

1. Title

Authority to Accept and Manage Assets

2. Rule and Regulation

- Sec. 1 Acceptance of Real Property. The management and disposition of interests in real property owned or controlled by the Board of Regents, other than real property acquired and managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO) for investment purposes, are governed by [Rule 70301](#) of the Regents' *Rules and Regulations*.
- Sec. 2 Acceptance of Funds for Endowment or Life Income Funds. All assets received by the Board of Regents to establish, or that modify, an endowment (other than the Permanent University Fund), a fund functioning as an endowment, or a life income fund shall be accepted and processed by the Office of External Relations and, after acceptance and processing, shall be delivered to the appropriate office for management.
- Sec. 3 Acceptance of Funds from a Bequest, Trust, or Planned Gift. All assets received by the Board of Regents through a bequest, a distribution from an account held in trust by others, or for the establishment or modification of any planned gift shall be accepted and processed by the Office of External Relations and, after acceptance and processing, shall be delivered to the appropriate office for management.
- Sec. 4 Acceptance of Intellectual Property Rights. Rights in intellectual property received by the Board of Regents to establish or modify an endowment, a fund functioning as an endowment, or a life income fund or received through a bequest, a distribution from an account held in trust by others, or for the establishment or modification of any planned gift shall be accepted and processed by the Office of External Relations and after acceptance and processing, shall be delivered to the appropriate office for management in accordance with this Rule. This Rule shall not apply to rights in intellectual property owned or controlled by the Board except as provided in this section.
- Sec. 5 Management of Permanent University Fund (PUF) Assets. All assets of the PUF, other than PUF lands, shall be managed by UTIMCO or as otherwise directed by the Board of Regents.

- Sec. 6 Management of Endowment and Life Income Funds. All assets received for or held in an endowment fund (other than the PUF), a fund functioning as an endowment, or a life income fund shall be managed by UTIMCO or as otherwise directed by the Board of Regents.
- Sec. 7 Management of Consolidated System Funds. All assets of Retirement of Indebtedness Funds, Bond Proceeds, Unemployment Compensation Funds, Workers' Compensation Funds, the Medical/Dental Self-Insurance Fund, the Vision Services Fund, the Student Health Insurance Fund, the Flexible Benefits Fund, the Rolling Owner-Controlled Insurance Fund, the Comprehensive Property Protection Plan, the Comprehensive Property Protection Plan Catastrophic Self-Insurance Fund, the Director & Officer/Employee Practices Insurance Fund, the Resource Allocation Program and the Medical Liability Self-Insurance Fund ("consolidated U. T. System funds") shall be managed with respect to investment of such funds as set forth below:
- 7.1 The Office of Business Affairs shall invest the Retirement of Indebtedness Funds, Bond Proceeds, Unemployment Compensation Funds, Workers' Compensation Funds, the Medical/Dental Self-Insurance Fund, the Student Health Insurance Fund, the Flexible Benefits Fund, the Rolling Owner-Controlled Insurance Fund, the Comprehensive Property Protection Plan, the Comprehensive Property Protection Plan Catastrophic Self-Insurance Fund, the Director & Officer/Employee Practices Insurance Fund, the Resource Allocation Program and the Vision Services Fund in the same manner that chief business officers may invest the operating funds of each institution.
- 7.2 UTIMCO shall invest the Medical Liability Self-Insurance Fund in the Long Term Fund, Intermediate Term Fund, and Short Term Fund as directed by the Vice Chancellor and General Counsel.
- Sec. 8 Management of Other Assets. Assets that are not a part of the PUF, an endowment fund, a fund functioning as an endowment, a life income fund, or consolidated U. T. System funds shall be managed as set forth in this section:

- 8.1 Tangible personal property shall be managed by the institutional president.
- 8.2 Intangible personal property consisting of securities, interests in businesses, and equity interests in technology transfer firms as set out in the Regents' intellectual property policy shall be managed by the institutional president or by UTIMCO, as determined by the institutional president. UTIMCO shall hold all stock certificates of securities managed by, or held on behalf of, the institutional president and shall assign, transfer, or sell such securities, as directed by the institutional president or his or her designees, in accordance with this Rule. Other intangible personal property shall be managed by the institutional president.
- 8.3 The institutional president may designate in writing one or more committees, employees, officers, or other agents of the institution, or one or more outside managers to manage any or all of the assets described in 8.1 or 8.2 immediately above on behalf of the institutional president.

