

MINUTES

SPECIAL MEETING OF THE

BOARD OF REGENTS

OF

THE TEXAS A&M UNIVERSITY SYSTEM

HELD AT

AUSTIN, TEXAS

FEBRUARY 27, 1995

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***MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF REGENTS
FEBRUARY 27, 1995***

Ms. West convened the special meeting of the Board of Regents of The Texas A&M University System, on February 27, 1995 at 3:41 p.m. at the Hirshfeld-Moore House, Austin, Texas.

The following members of the Board were present:

Ms. Mary Nan West, Chairman
Mr. Raul B. Fernandez, Vice Chairman
Ms. Alison Brisco
Mr. John H. Lindsey
Mr. T. Michael O'Connor
Ms. M. Guadalupe L. Rangel

The following members of the Board were not present:

Mr. Bill Clayton
Mr. Gerald J. Ford
Mr. Royce E. Wisenbaker

Ms. West said the special meeting was called to consider six items and called on Ms. Rangel, Chairman of the System Policies Committee, to present Items 1 through 3.

Ms. Rangel said the System Policies Committee had completed its meetings regarding the System Policy Manual and recommended to the full Board the adoption of the revised System Policy Manual as voted on by the Committee at its last meeting. Mr. Fernandez said the Committee's last meeting was held today, February 27. He said the Committee voted on February 6, 1995, at which he was not present, to bring all of its recommendations to the full Board. Mr. Fernandez said everything that was discussed at the Committee meeting today is open for discussion. Ms. Rangel said she did tell Mr. Fernandez, at that meeting, that he could make a minority report. She pointed out that the majority of the Committee voted upon every policy as recommended--some of them were voted up and some of them were voted down. Mr. Fernandez said the Committee didn't vote on the entire document. Ms. Rangel said the Committee voted on the policies one by one and she was saying that the Committee has recommended these policies as amended today. Ms. Rangel made the motion that the Board approve the entire System Policy Manual, as revised. Mr. O'Connor said the motion included passing the Policy Manual in its entirety, as presented, inclusive of today's Committee meeting. Mr. O'Connor said he would second the motion so that the item could be discussed.

Mr. Fernandez said he wanted all of the Chief Executive Officers (CEOs) to be present at this meeting to see if there was anything that the Board had overlooked. He said the Policy Manual is a living document. Dr. Manuel Ibanez, President of Texas A&M University-Kingsville, said the CEOs didn't know what was done at the Committee meeting. Mr. Fernandez said that was part of the problem, the Committee's action has not been circulated to the CEOs.

Ms. West said Chancellor Thompson had told her that he was in agreement with this policy manual as it stands. Mr. Lindsey said the Committee did make some changes.

Mr. Fernandez referred to Section 11.04, Enrollment Management Plans, and said it had been recommended by a CEO to change the last sentence, "Such enrollment management plans, upon endorsement by the Chancellor, shall be submitted to the Board for approval," to "Such enrollment management plans, upon endorsement by the Chancellor, shall be submitted to the Board for information." Mr. Fernandez said the Board should not get into enrollment management plans and said he would have no problem with making that change. Mr. Fernandez said he would also suggest that Section 25.04, Travel Expenses for Athletic Department Personnel, be deleted because it relates only to Texas A&M University (TAMU) and there shouldn't be policies that relate specifically to one institution.

Ms. West said it was her understanding, according to the Chancellor, that he had received input from all of the CEOs. Ms. West asked if anyone in the room had any objections to the policies. Dr. Sanchez said they didn't know what actions were taken on their recommendations by the Committee. Ms. Rangel said the meeting was open to all. Mr. O'Connor said the Chancellor had brought the CEOs' recommendations to the Committee and the Committee adjusted accordingly.

Dr. Kem Bennett, Director of the Texas Engineering Extension Service, said he would like clarification on one item and that was on contracts where the limits are \$200,000 and \$50,000. Mr. O'Connor said that had been corrected. It has been escalated to \$300,000 and \$200,000, respectively. Dr. Bennett asked if they have a million dollar contract to provide services and part of that contract requires \$700,000 of equipment related and specified in that contract, would they still have to come back to the Board for approval to expend under that contract obligation. Mr. O'Connor said if it exceeds the \$300,000 to \$200,000 then it will have to come back to the Board for approval. He said if Dr. Bennett is talking about a \$700,000 expenditure, it was going to have to be brought to the Board's attention. Ms. West said she didn't think that Dr. Bennett was going to have any long timeframe problems. Dr. Bennett said he was worried about the delay factor. Ms. Rangel said it was not the Board's intent to hinder the CEOs in any way. She said the Board would certainly entertain exceptions to all of these. Mr. O'Connor said he would like to approach this as a positive, not a negative. He advised the CEOs to submit to the Chancellor any corrections to the Policy Manual where it does not allow them to do their job. Mr. O'Connor said the Board and the System have come a long way from where the policies had been prior to today.

Mr. Lancaster said some of the people don't know what changes were made in committee. Ms. Rangel went over the changes made by the Committee and they are listed as follows:

Section 01.03, Appointing Power and Terms and Conditions of Employment: The blue pages were adopted.

Section 02.02, Office of the Chancellor: In Paragraph 3.2 the amount was raised from \$200,000 to \$300,000, and in Paragraph 3.3, the amount was raised from \$50,000 to \$200,000.

Section 02.05, Presidents of Component Universities, Paragraph 2.11: The blue pages were adopted which changed the word "interpret" to "explain," twice in the paragraph.

Section 02.06, Directors of Component Agencies, Paragraph 3.10: The blue pages were adopted which changed the word “interpret” to “explain,” twice in the paragraph.

Section 03.01, System Mission, Vision, Core Values, and Objectives: The blue pages were adopted with the following changes: Paragraph 4.2, deleted “including requirements for courses in the study of our national and state governments, with constant training in leadership, character, tolerance, moral values, social diversity and physical development.” This left the sentence, “To offer superior instruction.” In Paragraph 4.4, the word “illegal” was inserted before the word “harassment.”

Section 07.01, Ethics Policy, TAMUS Employees: The blue pages were adopted with Paragraph 4.1 being amended to delete the sentences, “The airplane travel section of Texas A&M University is responsible for scheduling of the aircraft and coordinates trips to reduce costs. The order of priority for the use of aircraft is as follows: (1) Members of the Board of Regents, (2) the Chancellor of TAMUS and the President of Texas A&M University, (3) Vice Chancellors; and (4) others.”

Section 11.02, Creation of Centers and Institutes: The blue pages were adopted with Paragraph 4 being amended to add the sentence, “With respect to work of the center, faculty serving within a center shall report to the director.”

Section 11.05, Transferability of Courses for Credit, State Institutions: The blue pages were adopted.

Section 12.03, Faculty Academic Workload and Reporting Requirements: The blue pages were not adopted. The Committee voted to leave the white pages as shown.

Section 21.03, Internal Auditing: Paragraph 3.1 was changed to add the words “who shall oversee the operations of the Auditor’s Office.”

Section 22.02, System Investment Policy: The blue pages were adopted.

(Secretary’s Note: Dr. Thompson joined the meeting at this time.)

Section 25.07, Contract Administration: Ms. Rangel said this new policy was adopted and was only the beginning--it was not intended to be the full policy. She said there would be at least 20 pages added to this policy which Mr. Dick Lindsay, Vice Chancellor for Finance and Operations, is working on. She said it is still “under development.”

Section 32.02, Discipline and Dismissal of Employees: The blue pages were adopted.

Section 34.01, Harassment: The blue pages were adopted with the first sentence of Paragraph 1 being changed to read as follows: “The employment and educational environment throughout the System shall be free from all forms of sexual discrimination and sexual harassment.” Ms. Rangel said in Paragraph 5, the words “or other forms of adverse discrimination or harassment” were deleted. Mr. Fernandez asked if this was word for word out of the statute. Ms. Mary Beth Kurz, Vice Chancellor and General Counsel, said it was not exact, but it was very close. Mr. Fernandez asked where it varies. Ms. Kurz said different language was used in the EEOC regulations and court cases and sometimes the state law is different from the federal law. She said this is an

amalgamation of both. Ms. Rangel asked Ms. Kurz to inform the presidents of the intent of her office to provide the Board with a policy on racial and other types of harassment. Ms. Kurz said Title 9 of the federal law requires a policy on sexual harassment. She said it is against the law to harass someone on the basis of race, national origin or religion. The EEOC recently came down with federal guidelines on what constituted racial harassment, national origin harassment and religious harassment. She said those were withdrawn because there is a lot of controversy today with regard to religion. Ms. Kurz said it was her recommendation that the Board adopt this policy on sexual harassment. She said it is still against the law to harass on the basis of the other protected categories but they should wait until they get the new federal regulations to come with a System policy on those other protected classes.

Section 51.06, Naming of Buildings and Other Entities: Paragraph 3 was changed to read "No buildings or other entities of the System may be named for a current member of the Board, a current employee of the System, or a current state or federal official."

Ms. Rangel made a motion that the System Policies, as revised, be adopted.

Mr. Fernandez asked how the chairman would recommend that the Board handle amendments. Ms. West asked Mr. Fernandez to restate his recommendations. Mr. Fernandez said on Section 11.04, Enrollment Management Plans, to use the phrase "submitted to the Board for information" instead of "submitted to the Board for approval." Mr. Fernandez said his second recommendation was to delete Section 24.04, as it related only to TAMU. Mr. O'Connor asked if the Board could adopt the policies as whole with the exclusion of these two sections. Ms. Rangel said the amendments could be voted on later. Dr. Thompson said that an amendment takes precedence, according to *Robert's Rules of Order*, over the original motion and Mr. Fernandez was correct in offering an amendment and the amendment should be voted up or down. Mr. Fernandez asked that the amendments be voted on one at a time. Ms. Rangel said she would have to accept Mr. Fernandez' amendment to her motion.

Mr. Fernandez said the first amendment was on Section 11.04 and made the motion to change the word "approval" to "information." Ms. Brisco seconded the motion. Ms. West called for a vote. Mr. Fernandez, Ms. Brisco and Mr. Lindsey voted "aye." Ms. Rangel and Mr. O'Connor voted "nay." Ms. West said the amendment carried.

Mr. Fernandez said the second amendment was to delete Section 25.04 in its entirety because it was specific only to TAMU and not to all the System schools. Mr. O'Connor said that Dr. Ray Bowen, President of TAMU, had suggested that it was procedure and not necessarily a policy and it specifically addresses the athletic department of TAMU. Dr. Thompson said it should be deleted and then all of the athletic programs need to be revisited. Ms. Rangel asked if he was going to come back with a comprehensive policy. Mr. Lindsey made the motion that the amendment be adopted and Mr. O'Connor seconded the motion. Ms. West called for a vote and all members of the Board voted "aye," including the Chairman.

Ms. West then called for a vote to adopt the policy manual, with the two amendments. All members of the Board voted "aye," including the Chairman. The following minute order was adopted:



(Item 1)

**ADOPTION OF POLICIES OF
THE TEXAS A&M UNIVERSITY SYSTEM**

The following minute order was adopted by a unanimous vote of the Board:

(Secretary's Note: The Chairman voted "aye" on this item.)

The Board of Regents hereby adopts the document entitled "Policies of The Texas A&M University System," attached to the official minutes as **Exhibit A**. These policies, as well as all component rules, regulations and memoranda, shall be installed on a computer data base for easy reference by all System employees no later than August 31, 1995.

Policy statements established by previous minute orders of the Board, including but not limited to the current Objectives, Rules, Regulations for The Texas A&M University System, are hereby rescinded to the extent that they are inconsistent with or replaced by policies in this document. Future amendments, deletions and additions to System policies will be made through the formal revision of this document, upon recommendation of the System Policies Committee.

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Dr. Thompson said he would like to thank his colleagues, the presidents and agency directors for their timely input into the process. He also thanked Ms. Rangel and the Committee for taking a very thankless task and doing it well and said he personally appreciated all of the hours that the members of the Board had put into this. Dr. Thompson and Ms. Rangel thanked Mr. Cliff Lancaster, Chief of Staff, Ms. Running and Ms. Kurz for their input. Ms. West said there were a lot of legislators that were interested in this policy manual.

Ms. Rangel said Item 2 asked for the adoption of revised *Bylaws of the Board of Regents of The Texas A&M University System*. Ms. Rangel said the changes were underlined or crossed out. Ms. Rangel made the motion that Item 2 be approved as presented in the agenda book. Mr. Fernandez seconded the motion.

Mr. O'Connor asked about the addition of the sentence, "Emergency meetings and telephonic meetings may be held as provided by state law." Mr. O'Connor asked why that was just now being submitted as an addition. Mr. Bond said it has been a state law for a little over two years. This is tardy but it hasn't been long-standing. Mr. O'Connor said he would like some definition of what constitutes emergency meetings. Ms. Kurz and Ms. Running said that information would be included in the Board's Handbook. Mr. O'Connor asked why the "Appointments" section was deleted. Ms. Rangel said all of that material was deleted because it is now mentioned in the System Policy Manual. Mr. O'Connor asked why it was not reiterated in the *Bylaws*. Ms. Rangel said because they were addressing the bylaws of the Board and all of that material is mentioned in the System Policy Manual. Mr. O'Connor asked if all of those positions were defined in the policies. Ms. Kurz said they were defined "word for word" in the System Policy Manual under Section 01.03, Appointments. Mr. O'Connor referred to Chapter III, Section 2, and said it speaks to editing the policies and that they be updated on a regular basis. Mr. O'Connor said that is too ambiguous as far as the time scale and he recommended that it be more specific on the return. Instead of saying "on a regular basis," to say "every three years." Mr. O'Connor said he was talking about bringing up the full document on a three-year basis, even though the Board would continually be dealing with segmented parts of the manual. Mr.

O'Connor asked that this be amended to specify that the document be reviewed every three years. Ms. Rangel said Mr. O'Connor was requested to add the phrase, "and the entirety of the document be reviewed every three years."

Mr. O'Connor made a motion to amend the document. Ms. Rangel said she accepted the amendment to her motion to add the phrase "and the entirety of the document will be reviewed every three years." Mr. Fernandez seconded the motion. Ms. West called for a vote. All members of the Board voted "aye," including the Chairman, to accept the amendment.

Mr. O'Connor referred to Section IV, "Committees," and said Ms. West had established the Legislative Committee and asked why it was not included as a standing committee. Ms. West said it was established as a special committee for the current legislative session. Mr. O'Connor recommended that it be an ongoing committee. Mr. O'Connor then asked why was the section on the "Committee on Strategic Objectives and Long-Range Planning" deleted. Ms. Rangel said because the Board does not have such a committee.

Ms. West called for a vote on the adoption of the revised *Bylaws*, as amended. All members of the Board voted "aye," including the Chairman. The Board adopted the minute order as shown below:



**45-95**  
*(Item 2)*

**ADOPTION OF REVISED *BYLAWS*  
OF THE BOARD OF REGENTS OF  
THE TEXAS A&M UNIVERSITY SYSTEM**

The following minute order was adopted by a unanimous vote of the Board:

*(Secretary's Note: The Chairman voted "aye" on this item.)*

The revised *Bylaws of the Board of Regents of The Texas A&M University System* are hereby adopted, a copy of which is attached to the official minutes as **Exhibit B**.



Ms. Rangel said Item 3 requested the adoption of a revised ethics policy for members of the Board of Regents of The Texas A&M University System. Ms. Rangel said she recommended that the Board adopt the revised policy as shown. Mr. Fernandez seconded the motion.

Mr. O'Connor referred to page 6, under (g), Official Travel by Spouses and Relatives of Regents, and asked if this was consistent with the employees' ethics policy on travel. Mr. O'Connor said he wanted to know if there was a conflict. Ms. Kurz said there was not a conflict. Mr. O'Connor asked who would approve the travel of spouses of regents. Ms. Rangel said there was a discussion on that and it was decided that the guidelines for this would be specific. Mr. O'Connor asked where were those guidelines. Mr. Fernandez said they were in the travel policy. Ms. Rangel said they would be in the Regents' Handbook. Dr. Thompson said he would volunteer to make those decisions; someone needs to be responsible for making those decisions. Mr. O'Connor said they don't need to specify that person immediately, but they need to know the protocol. Mr. Fernandez said it was not correct to have a regent go through another



regent to ask permission for their spouse to travel with them. Mr. O'Connor said there must be guidelines. Ms. Brisco said there hasn't been a policy and that is why there have been problems. Mr. O'Connor said he would like specific, agreed upon, guidelines and then no one has to ask a regent for permission. Ms. Rangel said those guidelines would be presented to the Board for approval at its next meeting.

Ms. West called for the vote to adopt the revised ethics policy for members of the Board. Mr. O'Connor abstained from voting. Ms. Rangel, Ms. Brisco, Mr. Fernandez, Mr. Lindsey and Ms. West voted "aye." The following minute order was adopted:



**46-95**  
(Item 3)

**ADOPTION OF  
REVISED ETHICS POLICY  
FOR MEMBERS OF THE BOARD OF REGENTS  
THE TEXAS A&M UNIVERSITY SYSTEM**

On motion of Ms. Rangel, seconded by Mr. Fernandez, with Mr. O'Connor abstaining, and by a majority vote, the following minute order was adopted:

*(Secretary's Note: The Chairman voted "aye" on this item.)*

The revised Ethics Policy for Members of the Board of Regents of The Texas A&M University System is hereby adopted, a copy of which is attached to the official minutes as **Exhibit C**.



Ms. West said Item 4, which was revised, was the authorization to pursue a merger with East Texas State University Complex. Ms. West called on Dr. Thompson who said he was delighted to introduce Dr. Jerry Morris, President of the East Texas State University Complex, Commerce campus.

Dr. Morris said this was a large measure for his university which he first introduced on December 19, 1994. He said it was timely and needed for the people of northeast Texas. Dr. Morris said the Committee that he had appointed, with the permission of his board of regents, studied every stakeholder group that it could identify to find out what their perceptions were as to whether they should seek a merger with The Texas A&M University System (TAMUS). He said TAMUS is the only system in which they have an interest. He said because of the many ties that they have had with the College Station campus throughout history, they thought it would be in their interest and in the interest of the people who live in northeast Texas to seek an affiliation with TAMUS. He said they studied it, they got all of their results back, and without exception every stakeholder group, including TAMUS people and components, overwhelmingly supported the concept that it was a favorable action for the respective institutions. Dr. Morris said it was overwhelming that the East Texas State University Complex (ETSUC) Board voted without dissent to support this affiliation and formally requested the affiliation by a vote of eight for and one abstention. He said the one person who abstained told him that he did not intend to work against it because he basically supported the concept. He said he was concerned about autonomy issues and identity and keeping the culture and the values of ETSUC. Dr. Morris said ETSUC is

105 years old. He said it became a state supported institution in 1917 and has had four name changes. He said if this merger occurs, they would propose a new name to the Board for its approval. Dr. Morris said he thought this was one of the very significant events in the life of ETSUC's 65,000 graduates. He said Sam Rayburn was the most famous graduate. Dr. Morris also mentioned that Dr. Thompson and the new commissioner for education in Texas, both graduated from ETSU. Dr. Morris said it is a fine heritage and believes that ETSUC can be a worthy member of TAMUS.

Mr. O'Connor asked how many students were in the Texarkana area. Dr. Morris said there were about 1,500 students. Mr. O'Connor asked if that was the upper level with the junior college in Texarkana. Dr. Morris said it is on the campus of Texarkana College and ETSUC owns two facilities there. He said they lease that land from Texarkana College. Dr. Morris said they have an excellent working relationship with Texarkana College. Mr. O'Connor asked the size of the population of the Texarkana area. Dr. Morris said Texarkana has about 50,000 people in the metropolitan area and it is growing very rapidly. He said Highway 49 is coming through from New Orleans to Kansas City and the whole area is really going to be doing quite well. Mr. O'Connor mentioned the possible closure of the Red River Army Depot and asked what impact that would have on ETSUC as they were talking about a \$120 million economic impact and 4,100 people. Dr. Morris said it was impossible for him to estimate the exact impact. He said he didn't think that it would change the basic need for higher education in that region which includes students from Texas, Arkansas, Oklahoma and Louisiana. He said they would probably have to make some adjustments, but said he believes that they can withstand that. Dr. Morris said the Commerce campus has 8,000 students. He said they have a presence in downtown Dallas as they lease a facility of 28,000 square feet in Mesquite. Dr. Morris said they have a great deal of support from the Cities of Commerce and Greenville and Hunt County area and that whole area of Dallas is moving out. Dr. Morris said they are in a real positive mode in the whole area for economic development. He said there were approximately 10,000 students at the two campuses. Dr. Morris said statutorily they are separate campuses, although the president at Texarkana reports to him because of their bylaws. Ms. Brisco asked where that would put TAMUS nationally in terms of size. Dr. Thompson said he suspected that it would bring TAMUS to fifth place.

Dr. Thompson said he has appeared in Texarkana where over 200 people turned out. He said he had been to Commerce with his due diligence group and they had a tremendous turnout. He said all of the press that they have monitored has been very positive all over East Texas and Northeast Texas.

Ms. West said she would like to ask Mr. O'Connor, Ms. Brisco and Mr. Lindsey to serve on a special committee to study the East Texas initiative. She said Mr. Dick Lindsay and Ms. Tami Sayko would provide staff support to the committee.

Ms. Brisco asked why the item was revised. Mr. O'Connor said it was revised at his request because the original version said "favors" and "endorses." He said he has not seen all the facts with regards to the due diligence of the System.

Mr. Fernandez said he agreed with Mr. O'Connor, that the due diligence be conducted and then it be brought back to the Board. Mr. Fernandez said ETSUC is a lot like TAMUS in their service to people, especially in education. He said as this system gets bigger and bigger and as that nut gets harder to carry as a bureaucracy of a system, we have got to get funding from the State or everybody is going to have to "belly up to the bar" and pay their share because right now,

there is no funding. He said they must work on this as a board. Dr. Thompson said TAMUS gets \$350,000 from the State but Representative Steve Ogden is proposing a bill to increase that. Mr. O'Connor asked if the Board was voting to continue the process and what is the role of the committee. Ms. West read the proposed minute order.

Mr. Lindsey moved that the revised item be adopted. Mr. Fernandez seconded the motion.

Dr. Thompson said he probably knows the higher education system in the State about as well as anyone and he personally wanted to commend Dr. Morris and the Board for taking a very highly courageous statesmanlike position on this proposed merger because he personally believes that it is in the long-term interest of TAMUS to look at this very positively and very closely. He said he was also sympathetic and sensitive to the fiduciary responsibility of the Board. He said he has personally scrubbed it and unless something shows up that he has no knowledge of, he will be a strong advocate for effecting the merger with the East Texas State University Complex. Mr. O'Connor said this is a significant entity in TAMUS' road to growth and looking at it historically, there has been a committee of the Board to look into these types of mergers, along with the Chancellor and support staff. Mr. O'Connor said he doubted that this would be the last time that the Board will have to consider a merger and the Board needs to be consistent in its actions. Mr. Bond said the timing of submitting this to the Legislature is very important. Dr. Thompson said he was very aware of that and asked the Committee to be sensitive to that. Dr. Morris asked if they would be proceeding with legislation to do this. Mr. O'Connor said the legislation could be drafted, but as a committee member, he would have to look at the full aspect of the merger.

Ms. West called for a vote to adopt the revised agenda item. All members of the Board voted "aye," including the Chairman. The Board adopted the following minute order:



**47-95**  
*(Item 4)*  
*(Revised)*

**AUTHORIZATION TO PURSUE MERGER WITH  
EAST TEXAS STATE UNIVERSITY COMPLEX**

On motion of Mr. Lindsey, seconded by Mr. Fernandez, and by a unanimous vote, the following minute order was adopted:

*(Secretary's Note: The Chairman voted "aye" on this item.)*

The Board of Regents of The Texas A&M University System hereby endorses the proposal to consider a long-term affiliation between the System and the East Texas State University Complex, and hereby authorizes the Chancellor to complete a fiscal, legal, legislative and physical plant analysis of the proposed merger and, based on the results of that analysis, make a recommendation to the Board of Regents regarding the proposed merger.



Mr. Lindsey thanked Dr. Morris and his board and said he didn't think there was anything out there that would keep this from going forward.

Ms. West said Item 5 would authorize the execution of the surety takeover agreement for the renovation of the Office of Graduate Programs at Prairie View A&M University (PVAMU). Mr. Fernandez asked General Ed Peel, Vice Chancellor for Facilities Planning and Construction, to present the item.

General Peel said the Board awarded a contract to Western Legacy in May 1994 to renovate a portion of the bookstore at PVAMU to be used as a new home for the Office of Graduate Programs and the amount of that contract was \$526,361.00. He said Western Legacy is a relatively small construction company in Houston that had a good track record, at least at the time of the award. General Peel said Western Legacy had commenced to work and was very slow in submitting shop drawings and things like that but they were moving along. He said in November of 1994, TAMUS' inspector arrived on the job and they finally got in touch with the contractor to find out why they had not returned to work after the Thanksgiving holidays. General Peel said it appears that they simply walked the job. He said they either over-extended themselves or under-capitalized. He said they sent a letter on December 6 to Western saying that if they did not return to the job site and resume work within 10 days, the contract would be considered to be in default. General Peel said they received no response from Western so they notified the bonding company that they were expected to proceed to arrange the completion of the contract. General Peel said the bonding company responded by negotiating a contract to complete the work with STR Contractors out of Waller, Texas. General Peel said STR is a very good company and has done work before at PVAMU. He added that they were the second low bidder on the job when it was bid last summer. General Peel said TAMUS has paid Western Legacy \$80,192.00, so \$446,169.00 remains in the unearned balance in the contract account. He said the bonding company negotiated the price with STR for \$603,794.00 which is \$157,625.00 more than TAMUS has retained. He said the bonding company has agreed to pay the TAMUS \$157,625.00 plus \$24,119.00 for a total of \$181,744.00. General Peel said the \$24,119.00 is to cover the six months of extended cost to the contract administration, inspectors, the architect/engineer and some additional construction testing. General Peel said they are going to start all over with submittals and review of shop drawings and so forth, that is what the \$24,119.00 is for. General Peel said they were asking the Board to approve the negotiated takeover agreement that had been negotiated by the bonding company with STR; award the completion contract to STR; appropriate the \$181,744.00 when received from the bonding company; appropriate an additional \$28,256.00 for additional construction scope; and finally, authorize the Chancellor to execute the takeover agreement. General Peel said the reason for the urgency is that the original contract completion date was the February 11, 1995 and the new contract completion date with STR, assuming the takeover agreement is approved by the Board, is August 15, 1995. General Peel said PVAMU wanted to have the renovated space ready for occupancy by December 1, 1995. He said they couldn't wait until the March Board meeting to meet that construction completion time. He said the negotiated agreement with STR for the \$603,000.00 is contingent upon them being able to go to work immediately. Mr. Fernandez said he was pleased with the results and made a motion that the Board adopt this item. Mr. O'Connor seconded the motion. Ms. West called for a vote and all members of the Board voted "aye."



**48-95**  
*(Item 5)*

**AUTHORIZATION TO EXECUTE SURETY  
TAKEOVER AGREEMENT, AWARD CONSTRUCTION CONTRACT  
AND APPROPRIATE FUNDS TO COMPLETE THE**

**RENOVATION OF THE OFFICE OF GRADUATE PROGRAMS  
PRAIRIE VIEW A&M UNIVERSITY**

On motion of Mr. Fernandez, seconded by Mr. O'Connor and by a unanimous vote, the following minute order was adopted:

The Takeover Agreement executed by American Bankers Insurance Company of Florida, Surety for Western Legacy Builders, Inc., is approved.

The construction contract to complete the renovation of the Office of Graduate Programs at Prairie View A&M University is awarded to STR Constructors, Inc., of Waller, Texas, at \$603,794.00.

Supplementing previous appropriations of \$700,000.00, the amount of \$181,744.00 is appropriated from the payment received from American Bankers Insurance Company of Florida, and the amount of \$28,256.00 is appropriated from Account No. 05-020100 General Use Fee for the renovation of the Office of Graduate Programs at Prairie View A&M University.

The Chancellor of The Texas A&M University System is authorized to execute the Takeover Agreement to complete the renovation of the Office of Graduate Programs at Prairie View A&M University.



Ms. West said Item 6 is the delegation of authority to approve the investment transactions for the System. Dr. Thompson said he recommended adoption of the minute order.

Ms. Brisco moved that the item be adopted and Ms. Rangel seconded the motion.

Mr. O'Connor asked what was the reporting order of the individuals listed. Dr. Thompson said that Mr. Greg Anderson reports to Mr. Lindsay. Mr. Kevin McGinnis reports to Mr. Anderson who reports to Mr. Lindsay, and so forth.

Ms. West called for a vote and all members of the Board voted "aye," including the Chairman. The following minute order was adopted:



**49-95**  
*(Item 6)*

**DELEGATION OF AUTHORITY TO  
APPROVE INVESTMENT TRANSACTIONS  
THE TEXAS A&M UNIVERSITY SYSTEM**

On motion of Ms. Brisco, seconded by Ms. Rangel and by a unanimous vote, the following minute order was adopted:

*(Secretary's Note: The Chairman voted "aye" on this item.)*

Under general direction of the Vice Chancellor for Finance and Operations, the following authorities in connection with implementation of the System Investment Policy and in accordance with the provisions of said policy, are delegated to the following individuals and their successors in office:

To Mr. Gregory R. Anderson, Director of Treasury Services:

1. The purchase, sale, assignment, transfer and management of all investments of any kind or character of the System or any component thereof. Such authority includes the execution of any and all documents required to accomplish these actions and the deposit, withdrawal, or transfer of assets on behalf of the System components; and
2. Coordinating and directing of banking relationships, to include investments, deposits, and other services with banking and similar financial institutions for the System and its components. Such authority includes the execution of any and all documents in conjunction with depository accounts with any financial institution doing business with any component of the System including funds transfer agreements and all corresponding exhibits, and authority to designate authorized signers on any accounts; and
3. Operation of the Cash Concentration Pool and the System Endowment Fund; and
4. Discretion over the execution of stock rights and proxies.

To Mr. Kevin P. McGinnis, Investment Analyst, Office of Treasury Services, under supervision of the Directory of Treasury Services:

The purchase, sale, assignment, transfer and management of all investments of any kind or character of the System or any component thereof. Such authority includes the execution of any and all documents required to accomplish these actions and the deposit, withdrawal, or transfer of assets on behalf of the System components.

To Ms. Tina H. Broughton, Cash Manager, and Ms. Alesia L. Hammock, Cash Analyst, under supervision of the Director of Treasury Services:

The deposit, withdrawal, or transfer of assets on behalf of System components.

**(49-95 continued)**

This delegation supersedes any and all previous delegations of authority related to management of System investments, and is effective beginning February 28, 1995 and until modified or rescinded.



There being no further business, Ms. West adjourned the special meeting of the Board at 5:05 p.m., the same day.

Vickie Running  
Secretary of the Board of Regents  
The Texas A&M University System

vr

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