,765 *
13		U. T. Medical Branch - Galveston	9,290,865
5		U. T. Health Science Center - Houston	171,190
6		U. T. Health Science Center - San Antonio	4,947,025
23		U. T. M. D. Anderson Cancer Center	8,261,347
<u>1</u>		U. T. Health Center - Tyler	<u>63,499</u>
142		TOTAL	\$ 31,724,381

\* Not included in total:

U. T. Austin: \$100,551.59 transfer of previously accepted funds and  
\$15,000 transfers of endowment funds;

U. T. Southwestern Medical Center - Dallas: \$1,000,000 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 Agenda Book. 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  
Agenda Book Page 17

Finance and Planning Committee: Chairman Hunt  
Regent Krier, Regent Oxford, Regent Riter, Regent Romero  
Agenda Book Page 18

Academic Affairs Committee: Chairman Krier  
Regent Hunt, Regent Oxford, Regent Romero  
Agenda Book Page 49

Health Affairs Committee: Chairman Oxford  
Regent Clements, Regent Craven, Regent Sanchez  
Agenda Book Page 60

Facilities Planning and Construction Committee: Chairman Clements  
Regent Craven, Regent Riter, Regent Sanchez  
Agenda Book Page 71