Sec. 9 Authority to Execute Transactions – UTIMCO. Pursuant to an Investment Management Services Agreement and Investment Policy Statement approved by the Board of Regents, UTIMCO shall be authorized to purchase, exchange, and sell, for and on behalf of the PUF or the Board of Regents, any and all securities of any description and from any source, including gifts and bequests, registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, external investment managers appointed by UTIMCO may purchase, sell, or exchange securities, pursuant to written agreement with UTIMCO and in accordance with the applicable Investment Policy Statements.

Sec. 10 Authority to Transact Through Investment Dealers. Sales, purchases, and exchanges by UTIMCO shall be effected through investment dealers or brokers in accordance with the applicable Investment Policy Statement.

Sec. 11 Authority to Execute Securities Transactions – Development and Gift Planning Services. The Associate Vice Chancellor for

Development and Gift Planning Services shall be authorized to sell, for and on behalf of the Board of Regents, any and all securities received as gifts and/or bequests, registered in the name of the Board, or in any other form of registration of such securities held for the account of the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts managed and controlled by said Board.

- Sec. 12 Authority to Assign and Transfer Securities Owned by the PUF and the Board of Regents. UTIMCO may assign and transfer any and all securities of any description and from any source, including gifts and bequests, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by UTIMCO may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.
- Sec. 13 Authority to Collect Money or Property – UTIMCO. UTIMCO is authorized and empowered to seek, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands due, payable, or belonging, or that may become due, payable, or belonging to the PUF or the Board of Regents from any person or persons as a result of any investment transaction and to execute any and all necessary or proper receipts, releases, and discharges therefore and any other instruments as may be necessary or appropriate from time to time relating to the handling, management, control, and disposition of any investment.
- Sec. 14 Authority to Collect Money or Property – External Relations. The Vice Chancellor for External Relations or the Associate Vice Chancellor for Development and Gift Planning Services is authorized to seek, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands due, payable, or belonging, or that may become due or payable to the Board of Regents from any person or persons as a result of, or relating to, a gift or bequest and to execute any and all necessary or proper receipts, releases, and discharges

and any other instruments as may be necessary or appropriate from time to time relating to the receipt, handling, management, control, and disposition of any asset acquired by gift or bequest unless and until such time as the Office of Development and Gift Planning Services has delivered the asset to another office for management purposes as provided in these *Rules and Regulations*.

- Sec. 15 Authority as Relates to Litigation. The authority granted in Sections 13 and 14 above does not include the authority to institute litigation on behalf of the Board of Regents or to settle contested claims or litigation that may result in UTIMCO or the U. T. System receiving less than full value for the claim or the payment of damages or awards. The settlement of any contested claim or litigation for less than full value requires the prior approval of the U. T. System Vice Chancellor and General Counsel and appropriate U. T. System officials, as set out in the Regents' *Rules and Regulations*, [Rule 10501](#).
- Sec 16 Authority to Execute Proxies and Consent to Modifications in Bond Indentures – UTIMCO. UTIMCO is authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.
- Sec. 17 Authority to Use Book-Entry Form. Securities owned by the PUF or the Board of Regents may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

3. Definitions

Endowment funds – 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).

Custodian bank – a bank that provides custody services pursuant to an agreement with the Board of Regents or UTIMCO.

Member bank – one of the twelve Reserve Banks that comprise the Federal Reserve System.

4. Relevant Federal and State Statutes

None

5. Relevant System Policies, Procedures, and Forms

Regents' *Rules and Regulations*, [Rule 10501](#) – Delegation to Act on Behalf of the Board

Regents' *Rules and Regulations*, [Rule 70301](#) – Matters Relating to Real Property

6. Who Should Know

Administrators
UTIMCO Board of Directors
UTIMCO Employees

7. System Administration Office(s) Responsible for Rule

Office of Business Affairs
Office of Development and Gift Planning Services
Office of External Relations
Office of General Counsel

8. Dates Approved or Amended

Editorial amendment made May 25, 2017, per Board action on May 10, 2017
Editorial amendments to Sections 11 and 14 made on December 15, 2011
Editorial amendments to Sections 11 and 14 made on October 3, 2008
December 10, 2004

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu